SMCP

sandro · maje · claudie pierlot · fursac

2021

Universal registration document

Annual financial report

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The elements of the annual financial report are identified in the summary using the pictogram AFR

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The universal registration document was filed with the French Financial Markets Authority, the AMF, on April 19, 2022, in its capacity as the competent authority according to Regulation (EU) 2017/1129, without prior approval as allowed by Article 9 of the said regulation.

This is a translation into English of the universal registration document of SMCP issued in French and it is available on the website of the issuer.

The universal registration document may be used for an offering of securities to the public or admission of securities to trading on a regulated market if supplemented by a prospectus and where appropriate, a summary and all the amendments made to the universal registration document. The resulting document package is then approved by the AMF in accordance with Regulation (EU) 2017/1129.

Copies of this universal registration document are available at no cost from the SMCP, 49, rue Étienne Marcel, 75001 Paris, France. It can also be downloaded from the SMCP website (www.smcp.com) or from the AMF website (www.amf-france.org).

ISABELLE GUICHOT
Chief Executive Officer of SMCP SA

Dear Shareholders,

Since 2020, the SMCP Group has demonstrated its ability to adapt in the unprecedented context of the global health crisis, and has been able to take advantage of this particular situation to transform itself in order to better address the challenges of tomorrow.

The passion, creative drive and entrepreneurial DNA that characterise the SMCP teams were fully mobilized during the financial year to assess, analyse and find innovative responses to new trends in the fashion and retail world. Obviously, the Group's digital strategy played a key role in this transformation to enable customers of our four brands to discover our collections and shop differently and in a more fluid way. This year of transition also enabled the Group to rethink its store base, while continuing to open in high-growth regions and invest in a consistently high-quality and memorable customer experience in our physical stores. These two combined strategies are the backbone of our phygital ambition, which are already showing results.

SMCP achieved a remarkable performance in 2021 with a growth of almost 20%, driven by strong international momentum, once again crossing the €1 billion mark in revenue. Our four brands, Sandro, Maje, Claudie Pierlot and Fursac, continued to attract our customers around the world, thanks to their enhanced desirability, driven by a business model that perfectly meets market expectations. The Group also took advantage of this transitional year to work in-depth on its cost structure in order to record higher profitability, record cash generation and once again, positive net profit for the period.

In this new post-pandemic environment, our customers have more than ever expressed their expectations of a more responsible fashion, mindful of environmental and societal issues. My teams and I share the conviction that Parisian elegance is only desirable if sustainable. In this logic, the Group and its brands initiated this transformation several years ago on the basis of an ambitious project and a clear roadmap. It is based on three focuses: SMCProduct, by producing in an increasingly responsible manner; SMCPlanet, by reducing our emissions and preserving natural resources; and finally SMCPeople, by sharing our entrepreneurial culture with respect for all.

Lastly, on a more personal basis, I had the opportunity to join the SMCP Group more than four years ago, as the head of the Maison Maje, before being appointed Group Chief Executive Officer last summer. Thanks to my 20 years tenure in the fashion world, I understand the many challenges that shake up our industry and I praise the passion and professionalism that drive the Group's teams on a daily basis. With its fundamentals that are stronger than ever, SMCP has the necessary strengths to achieve our common ambition: to become the world leader in affordable luxury products.

United by our shared values and convinced by the strength of our brands, it is with more than 6,000 passionate and responsible entrepreneurs that we will shape the SMCP Group of tomorrow.

CHRISTOPHE CUVILLIER
Chairman of the Board of Directors of SMCP SA

Dear Shareholders,

I joined the Board of Directors of your Group in 2021. Passionate about the world of fashion and retail, I had been following the evolution and trajectory of SMCP in France and internationally for several years. Since joining its Board, I have been able to discover in greater depth its unique business model, the strength of its brands, its international outreach and above all the very high quality of its teams.

The past year was marked by unprecedented events affecting the global economy. SMCP once again demonstrated its resilience and the strength of its model, as well as the outstanding mobilisation of all of its employees.

Recent developments in the Group also include a change in the Executive Management, with the appointment of Isabelle Guichot early August 2021, and a significant change in its shareholding structure, followed by the appointment of new independent directors at the General Meeting of January 2022, at the end of which the directors entrusted me with the Chairmanship of the Board.

SMCP recorded strong growth in 2021, once again crossing the symbolic €1 billion mark in revenue. This performance is the result of a clear strategy, driven by a committed management team, under the leadership of Isabelle Guichot and the inspiration of the founders of its flagship brands. The Board of Directors will continue to support this dynamic of value creation for all the Group's stakeholders.

I have total confidence in your Group's ability to pursue its strategy of sustainable and responsible growth, and am convinced that it emerges stronger than ever from this recent turbulence and ideally positioned to seize potential opportunities.


Sandro

1

Presentation of the issuer and information on the universal registration document

1.1 Presentation of the issuer

Company name: SMCP SA

Company purpose:

The Company's purpose, both in France and abroad, comprises the following:

- the purchase, subscription, holding, management, transfer or contribution of shares or other securities in any French and foreign companies and undertakings;
- any provision of services and advice concerning human resources, IT, management, financial communication, law, marketing and purchasing for its subsidiaries and direct or indirect interests;
- the holding, management and disposal of trademarks and patents;
- the activities of a group financing company and, as such, the supply of any type of financial assistance for companies forming part of the group of companies to which the Company belongs, particularly any transactions authorised under Article L. 511-7 3 of the French Monetary and Financial Code;
- the granting of any bonds or guarantees to the benefit of any company in its group or within the scope of the normal business activities of any companies in its group;
- and, in general, any transactions, whether financial, commercial, industrial or civil or related to immovable or movable property that may be associated directly or indirectly with the foregoing company purpose and any similar or related purposes, and of such a nature as to directly or indirectly encourage the Company's aim and its expansion, development and assets.

In general, the Company is authorised to perform any commercial, industrial or financial transactions that may be directly or indirectly associated with the foregoing purpose, in full or in part, or with any related or complementary activities or any activities that may contribute to its expansion or development.

Place and registration: Paris trade and companies register, number 819 816 943.

Legal entity identifier (LEI): 96950034TTGHHKKEN547

Share capital: €83,871,608.70

Date of constitution and duration: April 20, 2016, for a duration of 99 years, except in the event of early dissolution or extension on the collective decision of shareholders in accordance with the law and statutes.

Date of commencement of the financial year: January 1

Registered office: 49, rue Étienne-Marcel, 75001 Paris, France, Tel. +33 1 55 80 51 00.

Website: www.smcp.com

Legal form and applicable law: French law limited company (*société anonyme*).

1.2 Information about the Statutory Auditors

Statutory Auditors

KPMG SA
2, avenue Gambetta
92066 Paris-la-Défense, France

Represented by Valéry Foussé and Alphonse Delaroque

KPMG SA was appointed on April 19, 2016 in the Articles of Association of the Company for a term of six financial years ending after the General Meeting to be held to approve the accounts for the financial year ending on December 31, 2021.

KPMG SA is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Regional Company of Auditors of Versailles).

The General Meeting that will be convened on June 9, 2022 is asked to appoint Grant Thornton to replace KPMG SA, for which the term of office is about to expire.

Deloitte & Associés
6, place de la Pyramide
92908 Paris-la-Défense, France

Represented by Albert Aidan

The Shareholders' General Meeting of the Company held on September 25, 2017 appointed the firm of Deloitte & Associés as co-Statutory Auditor of the Company for a term of six years, until the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2022.

Deloitte & Associés is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Regional Company of Auditors of Versailles).

Alternate Statutory Auditors

Salustro Reydel
2, avenue Gambetta
92066 Paris La Défense, France

Represented by Isabelle Goalec

Salustro Reydel was appointed on April 19, 2016 in the Articles of association of the Company for a term of six financial years ending after the General Meeting to be held to approve the accounts for the financial year ending on December 31, 2021.

Salustro Reydel is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Regional Company of Auditors of Versailles).

BEAS
Tour Majunga, 6, place de la Pyramide
92908 Paris-la-Défense, France

Represented by Joel Assayah

The Shareholders' General Meeting of the Company held on September 25, 2017 appointed the firm of BEAS as co-alternate auditor of the Company for a term of six years, until the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2022.

BEAS is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Regional Company of Auditors of Versailles).

1.3 Information on the universal registration document

Unless otherwise stated, the amounts are expressed in millions of euros and rounded off to the closest million. Generally, the values presented in this section are rounded off to the nearest unit. As a result, the sum of rounded amounts may show non-material differences with the total as reported. Note that ratios and differences are calculated based on underlying amounts and not on the basis of rounded amounts.

The financial information presented is taken from Chapter 4 "Activities of SMCP in 2021 and 2022 prospects" and from the SMCP consolidated financial statements of the 2021 financial year prepared in accordance with IFRS, presented with their Appendices in Chapter 5 "Financial Statements".

References and definitions

Unless otherwise stated, all the references mentioned below correspond to the following:

- the terms **"Group", "Company"** or **"SMCP"** concern the Company and its subsidiaries and equity interests;
- all references to **"EMEA"** cover the Group's activities in European countries excluding France (mainly the United Kingdom, Spain, Germany, Switzerland, Italy, Benelux and Russia) as well as the Middle East (particularly the United Arab Emirates);
- the **"Americas"** covers the Group's activities in the United States, Canada and Mexico;
- **"APAC"** covers activities in Asia-Pacific (particularly in Mainland China, Hong Kong SAR, Taiwan, South Korea, Singapore, Thailand, Malaysia and Australia);
- data relating to **openings of points of sale** by the Group in a given period are presented net of closures over the same period;
- the data relating to **online sales** includes the sales generated by partners.

Incorporation by reference

The Company's consolidated financial statements for the financial year ended December 31, 2021 were audited. The Statutory Auditors' audit reports are presented in Sections 5.1.3 and 5.2.2 of this universal registration document.

Pursuant to Article 19 of Regulation (EU) 2017/1129 of June 14, 2017, the following elements have been incorporated by reference in the universal registration document for 2021:

- the consolidated and annual financial statements for the financial year ended December 31, 2020 presented in Sections 5.1.1, 5.1.2, 5.2.1 and 5.2.2 and the related Statutory Auditors' reports presented in Sections 5.1.3 and 5.2.2 of the universal registration document no. D.21-0415 filed with the AMF on April 30, 2021 (https://www.smcp.com/app/uploads/2021/04/smcp-document-denregistrement-universel-2020.pdf);
- paragraphs 4.3 "Cash flow" and 4.4 "Financial structure" of the universal registration document no. D.21-0415 filed with the AMF on April 30, 2021 (https://www.smcp.com/app/uploads/2021/04/smcp-document-denregistrement-universel-2020.pdf));
- the consolidated and annual financial statements for the financial year ended December 31, 2019 and the Statutory Auditors' report, presented respectively in Sections 18.1.1.1, 18.2.1.1, 18.1.1.2 and 18.2.1.2 of the universal registration document no. D.20-0432 filed with the AMF on April 30, 2020 (https://www.smcp.com/app/uploads/2020/04/smcp-document-denregistrement-universel-2019-fr-version-finale.pdf); and
- Chapter 8 "Group cash and capital" of the universal registration document No. D.20-0432 filed with the *Autorité des Marchés Financiers* on April 30, 2020 (https://www.smcp.com/app/uploads/2020/04/smcp-document-denregistrement-universel-2019-en-version-finale.pdf).

Forward-looking information

This universal registration document contains information on the Group's prospects and development priorities. These indications may be identified by the use of the future, the conditional tenses and forward-looking terms such as "consider", "envisage", "think", "have as its purpose", "anticipate", "understand", "should", "aim", "estimate", "believe", "wish", "could", or, where applicable, the negative form of these terms, or any other variant or similar terminology. This information does not constitute historical data and cannot be interpreted as warranting that the facts and data set out will be vindicated. This information is based on data, assumptions and estimates considered as reasonable by the Group. These may change or be amended given uncertainties associated with the economic, financial, competitive and regulatory environment. In addition, the production of various risks described in Chapter 3 of this universal registration document, "Risk Factors", may have an impact on the activities, position and financial results of the Group and its ability to achieve its objectives.

Information from third parties, expert statements and declarations of interest

This universal registration document contains information on the Group's markets and the Group's positioning in these markets, including information on the size of these markets, their competitive environment and their dynamics, as well as their growth prospects. In addition to the estimates made by the Group, the elements on which the Group bases its statements come from studies and statistics published by independent third parties and professional organisations and from data published by the Group's competitors, suppliers and customers.

To the best of the Company's knowledge, information extracted from third-party sources has been faithfully reproduced in this universal registration document and no fact has been omitted that would render this information inaccurate or misleading. Certain information contained in this universal registration document is publicly available information that the Company considers reliable but which has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods to collect, analyse or calculate data on the business segments would obtain the same results. The Company makes no commitment and gives no guarantee as to the accuracy of this information. This information may prove to be incorrect or out of date. The Group makes no commitment to publish updates to this information, except in the context of any legal or regulatory obligation that may be applicable to it.

1.4 Person responsible for the universal registration document

1.4.1 Person responsible

Isabelle Guichot, Chief Executive Officer of SMCP SA.

1.4.2 Statement by the person responsible

"I hereby declare, that the information contained in this universal registration document, to the best of my knowledge, reflects the facts and contains no omission that might affect its scope.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and present a fair picture of the holdings, financial position and results of the Company and of all the companies included in the consolidation, and that the management report, for which the cross-reference table appears on page 295 of this universal registration document, presents a fair picture of the changes in the business, results and financial position of the Company and of all the companies included in the consolidation, as well as a description of the principal risks and uncertainties facing the companies".

April 19, 2022

Isabelle Guichot

Chief Executive Officer of SMCP SA

1.5 Documents available to the public

The Articles of Association, minutes of General Meetings and other corporate documents of the Company may be consulted at the Company's registered office.

Regulated information as defined by the general regulations of the Autorité des Marchés Financiers is also available on the Company's website (www.smcp.com).

2

The Group and its activities

2.1 History

Chapter 1

Eighties and nineties: Creation of the Sandro and Maje brands with a wholesale distribution model

In **1984,** Évelyne Chétrite founded the Sandro brand in Paris, in the heart of the Marais district. Her sister, Judith Milgrom, who was working with her at that time, decided a few years later to create her own brand, Maje, in **1998.** At that time, their creations were sold in multi-brand stores.

Chapter 2

2003-2010: Rapid development in France and implementation of a purely retail distribution model

From **2003** and **2004,** the success was such that Judith and Évelyne decided to open their first store in Paris, rive gauche (rue du Four) for Maje and in the Marais (rue Vieille du Temple) for Sandro. In **2007,** Ilan Chétrite, the son of Évelyne Chétrite, also embarked on the adventure by creating the Sandro Men brand.

Very quickly, in **2008** the 100th point of sale was opened in France for Sandro and Maje.

By adopting this new controlled distribution model, Sandro and Maje benefit from a full control over their distribution, brand image and commercial strategy. This model also allows them to offer their customers the same experience in all points of sale in their network.

In **2009,** they decided to buy together the brand Claudie Pierlot from its founder and create the SMCP Group (Sandro-Maje-Claudie Pierlot) in 2010.

At that time, L-Capital and Florac owned together 50% of the capital and 51% of the voting rights of the newly created SMCP Group, the balance being held by the founders and managers.

Chapter 3

2011-2019: International expansion and creation of an omnichannel network

With now 500 points of sale in France, SMCP has decided to start a new chapter in its history of growth, that of international expansion by opening its first points of sale outside France:

- in the United States in New York (Bleecker Street) in **2011**;
- then in Asia in Hong Kong SAR (IFC Mall) in **2012** with the help of a local partner and 2013 in Shanghai.

To support it in this new stage of its development, SMCP can rely on the support of KKR, which in 2013 acquired 70% of the Group's share capital, with the directors and founders retaining around 30%.

The Group's growth history is accelerating once again: in 2014, SMCP acquired its Hong Kong partner AZ Retail Ltd and continued its expansion in Asia. At the same time, the Group created its own e-commerce platform and opened its own websites.

In **2015,** the Group opened its 1000th point of sale, including 60 digital points of sale, and generated 50% of its revenue internationally.

In **2016,** the Chinese group Shandong Ruyi, one of the largest textile manufacturers in Mainland China, acquired control of the Group from KKR.

In **2017,** SMCP, which now generates nearly 60% of its revenue internationally and has a digital penetration of more than 12%, first lists on the stock market in October. As part of a capital increase for a gross amount of approximately €120 million, the Company launches an IPO and sees its shares traded on Compartment A of the Euronext Paris regulated market.

In September **2019,** SMCP acquired the Fursac brand, one of the French leaders in accessible luxury goods for men. The Group believes that there is additional growth potential in the menswear market, which is registering strong growth. Thanks to this acquisition, SMCP strengthens and completes its presence in the men's segment and targets new customers. Fursac is positioned in a different segment from that of Sandro Men (urban chic). This segment is modern tailoring, which combines the codes of tailoring and casual style.

Chapter 4

Since 2020: Creating global, sustainable and phygital brands

In a context marked by the Covid-19 pandemic, which is helping to accelerate certain consumer trends, SMCP is finalising the development of a new strategic plan, One Journey, which it communicates to the market on October 27, 2020 during its first Investor Day and which will enable it to build global, desirable, sustainable and phygital brands.

At the end of **2021**, the composition of the Company's shareholding structure underwent significant changes (see Section 4.1.1 of this universal registration document).

In **2022**, SMCP announced that it has signed a partnership with Fairly Made® and has become one of the first accessible luxury companies to offer its customers detailed and transparent information on the traceability of its products, thanks to the affixing by 2025 of a QR code on all products sold by its four brands.

2.2 Activities

2.2.1 Group brands and products

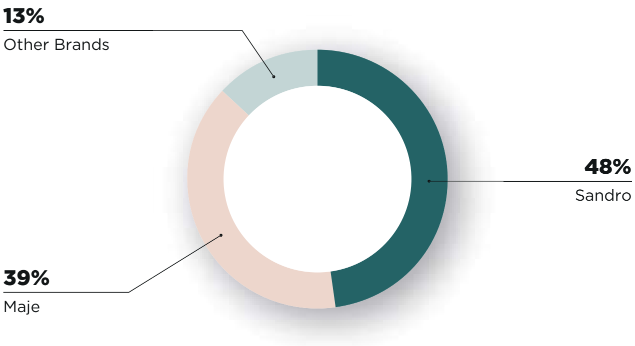
SMCP is an international retailer of ready-to-wear and accessories. The Group markets its collections through a network of physical points of sale and websites.

The Group is structured around four highly-recognised brands, each with its own identity and dedicated design teams and workshops: Sandro (Women and Men), Maje, Claudie Pierlot and Fursac.

These four complementary brands enable the Group to better penetrate its markets by targeting different customer profiles with appropriate product ranges, while sharing a single global platform and a single optimised distribution chain.

The Group is structured around three divisions:

- **Sandro**: 48% of revenue in 2021;
- **Maje**: 39% of revenue in 2021;
- the "**Other Brands**" division, which combines the brands **Claudie Pierlot** and **Fursac** (13% of revenue in 2021).



The Group's collections are made up of high-quality clothing and accessories for women and men, in a more affordable price segment than that of luxury brands.

The Group manages the design, marketing and sale of the products for its four brands, thus meeting the needs of a wide audience, mainly between the ages of 15 and 45. The Group believes that its Parisian anchoring is a natural source of inspiration and the cornerstone for the positioning of its brands.

The Group's creative approach is focused on capturing fashion trends and consumer aspirations and interpreting them by creating and developing affordable and very appealing apparel and accessories with while maintaining a strong attention to detail and craftsmanship, providing luxury, high value-added products.

2.2.1.1 SANDRO

The Sandro brand was created in 1984 by Évelyne Chétrite, who is currently its Artistic Director. Initially exclusively addressed to women, Sandro launched a menswear line in 2007 with the creation of Sandro Men by Ilan Chétrite, the son of Évelyne Chétrite and currently the brand's Artistic Director.

Style and target profile

The products of the Sandro brand are part of a refined and contrasting aesthetic. They combine the requirement of elegance and subtlety of details with a typically Parisian creative fashion twist. Sandro products are for busy customers with a taste for contemporary, elegant clothes.

Product offering

The women's collections are designed as complete and coherent seasonal wardrobes, where each piece complements the others. The combinations are endless and the style versatile. The House is recognised for its suits and coats that enhance women in an androgynous style. It also offers a wide range of womenswear: dresses, trousers, skirts, shorts, t-shirts, pullovers, cardigans, bags, footwear and accessories.

While tailoring remains anchored in Sandro's DNA, men also come for the casual wear offering. The Sandro Men design studio imagines complete collections: blazers, jackets, trench coats, leatherwear, suits, tuxedos, trousers, shorts, shirts, jeans, t-shirts, polo shirts, pullovers, cardigans as well as footwear and various accessories (including bags, ties, gloves and hats). The ranges are a clever mix of essential and creative pieces that capture the zeitgeist and the immediacy of desires.

In addition to its two main collections, the brand also offers "capsule" collections.[1] These capsules make it possible to diversify the product offering and surprise customers. As an illustration, the Sandro brand launched a limited edition in 2020 in collaboration with the singer, Clara Luciani, and a capsule of upcycled products in 2021.

(1) The capsule collections comprise a limited number of products marketed over a shorter period than the seasonal collections.

Geographic locations

The first Sandro store opened in 2004 in the Marais quarter of Paris. As at December 31, 2021, the brand had 745 points of sale[1] in 42 countries, of which 161 were located in France and 584 were international. In total, 370 points of sale were for womenswear, 129 for menswear ("Sandro Men" points of sale) and 246 are for unisex (Sandro Women and Sandro Men). The points of sale are located in the capitals and major cities of the countries where the brand is present (Paris and the other main French cities, Athens, Barcelona, Bangkok, Beirut, Berlin, Copenhagen, Doha, Dubai, Dublin, Geneva, Hong Kong SAR, London, Los Angeles, Madrid, Mexico City, Milan, Moscow, New York, Beijing, Rome, Seoul, Shanghai, Sydney, Vienna, and Zurich).

Sandro points of sale are the faithful incarnation of the brand's values of authenticity and generosity. The refined simplicity of the graphic codes expresses Sandro's DNA. Light and warm tones combine with the softness of the materials to express an intimate, chic and welcoming atmosphere. Designed with a modern eye and a poetic hand, this concept offers an experience that reflects the heritage and evolution of Evelyne and Ilan Chétrite, by integrating an eco-responsible dimension into the architectural choices. Through craftsmanship elements such as ceramics, the interior architecture of Sandro stores resonates with a very personal authenticity. The Sandro architectural concept is the subtle link between heritage and innovation, timelessness and renewal.

(1) The brand's points of sale include directly-operated and partner-operated stores, concessions, outlets and e-commerce platforms.

The following table shows the breakdown of Sandro points of sale by country as at December 31, 2021:

Country	Total number of points of sale	of which Sandro Women	of which Sandro Men	of which mixed*
France	**161**	**77**	**42**	**42**
Spain	32	17	5	10
Germany	30	14	9	7
United Kingdom	28	14	6	8
Switzerland	24	13	6	5
Italy	19	11	3	5
Russia	19	13	2	4
Netherlands	16	8	4	4
Turkey	10	7	2	1
United Arab Emirates	8	3	1	4
Ireland	7	4	-	3
Ukraine	7	2	-	5
Lebanon	6	3	2	1
Portugal	6	2	1	3
Belgium	5	1	-	4
Greece	5	3	1	1
Denmark	3	1	1	1
Luxembourg	3	1	1	1
Sweden	3	2	1	-
Austria	2	1	1	-
Kazakhstan	2	2	-	-
Kuwait	2	2	-	-
Lithuania	2	2	-	-
Norway	2	2	-	-
Qatar	2	1	-	1
Bahrain	1	-	-	1
Latvia	1	1	-	-
Saudi Arabia	1	1	-	-
Website available for consultation in several European countries	1	-	-	1
Total EMEA	**247**	**131**	**46**	**70**
Mainland China	94	24	2	68
South Korea	77	49	14	14
Australia	18	18	-	-
Hong Kong SAR	13	5	-	8
Taiwan	7	5	1	1
Thailand	4	4	-	-
Vietnam	4	1	-	3
Macao SAR	3	-	-	3
Singapore	3	2	-	1
New Zealand	2	2	-	-
Malaysia	1	-	-	1
Total APAC	**226**	**110**	**17**	**99**
United States	83	40	19	24
Canada	15	6	3	6
Mexico	13	6	2	5
Total Americas	**111**	**52**	**24**	**35**
TOTAL	**745**	**370**	**129**	**246**

* Points of sale offering both Sandro Women and Sandro Men products.

2.2.1.2 MAJE

The Maje brand was created in 1998 by Judith Milgrom, the sister of Évelyne Chétrite. She has been the Artistic Director of the brand since its creation. Maje embodies generosity, creativity, femininity and freedom.

Style and target profile

The Maje brand offers bold, urban and modern pieces, for all women and all occasions. The collections develop a feminine silhouette that is both discreet and glamorous, composed of pieces with subtle details. The brand expresses itself through its own identity: from here and elsewhere, feminine, free and emotional.

Product offering

The Maje brand's iconic products are an alliance between fluidity and structure, lace and embroidery, knitwear and leather. More generally, the Maje brand offers all types of clothing (dresses, coats, jackets, pullovers and cardigans, t-shirts, trousers, skirts, shorts, etc.) as well as footwear, bags, jewellery, scarves, belts and other accessories.

Maje collaborates on creative and innovative "capsule" collections with other brands, artists or designers, for example, in Spain with the Spanish Studio Cobalto in 2021. The same year, Maje partnered with the Varley yoga brand for an active wear capsule collection, creating a subtle balance between fashion and lifestyle.

Since 2019, its capsules have highlighted its eco-responsible productions such as First Stone (denim products) in 2019 or Remade with Love in 2020, its first 100% eco-friendly capsule made from fabrics from past seasons.

Geographic locations

The first Maje store opened in 2003 on Rue du Four in Paris. As at December 31, 2021, the brand had 620 points of sale[1] in 41 countries, of which 136 were located in France and 484 were international. Maje points of sale are located in the capitals and major cities of the countries where the brand is present (Paris and the other main French cities, Athens, Barcelona, Bangkok, Beirut, Berlin, Copenhagen, Doha, Dubai, Dublin, Geneva, Hong Kong SAR, London, Los Angeles, Madrid, Mexico City, Milan, Moscow, New York, Beijing, Rome, Seoul, Shanghai, Sydney, Vienna and Zurich).

The Maje brand points of sale are characterised by spaces that combine here and elsewhere, with very Parisian inspirations and Mediterranean hints. In collaboration with young architects and designers, Maje has imagined spaces that play on the contrasts between angular and rounded shapes, rough textures and soft colours. In an environment with warm tones and natural materials, Maje has chosen to manufacture fewer furniture items and favour vintage furniture to encourage more responsible consumption.

The following table shows the breakdown of Maje brand points of sale by country as at December 31, 2021:

Country	Total number of points of sale
France	**136**
Spain	33
United Kingdom	20
Russia	18
Switzerland	18
Germany	16
Italy	15
Netherlands	11
Turkey	8
Belgium	7
United Arab Emirates	7
Ireland	7
Ukraine	7
Portugal	6
Greece	4
Lebanon	4
Kazakhstan	2
Kuwait	2
Lithuania	2
Norway	2
Qatar	2
Sweden	2
Andorra	1
Saudi Arabia	1
Austria	1
Latvia	1
Luxembourg	1
Website available for consultation in several European countries	1
Total EMEA	**199**
Mainland China	88
South Korea	61
Australia	17
Hong Kong SAR	12
Taiwan	6
Thailand	4
Vietnam	4
Macao SAR	3
Singapore	3
New Zealand	2
Malaysia	1
Total APAC	**201**
United States	62
Canada	12
Mexico	10
Total Americas	**84**
TOTAL	**620**

(1) The brand's points of sale include directly-operated and partner-operated stores, concessions, outlets and online platforms.

2.2.1.3 CLAUDIE PIERLOT

Claudie Pierlot, a Parisian designer and stylist born in 1947, created the eponymous brand in 1984. The Claudie Pierlot business was acquired in 2009.

Style and target profile

The Claudie Pierlot woman is a free woman who breaks away from codes and who decides to live each moment as she sees fit, without taking herself seriously. Independent, always connected, she shares her mantras, her ideas and above all this freedom that makes her so unique. At Claudie Pierlot, travel souvenirs are an eternal source of inspiration and nourish the universe of the brand as much as its style.

Product offering

From trench coats to babydoll dresses, through new workwear products, Claudie Pierlot offers a Parisian wardrobe, composed of timeless fashion twists; a range of accessories, leatherwear, jewellery and footwear complete the silhouette of this free and independent woman. The brand is committed, with its Claudie Cares programme through two focuses: responsible fashion that respects the planet, and a societal dimension with empowerment of women, the promotion of inclusion and diversity.

In addition to its permanent collections, the brand also produces capsule collections, such as a collaboration with the Voltaire cycles in 2021, and with the American giant New Era in 2022.

Geographic locations

As at December 31, 2021, the brand had 245 points of sale[1] in 19 countries, of which 109 were located in France and 136 were international. As for the Sandro and Maje brands, the Claudie Pierlot points of sale are present in the capitals and major cities of the countries where the brand is present (Paris and the other main French cities, Barcelona, Beirut, Berlin, Dubai, Dublin, Geneva, Hong Kong SAR, London, Madrid, Milan, Moscow, New York, Beijing, Rome, Seoul, Shanghai, Sydney, and Zurich).

The Claudie Pierlot brand points of sale follow an eco-design approach. True to the brand's free, Parisian spirit, Claudie Pierlot stores open up to the world around them. Terrazzo flooring, raw wood and warm tones contribute to an intime atmosphere, that showcases the collections and celebrates a Parisian fashion dear to the brand. Materials, lighting and other technical details are chosen in a very present CSR focus.

The following table shows the breakdown of Claudie Pierlot brand points of sale by country as at December 31, 2021:

Country	Total number of points of sale
France	**109**
United Kingdom	17
Spain	15
Germany	13
Switzerland	11
Italy	8
Russia	6
Netherlands	5
Portugal	5
Belgium	4
Ireland	4
Lebanon	2
Luxembourg	2
United Arab Emirates	1
Sweden	1
Website available for consultation in several European countries	1
Total EMEA	**95**
South Korea	17
Mainland China	13
Australia	6
Hong Kong SAR	5
Total APAC	**41**
TOTAL	**245**

2.2.1.4 FURSAC

Created in 1973 by the Laufer brothers, who established their first workshops at Saint-Pierre-de-Fursac, the brand expanded in the early 1980s and launched its first major advertising campaigns under the name of *Monsieur De Fursac*. In 1990, the Group was acquired by Edmond Cohen and opened its first Parisian store at 112, rue de Richelieu in the 2nd arrondissement in 1992. The brand fine-tuned, modernised and shortened its name a decade later in 2003. The De Fursac brand, acquired by SMCP in September 2019, is today one of the French leaders in accessible luxury goods for men. Gautier Borsarello was appointed Artistic Director in January 2021. De Fursac will now be called Fursac, with the change of name marking a new era for the brand.

Medium-term future of the brand

The integration of the Fursac brand into the SMCP Group is facilitated by the similarity of their business model based on a pure player retail profile and an alliance of luxury and Direct to Consumer codes. The prestigious locations of the Fursac brand, its personalised customer experience, its fast and agile production cycle and its sourcing capabilities make Fursac an ideal brand for SMCP.

SMCP's objective is to leverage its know-how and all of its internal resources to accelerate the growth of the Fursac brand. SMCP will accelerate the geographical development of the brand in Europe. At the same time, the Group will support Fursac in its digital transformation. Lastly, Fursac will step up the development of its *casual wear* offering.

(1) The brand's points of sale include directly-operated and partner-operated stores, concessions, outlets and online platforms.

Style and target profile

Fursac is aimed at male clientele, rather young and urban, who express through clothing what is more elegant in itself. The brand enjoys a unique positioning in the affordable luxury segment for men, blending tailoring heritage with French elegance and timelessness. Fursac offers a wardrobe that gives men the ability to dress in an always distinctive style.

Product offering

Fursac is a benchmark menswear brand in the affordable luxury segment. The brand has successfully developed a complete menswear offer, ranging from urban casual and tailoring through evening wear. The brand's flagship products go beyond suits to include outerwear, knitwear and shirts.

Geographic locations

As at December 31, 2021, the brand had 64 points of sale[1] in 5 countries, of which 57 are located in France and 7 in Europe (Belgium, Luxembourg, United Kingdom and Switzerland).

The points of sale of the Fursac brand are characterised by an aesthetic concept based on a palette of bright tones, airy space, and a choice of appropriate materials (woodwork, mirrored panelling) that focuses attention on the clothing and accessories. With its windows open to the street and its mosaics, the store recalls the Parisian heritage of the Grands Boulevards.

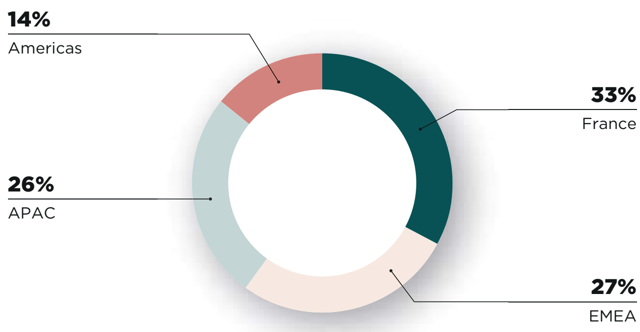
The following table shows the breakdown of Fursac brand points of sale by country as at December 31, 2021:

Country	Total number of points of sale
France	**57**
Luxembourg	2
Switzerland	2
United Kingdom	2
Belgium	1
Total EMEA	**7**
Total APAC	**-**
Total Americas	**-**
TOTAL	**64**

2.2.2 Geographic footprint

In recent years, the Group has established itself in the main world fashion capitals. The Group has mainly extended its presence outside France, its historical location, in particular in the following areas:

- **EMEA** (27% of 2021 revenue): the Group, which has 548 points of sale as at December 31, 2021 (including partnerships), has successfully conquered new markets in recent years. In 2021, the Group recorded 2 net store openings, including 8 in Russia, 7 in Greece, 5 in Ukraine and 4 in Portugal. At the same time, the Group began key relocation projects by closing the points of sale concerned;
- **APAC** (26% of 2021 revenue): the Group has 468 points of sale as at December 31, 2021, notably in Mainland China (195 points of sale as at December 31, 2021), where the Group has been present since 2013. In 2021, the Group opened 49 new points of sale (including partnerships), including 15 net openings in Mainland China, 24 net openings in South Korea, 4 net openings in Vietnam and Taiwan, and it opened its first stores in Malaysia (2 net openings);
- the Group has also extended its presence *via* a more selective approach, in the **Americas region** (14% of revenue in 2021) where it has been present since 2011 (195 points of sale as at December 31, 2021, including partnerships). In 2021, the Group opened 2 points of sale.



The Group operates on the basis of its ability to identify and negotiate for prime locations and through a vertically-integrated distribution model, which is characterised by a combination of points of sale in premium high-street locations such as Rue Saint-Honoré and Avenue des Champs-Elysée and in the shopping areas of the Marais in Paris, Soho in New York, Chelsea or Regent Street in London, Paseo de Gracia in Barcelona and Via Manzoni in Milan, and concessions in leading positions in prestigious department stores such as Galeries Lafayette, Printemps, Le Bon Marché and La Samaritaine in France, Selfridges and Harrods in the United Kingdom, El Corte Inglés in Spain, La Rinascente in Italy, Globus in Switzerland, Bloomingdale's in the United States or in famous malls such as Shin Kong Place or MixC in Mainland China and International Finance Center (IFC) and Harbour City in Hong Kong SAR.

Between 2015 and 2019, the Group extended its points of sale network rapidly and efficiently, with 120 net store openings per year, on average, excluding Fursac and including partner points of sale. In 2020, in a context marked by the Covid-19 pandemic, the Group decided to reduce its investments, particularly by limiting its openings, with 37 net openings. In 2021, the Group recorded 7 net openings of points of sale, with 49 net openings in APAC (including

(1) The brand's points of sale include directly-operated and partner-operated stores, concessions, outlets and online platforms.

24 in South Korea and 15 in China), and, in line with its One Journey strategic plan, the completion of its plan to optimise its physical store network in France, with 46 net closures (including 28 closures related to the end of the Suite 341 concept).

For the coming years, the Group intends to continue its omnichannel development between 2022 and 2025. More generally, the Group maintains strong discipline in the expansion of its network by imposing strict return on investment requirements for the new points of sale.

To guarantee the flexibility and scalability of its retail model, the Group has developed a standardised model of points of sale for each brand, used primarily for directly operated stores and concessions in department stores. From time to time, the Group relies on strategic partnerships for the successful roll-out of its brands in new markets, while ensuring an identity that is consistent with the rest of its network (see Section 2.2.5.7 of this universal registration document).

2.2.3 Product development

The Group designs all its new collections in-house, through five independent design teams located in Paris, each focused on their respective brand (Sandro Women, Sandro Men, Maje, Claudie Pierlot and Fursac). For instance, the Sandro Women creative team is led by Évelyne Chétrite (the brand's founder) and assisted by a team of designers, stylists, a pattern making and modelling workshop and designers dedicated to accessories.

In general, a product becomes available for sale in a Group point of sale within 100 to 180 days after it has been designed. The design process begins with a drawing (manual, then electronic) of the models. The teams then choose the materials for products (which must be aligned with the margin objectives set for each collection) and create the patterns and prototypes when the product characteristics have been finalised.

The Group uses an independent design process for each of its brands to maintain their identity and make them easily recognisable to customers. The Group seeks to maintain the independence of each of its brands to reduce its exposure to changing fashion trends and avoid any dependency on specific products.

When creating a new collection, the Group's focus is on creating the designs that it believes consumers expect. The Group's designers analyse existing market trends to incorporate them into its collections.

In addition, the Group adopts a structured approach for the development of its collections and conducts a detailed analysis of the success of previous collections, so it can identify the products most appreciated by its customers.

Purchasing and work on the structure of the collections

A collection plan is prepared every season, describing the context of the collection, the product launch timetable and the price and positioning strategy. Each collection is designed on the basis of current trends (including colours, techniques and apparel shown on the catwalks during fashion shows). The quantities to be manufactured are adjusted throughout the season so that the most successful products are reordered for rapid restocking (generally between six and nine weeks) in the largest quantities to maximise sales.

For each brand, the Group produces two collections a year (Spring/Summer and Autumn/Winter) each providing for several drops (between 8 and 12, or between 16 and 24 drops per year). Moreover, the Group develops several capsule[1] collections each year, in partnership with other brands or designers. This means the Group can ensure its product range is renewed frequently and remains fresh and attractive to customers. Thus, new products are marketed every two weeks in the Group's points of sale.

Sourcing

The Group does not have its own production capacity and outsources the manufacture of its products from third-party manufacturers that it carefully selects. In some cases, the Group provides manufacturers with a portion of the raw materials and other supplies for their use (cut and sew goods).

The Group's supply network includes strategically located suppliers in close geographical proximity and relies on a diverse and responsive supplier base. The Group's shared services platform contributes to economies of scale.

Production is mainly based in Europe and in the Mediterranean region, particularly in France, Italy, Spain, Portugal, Tunisia, Turkey, and Eastern Europe, with the rest in Asia, especially in Mainland China, Vietnam and India. The Group's cost of sourcing and production are balanced between Europe and the APAC region.

The Group is attentive to diversifying the geographical location of its suppliers in order to limit its exposure to inflation and currency fluctuations (in particular in Vietnam, Bulgaria and Turkey). The Group is committed to ensuring short production and delivery lead times to maintain the flexibility of its supply chain. In addition, outsourcing means that the Group can focus on its core business, and the close collaboration it maintains with its longstanding suppliers allows it to retain full control over the manufacturing process.

The Group markets products that are subcontracted, with the Group purchasing the raw materials (cotton, leather, wool, silk, polyester and viscose for example) and outsourcing production to subcontractors. The remaining items are finished products ordered by the Group directly from the manufacturers, with the Group retaining control over product design.

(1) The capsule collections comprise a limited number of products marketed over a shorter period than the seasonal collections.

Raw materials are ordered in advance by the Group. The risk of excess stock is limited since the fabrics can generally be used for several products and again in future collections.

The Group has a sustainable and diverse supplier base in several countries to minimise its procurement dependency and reduce the risk of potential disruptions. For example, the Group's ten leading suppliers (finished products, cut-and-sew products) represent slightly more than 35% of the Group's purchases. Charters and Codes of Conduct covering ethical, social and environmental matters are agreed with suppliers and manufacturers. The commercial and legal nature of the relationship varies from supplier to supplier, but in general they are based on principles of close cooperation which promote and maintain a rapid production and design cycle. Payment for suppliers' orders is made throughout the year, but mainly in October and November for the Spring/Summer collections of the following year and in April and May for the autumn/winter collections.

The Group has established a short cycle between design and production, ranging on average from 100 to 180 days, according to the type of product and the country of manufacture. The Group orders an appropriately limited number of each product at the start of the season when launching the collection to limit the risk of excess inventory. The Group then places orders with its suppliers according to actual customer demand.

The Group's IT systems allow it to track the performance of a collection in real time and re-order only the top-selling items, with a view to maximising sales. The Group "pre-books" supplier capacity to ensure that they can rapidly fulfil new orders for top-selling items. This "pre-booking" system also means the Group can determine what needs to be manufactured just prior to launch of the collections, taking account of anticipated demand and developing trends. The short production cycle means the Group can respond rapidly to changing trends and consumer preferences and to initial sales results.

Finally, Group procurement and purchasing is managed by dedicated teams for each brand, located at the offices of each brand.

Quality control

Group employees regularly carry out strict inspections of the patterns for each product and final inspections prior to dispatch to the warehouse. Historically, the percentage of defective products is low. When the Group identifies a defective product prior to delivery to the distribution centres, it demands reimbursement from suppliers. However, the Group bears the cost of any customer returns.

The Group has also set up a Product Life Cycle Management tool. This is a collaborative tool using a single data repository and an iterative process for managing the product from its creation to sale. This tool, which guides product development, improves time-to-market, quality and compliance.

2.2.4 Brand image, communication and marketing

2.2.4.1 A LUXURY IMAGE STRATEGY

The image of the Group's brands is primarily maintained by its points of sale. Their location, the ambiance created notably by the attention paid to layouts and lighting, and the expertise of the sales assistants contribute to creating a unique image specific to the luxury sector (see paragraphs 2.2.5 and 2.2.6 of this universal registration document). In addition, the luxury image of the Group's creations is also highlighted by high-end image campaigns including the distribution of photos, videos and other content produced by renowned photographers or artistic directors and using famous models, all also working for Luxury brands. .

2.2.4.2 360-DEGREE COMMUNICATION CAMPAIGNS

The Group considers that its points of sale are its main resource for communicating with consumers. As such, it ensures that its points of sale are located in premier locations and managed as luxury boutiques, particularly the window displays, which are renewed every two to three weeks. In addition, the Group organises high-end events at its points of sale, such as evening receptions for the best customers when new collections are launched.

The Group's communication strategy is primarily digital. The Group uses social networks (such as Instagram, TikTok, Snapchat, Facebook, Pinterest, WeChat, Weibo, Douyin, Little Red Book and Youtube) and its presence on the Internet (in particular through its online sales sites) to disseminate its advertising campaigns and content in various formats.

To a lesser extent, SMCP continues to run its advertising campaigns in high-end fashion magazines, as well as posters in the public space representing the Group's products worn by models and photo campaigns broadcast for each year's new collection.

Teams in charge of communication and marketing

Each brand has dedicated teams in charge of communication and marketing operations, and CRM and digital marketing operations. The marketing teams for each brand also use the services of third-party agencies.

2.2.4.3 CRM AND CUSTOMER PROXIMITY

The Group also seeks to ensure a real proximity to customers by leveraging its advanced customer relationship management (CRM[1]) system. These tools contributed to the constitution of a multi-channel client data base unique to all of the Group's brands (excluding Fursac) of approximately 7.1 million customers in 2021 and growth of 27%. This enables the Group to launch targeted and regular communication campaigns through e-mail or mobile phone (SMS) in order to develop a relationship with our customers and increase their loyalty. The Group sets up an efficient and targeted communication strategy by using clients' segmentation. The Group has also provided the possibility on each brand's internet site for customers to sign up to newsletters thus enabling them to regularly follow the brand's news and reinforcing proximity. Customers can also receive invitations to exclusive offers or events, private sales and previews.

The Group has segmented its customers according to the amount and frequency of purchases made for each brand, and the Sandro and Maje brands have set up loyalty programmes designed to develop customer loyalty. The brands' communication with their customers aims to become increasingly targeted and effective through the use of these tools.

2.2.5 Distribution

The Group's distribution network is organised around four main distribution channels:

- free-standing stores (including affiliates and outlets);
- concessions (mainly "corners" in department stores);
- e-commerce platforms;
- partnerships.

The Group emphasises development based on a directly managed distribution network to retain close control over product quality and protect the image of its brands; partnerships and affiliations are used only when necessary to make use of a local partner to obtain attractive locations or due to applicable local regulations.

The Group follows a medium-term international development plan targeting the cities where it wishes to establish a presence according to the competition, local market and consumer base. The Group also prepares an estimate of the potential sales achievable by these points of sale, inspects the premises and sets profitability criteria for potential new points of sale. The decision to invest in opening a new point of sale is then adopted by a committee headed by the Group Chief Executive Officer.

Following its decision to invest, the Group is able to open a new point of sale within an average lead time of two months between signature of the lease and opening to customers.

2.2.5.1 FREE-STANDING STORES

As at December 31, 2021, the Group had 490 directly-operated free-standing stores (excluding Suite 341), i.e. 16 fewer free-standing stores than in 2019, including 128 in the EMEA region, 192 in France, 43 in the Americas region and 127 in Asia. For the financial year ended December 31, 2021, 31.0% of the Group's revenue was generated through directly-operated free-standing stores. In 2021, the Group opened free-standing stores in Mainland China and Malaysia.

Description of a typical store

The average size of a Group store varies between 60 to 150 square metres. Sandro stores are generally larger than stores for the other brands. This can be explained by the Group's historic strategy of using larger mixed stores to display Sandro menswear and womenswear collections. Claudie Pierlot and Fursac stores are generally smaller than Sandro and Maje, since the brand has only an average of 330 to 450 SKUs (including accessories) in its collection plans compared to between 530 to 650 for Maje and Sandro Women and therefore, the linear surface requirement for presenting the full collection in a store is smaller.

The relatively compact size of Group stores creates an intimate ambiance appropriate for luxury boutiques with a sales force calibrated for each store according to size and traffic. The Group also strives to maintain a separate universe for each of its brands, to emphasise their individual identities and create a unique style in the mind of the customer. The characteristics of stores are defined at Group level and rolled out throughout the network with a view to achieving consistent presentation and customer experience.

The store concepts developed by each brand are constantly evolving and adapting, to serve an ever more qualitative customer experience, and are intended to be gradually rolled out in all network stores as new openings and renovations take place.

Main characteristics of leases

The term of the leases for Group stores varies from three to ten years. In France, the term is generally nine years, with the option for the parties to terminate the agreement prematurely on expiry of each three-year period. Generally, the lease contracts prohibit sub-letting and exclude the use of premises for any business activity other than the sale of apparel and accessories. In the United States, the term of lease contracts is generally ten years, whereas in Asia it is three years.

(1) CRM or "Customer Relationship Management".

Average rents are generally fixed by the parties upon signature of the lease and the clauses in the agreement mostly provide the option of an annual increase. In France, for example, the increase is based on the INSEE construction cost index or the commercial rents index. A proportion of the leases provides for variable rents according to the revenue generated in the store. An entry fee can also be payable to the lessor when opening new retail stores and an assignment price may be paid by the Group to the previous lessee for assignment of the right to a lease or assignment of a business in countries such as France and Spain.

The following table shows the breakdown of free-standing stores by brand and by country as at December 31, 2021:

	Sandro	Maje	Claudie Pierlot	Fursac	Total
Total France	**61**	**61**	**50**	**21**	**192**
United Kingdom	10	8	**49**	2	27
Spain	9	12	7	-	25
Italy	6	5	4	-	14
Belgium	4	6	3	1	14
Germany	5	5	3	-	13
Switzerland	5	4	3	0	12
Portugal	3	4	3	-	10
Luxembourg	1	1	1	1	4
Netherlands	2	2	-	-	4
Norway	1	1	-	-	2
Sweden	1	1	-	-	2
Denmark	1	-	-	-	1
Total EMEA	**48**	**49**	**27**	**4**	**128**
Mainland China	45	44	4	-	93
Hong Kong SAR	9	8	3	-	20
Macao SAR	3	3	-	-	6
Singapore	3	3	-	-	6
Malaysia	1	1	-	-	2
Total APAC	**61**	**59**	**7**	**-**	**127**
United States	18	17	-	-	35
Canada	4	4	-	-	8
Total Americas	**22**	**21**	**-**	**-**	**43**
TOTAL	**192**	**190**	**83**	**25**	**490**

2.2.5.2 CONCESSIONS

As at December 31, 2021, the Group had 550 directly-operated concessions (excluding Suite 341), including 190 in the EMEA region, 184 in France, 101 in the Americas and 75 in Asia. These correspond to the Group's corners in department stores (the average size of the corners is approximately 60 square metres).

The choice of locations for concessions is guided by the Group's desire to protect the luxury image of its brands. As a result, the Group has opened concessions in the most prestigious department stores, such as Galeries Lafayette, Printemps, Le Bon Marché and La Samaritaine in France, Selfridges and Harrods in the United Kingdom, El Corte Inglés in Spain, la Rinascente in Italy, Globus in Switzerland, Bloomingdale's in the United States or in famous malls such as Shin Kong Place or MixC in Mainland China and International Finance Center (IFC) and Harbour City in Hong Kong SAR.

As with the location of the Group's free-standing stores, the cities where concessions are located are generally recognised as dynamic and attractive fashion centres. For the year ended December 31, 2021, 27.4% of the Group's revenue was generated through concessions.

In 2021, the Group opened new concessions in Taiwan, Mainland China, the United States and Germany.

Description of a typical concession

The average size of a concession in a department store is approximately 60 square metres, with a sales force calibrated for each concession according to its surface area and significance. The concessions are generally located in department stores offering luxury ready-to-wear apparel and benefiting from a strong flow of occasional customers, particularly tourists. As with its free-standing stores, the Group maintains a high level of control over its concessions, particularly with regard to staff recruitment (the sales force is employed by the Group and not by the department store), and the choice of decor and furnishings to create an ambiance similar to that in free-standing stores.

Operation of concessions

The term of concession contracts varies from one country to another. Some contracts do not provide for a minimum term and others impose a maximum term of four years. These contracts may generally be cancelled at any time by either party subject to reasonable prior notice.

The concession contracts provide for payment of a fee which is generally set according to the sales achieved. Some contracts provide for a minimum fee for a specific period which may be revised each year. On the basis of the concession contracts concluded by the Group, concession fees vary according to the country and the department store where the concession is located. The revenue generated is collected directly by the department store, which transfers it to the Group each month, net of the fee.

The concession contracts generally provide that the Group will control the organisation of inventory and the supply and range of products. In addition, the contracts also provide that stocks of unsold items must be collected at the end of each season by the Group, which retains ownership over them.

The sale of products through concessions offers high operating flexibility for the Group, particularly in view of the mainly variable operating costs.

The following table shows the breakdown of the Group's concessions by brand and by country as at December 31, 2021:

	Sandro	Maje	Claudie Pierlot	Fursac	Total
France	**73**	**42**	**41**	**28**	**184**
Spain	18	13	8	-	39
Switzerland	14	10	5	2	31
Germany	17	7	7	-	31
Italy	9	7	4	-	20
Netherlands	10	7	3	-	20
United Kingdom	9	5	5	0	19
Ireland	4	4	3	-	11
Portugal	3	2	2	-	7
Luxembourg	2	-	1	1	4
Sweden	2	1	1	-	4
Denmark	2	-	-	-	2
Norway	1	1	-	-	2
Total EMEA	**91**	**57**	**39**	**3**	**190**
Mainland China	29	27	4	-	60
Taiwan	7	6	-	-	13
Hong Kong SAR	1	1	-	-	2
Total APAC	**37**	**34**	**4**	**-**	**75**
United States	53	35	-	-	88
Canada	8	5	-	-	13
Total Americas	**61**	**40**	**-**	**-**	**101**
TOTAL	**262**	**173**	**84**	**31**	**550**

2.2.5.3 SUITE 341

Suite 341 is a concept store launched by the Group in September 2010 for the French market, mainly in the provinces. At that time, the e-commerce activity was not yet very developed, and the aim of this format was to optimise the Group's penetration into medium-sized French cities. Customers can purchase essential pieces from the collections of Sandro, Maje and Claudie Pierlot. In English,"Suite Three Fo(u)r One" (Three brands for One store) fully reflects the concept: three ready-to-wear lines and accessories combined in a single space.

Faced with the strong acceleration of e-commerce and as part of the strategic directions taken by SMCP, in particular to reinforce the unique identity and desirability of each of its brands, the Group decided to put an end to this format, which no longer met its ambitions nor the brands' strategy. This decision will result in the closure of these points of sale by the end of 2022 and will enable the Group's brands to fully express their own identity, reinforce their desirability and consequently strengthen their like-for-like growth.

As at December 31, 2021, the Group only had ten Suite 341 points of sale, exclusively affiliates (see Section 2.2.5.5 of this document).

2.2.5.4 E-COMMERCE PLATFORMS

E-commerce represents an increasing proportion of the Group's sales and is also a marketing tool for developing awareness of its brands in France and internationally. In 2021, in a context still marked by the Covid-19 pandemic and the temporary closure of numerous points of sale worldwide, the Group's online sales represented €222.7 million, representing a digital penetration of 22.6%, considerably higher than in 2019 (15% of sales). As at December 31, 2021, the Group's products were being sold *via* 80 directly-operated online platforms and 66 platforms operated by partners.

On the Internet, Group products are distributed mainly through its own websites (e-shops) and, to a lesser extent, *via* third-party e-commerce platforms, including department store websites (e-concessions). As at December 31, 2021, 48% of e-commerce revenue was generated by its own websites, 35% *via* e-concessions and 17% *via* wholesale (pure players or partners).

The Group's e-shops (Direct to Consumer)

The Group operates websites dedicated to each of its brands. Sandro and Maje have dedicated websites in France, the United Kingdom, Spain, Ireland, Italy, Germany, Switzerland, the United States, Mainland China and Hong Kong SAR. Maje also has a website in Belgium and Sandro in the Netherlands. Claudie Pierlot does not yet have a website in Italy, Ireland, the Netherlands or the United States. Lastly, Fursac has a website in France. The Group continues to enhance the consumer experience in its e-shops, notably *via* services such as instant chat with a consultant, mobile phone access to e-shops, improvement of the payment process and the pre-order system. In a context marked by the Covid-19 pandemic, SMCP continued to develop new omnichannel services in Europe such as ship-from-store for Sandro, Maje and Claudie Pierlot, e-reservation, Virtual shopping and click & collect, and is preparing to roll them out in the Americas and Asia regions. The Group has also accelerated its responsible momentum with the launch of Second Hand at Sandro and the Rental Service at Maje.

Third-party e-commerce platforms

In addition, the Group sells its products on recognised third-party e-commerce platforms such as "bloomingdales.com", "saksfifthavenue.com", "debijenkorf.com", "farfetch.com", "galerieslafayette.com", "selfridges.com", or "tmall.com". These platforms are selected by the Group according to its commercial strategy; they include the e-commerce platforms of department stores or other third-party platforms specialising in high-end ready-to-wear apparel and accessories.

Third-party e-commerce platforms are generally free to manage their own websites and arrange for their own publishing, hosting and website management, provided that they respect the image of the branded products and list them. With a view to optimising its partnerships, the Group constantly co-develops action plans aimed at highlighting certain key products and promoting the highest standards of customer experience. Other services provided by the platforms include the preparation and shipping of customer orders if this is not done by SMCP.

Payment for products is collected by the third-party online platform on behalf of the Group. The e-commerce platform charges commissions for its services. Some contracts also provide for additional contributions for the promotion of the Group's brands or marketing investment.

2.2.5.5 AFFILIATES

Affiliates form part of the Group's distribution network in France and are mainly located in medium-sized French towns where the Group does not have free-standing stores or concessions. The Group also makes use of affiliates in Spain and Italy. As at December 31, 2021, the Group operated through 64 affiliates.

The affiliated retail stores are operated by independent merchants who own their own business, under commission and affiliation agreements. The affiliates recruit their own staff, but the retail stores of Group affiliates are managed under the brand names and have the same features and ambiance as the Group's other points of sale. The affiliated retail stores must follow a concept book which sets out the requirements for furnishing and the appearance specific to each Group brand. Although the staff and leasing costs are paid by the affiliates, the Group retains ownership of the merchandise sold through this distribution channel. Finally, affiliates' staff can take advantage of training offered to Group employees at the SMCP School.

Agreements concluded by the Group with its affiliates provide for commission payments to affiliates based on a percentage of revenue, excluding tax. Income from sales is transferred from the affiliates bank account twice a month, net of commission. From time to time, the Group may decide to acquire a store managed by one of its affiliates. For the financial year ended December 31, 2021, 2.6% of the Group's revenue was generated with affiliates.

2.2.5.6 THE OUTLETS

In addition to its free-standing stores, concessions, online sales and sales *via* its affiliates, the Group also sells off unsold inventories in a limited number of outlets (108 outlets as at December 31, 2021) situated in premium sales locations in France, Spain, Switzerland, Italy, the United Kingdom, China and the United States. For the financial year ended December 31, 2021, 11.6% of the Group's revenue was generated with outlets.

2.2.5.7 PARTNER POINTS OF SALE (PARTNERED RETAIL)

The Group also has a partnered retail distribution channel (partner-operated stores) mainly for specific regions. For the financial year ended December 31, 2021, this distribution channel accounted for 9.6% of Group revenue, of which 38.3% was generated through online platforms operated by partners. The partnered retail channel allows the Group to gain access with limited risk to new markets and countries where the size of the market does not justify directly-operated operations. This operating method thus allows for the sale of products in a country where it would otherwise be very difficult or even impossible, less efficient or less profitable to manage a directly-operated distribution network under local law.

The Group selects its local partners with care to ensure the consistency of local distribution with its strategy and brand image, particularly through the implementation of the concept book; for example, it ensures its partners adopt a presentation for retail stores and corners that is identical to its directly-operated points of sale. The Group routinely performs visits to partner points of sale sites to ensure compliance with its concept. It also benefits from strong relationships with its partners. Partnership agreements for the distribution are generally concluded for a period of three to five years, during which the partner benefits from exclusive rights granted by the Group for distribution of its products. Some of the partnership agreements are non-renewable.

The local partner is an independent merchant, responsible for its personnel, rent payments and negotiation of the lease for its points of sale or concession contract (in the case of department store concessions). The local partner is also responsible for its purchases; the purchased merchandise becomes its own property and the partner must resell the products in a store that has the same commercial signage and appearance as those of the Group's brands, such that the final customer cannot see the difference between a directly-operated store or concession and a store or concession managed by a partner. In addition, partners may sell unsold items in their own outlets with the Group's prior approval.

In some cases, the Group has decided to take control of its partners, as it did in Hong Kong in 2014.

In 2021, 49 partner-operated stores were opened worldwide, mainly in South Korea (24), Russia (8), Greece (7), Ukraine (5), Mexico (5) and Vietnam (4).

The following table shows the breakdown of the Group's partnered retail points of sale by brand and by country as at December 31, 2021:

	Sandro	Maje	Claudie Pierlot	Fursac	Total
France	-	1	-	-	1
Total France	**-**	**1**	**-**	**-**	**1**
Russia	19	18	6		43
Turkey	10	8	-		18
United Arab Emirates	8	7	1		16
Ukraine	7	7	-		14
Lebanon	6	4	2		12
Greece	5	4	-		9
United Kingdom	2	2	1		5
Kazakhstan	2	2	-		4
Kuwait	2	2	-		4
Lithuania	2	2	-		4
Germany	2	1	1		4
Qatar	2	2			4
Austria	2	1	-		3
Saudi Arabia	1	1	-		2
Latvia	1	1	-		2
Andorra	-	1	-		1
Bahrain	1	-	-		1
Total EMEA	**72**	**63**	**11**	**-**	**146**
South Korea	77	61	17		155
Australia	18	17	6		41
Thailand	4	4	-		8
Vietnam	4	4	-		8
New Zealand	2	2	-		4
Total APAC	**105**	**88**	**23**	**-**	**216**
Mexico	13	10	-		23
United States	3	3	-		6
Total Americas	**16**	**13**	**-**		**29**
TOTAL	**193**	**165**	**34**	**-**	**392**

2.2.6 Sales force

The Group pays particular attention to the know-how of its sales assistants. It has introduced within each brand, and also within its free-standing stores located in Asia and North America, a local Sales management structure supported by Regional directors, each with responsibility for up to 15 points of sale, sometimes assisted by back-up organisers. This organisation allows for more frequent visits and more time spent in these significant points of sale. In addition, since 2013, the Group has implemented a training programme for the integration of its new sales teams, as well as for the development of talent and the creation of new Brand ambassadors. This two-week programme for new sales assistants aims to train staff in sales techniques, customer assistance and to improve the financial results of the points of sale. The Group estimates that in 2021, the Group provided over 22,000 hours of training worldwide, *via* face-to-face training. The e-learning training platform, created in 2018, has become the main vehicle for distributing the training content of the brands and the Group and provided 59,393 hours of training worldwide.

2.2.7 Logistics organisation

2.2.7.1 IT SYSTEMS

The Group has set up an IT architecture that is adapted to the development and production of its collections, management of an integrated network of stores and its partners and covers all of its points of sale, including e-commerce and international activities. This architecture is based on the best software on the market.

This system is based on Group Retail ERP (Enterprise Resource Planning) software, covering most functional areas, common to all brands and all geographical areas in which the Group operates, providing a single point of sale solution, a single e-commerce development platform and a central logistics management solution. The Group has an IT team of around 65 people, located at the Group's headquarters and internationally, in charge of managing projects and ensuring the development and maintenance of its IT applications and infrastructure. In 2020, the investments made include rolling out a new Finance tool with Oracle Financial Cloud in Europe, Mainland China and Hong Kong SAR, implementing an OMS (Order Management System) to strengthen omnichannel operations (including the roll-out of ship from store functions), the launch of the Demand Planning project and the alignment of Fursac's main information systems with those of the Group.

The Group continued its omnichannel development strategy, with the implementation of ship from store across Europe in 2021, in the United States in January 2022, and soon in Canada. Emphasis was also placed on stock availability and reliability, with the implementation of real-time flows and the implementation of the Demand Planning solution, Anaplan. The deployment of Oracle Financial Cloud is now fully completed in the Americas, Asia, and 90% of Europe. Significant infrastructure projects have also been carried out to strengthen the security of the environments and the resilience of the infrastructure, in particular with the gradual deployment of the Group's entire infrastructure on the Cloud.

Points of sale use this architecture to forward information on products sold and customer segmentation, allowing the Group to benchmark its points of sale and, together with its logistics network, manage the rapid restocking of its points of sale. In addition, the information sent *via* its IT system allows the Group to identify its best customers and make adjustments in product design on the basis of sales results.

2.2.7.2 IN-HOUSE LOGISTICS

The Group's principal logistics centre is used by all four brands Sandro, Maje, Claudie Pierlot and Fursac and serves all points of sale, directly or indirectly, *via* satellite logistics centres located in the United States, Mainland China and Hong Kong. A team of approximately 140 employees is dedicated to the logistics and supply of the Group's distribution network.

Since November 2015, the Group's central storage complex for France and internationally has two main sites, managed directly and close to Roissy-Charles De Gaulle airport:

- 30,000 square metres in Marly-la-Ville;
- 24,000 square metres in Vémars.

This organisation ensures an optimised customer service quality, especially for omnichannel sales and provides additional available sites in case of force majeure.

For its US business, the Group subcontracts product procurement *via* a warehouse located in New Jersey and managed by DSV (formerly Panalpina). This warehouse has a surface area of 18,000 square metres (partly used by the Group) and serves the entire North American market.

The Group also subcontracts product procurement for its points of sale in Mainland China, organised through a warehouse with a total surface area of 7,200 square metres (partly used by the Group), leased by DHL and located in Shanghai. A third-party service provider handles e-commerce logistics in Mainland China. Since February 2018, the Group has also opened a warehouse in Hong Kong SAR with an occupied surface area of approximately 2,500 square metres that supplies the Asian region (currently Hong Kong SAR, Macao SAR, Singapore and Taiwan) except for Mainland China.

The warehouses allow the Group to limit inventory and storage requirements at each of its points of sale. The IT systems established by the Group link the points of sale to its warehouses so that when a product category needs restocking, the information is forwarded to the warehouse and the product category is generally back on sale two days later for points of sale located in Europe, four days later for points of sale in the Americas and around ten days later for points of sale in the APAC region. This restocking model means the Group can ensure that only the best-selling products are reordered, thereby maximising sales, optimising its working capital requirement and reducing inventory-related risks.

2.2.7.3 EXTERNAL SERVICE PROVIDERS

The Group subcontracts the air and road transport of its products from its warehouses to other warehouses or points of sale using common service providers for the main brands shipped. In general, the Group is responsible for inner and outer packaging and labelling of its products and the carriers are responsible for any damage caused during transportation, for arranging transportation and for the execution of ancillary services.

2.2.8 A unique in-store customer experience

Stores form the Group's first communication channel. The Group maintains a distinct universe and sales environment for each of its brands. The Group has established a fully-assisted sales model, offering customers a personalised service and a luxury-like shopping experience.

With typically only one size per item on display in stores, the Group places an emphasis on personalised advice rather than self-service. The number of salespeople in each store is calibrated based on target store sales and store size to ensure optimal customer service.

2.3 The market of ready-to-wear and accessories

2.3.1 A large global market[1]

SMCP has a real ability to attract consumers across all segments of the ready-to-wear and accessories market. The Group's unique positioning makes it possible to capture the customer base from the luxury, accessible luxury and mass market segments by responding to the new consumer trends that characterise the ready-to-wear clothes and accessories market.

The global accessible luxury market (ready-to-wear and accessories) is an important market that has experienced continuous growth for more than ten years (including +6% CAGR between 2010 and 2019). In 2019, this market represented €117 billion, an increase of +4.5% compared to 2018.

Ready-to-wear represented around €66 billion in 2019 (55% of the global accessible luxury market) and accessories accounted for around €51 billion, i.e. 45% of the global accessible luxury market.

It covers both mature and emerging economies, with key markets such as the Americas (36% of the global market in 2020), Western Europe (28% of the global market in 2020) and Asia-Pacific (33% of the global market in 2020), particularly China (16% of the global market in 2020).

The share of this market, intended for male customers, represented €32 billion in 2019, i.e. 27% of the market with an average growth rate (CAGR) of +3.7% between 2015 and 2019.

In 2020, the Covid-19 pandemic significantly impacted the global luxury and accessible luxury goods market, causing the sharpest contraction ever recorded in the last 30 years. In 2020, the total revenue of the accessible luxury market declined for the first time since 2010 by -24% to €89 billion. 2021 was marked by the recovery of the affordable luxury market, up 19% compared to 2020 to reach €106 billion, and down -9% compared to 2019.

2.3.2 Growth supported by structural trends

2.3.2.1 MACRO-ECONOMIC GROWTH FACTORS

The strong growth in the apparel and accessories market observed in recent years is the result of the increase of the consumers' budget allocated to apparel and accessories purchases, the emerging urban middle class and the growth of the global tourism.

Consumers allocating more to apparel and accessories

Consumer spending on ready-to-wear and accessories has increased significantly in recent years. The ready-to-wear and accessories market in the affordable luxury segment is therefore growing faster than global gross domestic product (GDP).

Emerging urban middle class

Furthermore, the growth of the apparel clothes and accessories market is supported by an emerging urban middle class which is aspiring toward attractive, high-end apparel clothes and accessories and is receptive to the values that the Group's products convey and the Group's positioning.

The growth of international tourism

Over the last few years, the market has also benefited from the strong growth of global tourism, which has significantly increased the reputation and prestige of ready-to-wear and accessories brands. In addition, it has increased the number of shopping opportunities, as tourists tend to spend more when they travel abroad than in their home market. In addition, tourists' spending budget on trips is generally high.

(1) The information, contained in this Section relating to markets, and particularly their size and growth opportunities, is principally drawn on third-party sources (presented in Chapter 1.3 of this universal registration document) and on the Group's own estimates.

2.3.2.2 A MARKET INFLUENCED BY FUNDAMENTAL CHANGES IN CONSUMERS BEHAVIOURS

- **Responsible consumption** is the first trend to emerge clearly. Three topics are at the heart of consumer expectations: respect for the environment, animal protection and manufacturing ethics. The importance given to sustainability values stems from the renewal of the consumer pool with a growing contribution from millennials and Generation Z.
- Consumers from the ready-to-wear and accessories market are increasingly favouring **mix and match**, wearing products belonging to very distant price ranges. Indeed, the historic clientele of the luxury segment is seeking quality products at more attractive prices; combining, for example, a luxury brand handbag with an elegant Sandro dress. In addition, products of the Group's brands are also purchased by the mass-market customers for special occasions.
- Consumers are also increasingly adopting a "**smart consumption**" mindset for their clothing purchases, giving importance to factors such as the price of a product and its value per wear. This trend encourages affordable products that can be worn several times, on multiple occasions and during several seasons.
- Finally, consumers of ready-to-wear and accessories are **permanently searching for new products** and prioritise the **omnichannel** experience as their purchases are strongly influenced by digital technology.

2.3.2.3 PROFOUND UPHEAVALS CAUSED BY THE COVID-19 PANDEMIC

The luxury and accessible luxury goods industry was confronted with an unprecedented situation, with the Covid-19 crisis, which forced it to adapt to this new context. This unique crisis was indeed accompanied by profound upheavals, intended to permanently change consumer behaviour. The pandemic has proven to be a major accelerator of temporary, but above all structural, changes destined to last:

- **digital acceleration** with a growing contribution from online shopping, increasingly influencing the act of purchasing;
- **the weight of Mainland China,** which posted very strong growth worldwide since its exit from the health crisis thanks to strong local demand. The market benefited from the dynamism of local consumption in the absence of international travel. Chinese consumption should continue to grow and this nationality should represent half of the global market in 2025[1];
- **the emergence of a new generation of buyers,** which will radically condition the luxury and accessible luxury goods market in the coming years;
- **the acceleration of the circular economy**, with the very strong development of rental and second-hand; new offers attracting and retaining the younger generations in search of meaning and circularity.

(1) The information, contained in this Section relating to markets, and particularly their size and growth opportunities, is principally drawn on third-party sources (presented in Chapter 1.3 of this universal registration document) and on the Group's own estimates.

2.4 Group strengths and competitive advantages

2.4.1 A portfolio of complementary and desirable brands

2.4.1.1 COMPLEMENTARY BRANDS, OFFERING A STRONG AND DISTINCTIVE DNA

The Group's brands Sandro, Maje, Claudie Pierlot and Fursac are leading players on the ready-to-wear and accessories market, committed to providing customers with high-quality, on-trend products while maintaining attractive prices.

Each of the brands has a strong history (49 years for Fursac, 38 years for Claudie Pierlot and Sandro; 24 years for Maje), based on distinct values and codes as well as a unique expression and identity: here and away, feminine, free & emotional for Maje; timeless, quirky pieces with a fashion twist inspired by travel for Claudie Pierlot; the "panache" of French spirit for Fursac. Sandro's four founding values around simplicity, authenticity, daring and generosity, provide the brand with a certain uniqueness. They also reflect relaxed elegance blended with effortless chic.

These distinct identities make these brands complementary because each of them addresses a different consumer base. These four brands enable the Group to better penetrate a broad audience between 15 and 45 years old. The expression of each brand, with its individual identity and codes, is consistently present across the communication strategy of each brand through the press, social networks, blogs and its store concepts, which constitutes the first communication tool of the Group.

2.4.1.2 ON-TREND, HIGH-QUALITY PRODUCTS WITH GLOBAL APPEAL AT ATTRACTIVE PRICES

The Group has dedicated in-house design teams for each of its brands, who design all of the products the Group sells in its stores, under the supervision of their respective Artistic Directors. These creative teams identify the latest market trends and immerse themselves in "*the spirit of the time*". They reinterpret them through the codes and the specific identity of each of the brands: dresses, suits, outerwear (pea coats, down jackets, etc.), a casualwear collection or creative capsules with famous artists or brands, or upcycled materials for Sandro. At Maje, the combination of fluidity and structure, the use of lace and embroidery, knits and leather for an ultra-feminine silhouette. Tailoring, dresses, travel-inspired prints, sailor tops or knitwear for Claudie Pierlot. Suits, outerwear (coats, down jackets, varsity jackets…), and also evening wear for Fursac. In addition to the iconic product categories that are specific to each brand, the Group also aims to consistently imbue novelties in its collections, thereby adding an element of discovery to each store visit.

The Group also offers "capsule" collections in limited editions such as the eco-friendly "First Stone" eco-responsible denim or "Remade with Love" capsules by Maje, or the "Endless Love" upcycled capsule by Sandro. At the same time, the teams are creating other more quirky capsules, such as Sandro's fun Mr & Ms capsule or the "Clara Luciani" limited edition, the active wear capsule by Maje with Varley, or the collaboration with the American giant New Era for Claudie Pierlot.

The Group's products are high-quality and reveal a strong attention to detail and craftsmanship. The quality of the Group's products is the key element of its value proposition, as illustrated by their finishing touches and a mix of high-quality manufacturing and advanced assembly techniques, while also maintaining attractive prices and ensuring profitable collections for the Group.

2.4.1.3 GLOBAL APPEAL SUPPORTED BY A LEADING PRESENCE IN FASHION CAPITALS

The Group has built a global presence across key international fashion cities, from Paris to Los Angeles, London, New York, Shanghai, Dubai and Milan, where its brands have strong appeal and benefit from the flow of global tourism. The Group's stores are often located in high-demand areas, or enjoy privileged positions in prestigious department stores such as Galeries Lafayette, Printemps, Le Bon Marché and la Samaritaine in France, Selfridges and Harrods in the United Kingdom, La Rinascente in Italy, El Corte Inglés in Spain, Globus in Switzerland, Bloomingdale's in the United States or in famous malls such as Shin Kong Place or MixC in Mainland China and International Finance Center (IFC) and Harbour City in Hong Kong SAR.

The Group is firmly established in the major capital cities. It generated 67.2% of its revenue outside of France for the financial year ended December 31, 2021 compared with 64.3% in 2020. It intends to further increase its international presence over the next few years, with the aim of becoming one of the leaders in the ready-to-wear and accessories market in the accessible luxury segment. Abroad, the Group enjoys a very positive image.

The Group also benefits from key influencers (such as bloggers and VIPs) who spontaneously choose its products, building awareness. The best-selling products are generally consistent across the markets where the Group operates, illustrating the global appeal of the Group's brands. By way of illustration, around two-thirds of the best-selling products of Sandro's Women's collections are the same across the various geographic regions where the brand operates.

2.4.2 Competitive brands attracting consumers from all segments of the ready-to-wear and accessories market

The Group's brands occupy a central position in the ready-to-wear and accessories market. It is segmented into three categories:

- the luxury segment with groups such as LVMH, Kering, Burberry, and Moncler;
- the fast fashion segment with players such as Zara/Intidex or H&M; and
- the accessible luxury segment. Among the global players present in this segment are the Americans Theory, Tapestry (Coach and Kate Spade), Capri (Michael Kors), the British Ted Baker or French brands such as Isabel Marant, The Kooples, Zadig & Voltaire or IRO Paris.

The Group's position attracts consumers from all segments of the market.

2.4.3 A unique and proven business model

The cornerstone of its business philosophy is a model in which the Group combines the codes of the luxury industry and the Direct to Consumer industry. The Group offers to its customers attributes associated with luxury, such as on-trend, high-quality products, high-end communication, premium store locations and a superior personalised shopping experience.

In addition, inspired by Direct to Consumer, the Group has established a short and reactive design-to-production cycle, with a continuous renewal of the products offered during the season and a proven retail model that can easily be rolled out internationally by the Group.

The Group is a retail "pure player" with a vertically-integrated and closely controlled distribution model (primarily through directly-operated points of sale).

2.4.3.1 THE GROUP FOLLOWS THE CODES OF THE LUXURY INDUSTRY

In-house creative studios fully internalised for every brand

The Group's in-house creative capabilities are led by independent Artistic Directors for each brand and are supported by talented, experienced teams of designers, stylists, model-makers and tailors based in their own studios located in Paris. Each brand has a complete collection creation and development team.

The creative process captures the spirit of the time, inspired by the trends, materials, colours and techniques of the moment, interpreted in the specific spirit and with the hand of each brand.

A high-end image through a dedicated communication strategy

The Group has adopted a strategy for its brands that projects a high-end image through communication campaigns calling on well-known photographers and models for each collection. Furthermore, the communication campaigns and content of each brand are presented on multiple media, including films, events and announcements, billboards, collaborations, advertisements in the press and digital initiatives.

In addition to that, the Group deploys its store concepts in every country where it operates. The Group's stores are the principal communication tool for promoting its high-end image. Special in-store events allow the Group to ensure proximity to its clientele and enhance the customer's experience for each of its brands.

The same applies to the brand's websites that support its high-end communication standards and service and offers to customers an enjoyable purchasing experience. The Group is placing an increased focus on digital communication, through initiatives such as targeted web advertising and online video campaigns, further supporting its brands' unique positioning. A strong presence on social media platforms and dedicated fashion websites also helps further consolidate awareness of the Group's brands and build the brand image.

A global footprint with high-quality locations in key fashion capitals

The Group has a global network of 1,684 points of sale located in major fashion capitals (including Paris, Athens, Barcelona, Bangkok, Beirut, Berlin, Copenhagen, Doha, Dubai, Dublin, Geneva, Hong Kong SAR, London, Madrid, Mexico City, Milan, Moscow, New York, Beijing, Rome, Seoul, Shanghai, Sydney, Vienna, and Zurich). The Group's retail stores are often located in premium high-street locations such as Rue Saint-Honoré and Avenue des Champs-Élysées, and in commercial thoroughfares such Le Marais in Paris, Soho in New York, Chelsea and Regent Street in London, Paseo de Gracia in Barcelona and the Via Manzoni in Milan and its concessions enjoy leading positions in prestigious department stores such as Galeries Lafayette, Le Printemps, Le Bon Marché and la Samaritane in France, Selfridges and Harrods in the United Kingdom, El Corte Inglés in Spain, la Rinascente in Italy, Globus in Switzerland, Bloomingdale's in the United States and in reputable shopping malls such as Shin Kong Place or MixC in Mainland China, International Finance Center (IFC) and Harbor City in Hong Kong SAR.

Enhanced customer experience personalised service

The Group's network of stores enables customers to develop a strong personal connection with brands through personalised assistance that is cultivated by carefully selected and trained sales assistants that are passionate about fashion. The Group's visual merchandising strategy supports the brand narrative in their storytelling. To enhance this personal relationship, there is only one size per item on display and no mirrors in the fitting rooms, encouraging a dialogue with the sales assistants. Styling advice is also offered by sales assistants, who act as brand ambassadors.

The recruitment of multilingual salespeople enables the Group to offer its international customers a welcoming and unparalleled shopping experience. The Group's points of sale have a well-organised and motivated sales forces, backed by close monitoring and performance-based compensation for sales assistants and managers. The Group's sales force, store managers and regional heads receive dedicated training through the SMCP School, created in 2013, and currently based in France, Europe, the United States and Asia. For example, in 2021, the Group provided more than 22,000 hours of face-to-face training worldwide, The e-learning training platform, created in 2018, represented 59,393 hours worldwide.

2.4.3.2 THE GROUP ALSO BLENDS THE CODES AND METHODS OF *DIRECT TO CONSUMER*

While the Group has no in-house manufacturing, its operating model benefits from a short, reactive design-to-production cycle and a fully-integrated logistics platform and global supply chain. Each Group brand has a dedicated design team led by its founder or Artistic Director, with a structured design process based on robust collection planning and observations to capture the latest trends.

Rapid product cycle from design to store

The Group's in-house design, sourcing and procurement processes are highly coordinated allowing delivery of new products to stores within 100 to 180 days. As a result, the Group's procurement lead and creation time is much lower than those observed in the luxury sector. This allows the brands of the Group to incorporate the fashion trends.

Agile sourcing and a diversified supplier base

The Group's agile sourcing and diversified supplier and manufacturer base provides a highly flexible design and production calendar. The Group relies on a diversified base of more than 500 suppliers (finished products, cut-and-sew products and components), including 115 strategic suppliers representing 79% of the volumes produced for cut-and-sew products, finished products and accessories and 66% of fabric orders. The top ten suppliers for finished products and cut-and-sew products account for just over 33% of supply. The geographic proximity of part of the supply base (around 60% of the Group's production is carried out in the EuroMed region and around 40% in Asia) leads to shorter delivery times. Furthermore, the Group's carefully selected partners deliver reliable and high-quality products. The Group sources a mix of finished and cut and sew products, for which it buys fabrics and outsources production. This allocation enables the Group to be much more reactive in case of replenishment because the production of assembled goods can be launched very quickly.

Thanks to its vertically-integrated approach, the Group benefits from a rapid replenishment cycle and optimised inventory levels. The Group's collection planning process enables it to anticipate raw material needs, while its strong relationships with suppliers provide flexibility to pre-book capacities and pre-order raw materials. The presentations of the collections upstream (to the press, partners and sales managers), timely feedback from retail stores and the Group's optimised inventory management allow it to quickly identify the best sellers and rapidly replenish retail stores with best-selling items within four to nine weeks.

A global logistics platform enabling constant replenishment

The Group's operating model benefits from a fully-integrated global platform and supply chain. The Group's IT systems operate across all of its brands and facilitate the replenishment cycle and inventory management (see Section 2.2.7.2 of this universal registration document). These systems also allow the Group to measure store performance and integrate best practices across its retail network. The Group's recent investments in shared infrastructure and global platforms have geared the business to support strong future growth. Lastly, its fully automated warehouses located near Paris Charles de Gaulle airport, in Marly-la-Ville (30,000 square metres) and Vémars (24,000 square metres), as well as the warehouses and logistics infrastructures in New Jersey, Shanghai and Hong Kong SAR (opened in February 2018) allow the Group to benefit from flexible and responsive logistics throughout the world. With the capability to replenish stocks in less than two days in Europe, within four days in North America (East coast) and Asia, the Group can maintain low inventories in its stores and thus optimise dedicated sales space.

A collection plan framing the design process

The Group benefits from a proven design process, framed by a precise collection plan, based on efficient and reactive purchasing and supply procedures. The ten new collections per year (two per brand, including Sandro Men) present on average 530 to 650 SKUs per collection for Sandro Women and Maje, and on average 330 to 450 SKUs for Claudie Pierlot, Sandro Men and Fursac. The Group's collection plan defines a target number of SKUs by product category (particularly in terms of colours, textiles, prices and occasions to wear the garment) to ensure a balanced offering, while price and margin objectives are taken into account from the beginning of the process. The creative teams also take into account a series of factors, including the historical performance of certain products, store feedback, previous collections' best sellers and analysis of competitors' practices.

Continued newness driving high traffic in stores

The capacity to produce newness is a key element of the Group's production strategy. To that end, new creations are developed all year long, allowing constant renewal of products in the Group's points of sale. Furthermore, the implementation of each collection, with 12 deliveries (drops) per collection and new products each week in all stores, as well as periodic new "capsule" collections, allow the Group to consistently drive sales intensity through repeat customer visits to stores. A reinterpretation of each brand's best sellers is commercialised with every new collection.

A scalable retail model and a disciplined approach to opening new points of sale

The Group has been able to expand its distribution network quickly and efficiently. In recent years the Group has significantly expanded its international presence (particularly in Europe and Asia), while observing a disciplined expansion strategy, with an average of 120 net openings per year between 2015 and 2019 (excluding Fursac and including partner stores) and an average opening time for directly operated stores of two months. The reduced execution time and standardised concept for each brand limits the capital expenditure required to support and expand the Group's network. The optimisation of capital expenditure and the short ramp-up period for points of sale allow the Group to realise a short payback period (measured by dividing capital expenditure by a point of sale's profitability before allocation of selling, general and administrative expenses).

The Group has a dedicated team responsible for point-of-sale roll-out and lease negotiation, and another team dedicated to the layout design of new locations. The point-of-sale investment process includes a review by the Group's management, involving strict selection criteria such as the payback period and return on investment, and a final decision is made by a dedicated committee chaired by the Group Chief Executive Officer.

The Group applies a rigorous approach to its expansion strategy. A new point of sale will only be considered if it can be opened in an attractive location at an appropriate cost. When it is considering a new site for a point of sale, the Group investigates the demographics of the location to ensure it will have access to its target customers, while taking into account the expected impact of the opening on its existing points of sale in the immediate area, in order to minimise any potential cannibalisation effect. The Group does not hesitate to delay, if necessary, the opening of its new stores until the best locations are available at a satisfactory cost and conditions. When the Group decides to enter a new geographic segment, it generally follows a flexible approach and tailors its roll-out strategy to the needs of the particular market. In general, the Group initially accesses new markets through concessions, allowing it to test the appeal of its brands and gain market knowledge with minimal capital expenditures, before building up its own store network. This approach has allowed the Group to rapidly expand its international network without sacrificing its rigorous return on investment metrics.

In 2020, in a context marked by the Covid-19 pandemic, the Group decided to reduce its investments, notably by limiting its openings, with just 37 net openings. In 2021, the Group recorded 7 net store openings, with 49 net openings in APAC (24 in South Korea and 15 in China). In line with its One Journey strategic plan, the Group finalised the plan to optimise its network of physical stores in France, with 46 net closures in France (including 28 closures related to the end of the Suite 341 concept).

For the coming years, the Group intends to continue its omnichannel development between 2022 and 2025.

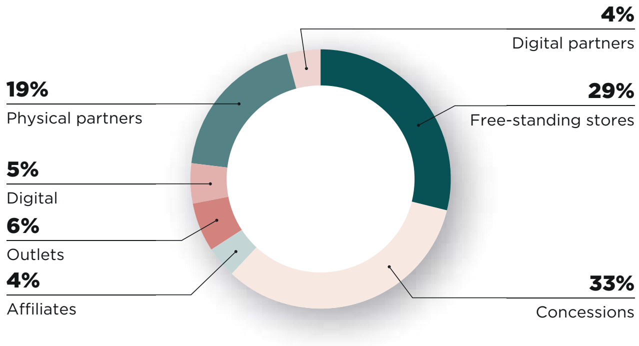
2.4.3.3 RETAIL PURE PLAYER

A fully-integrated distribution network

The Group operates as a pure player[1] in the ready-to-wear and accessories market, with close control over its distribution process, brand image and commercial strategy. This model enables the Group to ensure a consistent customer experience across its retail network with stores located in major fashion capitals around the world (Paris, Los Angeles, London, New York, Shanghai, Dubai or Milan). This strategy was adopted by the Group in the early 2000s, as it gradually abandoned its wholesale business.

(1) For the financial year ended December 31, 2021, only 5.9% of the Group revenue was made through physical partnerships and 3.7% through digital partnerships, the rest came from retail sales.

Breakdown of revenue by type of point of sale



The Group's network of free-standing stores and concessions allows direct control over key elements of its strategy, such as pricing, purchasing, sales force, image and communication. The Group believes that this approach is one of the main factors enabling it to maintain a high management gross margin. In addition, a balance of fixed and variable rents resulting from a mix of free-standing stores and department store concessions limits the Group's exposure to a decrease in margins. In addition to its directly-operated network, the Group employs a partnership model to expand into select high-potential markets. This approach allows it to move into attractive markets in certain countries that present specific local regulatory constraints or higher operational risk. Lastly, as at December 31, 2021, only 6.4% of the Group's directly-operated points of sale are outlets.

Excellence in retail network management

The Group believes that it has achieved a high level of excellence in managing its retail network, which has led to an increase in sales in its stores. The average basket is made up of 1.8 products with an average ticket of €277 per purchase. In 2021, the initial average selling price was €230. Approximately 40% of sales are made without any discount, demonstrating the appeal of the Group's products to its customers.

The Group's directly operated points of sale are characterised by a relatively compact surface area (80 to 100 square metres on average per free-standing store and 45 to 55 square metres on average per concession), resulting in strong operational KPIs. The Group's strong payback rate (defined as the ratio of investment to the direct costs margin) of new points of sale highlights the success of its international roll-out strategy and its disciplined approach to capital expenditure for its points of sale.

2.4.4 A strong management team and a well-structured organisation to drive future growth

The Group has an experienced management team, led by Isabelle Guichot, Group Chief Executive Officer. Isabelle Guichot has over 30 years of experience in the international luxury and retail sectors, having held senior executive positions within the Kering and Richemont groups. Before joining SMCP, Isabelle Guichot was Chief Executive Officer of Balenciaga for nine years, after having been Chief Executive Officer of Sergio Rossi. Before joining the Kering group, Isabelle Guichot held various positions within the Richemont group, including that of Chief Executive Officer of Van Cleef & Arpels, and of Lancel, after beginning her career at Cartier. A graduate of HEC, she has developed many houses to which she has contributed her strategic vision and her unique sense of the business and the customer.

The Company's Executive Committee, which is responsible in particular for discussing the Group's strategy and challenges, monitoring the business, and coordinating the Group's operational management, meets on a monthly basis. It comprises:

- the Group's three historical founders: Évelyne Chétrite, founder of the Sandro brand, Judith Milgrom, founder of the Maje brand and Ilan Chétrite, founder of the Sandro Men brand. As artistic directors of their respective brands, they are actively involved in the brand's development;
- the Group Chief Executive Officer
- four Chief Executive Officers of the brands (Sandro, Maje, Claudie Pierlot and Fursac), responsible for the global management of their brand worldwide;
- two Regional Chief Executive Officers (Asia and North America), responsible for implementing the brand strategy in their respective region;
- the Chief Financial Officer;
- the Chief Operating and Transformation Officer;
- the Human Resources and Sustainable Development Director.

The Group's senior management team has significant experience in both the luxury sector and within major fast fashion groups. Each of the Group's brands and core regions is headed by a Chief Executive Officer with more than 20 years of experience on average. This senior management team is also supported by a talented team of managers. The Group benefits from stability in key functions supporting its commercial, product and purchasing activities. In recent years, the Group's senior management team has been responsible for successful international expansion and revenue growth in a challenging macro-economic environment. The Group has a strong team to support it as it grows, with the aim of becoming a global leader in the affordable luxury segment. Lastly, the Group's Artistic Directors and senior managers are also shareholders of the Company (see Chapter 8 "Share capital and shareholding structure" of this universal registration document), contributing to an alignment of interests in the Group's future growth.

2.5 Strategic focus

INTRODUCTION

In a market marked by rapidly changing consumer trends, the Covid-19 pandemic has accelerated certain trends, notably:

- the development of online shopping, with an increasingly phygital approach;
- the balance between experience and consumption, with a very high demand for entertainment and more emotion;
- increased environmental and social awareness;
- growing demand from Chinese customers and new generations.

In this context, SMCP can count on its four strong and complementary brands, an excellent track record of growth, and solid fundamentals to enable it to transform these changes into growth opportunities. The Group relies in particular on:

- strong exposure to Chinese customers;
- a solid presence in e-commerce, with more than 23% of its sales in 2021 (compared to 15% in 2019);
- solid commitments and actions in favour of more responsible fashion.

With the development of a new strategic plan, One Journey, which it communicated to the market on October 27, 2020, SMCP opened a new chapter in its history, with global, desirable, sustainable and phygital brands. The plan is based on four strategic priorities:

- enhance the desirability of its brands;
- consolidate its phygital network, to offer an unlimited customer experience;
- strengthen the Group's business model;
- accelerate sustainable development and contribute to the development of ethical and responsible fashion.

Building on this new strategic plan, SMCP aims to become a world leader in accessible luxury goods while respecting the mission it has set for itself: *to diffuse Parisian elegance by acting as passionate and responsible entrepreneurs.*

2.5.1 Strengthen the desirability of its brands

SMCP intends to strengthen the attractiveness and desirability of its brands worldwide by relying on sharper and reinforced DNA. Among the levers on which SMCP intends to rely, the Group intends to:

- **adjust the architecture of its collections** in order to increase customer engagement for non-discounted products through simplified and optimised collections (fewer SKUs), a heightened sense of scarcity (capsules, limited editions, collaborations with brands, artists, designers, or influencers), blurred seasons (see now, buy now) and a differentiated offer by brand;
- **improve the in-store experience** through a new sales ceremony offering a more "emotional" in-store experience;
- **increase the range of accessories** to increase the desirability of its brands and attract new customers. In 2021, accessories accounted for 9.7% of the Group's revenue;
- **intensify its marketing investments** (4% of revenue compared to 2% previously) with a strong focus on disruptive digital communication, particularly social networks (Instagram, TikTok, Snapchat, Facebook, Pinterest, WeChat, Weibo, Douyin, Little Red Book or Youtube) but also by exploring new formats (gamification, Bilibili...) in order to reach the new generations (Millennials and Gen Z) who are expected to represent more than 60% of customers by 2025 and Chinese customers who are expected to represent more than 50% of customers by 2025.

2.5.2 Consolidate its phygital network, to offer an unlimited customer experience

This second pillar is based on:

- an optimised physical store network, with more welcoming and engaging stores;
- increased digital penetration to reach at least 25% of sales in the medium-term;

SMCP's phygital strategy is based on a 360° knowledge of customers, an optimised and unified stock, the deployment of omnichannel services, and harmonised payment systems.

The Group has the necessary infrastructure to support its digital strategy, including a centralised team. It continues to investing to improve the customer experience and provide a leading ease of purchase, notably by shortening delivery time periods, proposing new delivery options and increasing the quality of packaging for online orders.

SMCP has implemented many omnichannel services since 2017, such as e-reservation, virtual shopping, click and collect, store-to-web (the purchase on tablets in a physical point of sale) and ship from store. The Group has also accelerated its responsible momentum with the launch of Second Hand at Sandro and the Rental Service at Maje.

In 2021, SMCP generated 48% of its digital revenue from the Group brands' websites, while 35% was generated through e-concessions (Farfetch, Selfridges.com, Bloomingdale's, etc.) and 17% in *wholesale*. It now has 80 directly owned websites and a digital presence in more than 20 countries.

With this new approach, SMCP intends to accelerate its organic growth[1] in e-commerce, improve the customer experience and never miss a sale.

The Group intends to pursue its physigital approach in each region, by adopting a global vision, integrating both digital and physical presence. To do this, the Group wants to:

- invest in the **APAC** region as a priority (50% of its investments by 2025) in order to strengthen its presence in the Group's most dynamic geographical area, by investing in digital and by continuing its expansion in new key Chinese cities and new countries in the rest of Asia. By 2025, the Asia Pacific region is expected to account for 50% of the Group's growth and represent more than 30% of its sales;
- complete its optimisation and renovation plan in **France** (47 net closures (DOS) in 2021 with in particular the discontinuation of the Suite 341 format) to revitalise like-for-like growth, in order to continue to gain market share and develop the organic growth of e-commerce;
- complete the store network in **Europe** in a targeted manner (notably in Portugal, Germany, Poland and Austria) and continue its omnichannel development;
- prioritise digital technology and take advantage of its current presence in major cities in **North America.**

At the same time, the Group plans to expand its presence through its partnerships in areas in which it already operates such as South Korea, Mexico, Russia, the Middle East and Australia, but also through tactical entrances in a couple of new countries.

SMCP intends to continue its omnichannel development between 2022 and 2025.

2.5.3 Strengthen the Group's business model

SMCP intends to continue to strengthen its business model, maintaining agility, speed and efficiency:

- through the implementation of centralised global demand planning, enabling inventory optimisation and an increase in non-discounted sales. In other words: buy less, buy better, and propose the right product in the right place at the right time;
- by leveraging an agile and robust supply chain, and a strengthened IT platform, based on the best software on the market.

2.5.4 Accelerate in sustainable development and contribute to the development of ethical and responsible fashion

SMCP intends to step up in sustainable development and contribute to the development of ethical and responsible fashion, with strong commitments to products, the planet and people.

With regard to products, initiatives are being taken to develop an even more desirable and responsible offering: more and more eco-responsible materials, 100% ethical sourcing, strengthened supplier audits, initiatives serving the circular economy (such as rentals at Maje and Second Hand at Sandro, both launched in 2021).

These commitments, combined with a reduction in the flow of air transported goods, the development of green stores and the limitation of single-use products help to reduce the Group's carbon impact.

Lastly, SMCP involves all its 6,000 passionate entrepreneurs in these efforts, by promoting inclusion and diversity, development and mobility, and by focusing on well-being at work.

(1) All references to "organic growth" in this document correspond to revenue growth at constant scope and exchange rates.

2.5.5 Medium-term financial and non-financial objectives

The objectives and trends presented below are based on data, assumptions and estimates, particularly in terms of economic outlook, considered reasonable by the Group at the date of this universal registration document.

These future prospects and objectives, which result from the Group's strategic orientations, do not constitute forecast data or profit estimates for the Group. The figures, data, assumptions, estimates and objectives presented below may change or be amended in an unpredictable way, depending on, among other factors, changes in the economic, financial, competitive, legal, regulatory, accounting and tax environments or depending on other factors that the Group may not be aware of at the date of publication of this universal registration document.

Moreover, the materialisation of certain risks described in paragraph 3.1 "Risk factors" of this universal registration document could have a negative impact on the Group's business, financial position, market situation, results or prospects and, therefore, call into question its ability to achieve the objectives presented below.

In addition, the achievement of these objectives assumes the success of the Group's strategy and its implementation.

Consequently, the Group does not make any commitment or guarantee that the objectives set out in this section will be achieved.

On the basis of the *One Journey* strategic plan, prepared in 2020 and drawn up over a period of eight years, deemed the most relevant to take into account the international development potential of the brands and in particular the expected effect of the structuring projects launched by the Group, SMCP has established the following objectives:

In terms of its non-financial performance:

- ensure ethical sourcing, with 100% of Group suppliers[1] audited by 2025;
- more than 60% designed with sustainable materials and components in 2025, compared to 26% in 2020;
- reduce the carbon footprint: -20% CO_2 emissions by 2025 (across the entire scope).

Financially, SMCP anticipates:

- for the 2022 financial year, solid double-digit sales growth vs. 2021 (corresponding to mid-single digit growth compared to 2019). With regard to its profitability, the Group anticipates an adjusted EBIT margin (as a % of revenue) in line with 2021 in a significant inflationary context;
- a revenue growth of more than 10% at constant exchange rates in 2023 compared to 2019 and an average annual growth rate of revenue at constant exchange rates of more than 6% between 2023 and 2025.

The Group is also aiming for an adjusted EBIT margin of:

- around 10.5% in 2023;
- more than 12.0% in 2025.

Finally, the Group estimates that the debt leverage (ratio of net debt/ adjusted EBITDA)[2] will be below 2x in December 2022 (instead of end 2023 as previously expected).

The financial guidance is based on the following assumptions:

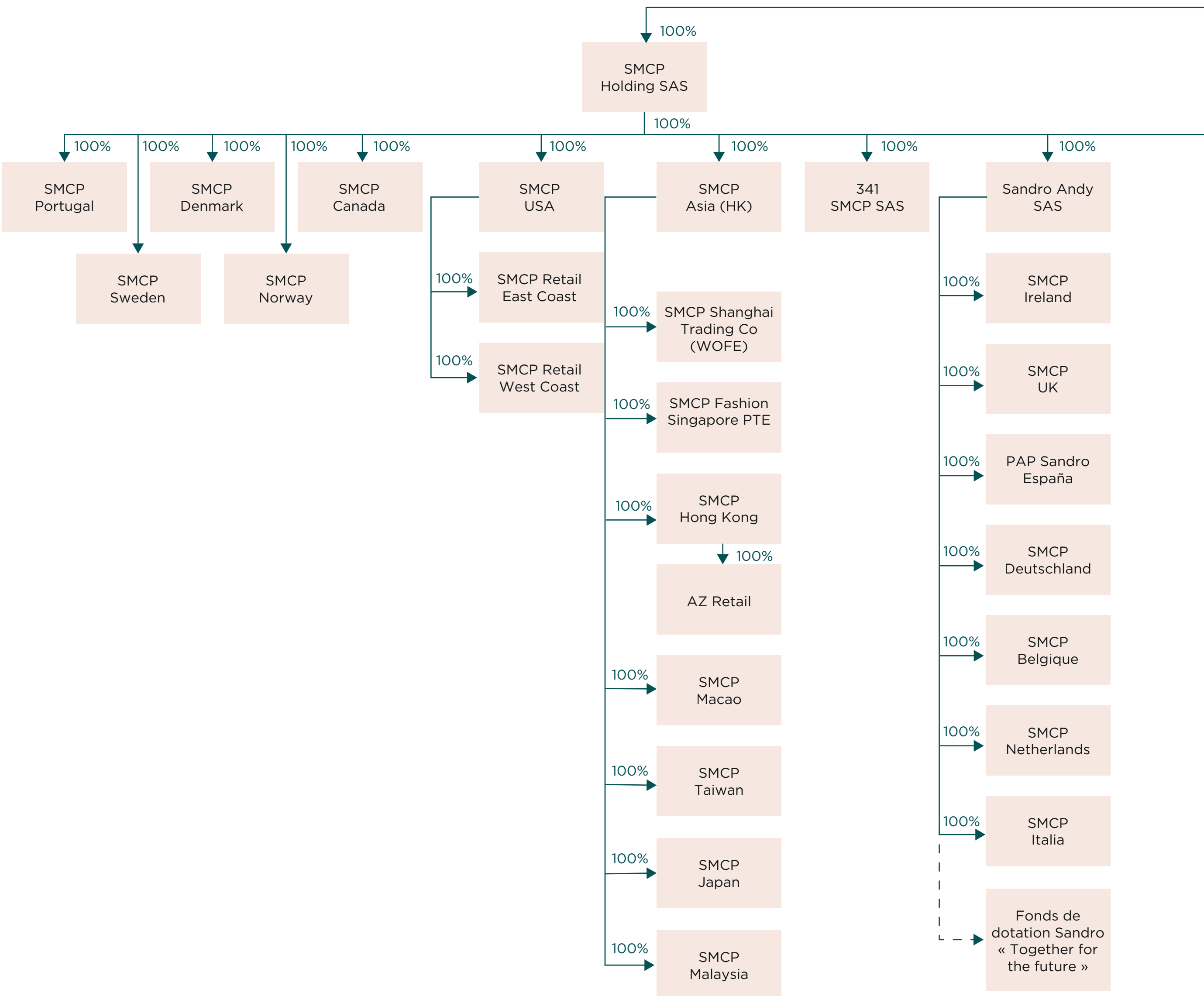
- like-for-like growth contributing to 50% (as a minimum) of organic revenue growth per year;
- digital penetration of 25% of revenue in 2025;
- selective expansion of the store base (DOS):
  - a stable store base in 2022;
  - 2023-2025: an average of 30 openings per year, of which 50% in the APAC region.

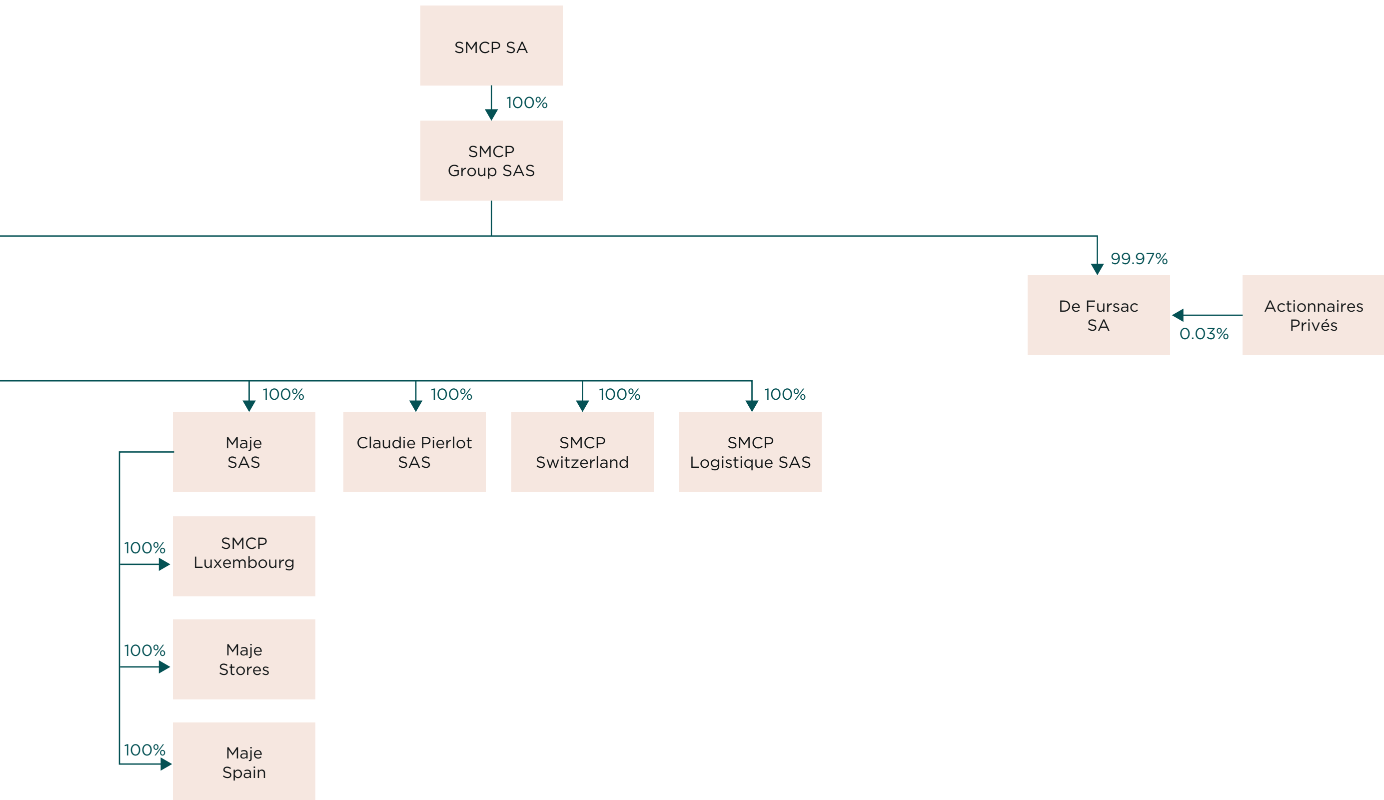
(1) Strategic suppliers (accounting for 80% of output).
(2) Excluding IFRS 16.

2.6 Organisational structure

2.6.1 Legal organisational structure of the Group as at December 31, 2021

The percentages indicated in the organisational chart below represent the capital and voting rights held as at December 31, 2021:




SMCP SA
100%
SMCP
Group SAS
99.97%
De Fursac
SA
0.03%
Actionnaires
Privés
100%
Maje
SAS
100%
Claudie Pierlot
SAS
100%
SMCP
Switzerland
100%
SMCP
Logistique SAS
100%
SMCP
Luxembourg
100%
Maje
Stores
100%
Maje
Spain

2.6.2 Subsidiaries and equity interests

MAIN SUBSIDIARIES

The principal direct or indirect subsidiaries of the Company on the date of this universal registration document are as follows:

- **SMCP Group SAS** is a French simplified joint-stock company with capital of €58,153,391, having its registered office at 49, rue Étienne-Marcel, 75001 Paris, France, registered under number 819 258 773 in the Paris Trade and Companies Register. It is a holding company;
- **Maje SAS** is a French simplified joint stock company with capital of €100,000, having its registered office at 2, rue de Marengo, 75001 Paris, and registered under number 382 544 310 in the Paris Trade and Companies Register. It is the Group's holding and operating company for the Maje brand in France;
- **Sandro Andy SAS** is a French simplified joint-stock company with capital of €279,344, having its registered office at 150, Boulevard Haussmann, 75008 Paris, and registered under number 319 427 316 in the Paris Trade and Companies Register. It is the Group's holding and operating company for the Sandro brand in France. In 2021, it created an endowment fund, "TOGETHER FOR THE FUTURE", governed by law no. 2008-776 of August 4, 2008 on the modernisation of the economy, decree no. 2009-158 of February 11, 2009 and decree no. 2015-49 of January 22, 2015 relating to endowment funds, which will have two main missions: to raise funds through exclusive collections and eco-responsible actions, then donate them to solidarity causes that echo the Sandro's family spirit;
- **Claudie Pierlot SAS** is a French simplified joint stock company with capital of €50,000, having its registered office at 2, rue de Marengo, 75001 Paris, and registered under number 328 759 857 in the Paris Trade and Companies Register. It is the Group's operating company for the Claudie Pierlot brand in France;
- **De Fursac SA** is a French public limited company with capital of €2,789,559.18, having its registered office at 112, rue de Richelieu, 75002 Paris, and registered under number 378 486 096 in the Paris Trade and Companies Register. It is the Group's operating company for the Fursac brand in France;
- **SMCP USA Inc.** is a company incorporated under American law with capital of US$1, having its registered office at 2711 Centerville Road Suite 400, Wilmington, Delaware 19808, United States and registered under number 4850860 in Delaware. It is the Group's holding company for its activities in the United States;
- **SMCP Shanghai Trading Co. Ltd** is a limited liability company incorporated under Chinese law with capital of US$5,000,000, having its registered office at Room 701, Floor 7, North Annex of building 1, No. 757 Jiaozhou Road, Jing'An District, Shanghai, China, and registered under number 06000002201706220015 in Shanghai. It is the Group's operating company for Mainland China;
- **SMCP Asia Limited** is a private company governed under Hong Kong law with capital of HKD 1, having its registered office at Unit 3203A-5A, 32/F, The Centrium, 60 Wyndham Street, Central, Hong Kong, and registered under number 1838474 in Hong Kong. It is the Group's operating company for Asia.

2.7 Legislative and regulatory environment

As a result of its retail sales activity, the Group is subject, in each of the countries where it is present, to regulations on consumer protection, e-commerce, product liability, protection of personal data, opening hours for points of sale, international commerce and customs duties. In the European Union (and notably in France), where the Group conducts a large proportion of its business, the regulatory framework consists of directives which have to be transposed in each Member State.

2.7.1 Consumer protection and e-commerce

As a distributor, through its various points of sale and websites, the Group is subject to a set of strict rules governing sales and relations between merchants and consumers (such as labelling, terms of sale, regulation on unfair practices and e-commerce specific rules), and more generally, the functioning of its retail stores (such as opening days, sales periods, administrative approval for trading, regulations covering buildings open to the public, accessibility and safety).

At the European level, the main directive on consumer law is Directive 2011/83/EU of October 25, 2011 on consumer rights. This directive has fully harmonised various aspects of consumer and contract law applicable to sales between professionals and consumers at the European level, such as the obligation of information incumbent on the vendor (including the price and the availability of after-sales service) and the right of cancellation for online sales. However, in other areas, such as those covered by Directive 2019/771 of the European Parliament and Council of May 20, 2019 on certain aspects concerning contracts for the sale of goods, Directive 94/62/EC on packaging and packaging waste and Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts, there are currently only minimal harmonisation rules. Member States may supplement the rules with more stringent national regulations.

French law in particular tends to reinforce consumer protection. Directive 2011/83/EU was transposed into French law in the French Consumer Code by law No. 2014-344 of March 17, 2014 on consumption and decree No. 2014-1061 of September 17, 2014 on the obligation of pre-contractual and contractual information for consumers and the right of cancellation. The French Consumer Code provides for a system of consumer protection and failure to comply with its provisions may result in financial penalties. Under Articles L. 221-18 *et seq.* of the French Consumer Code, with certain exceptions, consumers have the right to withdraw their acceptance of contracts entered into remotely. Consumers have a period of 14 full days to exercise their withdrawal right without explanation. In addition, Article L. 623-1 of the French Consumer Code relating to class action, allows consumers to obtain compensation for financial loss resulting from material damage suffered in the course of the sale of goods or the provision of services. In addition, pursuant to Law No. 2004-575 of June 21, 2004 on confidence in the digital economy, service providers and vendors of goods must provide certain detailed information to consumers when contracts are concluded remotely by electronic means. Professional sellers have an obligation to inform consumers at several stages of the contractual process: before the order is placed, at the time the consumer places the order, to enable the consumer to check the details, and after the contract is entered into, when the good or service is delivered at the latest.

Furthermore, ordinance No. 2016-131 of February 10, 2016 on contract law reform, the general scheme and the proof of obligations significantly modified the French rules on the law of obligations by introducing new provisions regarding co-contractors' protection, such as the unwritten nature of the provisions creating a significant imbalance between the rights and obligations of the parties to the contract within adhesion contracts or by setting up an obligation to renegotiate the rights in the event of the occurrence of unforeseen circumstances.

In the United States, many laws, at both the Federal and State levels, govern the relationships between retailers and consumers of textile products. At the Federal level, the Textile and Wool Acts, the application of which is controlled by the Federal Trade Commission, applies to the sale of textile products. They require a label to be affixed detailing the composition, country of origin and identity of the manufacturer. At the State level, many of them, Delaware in particular, have adopted the Uniform Deceptive Trade Practices Act, which regulates fraudulent business activities and misleading advertising.

2.7.2 Product liability

As a vendor and distributor, the Group is liable for any harmful consequences of the products it sells or distributes. This liability may be criminal or civil on the basis of several regimes, some of which are summarised below. Moreover, contracts concluded between the Group and its suppliers provide in principle for clauses on compliance with applicable standards and regulations, compensation mechanisms, guarantees relating to supplier qualification (such as reputation, financial health, existence of adequate insurance policies and compliance with applicable standards and regulations) and "product return" clauses under which the supplier undertakes to take back products subject to certain conditions.

Directive 2001/95/EC of December 3, 2001 on general product safety imposes a general obligation of safety for all products placed on the market intended for consumers or which may be used by them. In France, Order No. 2004-670 of July 9, 2004 transposes this directive and aligns French domestic legislation with Community law on product safety and conformity. Pursuant to Article L. 421-3 of the French Consumer Code, "products and services must, under normal conditions of use or under other circumstances that may reasonably be foreseen by the professional, offer the safety that can legitimately be expected and must not be a danger to public health".

The Group, as a distributor, must adopt all useful measures to achieve compliance with all obligations of safety and the absence of harm to consumers' health as provided by the legislative and regulatory texts. A safe product is one which does not present any risk or which presents only reduced risks (compatible with use of the product) which are acceptable such that the products ensure a high standard of protection for the health and safety of consumers. When a distributor is informed that products intended for consumers which it has placed on the market do not satisfy the requirements of safety and of avoidance of any harm to consumers' health, it must immediately inform the competent administrative authorities, indicating the actions it intends to undertake to prevent risks to consumers. Distributors must also refrain from supplying products which they are aware, on the basis of information in their possession and their status as professionals, do not satisfy the safety obligations provided by the texts. Finally, distributors must contribute to the safety of products placed on the market by forwarding information concerning the risks linked to these products, by maintaining and providing the necessary documents to ensure traceability and by cooperating in actions taken by manufacturers and competent administrative authorities to avoid risks.

Lastly, pursuant to Articles 1245 *et seq.* of the French Civil Code, the Group is liable for personal injuries and damage to property of a value exceeding €500 caused by products which do not offer the degree of safety which the Group's customers can legitimately expect and of which the Group states that it is the manufacturer by affixing its name, brand or any other distinctive sign on the products. Excluding fault, liability actions are statute-barred ten years after the placing on the market of the product causing the damage, unless the victim has brought legal proceedings during this period. An action for compensation is statute-barred after three years. As related to consumers, clauses which seek to eliminate or limit liability for defective products are prohibited or deemed void.

In the United States, the Consumer Product Safety Act regulates the safety of consumer products such as those sold by the Group and vests in the United States Consumer Product Safety Commission the power to establish regulatory standards and recall defective products.

2.7.3 Regulations on the protection of personal data

In connection with its business, the Group collects and processes personal data concerning customers of its retail stores and its websites users.

In the European Union, regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the General Data Protection Regulation, the "GDPR") is the reference framework for the processing of personal data in all member countries. It completes the French data protection law No. 78-17 of January 6, 1978, which is currently still in force.

The GDPR applies to the automated or manual processing of personal data if the data concerned are contained or intended to be contained in a file. The concept of "personal data" is broadly defined as any information concerning a directly or indirectly identified or identifiable natural person, irrespective of the country of residence or nationality of that person. It compels personal data processing controllers in the European Economic Area or those making use of processing systems located in the territory of a European Economic Area Member State to adopt a number of measures prior to data collection, during their storage and until they are deleted. Under the GDPR, the "data controller" is the person or entity which alone or jointly with others, decides on the purposes and means for the processing of personal data.

The GDPR also imposes a set of obligations concerning customer information, notably exercise of the right to access, correct or delete data contained in files. In particular, the nature of the banking data provided by customers while making an online purchase has led to the adoption of strict and highly secure data storage conditions and measures. The collection and storage of data is subject to compliance with the instructions of the GDPR. Beyond the transaction, the storage of such data is subject to the customer's consent and can occur for a limited period only. The French National Commission on Informatics and Liberty (CNIL) has powers of control and investigation, and to issue injunctions and impose administrative penalties. Finally, failure to comply with the provisions of the GDPR may give rise to civil, administrative or criminal penalties. The CNIL can apply fines that may be as high as €20 million or 4% of the overall annual revenue of the legal entity concerned. In addition to these financial penalties, the CNIL may publish the warnings and penalties that it pronounces.

This new legal framework for the protection of personal data in the European Union is intended to reinforce individual rights, give them more control over their personal data and more generally guarantee privacy rights. These new rules are designed to ensure that people's personal information is protected, no matter where it is sent, processed or stored, even outside the European Union. These new arrangements also introduce an obligation for companies to report any loss or theft of personal data, to collect the minimum personal information, to verify the impact of their projects on personal data protection and lastly to appoint a Data Protection Officer (DPO) in charge of managing these issues within the Company. The General Counsel fulfils the duties of the DPO within the Company.

2.7.4 Regulation of opening hours

In almost all countries where the Group has a presence, the opening and closing hours of shops are regulated, notably during weekends and on public holidays.

In Europe, the regulations on opening hours derive in particular from Directive 2003/88/EC of November 4, 2003 concerning certain aspects of the organisation of working time, amending Directives 2000/34/EC of June 22, 2000 and 93/104/EC of November 23, 1993. The directive establishes working time rules to protect the health and safety of workers. The text imposes minimum prescriptions for working time, rest time, the entitlement to paid leave and night working. As at the date of this universal registration document, the directive has not been transposed into French law.

In France, law No. 2015-990 of August 6, 2015 on growth, activity and equality of economic opportunity amended the legislation on Sunday and evening opening hours for stores. For Sunday working, without calling into question the principle of weekly rest for employees as a priority on Sunday, this law amends the regime through the following derogations: those granted to retail establishments in particular geographic areas, including tourist areas and municipalities, those authorised by the prefect when closing of the establishment is damaging to the public or interferes with the normal functioning of the establishment and those granted to retail shops by the municipal government. There are four types of geographic area in which an employer may allow weekly rest days on a rolling basis for all or some staff (tourist areas, commercial areas, "international tourist areas" and very busy railway stations). This option is offered to retail establishments which supply goods and services and affects many of the Group's points of sale in France.

On December 17, 2015 the Group concluded a collective agreement with trade union representatives to implement the provisions of law No. 2015-990 on Sunday and night-time working. This agreement governs the applicable rules for the Sunday opening of the Group's points of sale as at February 1, 2016. It allows the Group to open a significant number of additional points of sale on Sunday, in Paris in particular.

Law No. 2016-1088 of August 8, 2016 also reformed night-time working. In principle, any work performed during a period of at least nine consecutive hours, including the period between midnight and 5 a.m., shall be considered as night-time working. The night work period begins no earlier than 9 p.m. and ends no later than 7 a.m. Pursuant to Article 8 of law No. 2016-1088, by way of exception, for retail establishments providing goods and services in international tourism areas, the night-time working period, if it begins after 10 p.m., shall be at least seven consecutive hours including the period between midnight and 7 a.m.

In the United States, the regulations applicable to opening hours are largely decentralised. By way of illustration, the *blue laws* which restrict Sunday working have gradually been abolished and States have established their own regulations. The rules are varied and depend on the economic interests at stake, and the cultural context.

2.7.5 Regulation of bulk selling, sales, price reductions and stock liquidations

As a distributor, the Group is subject to a set of strict rules on bulk selling, sales, price reductions and stock liquidations.

At the European level, Directive 2005/29/EC of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market is applicable to bulk selling, sales and stock liquidations. The text establishes a general prohibition on unfair business-to-consumer commercial practices, such as selling loss leaders.

In France, the regulations are established in the French Commercial Code in Articles L. 310-1 *et seq.* and R. 310-2 *et seq.* The legislation establishes a framework for stock liquidations, bulk selling and sales to guarantee fair competition between traders and ensure consumer protection. Law No. 2008-776 of August 4, 2008 on the modernisation of the economy has made the regime for these practices more flexible by replacing administrative authorisations by advance declarations and allowing traders more freedom to choose sales periods. Moreover, the two periods of annual sales (usually from January to February and from June to August) have been increased from five to six weeks and flexible sales periods were abolished by law No. 2014-626 of June 18, 2014 on crafts, commerce and very small businesses

Furthermore, following the publication of the decree of March 11, 2015 regarding price reduction announcements for the consumer, any price reduction announcement is lawful so long as it does not constitute an unfair business practice within the meaning of Article L. 121-2 of the French Consumer Code. Where a price reduction is announced in a commercial establishment, the labelling, marking or display of the prices carried out in accordance with the provisions in force should specify, in addition to the announced price reduction, the reference price which is determined by the announcer and on which the announced price reduction is based. Lastly, the announcer must be able to prove the reality of the reference price on which the reduction is based.

In the United States, brands may freely determine the dates and frequencies of sales periods.

2.7.6 Legal framework governing private sales

In the course of its activities, the Group must comply with the provisions applicable to "private" sales. Since the passage of law No. 2008-776 of August 4, 2008 on the modernisation of the economy, private sales may be conducted outside of legal end-of-season sales periods. Unlike end-of-season sales, which are governed by Articles L. 310-3 and L. 310-5 of the French Commercial Code, private sales may not result in selling at a loss and may not legally be called "sales".

The Group must also comply with legislation applicable to sales at reduced prices, including Directive 2005/29/EC of May 11, 2005 on unfair business-to-consumer commercial practices in the internal market. In France, the decree of March 11, 2015, transposing the above-mentioned Directive, addresses price reduction announcements to consumers. Price reduction announcements must not constitute unfair competitive practices within the meaning of Article L. 121-1 of the French Consumer Code. In this context, the website must include the reference price on the basis of which the price reduction is announced, the amount of the reduction and the reduced price. The website operator must be able to prove the reality of the reference price on which the reduction is based.

2.7.7 International trade and customs duties

The Group's products are manufactured and distributed mainly in Europe, North Africa and Asia. In the European Union internal market, the principles of free movement of goods apply. For the import and export of goods from countries which are not members of the European Union, the Group is subject to national and European regulations on customs and foreign trade. In particular, the basic customs legislation of the European Union is set out in the Customs Code of the Union adopted on October 9, 2013 as regulation (EU) No. 952/2013 of the European Parliament and of the Council.

Although imports and exports are not subject in principle to customs duties inside the European Economic Area (EEA), the movement of goods beyond the borders of the EEA may be subject to customs controls.

2.7.8 Tax regulations

The SMCP Group and its subsidiaries comply with the tax regulations in force in terms of direct taxes (corporate income tax) and indirect taxes (VAT) for both its retail and distance selling activities. The SMCP Group declares and pays taxes in each tax jurisdiction in which the affiliated entities are located.

With respect to transfer pricing legislation, SMCP applies arm's length principles to transfer pricing. Since 2013, SMCP has applied the methods recommended by the OECD. The SMCP Group's transfer prices mainly concern the sale of goods, the invoicing of financial interest *via* a cash centralisation company located in France, and the invoicing of head office expenses.

SMCP does not benefit from any tax ruling or prior pricing agreement from local tax authorities in any country.

The DAC 6 Directive requires intermediaries, and in some cases taxpayers themselves, to report potentially aggressive international tax transactions to the tax authorities, based on the presence of at least one marker covered by the directive. In this context, SMCP has no scheme covered by this regulation and ensures that all its entities comply with the tax regulations in force.

SMCP cooperates transparently with the tax authorities of the various countries in which it operates, both in the event of tax audits and in response to simple requests for information.

2.7.9 Environmental regulations

See Chapter 6 "Non-financial Performance" in this universal registration document.

3

Risk factors and internal control

3.1 Risk factors

Introduction

Investors should examine all of the information set forth in this universal registration document, including the risk factors described below. As of the date of this universal registration document, these risks include those the Company believes are likely to have a material adverse effect on the Group, its business, reputation, financial position, earnings, development and prospects. However, investors are urged to consider the fact that the list of risks presented in Chapter 3 of this universal registration document is not exhaustive and that other risks, which might be unknown or whose occurrence, as of the date of this universal registration document, is not considered likely to have a material adverse effect on the Group, its business, financial position, earnings, development or prospects, may or could exist or occur

The Group's risk mapping was updated in 2021 and assesses the criticality of the risks, i.e. their severity in terms of operational, financial, legal/regulatory and reputational impact for the Group, as well as their probability of occurrence, after taking into account the risk prevention and management plans in place. The significant and specific risk factors to which the SMCP group is exposed are presented in four categories:

- risks associated with the Group's business sector;
- risks related to the Group's strategy and organisation;
- financial risks;
- legal and regulatory risks.

The table below ranks the risks in each of these categories according to their level of criticality, in decreasing order of importance according to a three-level scale: "high", "medium" and "moderate", after taking into account the risk prevention and management plans implemented by the Group. The categories are not ranked in order of importance.

Risk category	Description of risk	Criticality level*
Risks associated with the Group's business sector	• Risk associated with the major macroeconomic events occurring in the Group's key markets	High
	• Risk associated with suppliers, manufacturers and products	Medium
	• Risk associated with logistics and efficient order processing	Medium
	• Risk associated with competition and consumer expectations	Medium
Risks related to the Group's strategy and organisation	• Risk associated with cyber attacks, IT, and fraud	High
	• Risk related to the Company's shareholding structure	High
	• Risk associated with the implementation of the Group's development strategy	Medium
	• Risk associated with the Group's brand reputation, integrity and image	Medium
	• Risk associated with the Group's social responsibility[1]	Medium
	• Risk associated with key personnel and human resources management	Medium
	• Risk associated with acquisitions	Moderate
	• Risk associated with lease agreements and concession agreements with department stores	Moderate
Financial risks	• Risk of impairment of intangible assets	Medium
	• Liquidity risk	Medium
	• Foreign exchange, credit and/or counterparty and interest rate risks	Moderate
Legal and regulatory risks	• Risk associated with regulatory and legislative changes	Medium
	• Risk associated with disputes, intellectual property rights and anti-counterfeit measures	Medium

* Moderate, Medium, High.
(1) See Section 6.1.3 "Main non-financial risks and opportunities".

3.1.1 Risks associated with the Group's business sector

RISK ASSOCIATED WITH THE MAJOR MACROECONOMIC EVENTS OCCURRING IN THE GROUP'S KEY MARKETS

Description of risk

Changes in demand are generally linked to changes in macroeconomic conditions in the countries where the Group conducts its business, especially in France, where the Group generated 33% of its revenue during the financial year ended December 31, 2021. As such, demand for the Group's products could be negatively affected by adverse economic conditions and the resulting impact on consumer spending and the movement of people. Purchases of non-essential items such as clothing and accessories may be affected by this unfavourable economic environment. Some economic factors beyond the Group's control influence consumer spending, such as the unemployment rate, inflation, actual disposable income, household purchasing power, increases in the value-added tax and, more generally, taxes and consumers' perceptions of overall economic conditions and prospects for the future.

Footfall in the Group's stores also depends partly on tourism and generally the movement of people, as most of the Group's retail stores are located in urban centres and tourist areas, such as the cities of Paris, Milan, London, Hong Kong. Shanghai or New York. Changes in tourism levels and, more broadly movements of people, especially international travels, may fluctuate wildly due to the general economic conditions, restrictions to free movement (especially those linked to the current Covid-19 epidemic, affecting most countries where the Group operates) and other exceptional events, such as international conflicts (war in Ukraine), terrorist attacks, social unrest or natural disasters. In the context of the Covid-19 health crisis, the Group was forced to temporarily close its stores in China, Europe and the United States.

If the current economic climate were to deteriorate further (particularly due to the Covid-19 epidemic or the war in Ukraine) in the main markets in which the Group operates, especially in Europe or where it is working to gain a foothold, it could have a material adverse impact on the Group, its business, financial position and/or earnings.

Risk management

In order to limit the negative impact of unfavourable macroeconomic conditions on its activities, the Group focuses its development on two main areas:

(i) continue and diversify its international presence, with a gradual reduction in its exposure to its historical market (the Group's revenue generated in France has thus fallen from 46% to 33% between 2016 and 2021), and develop online sales which increased by 32% between 2019 and 2021;

(ii) maintain its positioning in the accessible luxury market segment, where demand is characterised by a large customer base. The Group also strives to diversify its sourcing methods and remain agile in its logistics operations.

Finally, in the context of the current global health crisis, the Group has rolled out measures to reduce and optimise its entire cost structure, including the renegotiation of commercial leases in all its regions and the implementation of short-time working hours.

RISK ASSOCIATED WITH SUPPLIERS, MANUFACTURERS AND PRODUCTS

Description of risk

The Group does not own or operate any manufacturing sites and therefore depends entirely on third parties for the manufacture of the products it markets. It could become dependent on these players (delays, business interruption) and/or suffer an increase in raw material costs.

Furthermore, production by one or several manufacturers could be temporarily or permanently interrupted or delayed due to economic, social or technical issues, the occurrence of natural disasters, armed conflicts or pandemics (such as the current public health crisis linked to the Covid-19 pandemic) or due to disagreements, especially on tariffs, with the Group.

The Group does not rule out the possibility that its suppliers or manufacturers may not comply with local labour law, applicable social protection laws, environmental and ethical standards in the context of their activities, as well as their commitments to the Group, in particular those contained in its Supplier Code of Conduct.

The Group is the subject of a complaint filed in France by three non-governmental organisations against four ready-to-wear companies, including SMCP, accusing them of subcontracting part of their production or of marketing goods using cotton produced through the use of forced labour in the Xinjiang region of China, which SMCP strongly refutes (see paragraph 4.1.1 of this universal registration document).

The raw materials used to manufacture the products sold by the Group (mainly cotton, leather, wool, silk, polyester and viscose) are subject to availability constraints and price volatility caused by factors such as strong demand for fabrics, weather conditions, the political, social and economic situations in producer countries (especially in North Africa and Asia), delivery conditions, applicable regulations and other factors beyond the Group's control. The Group cannot guarantee that it will be able to adapt in the event of a sudden, prolonged and lasting increase in the price of raw materials.

In addition to the cost of raw materials, other factors may have a general impact on production costs, such as regulatory changes and salary increases in the regions in which the Group operates, and changes in shipping costs, customs legislation, quality requirements, the cost of energy and exchange rates. These fluctuations may result in increased costs for the purchase of products from manufacturers, shipping costs for distribution and operating costs sustained by each point of sale.

The Group relies on its manufacturers to ensure that the products it sells comply with relevant specifications and quality standards. Quality control procedures may not detect a defect. The reputation of the Group's brands could be negatively impacted by marketing defective products, especially if the products marketed contain dangerous substances that could cause physical harm or health problems to the Group's customers. These defects could also result in a significant decline in Group sales and expose the Group to liability.

Risk management

For each brand, the Group's production teams make sure they have access to a panel of suppliers for each product line and diversify suppliers' geographic locations. They identify new suppliers each year to avoid becoming dependent on particular suppliers.

The Group diligently monitors the compliance of its suppliers and manufacturers with applicable labour law and social security regulations as well as with acceptable social and environmental standards. By way of illustration, the SMCP Group, a signatory to the United Nations Global Compact, has formalised its requirements vis-à-vis its suppliers, particularly in the area of human rights, through its general purchasing conditions and its Supplier Code of Conduct. By signing these documents, the Group's suppliers undertake to comply with, and to ensure that their subcontractors comply with all the clauses of these documents. The Group regularly conducts audits through an independent expert to ensure this. The SMCP Group's policy is to work with suppliers who manufacture high quality products and who adhere to, respect and apply its Supplier Code of Conduct. In addition, in 2021 the Group signed a partnership with the French green tech start-up, Fairly Made, with the aim of:

(i) offering its customers better traceability of its products by adding a QR code to the labels of the products sold, thus offering access to information such as the country of origin of each material, the number of km travelled, the place of manufacture, etc.

(ii) analysing data in near real time and optimising its supply chain

The Group has a large portfolio of products that enables it to reduce the risk of dependency on a particular range. Its policy of diversification and negotiation with its suppliers allows it to reduce its dependency on individual suppliers. The Group can also entirely or partially compensate an upward trend in production costs by a targeted increase of the sale price of finished products. Weekly committees bringing together the merchandising, production and purchasing teams have been set up to manage margins and thus review the sale prices of each product in the event of a significant increase in the order price.

The Group dedicates the best of its professional activity to its customers in order to satisfy them and earn their trust. It markets products that comply with current standards and regulations in terms of quality, safety and industrial and intellectual property and provides transparent, reliable, fair and high-quality information. Final inspections before shipping to the warehouse are carried out by external organisations. Each reference is subject to quality tests carried out by approved laboratories selected by the Group. Each order manufactured is subject to a sample check before shipping sent to the head office of each brand in order to detect quality problems upstream and thus avoid stock shortages. Product recalls are very rare and quality returns on sale represent a very low percentage.

In addition, the Group has implemented a "Product Life Cycle Management" tool. This is a collaborative tool using a single data repository and an iterative process for managing the product from its creation to sale. This tool, which guides product development, improves time-to-market, quality and compliance.

RISK ASSOCIATED WITH LOGISTICS AND EFFICIENT ORDER PROCESSING

Description of risk	Risk management
The Group manages part of the logistics internally, through its subsidiary SMCP Logistique, but also subcontracts a significant portion of its logistics and operational processes to external service providers. If the Group fails to manage its logistics network properly and efficiently, it could be faced with excess logistics capacity or, conversely, insufficient capacity, as well as increased costs or delays in supplying its points of sales and delivering orders to customers. The Group mainly subcontracts the delivery of orders to its customers and as such is exposed to any shortcomings or defaults of its service providers, such as delivery delays (currently aggravated by the impact of the Covid-19 epidemic), losses or theft of goods. The Group leases warehouses to host its logistics infrastructure. The Group may be unable to renew the corresponding leases or renew them on satisfactory terms, or may be required to replace them for reasons beyond its control, such as difficult conditions in the local real estate market, competition, or relationships with current and future landlords. Any breakdown or disruption, in whole or in part, of the Group's logistics network or of the activities of its service providers (especially air transport used by the Group for international product deliveries), resulting for example from information technology malfunctions, equipment failure, strikes, accidents, natural disasters, pandemics (such as the current health crisis), acts of terrorism, vandalism, sabotage, theft and damage to products, failure to comply with applicable regulations, or any other disruption could affect the Group's ability to supply its points of sale, make timely deliveries to purchasers or maintain an appropriate logistics chain and level of inventory. In 2021, the Group conducted 70% of its supplies by sea or by land. Any damage or destruction of one or more of the Group's warehouses or those of its logistics service providers, or any theft or vandalism within these warehouses, could result in the destruction or loss of all or a portion of the Group's inventory and fixed assets located in these warehouses, and have a significant impact on the Group's ability to distribute products to its points of sale and to maintain an appropriate logistics chain and inventory levels. In addition, if the Group was facing increased logistics costs, it may not be able to pass on the impact of this increase in costs to consumers. In 2021, many carriers had to increase their prices, themselves constrained by the increases imposed by the companies (increase in air fares due to the drop in passenger traffic and the lack of capacity, increase in maritime prices due to the lack of capacity and the increase in demand (for example, +170% on Asian import tariffs, +56% on the France-United States route). Furthermore, disruptions to international transport, such as the reduction of air or ocean freight, particularly due to strikes or pandemics, may have a negative impact on the Group's supply chain. The occurrence of one or more of these risks could have a material adverse effect on the Group's business activities, financial position, results, development or prospects.	The Group's current facilities were set up in anticipation of its future development. In order to efficiently manage order processing, the Group relies on three internal sites in France, located in the Paris region, and a semi-automated order picking system. Abroad, the Group relies on four outsourced sites (one site in the United States in New Jersey, one site in Hong Kong to serve South-East Asia and two sites in Shanghai). Our warehouses are equipped with an early fire detection system, as well as a sprinkler system. In addition, barrier screens and fire doors prevent the potential spread of a fire. In the event of destruction of part of the preparation equipment (finished product warehouses, stock intended for customers and shops), the stock and staff can be transferred to one of the other warehouses which has the infrastructure and IT systems manage this surplus of activity. In addition, a destruction of inventory would be covered by our insurance (lost products and sales), leaving us the possibility of absorbing the loss before launching and receiving a replacement production. In addition, inventories in transit expected for waves of product launches later in the season would be used upon receipt. In the event of destruction of materials or equipment in the raw materials warehouse, manufacturers can receive materials directly from suppliers. The Group has several transport partners who can be called upon in the event of failure of one of them. These transport partners offer several route options for the same destination in order to mitigate local risks and unforeseen events (volcano eruption, blockage of the Suez canal, etc.). Should this system fail, the Group can institute temporary manual order processing as a fallback. In addition, the Group may make use of other carriers in the event of failure by one of the carriers with whom it usually works.

RISK ASSOCIATED WITH COMPETITION AND CONSUMER EXPECTATIONS

Description of risk	Risk management
The Group operates in the ready-to-wear and accessories retail market, which is highly fragmented and competitive. Financial resources, means of distribution and historic roots require the Group to make ongoing efforts to convince its customers of the superior quality, style and attractiveness of its products and brands, notably in markets where the Group has recently expanded. Despite its best efforts, if the Group's customers fail to recognise the quality, style and attractiveness of its products and brands, especially compared to those of its competitors, or if the merchandise does not match up to consumer expectations, this could have a material adverse effect on the Group, its business, financial position, results of operations, development and prospects The success of the Group's model for monitoring trends depends on its ability to identify current, relevant fashion trends, to evaluate and react rapidly to changing consumer demands and to translate market trends into appropriate product offerings. Furthermore, the Group launches a unique collection in the 43 countries in which it operates that may accurately reflect consumer trends and preferences in some countries but not necessarily in all of them. If the collections offered by the Group do not meet the trends and preferences of consumers and in particular of its target customers, the Group's sales could decline, excess inventory could increase and the Group could be forced to offer more significant markdowns and suffer losses from unsold products. The Group considers that, to a certain extent, attracting new customers depends on word-of-mouth and the recommendations of existing customers. The Group must therefore ensure that existing customers are satisfied with its services so that they continue to recommend it. Should the Group's efforts to satisfy existing customers be unsuccessful, it may fail to attract new customers in adequate numbers to continue expanding its business or may be obliged to incur significant marketing and development expenditure to attract new customers.	In a highly competitive sector, due in particular to the development of e-commerce and the constant changes in consumer trends and preferences, the Group seeks to be present in all possible marketing channels (physical - *free-standing stores, concessions, and outlets* and digital - *own or partner websites*), and closely monitors changes in the markets in which it operates, including its main competitors' product offerings. It also relies on the speed of its production cycle and logistics for rapid upstream marketing of products that satisfy the latest consumer taste trends. Lastly, the Group has placed innovation at the heart of its strategy by launching new services aimed at improving the "Customer Experience" and the "Retail Experience". Every year, the Group launches two collections for each of its brands (autumn/winter and spring/summer), with a continuous renewal of the products offered throughout the season, and several "capsule" collections in partnership with other brands or designers. The Group markets products two collections a year with products under four different brand names (Sandro - available in Sandro Men and Sandro Women, Maje, Claudie Pierlot and Fursac) that represent distinctive styles. This diversity allows it to respond to differing consumer expectations and changes in these expectations. In addition, the Group is seeking to diversify its product range, including its lines of clothing for men (Sandro Men and Fursac), its range of accessories and the use of e-commerce.

3.1.2 Risks related to the Group's strategy and organisation

RISK ASSOCIATED WITH CYBER ATTACKS, IT, AND FRAUD

Description of risk	Risk management
The Group's success depends on the continuous, uninterrupted availability of its information technology systems, notably to process customer transactions and to manage its supplies, inventory, purchases and deliveries of its products. In order to support its development strategy, the Group uses a set of information technology applications allowing it to monitor the performance of its free-standing stores, concessions and collections and to manage its inventory accordingly. Events beyond the Group's control, such as telecommunications difficulties, software failures, inadequate capacity of information technology centres, the unavailability of internal resources, fires, electrical failures, third-party attacks (such as hacking or computer viruses) and any delay in or impossibility of installing new information technology systems could adversely affect the capacity and availability of the Group's IT systems. The increase in cybersecurity threats worldwide may also impact the Group. Any major disruption to, or slowdown in, the Group's infrastructures could cause losses or delays in processing information, resulting in delayed deliveries to its points of sale and customers or loss in sales. Moreover, the security systems installed by the Group, such as data backup systems, access protection, user management and IT emergency plans, may prove inadequate to prevent loss or theft of information or disruption to its IT systems and may lead to dysfunctional operations for the Group. Lastly, the personal customers data the Group collects for marketing purposes may also be subject to theft or misuse. In this case, the image of the Group's brands could be tarnished and Group customers could be dissuaded from sharing their personal data, impacting the effectiveness of the Group's marketing and its image, which could have a material adverse effect on its business activities, financial position, results of operations or prospects.	The Group has structured a set of actions to reduce the probability and impact of cyberattacks, around four areas: **1)** A roadmap of technical projects defining the Group's vision and priorities in terms of IT security, **2)** Securing and auditing partners (review of new or existing contracts), **3)** An Information Security Management System (ISMS), incorporating procedures and charters, **4)** A programme to raise employee awareness of IT risks (*via* newsletters & e-learning). The roadmap, in particular, includes business continuity plans, which are updated and tested to ensure their effectiveness. In addition, each year, several projects are devoted to improving and adapting the Group's information systems. Regular IT security audits are carried out as part of the control plan to assess the existing solutions and set up corrective actions, if necessary. In addition, the Group ensures compliance with various standards and regulations, for example, payment card data management (PCI–DSS) or personal data protection (GDPR). The IT department works with the other Group departments to reduce the risk of damage to IT systems and their impacts in the event of such damage. In terms of governance, the Group has set up two committees, a quarterly Security Committee, in the presence of the Executive Committee members, to present the changes in the Group's cybersecurity maturity, and a bimonthly Operational Committee under the supervision of the Director of Operations and Transformation, with the aim of carrying out detailed monitoring of action plans. A dashboard was also put in place to measure the level of IT maturity according to existing standards. Lastly, the Group is committed to strengthening IT security on a daily basis. It continues its awareness-raising work *via* newsletters and trains teams to help them detect and defeat attempted fraud or cyberattacks.

RISK RELATED TO THE COMPANY'S SHAREHOLDING STRUCTURE

Description of risk	Risk management
The composition of the Company's shareholding structure underwent significant changes at the end of the 2021 financial year, notably marked by (i) the temporary takeover by Glas SAS (London branch) ("GLAS"), as Trustee of exchangeable bonds in the amount of €250 million issued in 2018 by European TopSoho S.à r.l. ("ETS"), a subsidiary of the Shandong Ruyi group, corresponding to a portion of the SMCP shares pledged under these bonds (21,952,315 SMCP shares representing 37% of the share capital), following a default by ETS in respect of these bonds and (ii) the disposal by ETS of 12,106,939 SMCP shares to Dynamic Treasure Group Ltd, presented as the initial transferee in the ETS communication. As of the date of this universal registration document, GLAS thus holds 29% of the share capital (*i.e.* 25.6% of the voting rights) and ETS 8% of the share capital (*i.e.* 14.2% of the voting rights) of the Company. The transferee of the aforementioned 12,106,939 shares holds 16% of the share capital (*i.e.* 14.1% of the voting rights) of the Company. GLAS, in its threshold crossing declarations dated October 29, 2021 and November 10, 2021, indicated that it had appointed a receiver (a professional representative under English law) responsible for selling all the pledged shares to a third party, ideally together and with the non-pledged shares, in which case the said third party should be required to file a proposed mandatory public offer on all of the Company's shares. Nevertheless, in the event that the pledged shares (representing 37% of the Company's share capital), and, where applicable, the non-pledged shares, were to be sold on the market, or if such a disposal were perceived as imminent or probable, the market price for the Company's shares could fall significantly. GLAS also indicated in the aforementioned threshold crossing statement of October 29, 2021 that as long as an agreement has not been reached with a buyer, ETS remains entitled to repay the sums due in respect of the exchangeable bonds, which would entail an interruption in the process of enforcement of the collateral and therefore recovery by ETS of the underlying Company shares. If the process of enforcement of the collateral were to be interrupted as mentioned above, the composition of the shareholding structure could change significantly, which could have consequences on the Company's governance, in particular the composition of its Board of Directors. The Group's exposure to such potential changes in governance and the situation of uncertainty that this may create could affect its ability to implement its development strategy, which could have a material adverse effect on its activities and results, financial position and prospects.	In the aforementioned context, the Board of Directors of the Company considered it necessary to initiate a review of the recomposition of its share capital in order to stabilise and consolidate its shareholding structure. The Board of Directors has thus decided to set up an *ad hoc* Committee to steer the discussions on this issue, in the strict interest of the Company, its employees and all of its shareholders. This a*d hoc* Committee is made up of Ms Orla Noonan, Ms Natalia Nicolaidis and Mr Christophe Cuvillier, all independent directors within the meaning of the Afep-MEDEF Code. It is chaired by Ms Noonan.

RISK ASSOCIATED WITH THE IMPLEMENTATION OF THE GROUP'S DEVELOPMENT STRATEGY

Description of risk	Risk management
The Group's success partly depends on its ability to develop internationally, identify key markets, and adapt to local specificities in order to meet demand as best as possible. The Group may be unable to implement its expansion strategy satisfactorily or at the anticipated rate due to the increasing difficulty in locating available and attractive sites. If the Group fails to identify and lease attractive locations, recruit qualified sales assistants or establish the required infrastructure, or if the attractiveness of the locations of the Group's points of sale is reduced for reasons beyond the Group's control, its expansion strategy may be slowed and its market share could decline. The success of new points of sale may also be impacted if the Group fails to assess customer demand correctly in the local markets concerned or if it fails to establish satisfactory reputations for its brands. This risk could increase if the Group establishes operations in a country where it has never operated before. In addition, the Group makes significant investments to acquire new customers, notably through a marketing strategy deployed in many types of media. The Group also makes significant marketing efforts to promote its e-commerce sites, such as acquiring traffic through search engines and social media. If the Group is forced to reduce the investments devoted to the expansion of its stores or its marketing expenses, or if this strategy is not as successful as expected, the Group's development strategy could be negatively impacted. E-commerce is an increasingly important part of the distribution network (representing 23% of total Group revenue during the financial year ended December 31, 2021). The e-commerce market is characterised by rapid technological change, and the Group might not succeed in developing and improving its e-commerce distribution channels at an appropriate rate to adapt to such changes and contend with competition. The Group's e-commerce retail channel could therefore become less appealing, which could curb its growth or lead to a decline in sales. The Group's efforts to develop new, efficient and attractive online interfaces in a timely and profitable way may require substantial investments and could ultimately fail to meet the target goals or ever-changing consumer preferences. In addition, since the Group does not have total control over its brands' image when products are sold through intermediary platforms, they may not reflect the marketing strategy adopted by the Group.	The Group relies on its Strategy, Transformation, Digital and Development Department, its skills (with a strengthened team), as well as external advice to optimise the development of its network. The Group's strategy is built on key components such as omni-channel retailing, retail excellence and enhanced demand planning. To enrich the customer experience, the Group continues to innovate and test new formats to strengthen the e-commerce channel such as Live Shopping or Virtual shopping (between a Store Manager and a Customer). The Group also made progress in the implementation of its "One Journey" programme with the launch of new omni-channel services such as "ship from store" in France for Sandro, Maje and Claudie Pierlot or "call & collect" in Europe. In addition, the Group has stepped up its responsible actions with the launch of Second Hand at Sandro and the Rental Service at Maje. Lastly, the Group relies on an adaptable IT infrastructure and a solid roadmap to support its growth.

RISK ASSOCIATED WITH THE GROUP'S BRAND REPUTATION, INTEGRITY AND IMAGE

Description of risk	Risk management
The financial performance of the Group is closely related to the success and reputation of its four brands, Sandro, Maje, Claudie Pierlot and Fursac, which themselves depend on factors such as the design of the clothes, their distinctiveness and quality, as well as the image of the Group's points of sale, its business activities, its relationship with the public and its marketing policy. The integrity and reputation of Group brands are two of its most important assets and form an essential part of its growth strategy, which is based on exploiting their value. Products or a communication policy that do not adequately reflect the brands' image, inappropriate conduct by brand ambassadors, their staff, Group suppliers or distributors, as well as any circulation of damaging information in the media could affect the Group's brand recognition and image and thus have a marked impact on their value. The Group is the subject of a complaint filed in France by three non-governmental organisations against four ready-to-wear companies, including SMCP, accusing them of subcontracting part of their production or of marketing goods using cotton produced through the use of forced labour in the Xinjiang region of China (see paragraph 4.1.1 of this universal registration document). Moreover, the Group may be confronted with the resale of products purchased in large quantities in its European points of sale by networks that have not been approved by the Group. If this activity, which has gained ground particularly in Asia, were to intensify significantly, it could have an adverse effect on the Group's brand image, particularly because the way in which such products are marketed, including the way they are presented on resale websites, does not comply with the standards the Group imposes. These factors could have a material adverse effect on the Group's business activities, financial position, results of operations or prospects.	The Group places particular importance on protecting the reputation and image of its four brands, Sandro, Maje, Claudie Pierlot and Fursac, and controlling their use. It has filed for protection or restriction of the use of its trademarks in all countries where it wishes to protect its rights. In addition, it ensures that the image of its brands is directly controlled throughout the distribution network; for example, its partners and affiliates must adopt a concept for their points of sale that is identical to that of the Group's directly operated points of sale (by implementing the recommendations in the Group's "concept book"). The Group continuously monitors the media and social networks and has a crisis management system that enables it to identify, control and limit the impacts on the Company. The SMCP Group's partners and employees, who are the Group's ambassadors, are made aware of the ethical rules set out in the Group's Code of Ethics and the Supplier Code of Conduct. These documents are available on our SMCP Intranet and on the external website in the CSR section "Ethics & CSR Documents". Lastly, the Group actively pursues a policy of judicial remedy against counterfeiting or, more generally, fraudulent use of its trademarks. With regard to the complaint lodged by three non-governmental organisations, SMCP strongly refutes the accusations made against it, and has informed the competent public prosecutor that it will fully cooperate in the investigation to prove that these accusations are false. SMCP filed a complaint for slanderous information against x on October 22, 2021.

RISK ASSOCIATED WITH THE GROUP'S SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Description of risk	Risk management
Although social and environmental responsibility is a major issue for the Group, given its rapid development and international presence, the Group cannot exclude the possibility that breaches or behaviour contrary to its values may occur that could have a negative impact on its reputation and its results. Human resources is one of the key components of the Group's business activities, and compliance with labour law regulations, especially with workplace health and safety rules, has a significant effect on its business. Although the Group strives to ensure compliance with these regulations and ensure that employees in all countries where the Group does business have an equivalent level of training, qualification and protection, it cannot guarantee that potential shortcomings in these areas do not exist. Thus, non-compliance by the Group with these obligations could lead to large fines or substantial claims against the Group related to the violation of these arrangements. Furthermore, these regulations are regularly modified and made stricter; changing the way the Group is organised to ensure compliance could generate significant costs. As an international player with business operations in 43 countries as of December 31, 2021, the Group works to increase the diversity and develop the talent of its teams and contribute actively to environmental conservation and community development. The Group is exposed to the risk of high staff turnover, which can have a negative impact on its development and the enhancement of human capital. Some raw materials used to manufacture the products sold by the Group are sourced from animals (such as leather and wool). The Group has defined supply standards for all its raw materials but may be exposed to the risk of its suppliers and their sub-contractors not complying with animal welfare standards throughout the production chain. The Group is also exposed to the risk of using chemicals while manufacturers are producing its products. Apart from the negative impact of such acts, whether real or alleged, on the Group's reputation, they could incur the civil or criminal liability of the Group and, if the Group were convicted, have a material impact on its financial position.	The Group has set up a CSR strategy to cover the occurrence of financial and non-financial risks* associated with the corporate social responsibility of our brands. The Group has set itself several qualitative and quantitative objectives based on the three pillars of the CSR strategy: SMCProduct: create and design the collections using eco-responsible sourcing favouring exemplary raw materials and manufacturing processes (recycled wool, organic cotton, hydroless jeans, etc.), reinforce supplier audits to ensure ethical and quality sourcing and promote initiatives in favour of the circular economy; SMCPlanet: reduce the Group's carbon impact by considering the transport of goods, developing "green stores" and limiting single-use products; SMCPeople: inspire, develop and engage employees around the Group's values and these eco-responsible commitments. Encourage them to act with elegance and respect for diversity and inclusion, through a respectful and meaningful work environment (See Non-financial risks described in Chapter 6 of this document).

* See Section 6.1.3 "Main non-financial risks and opportunities"

RISK ASSOCIATED WITH KEY PERSONNEL AND HUMAN RESOURCES MANAGEMENT

Description of risk	Risk management
The Group's success and its future growth depend on the results of its senior management and design team, organised around Isabelle Guichot, Group Chief Executive Officer, Évelyne Chétrite and Judith Milgrom, founders and Deputy General Managers responsible for the creative policies, design, art direction and marketing strategy of the Sandro and Maje brands respectively, and Ilan Chétrite, Deputy General Manager responsible for the creative policies, design, art direction and marketing strategy of the Sandro Men collections. In the event of an accident, illness or departure of one or more of these executives or key personnel, the Group might not be able to replace them quickly, which could affect its operational performance. In addition, should its executives, founders or its key employees join a competitor or create a competing business, it could have a negative impact on the Group. The Group is focused on maintaining harmonious human relations, not just with the management team, but with employees and their representative bodies as well. Although it strives to ensure harmonious relationships, and while no strikes or similar demonstrations have occurred in the past, the Group cannot guarantee that strikes or similar protests or demonstrations will not interfere with its business in the future. Lastly, in the context of the current public health crisis linked to the Covid-19 epidemic, the infection of one or several Group employees could force the Group to limit, or even completely interrupt, business operations at the sites where the employees work, which could have an adverse impact on its business. Such events are likely to lead to business interruptions and could damage the Group's reputation.	In order to manage the risk related to the possible departure of one or more members of its management or creation team, the Group has, in recent years, been careful to gradually strengthen it with the arrival of new talents, particularly from international groups in the luxury or competitors. This strengthening has involved both the creative activity and the operational departments (finance, brand management, North America and Asia management, e-commerce). This risk management enabled the Group to ensure the succession plan for its Chief Executive Officer with the appointment of Isabelle Guichot in August 2021, until then Chief Executive Officer of Maje since 2017. In addition, the recent appointment of Charlotte Tasset Ferrec to the position of Chief Executive Officer of Maje, who was formerly Chief Executive Officer of Fashion & Perfumes of Nina Ricci within the Puig Group, is part of the Group's recruitment strategy. The Human Resources Department has a policy of continuous training for new employees with a dedicated course. Training is, along with the promotion of internal mobility, one of the major levers to support employees throughout their career in the Group, allowing them to develop their skills. Internal mobility offers employees the opportunity for development and experience in another role, and serves to retain them. As of the date of this universal registration document, the creative teams of the Sandro, Sandro Men, Maje, Claudie Pierlot and Fursac brands have more than one hundred designers, stylists and pattern makers. Faced with the Covid-19 epidemic, the Group has mobilised to communicate and enforce the necessary health protocols at all head offices and points of sale (display of measures, implementation of teleworking for head offices, adaptation of workstations to respect social distancing, provision of gels and masks, site disinfection, etc.). All this with the aim of limiting physical contact and the spread of the virus within the various head offices and points of sale.

RISK ASSOCIATED WITH ACQUISITIONS

Description of risk	Risk management
In 2019, the Group acquired the Fursac Group, strengthening its presence in the fast-growing market for affordable luxury goods for men. In the future, the Group may be in a position to look at other acquisition opportunities, particularly for new brands or partners. In the event of a significant acquisition, the Group's results will, to a certain extent, depend on its ability to successfully integrate the acquired business. This integration may require a long, costly and complex process, involving a number of risks, including having to sustain costs and expenses for contingencies, having senior management's attention distracted from daily operations, and having an increase in workload for senior management teams, given the increased volume and scope of the business following the acquisition. In addition, the Group cannot guarantee that an acquisition will generate the anticipated synergies, the economies of scale expected, the increase in results and cash flow, the improvement of operational efficiency or, more generally, the benefits the Group may expect to achieve. The Group may also be exposed to unforeseen liabilities or commitments linked to such acquisitions. If these liabilities and commitments are significant or if the Group fails to integrate a new acquisition effectively, this could have an adverse effect on its business activities, financial position, results of operations, development and prospects. Lastly, in a context where the Covid-19 pandemic has significantly disrupted commercial operations and has had a marked impact on financial performance, the Group may have to review the outlook for the activities to which the goodwill of its brands is attached and impact their valuations.	The Group's policy consists in particular of targeting companies with which synergies can be developed, given their sector of activity and their positioning in the market, and aiming to create value for the Group. To this end, the Group has put in place processes for analysing, auditing and structuring risks during acquisition projects, aiming to better understand the uncertainties and propose solutions to reduce, as much as possible, the probability of occurrence and the degree of materiality of the risks identified. The identification and allocation of the risks depends on the quality of the information sent to the Group (in particular, taking into account legal and regulatory constraints) and the outcome of the negotiation process. In addition, the Group's dedicated teams draw up an integration programme and put in place the resources necessary for its implementation. An integration plan is deployed and is the subject of appropriate reporting which is shared with the Company's management bodies.

RISK ASSOCIATED WITH LEASE AGREEMENTS AND CONCESSION AGREEMENTS WITH DEPARTMENT STORES

Description of risk	Risk management
Each year, a portion of the leases concluded by the Group for its store locations expires (thus 15 leases expired in 2021). The Group may be unable to extend these agreements and may be forced to abandon locations or renew lease agreements on unfavourable terms. In addition, the Group may be obliged to close certain retail stores that do not meet their financial targets under unfavourable conditions and time frames. Furthermore, in the context of the Covid-19 crisis, the Group may have trouble executing or renewing its leases with favourable conditions, especially for rent adjustments. In general, the Group signs long-term leases for its stores. Some of these leases impose very restrictive termination conditions on the Group and it may be impossible for the Group to terminate them without incurring significant costs or having to give notice significantly in advance. In addition, lease agreements may provide for fixed expenses that may not be covered if the activity of such points of sale decreases or is weaker than the Group's expectations. Finally, the Group may be unable to negotiate its concession agreements with department stores on acceptable terms and conditions. If the Group is unable to renew lease agreements on expiry, terminate agreements following lower than expected performance or renew concession agreements or conclude new agreements on acceptable terms, it could have a material adverse effect on the Group's business activities, financial position, results of operations, development or prospects. Finally, the Group may recognise a loss in value of right-of-use assets if the value in use of a point of sale is lower than its net carrying amount, particularly in the context of the Covid-19 crisis, which significantly impacts store performance.	The Group monitors the performance of its stores and conducts an in-depth analysis of openings or renovations in order to make the necessary decisions. In addition, in the context of the Covid-19 crisis, the Group has adopted a proactive strategy with its lessors to adjust its rent (early renewals of lease with new financial conditions, rent holidays, postponement/re-scheduling of rents etc.), in order to minimise the effects on results and the Group's development. The Group has launched the renegotiation of its lease agreements, in a bid to optimise its rental costs. The rental discounts thus obtained in 2021 amount to: €10.9 million.

3.1.3 Financial risks

RICK OF IMPAIRMENT OF INTANGIBLE ASSETS

Description of risk	Risk management
The risk of impairment of intangible assets with an indefinite useful life corresponds to the risk of loss of value of these assets, including goodwill and brands. These items represent a value of €1,289.3 million out of a statement of financial position total of €2,413.1 million at December 31, 2021. Goodwill and brands were recognised at the time of the acquisition of SMCP Holding in 2016 (for the Sandro, Maje and Claudie Pierlot brands), as well as the acquisition by the Group of Fursac in 2019 (in relation to its eponymous brand). These assets are grouped together and managed within four combinations of cash-generating units (CGUs), namely Sandro, Maje, Claudie Pierlot and Fursac. In the context of the Covid-19 pandemic, which significantly disrupted commercial operations and significantly impacted financial performance, the Group may have to revise the outlook for the activities to which the goodwill of its brands is attached, which could have an impact on their valuations. In addition, the rights-of-use (€467.4 million) related to the application of IFRS 16, relating to the valuation of all the Group's leases, are treated	The Group ensures that the strategic choices of growth and development of its brands increase their value. In the event of an indication of impairment, and at least once a year, SMCP carries out an impairment test of its intangible assets with indefinite useful lives to ensure that, on the basis of its budget, the business plan and the market value of its items, there is no impairment to be recognised in its books. The Group may also recognise a loss in the value of rights-of-use in the event that the value in use of a point of sale is lower than its net carrying amount, particularly in the context of the current health crisis impacting noticeably the performance of the stores (impairment criteria used: decrease in revenue and/or decrease in profitability and/or decrease in the marketability of the point of sale).

LIQUIDITY RISK

The table below presents the breakdown of the Group's gross debt as of December 31, 2021 and the maturity of the gross debt on the basis of contractual cash flows (taking into account future interest charges):

(In millions of euros)	Carrying amount as of 12/31/2021	Contractual cash flows	<1 year	2 to 5 years	>5 years
Bank borrowings	**410.9**	**438.7**	**86.7**	**352.0**	-
Amortisable term borrowings (TLA & PGE)	401.5	403.0	69.0	334.0	-
Drawn down credit lines (RCF)	-	-	-	-	-
Other bank borrowings	6.5	6.5	2.8	3.7	-
Bank overdrafts	1.9	-	-	-	-
Interest expenses	1.0	29.2	14.9	14.3	-
Other loans and borrowings	38.0	**38.3**	**38.3**	**-**	**-**
Short-term negotiable securities (NEU CP)	38.0	38.3	38.3	-	-
FINANCIAL LIABILITIES	**448.9**	**477.0**	**125.0**	**352.0**	**-**

Description of risk

To finance its business, the Group must ensure that it has access to the funding resources provided by both financial institutions and financial markets (for more information on the Group's different forms of funding, see Section 4.4.2 of this universal registration document).

The Group's debt, as well as the restrictive clauses of its financing contracts (such as limitation or covenants) may have negative consequences, such as:

- requiring the Group to divert a significant portion of cash flow from operating activities to servicing and reimbursing its debt, reducing the Group's ability to allocate available cash flow to finance its organic growth, make investments and cover other general needs of the business;
- increasing the Group's vulnerability to a slowdown in business or economic conditions;
- placing the Group in a less favourable position compared to competitors that have less debt relative to their cash flow;
- restricting the Group's flexibility to plan for or respond to changes in its operations and developments in its business sectors;
- restricting the Group's ability to make investments to achieve growth;
- restricting the Group's ability to implement its external growth policy; and
- restricting the Group's ability and that of its subsidiaries to borrow additional funds or raise capital in the future, and increasing the cost of such additional financing.

In addition, the Group's capacity to honour its obligations, service its loans, respect the covenants or refinance or repay loans under the agreed conditions will depend on its future operational performances and may be affected by several factors, some of which are outside the Group's control (economic environment, debt market conditions, regulatory developments, etc.).

In the event of inadequate liquidity to service its debt, the Group may be obliged to reduce or defer acquisitions or investments, sell off assets, refinance its debt or seek additional financing, which could have an adverse effect on its business activities, results of operations, financial position, development or prospects. The Group may also not be in a position to refinance its debt or obtain additional financing on satisfactory terms.

Risk management

The Group has set up a new unconfirmed Credit facility in 2019 for a total of €465 million maturing in May 2024, fully subscribed with banks. This refinancing has allowed the Group to extend the due date of its debt and significantly reduce its average financing cost. It must be noted that the new debt contracted by SMCP is free of any sureties and pledges and that all the sureties and pledges granted in May 2016 in respect of the 2023 Bond and the 2022 Senior Revolving Credit facility have been fully raised.

The Group obtained from its main existing bank lenders two PGE (state-guaranteed loan) of up to 90% as part of the plan to support the economy, set up by the French Government at the start the Covid-19 crisis. These loans, amounting to €140 million and €53 million, were respectively set up in June 2020 and June 2021 and ensured solid liquidity for the Group. These loans are for a period of one year with an extension option at the Group's initiative, up to five additional years (i.e. until 2026 and 2027) and is repayable from 2022 and 2023. The Group exercised the option to extend the €140 million State-guaranteed loan by five years. Its repayment will now be spread from June 2022 to June 2026. For the €53 million PGE, the Group intends to exercise the option to extend the loan by two years with repayments spread from June 2023 to June 2024.

With this additional financing, the Group once again extended the maturity of its debt and eliminated any short- and medium-term liquidity risk, i.e. a time-frame of 18 to 24 months from early 2022 onwards. The Group also obtained an easing of its financial covenants for the 2021 financial year (debt leverage of 5.5x on June 30 and 4.5x on December 31).

FOREIGN EXCHANGE, CREDIT AND/OR COUNTERPARTY AND INTEREST RATE RISKS

Description of risk	Risk management
Credit and/or counterparty risk is the risk that a party to a contract entered into with the Group will default on its contractual obligations resulting in a financial loss for the Group. The financial assets that could expose the Group to credit and/or counterparty risk are mainly receivables from suppliers or partners (notably in the event of payment default or failure to comply with payment deadlines), cash and cash equivalents, investments and derivative financial instruments. As such, the default of the Group's major partners, especially departments stores or the Group's leading export partners, could significantly affect the Group's profitability or growth. The occurrence of such circumstances could have a material adverse effect on the Group's financial position and earnings. The Group prepares its financial statements in euros, but a significant portion of its revenue (45.6% during the financial year ended December 31, 2021) is generated in other currencies, including the pound sterling, Chinese yuan, US dollar, Canadian dollar and Swiss franc. A portion of its cost of sales (approximately 46.1%) is also made in foreign currencies, including purchases made in US dollar or Chinese yuan with suppliers in Asia, especially in China. The Group also holds certain assets that are recorded in its statement of financial position in foreign currencies. Therefore, the Group cannot guarantee that an unfavourable change to the exchange rates of the aforesaid currencies would not adversely impact its financial position and its results. The Group is exposed to a risk of fluctuation in interest rates given that the interest rates on some of its debt are indexed to the Euro Interbank Offered Rate ("EURIBOR"), plus a margin. In addition, the Loan Agreement may also include variable rate interest indexed on the EURIBOR. The EURIBOR could rise significantly in the future, creating additional interest charges for the Group, reducing cash flow available for investments and limiting its capacity to service its debts. As of December 31, 2021, the Group's outstanding floating-rate debt was €254.6 million and the Group's outstanding fixed-rate debt was €193.2 million.	To protect itself against credit risk, the Group has set up a Credit Risk Management procedure. The Group has insurance coverage and guarantees to limit the risk of non-recovery of trade receivables in the event of payment default or lost customers. Furthermore, the Group prioritises the use of directly operated free-standing stores and concessions to distribute its products (which represented the bulk of its revenue for the financial year ended December 31, 2021). The Group has a central foreign exchange risk management system for its subsidiaries. This risk stems from foreign currency commercial buying and selling transactions. The risk is hedged through forward and optional foreign exchange transactions for the main currencies to which the Group is exposed. At the end of the hedging period which takes place on average six months before the start of a season, an average foreign exchange rate is calculated for the collection and used as the basis for the guaranteed exchange rate. Concerning unhedged currencies, market rates are used as the guaranteed exchange rate. Sensitivity analyses of the Group's income and equity to the fluctuations of the euro are presented in Note 5.17.5 to the Group's consolidated financial statements for the financial year ended December 31, 2021 provided in Section 5.1 of this universal registration document. The Group may have to set up appropriate hedging instruments in line with the fixed rate/floating rate allocation objectives. To date, given the key interest rates set by central banks and expected interest rate hikes, the Group has not set up such instruments.

3.1.4 Legal and regulatory risks

RISK ASSOCIATED WITH REGULATORY AND LEGISLATIVE CHANGES

Description of risk	Risk management
The Group is subject to numerous laws and regulations, including those relating to labour law, customs duties, consumer and personal data protection, product liability, advertising, working hours, work on Sundays and in the evenings, safety standards and public reception, casual trading, sales and liquidations as well as environmental law. Although the Group pays special attention to compliance with the regulations in force, it cannot exclude all risks of non-compliance. Failure by the Group or certain of its partners, associates and affiliates to comply with applicable regulations may expose it to fines and other criminal or administrative sanctions, such as the loss of accreditations, and may damage its reputation. In addition, the Group may be required to incur significant costs in order to comply with regulatory changes in France and/or abroad and cannot guarantee that it will always be in a position to adapt its activities and its organisational structure to these changes within the required time frame and at reasonable cost. If the Group is unable to comply with and adapt its business to new national, European and international regulations, recommendations or standards, this could have a material adverse effect on its business activities, results of operations, financial position or prospects. The Group is subject to complex tax legislation in the various countries in which it operates. In particular, given the international scope of its business, it is subject to rules on transfer pricing which may be subject to divergent interpretations depending on the country concerned. Changes in tax legislation for each country could have materially adverse consequences for the Group's tax situation, the effective tax rate that it pays or the amount of tax to which it is subject. In addition, tax regulations in the various countries in which the Group operates may be subject to differing interpretations. The Group cannot guarantee that the relevant tax authorities will agree with its interpretation of the applicable legislation. A challenge to the Group's tax situation by the relevant authorities could result in the Group paying additional tax, adjustments and fines that could be significant, or in an increase in the cost of its products or services for the purposes of collecting these taxes. In addition, the Group distributes products whose prices are subject to value-added tax (VAT) in France or to other similar taxes in other countries. The rates of these taxes may increase. A significant increase could negatively impact the Group's activity, especially customer demand, which could have a material adverse effect on its business activities, results of operations and prospects.	In order to protect itself against the risks related to non-compliance with legislation, the Group monitors regulations. Provisions for contingencies and charges have been established to cover the costs of potential disputes, when considered probable by the Group and its advisors. None of the disputes in which the Group's companies are currently involved, according to their advisors, represents a risk for the Group. As far as the Company is aware, in at least the last 12 months, there has not been any government, judicial or arbitration proceeding that may have or has had a material impact on the Group's financial situation. The Group's Tax Department ensures that the laws in force in the countries in which the Group operates are complied with. The Group transmits the required information to tax administrations. It also facilitates the performance of their investigations. The Group performs tax audits and sets up any required action plans.

RISK ASSOCIATED WITH DISPUTES, INTELLECTUAL PROPERTY RIGHTS AND ANTI-COUNTERFEIT MEASURES

Description of risk

In the normal course of their business, the Group's companies may be involved in a number of legal, administrative, criminal or arbitration proceedings, particularly in matters of civil liability, competition, intellectual property, tax or industrial property, environmental and discrimination matters. In particular, the Group is the subject of a complaint filed in France by three non-governmental organisations against four ready-to-wear companies, including SMCP, accusing them of subcontracting part of their production or of marketing goods using cotton produced through the use of forced labour in the Xinjiang region of China (see paragraph 4.1.1 of this universal registration document). Claims for a significant amount may be made against one or more Group companies in connection with these proceedings. Any corresponding potential provisions which the Group may make in its accounts may prove inadequate. As of December 31, 2021, the total amount of provisions for disputes involving the Group was €1.4 million. In addition, it cannot be excluded that in the future, new proceedings, whether or not connected to existing proceedings, relating to risks currently identified by the Group or resulting from new or unforeseen risks, may be brought against a Group company.

If the outcome of these proceedings is unfavourable, it may damage the image of the Group's brands and have a material adverse effect on the Group's business activities, results of operations, financial position and prospects.

As of the date of this universal registration document, with the exception of the procedure described above, there are no administrative, judicial or arbitration proceedings (including any ongoing proceedings or threatened proceedings of which the Group is aware), which may have, or have recently had, a significant impact on the Group's financial position or profitability during the last 12 months.

The Group considers that its brands, its domain names, its know-how and any other intellectual property rights of which it is the owner play a crucial role in its success and development.

The Group has a portfolio of 451 trademarks registered worldwide, corresponding in particular to the names "Sandro", "Maje", "Claudie Pierlot" and "Fursac", as well as three designs and models. The Group also has a portfolio of approximately 510 domain names.

Due to the nature of its business, the Group does not conduct research and development. Thus, the Group does not have any patents or patent licenses.

Third parties may imitate its products and infringe on its intellectual property rights. The Group cannot guarantee that the various prevention measures and the proceedings it brings to protect its intellectual property rights will prevent third parties from marketing products identical or similar to its own. Unauthorised reproduction or any other misappropriation of the Group's intellectual property rights and products may diminish the value and reputation of its brands and may negatively affect the prices at which the Group can sell its products. Lastly, the Group cannot guarantee that its intellectual property rights are adequately protected in all markets in which it operates.

Moreover, as part of its business, the Group may be sued for infringement of third-party intellectual property rights (including trademarks and rights to drawings and models) which may force it to pay damages and interest, may prevent it from using, manufacturing or marketing certain products or developing new products, and may lead it to conclude licences or withdraw the disputed products from sale.

The ready-to-wear and accessories retail market is also subject to extensive counterfeiting. The Group's brands are highly recognisable to consumers, and its intellectual property rights (notably its registered trademarks and copyright) may be the subject of counterfeiting by a third party, such as the production of unauthorised imitations (slavish copies or use of certain protected elements), particularly in new markets, such as China. A significant presence of counterfeit products on the market could have a negative impact on the value and image of the Group's brands, leading to a loss of consumer confidence and a decrease in sales.

Risk management

The Group's intellectual property policy focuses on the protection of its trademarks and domain names. This policy is implemented by applications or reservations in all of the countries where the Group is present or wishes to protect its rights. The Group has also recently implemented a design and model filing strategy to strengthen the protection of its accessories.

The Group has implemented a specific policy to combat counterfeiting, with particular focus on France and Asia. The Group's Legal Department ensures that the entire creation process is protected. The different actions are handled by the Group's Legal Department, brands and Business Units with the assistance of external advisers and in conjunction with appropriate local authorities. The Group actively pursues a policy of judicial remedy against counterfeiting or, more generally, the fraudulent use of its trademarks. The Group also gathers intelligence online to identify the unauthorised use of its brands, the unauthorised reservation of domain names or the sale of counterfeit products. In addition, the Group works closely with the customs services to ensure that they are aware of the characteristics of the Group's products.

With regard to the complaint lodged by three non-governmental organisations, SMCP strongly refutes the accusations made against it, and has informed the competent public prosecutor that it will fully cooperate in the investigation to prove that these accusations are false. SMCP filed a complaint for slanderous information against x on October 22, 2021.

3.2 Insurance and risk coverage

As part of an invitation to tender to select a new insurance broker, in May 2015 the Group's Legal Department carried out a detailed update to identify and classify the Group's risks that are insured or insurable and determine any necessary changes to existing insurance policies. Based on the results of this work, the Legal Department negotiated with major players in the insurance sector to implement the most appropriate coverage for these risks. The Group's insurance coverage was fully updated in 2020 as part of the renewal of its insurance policies, whose renewal dates are July 1.

In 2018, the Group specifically purchased a "cyber" insurance policy, which is meant to cover the Group against the financial consequences of an act of cybercrime resulting in but not limited to: the shutdown of its IT infrastructure, theft of personal/confidential data, the intrusion of a computer virus, an attempt to extort funds, or the tarnishing of its image and reputation.

Generally, the Group has purchased insurance policies from well-known, solvent, leading international insurance companies with the appropriate coverage levels to cover the main risks below:

- third-party liability;
- non-life insurance/multi-risks;
- insurance against fraud;
- cyber risk insurance;
- corporate officers' civil liability;
- transport insurance.

The Group's insurance policies are selected by identifying the level of coverage that is necessary for the reasonably estimated likelihood of the occurrence of liability, damage or other risks. This appraisal takes into account the assessments made by the insurers as the risk underwriters. The coverage limits of the above policies were determined in order to cover reasonably discounted claims and possible maximum claims.

Uninsured risks are those for which no offer of coverage is currently available on the insurance market or for which insurance is offered at a cost that is disproportionate to the potential benefit of insurance, or risks the Group does not believe require insurance coverage.

The Group has not made any significant claims that have led to the depletion of any of its insurance coverage.

3.3 Internal control and risk management

Risk management concerns the measures that the Group implements to identify, analyse and control the risks to which it is exposed in the course of its activities.

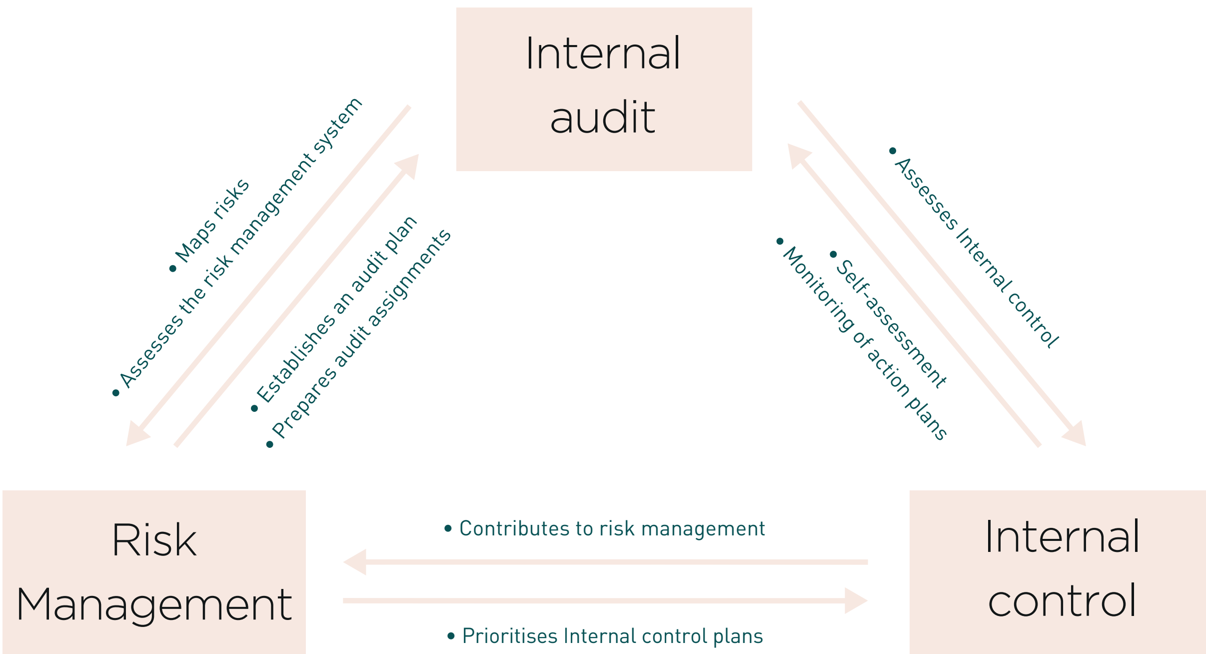
Risk control is carefully monitored by the Group's Senior Management, with the close involvement of internal audit. The internal risk management and control systems are based on a combination of appropriate resources, procedures and actions intended to ensure that the necessary measures are adopted to allow the Group:

- to achieve its objectives, accomplish its missions and detect opportunities to develop its business, in compliance with its values, ethics and applicable laws and regulations; and
- to protect its main assets, which form the basis of its business (tangible and intangible assets and, notably, its trademarks), to identify critical points and internal and external events and at-risk situations for the satisfactory conduct of its business activities.

The internal control procedures are part of the Company's ongoing improving process of identifying, assessing and managing risks.

In 2021, the Internal Audit and Control Department rolled out a Group internal control framework - "ICE" (Internal Control Essentials) - which aims to strengthen the internal control system and is part of the Group's risk management approach. This framework lists all the key controls in place within the Group's various entities and its distribution network. It is broken down into two reference documents "ICE Corporate" and "ICE Boutiques". The risk management and internal control approach and these guidelines are based on the internal control reference framework prescribed by the AMF.

Continuous monitoring of the internal control system and periodic review of its operation are carried out at several levels:



Risk management relies on measures implemented by the Group to identify, analyse and control the risks to which it is exposed. The risk management system is subject to regular monitoring by senior management at the Group's operational entities, who report on risks to the Group Internal Audit and Control Department.

Risk management is based on a risk mapping which identifies, assesses and ranks the main risks to which the Group is exposed when carrying out its business activities. For each risk, it assesses its potential impact, the action plan in place and the personnel within the Group who are responsible for monitoring and associated controls. Introduced in 2015, the risk mapping is updated annually by the Group Internal Audit and Control Department, under the supervision of the Group Chief Executive Officer, to define and monitor the specific actions plans implemented to reduce or control the risks identified.

In 2021, the Internal Audit and Control Department launched an internal control self-assessment campaign, to disseminate the internal control culture within the Group, to assess the level of maturity of internal control within each Group entity and its distribution network, and to strengthen the risk management approach. This self-assessment campaign is based on two internal control questionnaires ("ICE Corporate questionnaire" & "ICE Boutiques questionnaire") based on the Group "ICE" internal control framework. The results are analysed by the Internal Audit and Control Department and shared with the Audit Committee.

3.4 Supervisory bodies

The Group's internal audit and risk management processes have been led since May 2015 by its Internal Audit and Control Department, which allows the Group, with its rapidly developing size and structure, to identify and prevent the risks that it may face. The Internal Audit and Control Department has three functions: (i) risk management, (ii) internal control and (iii) internal audit.

The Audit and Internal Control Department reports to the Group's Chief Executive Officer.

Internal control and risk management is the responsibility of the operational senior management of each Group entity, under the control of the Internal Audit and Control Department. Within each of these entities, the person responsible for risk management (generally the Chief Executive Officer or Chief Financial Officer) is responsible for verifying the satisfactory application of preventive procedures and the possibility of introducing new procedures that could, after examination by the Internal Audit and Control Department, be applied across the whole Group. The Internal Audit and Control Department plays a key role by establishing procedures applicable at the Group level (that is, with no distinction between the four brands) and by defining the framework under which subsidiaries fulfil their responsibilities for internal control and risk management. It also coordinates the functioning of the overall system.

3.5 The risk management mechanism

The Group's overall internal control and risk management system uses the international "COSO" (Committee of Sponsoring Organisations of the Treadway Commission) framework as a starting point and is based on several aspects, including:

- the control of operating risks;
- the management of the Group's overall risks at various levels (entities, functional departments and subsidiaries);
- the mapping of the major risks facing the Group;
- the oversight of the Group's internal control system;
- the ethics organisational structure and system; and
- the internal audit, which, as an independent assurance function, evaluates the effectiveness and functioning of the overall system and reports to the various parties responsible for governance.

The Statement of Non-Financial Performance presented in Chapter 6 of this universal registration document also contains information about the objectives, organisation and workings of the Group's risk management.

Ethical practices and anti-corruption rules are key values and a major concern for the Group. In this context, the Group has specifically created a Code of Ethics for all employees. In addition, it ensures that its partners (mainly its distributors and suppliers of goods or services) comply with its ethical and anti-corruption policies. For example, the Supplier Code of Conduct expressly includes provisions relating to compliance with ethical principles (corruption, working conditions). In parallel with the deployment of the Code of Ethics, an Ethics Committee was set up composed of the General Secretary, the Director of Human Resources and the Director of Internal Audit, whose main missions are:

- contribute to the definition of the Group's rules of conduct and ethical culture;
- ensure compliance with these rules and values through the deployment of the compliance programme;
- promote the principles of the Code of Ethics and encourage the development of best practices in this area;
- collect, analyse and process reports and alerts relating to behaviour/ situations contrary to the code of ethics.

In addition, since 2014 the Group employs external service providers to audit various production sites and to ensure that they are in compliance with ethical requirements. Following Asia in 2014, the Group extended these audits to the EMEA region in 2015 and 2016. In 2018, this approach was completed by a more specific audit of the Group's leading suppliers.

A detailed description of the procedures implemented to ensure compliance with the provision of the law of December 9, 2016 on transparency, the fight against corruption and the modernisation of economic life, known as the "Sapin II law", can be found in the Statement of Non-Financial Performance in Chapter 6 of this universal registration document

4

SMCP activities in 2021 and outlook for 2022

4.1 Highlights

4.1.1 Highlights of 2021 financial year

Highlights are reported in the main press statements released during the 2021 financial year:

- on **February 4, 2021**, SMCP announced that the Board of Directors of SMCP, which met on December 17, 2020, had decided, pursuant to the 18th resolution of the Combined General Meeting of June 4, 2020, to authorise the Group to implement a buyback programme for its own shares for a maximum volume of 415,000 shares and for a period ending on April 2, 2021;
- on **March 24, 2021**, SMCP published its annual results for 2020, strongly impacted by Covid-19. SMCP nevertheless demonstrated its responsiveness by immediately implementing strong measures to reduce its cost base and reinforce e-commerce in order to limit the impact of the pandemic on its sales;
- on **April 9, 2021**, three non-governmental organisations (NGOs) announced that they had lodged a complaint in France against four ready-to-wear companies, including SMCP, accusing them of outsourcing part of their production to manufacturers which used forced labour in the Xinjiang region of China, or of marketing goods with cotton produced there. The plaintiffs asked the French courts to investigate and indicated that they were basing their accusations on a report published in March 2020 by the Australian NGO ASPI (Australian Strategic Police Institute) on the use of forced labour in the Xinjiang region. SMCP strongly refutes the accusations made against it, and has informed the competent public prosecutor that it will fully cooperate in the investigation to prove that these accusations are false.

  The SMCP Group, a responsible player, signatory of the United Nations Global Compact, has formalised its requirements vis-à-vis all its suppliers, particularly in the area of human rights, through its general purchasing conditions and its Supplier Code of Conduct. The Group's suppliers undertake to comply with, and to ensure that their subcontractors comply with, all the clauses of these documents. In addition, SMCP regularly conducts audits through expert and independent third parties to monitor the effective implementation of its requirements. SMCP works with suppliers located all over the world and states that it does not have direct suppliers in the Xinjiang region.

SMCP filed a complaint against x for slanderous information on October 22, 2021;

- on **April 28, 2021,** the Board of Directors co-opted Xiao Wang as a director to replace Fanny Moizant, who left the Board of Directors in order to focus on her other activities, in particular the development of Vestiaire Collective, of which she is co-founder;
- on **June 17, 2021**, SMCP's General Meeting was held, which approved all the resolutions submitted for approval. In particular, it approved the statutory and consolidated financial statements for the 2020 financial year, renewed the appointment of certain directors, ratified the cooptation of Xiao Wang and approved the appointment of Christophe Cuvillier as independent directors;
- on **June 30, 2021**, SMCP contracted a loan of €53 million guaranteed by the French State (PGE) at 90%, in addition to the €140 million PGE signed in June 2020, thus further strengthening its liquidity position;
- on **August 1, 2021,** the Board of Directors took note of the resignation of Daniel Lalonde from his duties as director and Chief Executive Officer, who decided to pursue other professional opportunities outside the Group. The Board of Directors co-opted Isabelle Guichot as a director and appointed her Chief Executive Officer of SMCP as from August 2, 2021;
- on **September 23, 2021,** SMCP announced that it has been informed that Glas SAS (London Branch) ("GLAS"), in its capacity as Trustee for the €250 million bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l. (the "Bonds"), had notified European TopSoho S.à r.l., the majority shareholder of SMCP with 53% of the share capital, of the default of the Bonds at their maturity on September 21, 2021 (to the Company's knowledge, the total number of SMCP shares underlying these Bonds and pledged represented 37% of the share capital);
- on **October 6, 2021**, SMCP announced that it had taken note of the threshold crossing declaration published by GLAS with the French Financial Markets Authority (*Autorité des marchés financiers*) following the aforementioned default. As part of this declaration, GLAS indicated that it was now entitled to instruct 34,938,220 voting rights of the Company corresponding to 29% of the voting rights of the Company attached to a portion of the pledged shares (it being specified that the ownership of these shares had not been transferred to GLAS). GLAS also indicated that it intended to pledge the SMCP shares from October 19, 2021, which would result in (i) the Trustee temporarily taking possession of the pledged shares up to 29% of the share capital and (ii) the appointment of areceiver (professional agent under English law) responsible for selling the pledged shares to a third party. GLAS indicated that in the event of enforcement of the pledge, it planned to request the appointment of three directors to the Board of Directors of SMCP;

- on **October 29, 2021**, SMCP announced that it had taken note of the threshold crossing declaration published by GLAS with the French Financial Markets Authority (*Autorité des marchés financiers*). As part of this declaration, GLAS indicated that it had taken possession of a portion of the underlying SMCP shares representing 29% of the share capital and 22.3% of the voting rights of SMCP. GLAS also indicated that, as a result of the enforcement of this pledge, a receiver (a professional representative under English law) had been appointed, responsible for selling all the pledged shares to a third party.
- SMCP indicated that by letter dated October 28, 2021, GLAS had also requested the Board of Directors of SMCP to convene a Shareholders' General Meetings with the agenda to change the composition of the Board of Directors through, in particular, (i) the dismissal of all the members of the Board of Directors representing European TopSoho S.à r.l. / Shandong Ruyi and (ii) the appointment of four new independent directors. SMCP indicated that it would convene its Board of Directors in the coming days to examine this request and the consequences of this threshold crossing;
- on **November 4, 2021**, SMCP announced that following the temporary possession by GLAS of part of the SMCP shares pledged under these Bonds (21,952,315 SMCP shares corresponding to approximately 29% of the capital of SMCP) and a disposal by European TopSoho S.à r.l. of 12,106,939 non-pledged SMCP shares, the number of voting rights attached to the SMCP shares was modified;
- on **November 5, 2021,** SMCP launched a share buyback programme for a maximum amount of €2.7 million. This programme, which aims to cover its free share plan (LTIP), was implemented in accordance with the Board of Directors' decision of September 2, 2021, taken in application of the 31st resolution of the Combined General Meeting of June 17, 2021. Under this programme, SMCP repurchased 335,000 shares on November 23, 2021;
- on **November 17, 2021**, SMCP announced that its Board of Directors met following a request from GLAS to convene a Shareholders' General Meetings received on October 28, 2021. The Board, by a simple majority of votes, decided not to examine this request as things stand;
- on **December 1, 2021**, SMCP announced that following the decision of its Board of Directors on November 17, 2021, GLAS had requested, before the Paris Commercial Court ruling in summary proceedings, the appointment of a mandataire responsible for convening a Shareholders' General Meeting of SMCP. Upon an order issued on November 30, 2021, the Commercial Court granted GLAS's request and appointed a mandataire to convene a Shareholders' General Meeting of SMCP;
- on **December 8, 2021**, SMCP informed its shareholders that an Ordinary General Meeting would be held on Friday, January 14, 2022, at the invitation of SELARL THEVENOT & PARTNERS, as mandataire, appointed by order of the President of the Paris Commercial Court, at the request of GLAS, with the agenda to change the composition of the Board of Directors of SMCP SA through (i) the dismissal of all the members of the Board of Directors representing European TopSoho S.à r.l. / Shandong Ruyi and (ii) the appointment of four new independent directors;
- on **December 23, 2021**, SMCP clarified, in view of the next General Meeting, that the acquisition by GLAS of part of the pledged SMCP shares and the transfer of the 12,106,939 SMCP shares not pledged by European TopSoho S.à r.l. was subject to litigation proceedings before several jurisdictions. GLAS has applied to the competent court in Luxembourg to initiate insolvency proceedings against European TopSoho S.à r.l. and appoint a trustee as soon as possible to exercise control over the assets of this company (including non-pledged SMCP shares). GLAS also indicated in a press release dated December 8, 2021 that it had obtained a freezing order against European TopSoho S.à r.l. and Dynamic Treasure Group Ltd, the initial transferee of the 12,106,939 shares transferred by European TopSoho S.à r.l. which have not been subject to any threshold crossing declaration (statutory or legal), prohibiting any new transfer of these shares. European TopSoho S.à r.l. has also initiated proceedings against GLAS in England.

4.1.2 Highlights since January 1, 2022

The highlights since January 1, 2022 can be found in section 4.6 of this Universal Registration Document.

4.2 Analysis of activity and consolidated results

4.2.1 Key figures

(In millions of euros) – IFRS 16	2020	2021
Revenue	**873.0**	**1,038.6**
Cost of sales[1]	(348.4)	(380.2)
Gross margin[2]	524.6	**658.4**
Employee benefits expenses	(200.3)	(215.6)
Other operating income and expenses	(144.7)	(193.2)
Adjusted EBITDA	**179.6**	**249.6**
Adjusted EBITDA margin	*20.6%*	*24.0%*
Depreciation, amortisation and impairment	(172.6)	(154.3)
Adjusted EBIT	7.0	95.3
Adjusted EBIT margin	*0.8%*	*9.2%*
IPO bonus share allocation plan (LTIP)	(9.2)	(6.7)
Current operating income	**(2.2)**	**88.6**
Other income and expenses	(79.3)	(26.2)
Operating profit	**(81.6)**	**62.4**
Financial result	(27.2)	**(26.7)**
Profit/(loss) before tax	(108.7)	**35.7**
Income tax expense	6.5	(12.1)
Net profit for the period	**(102.2)**	**23.6**

(1) Cost of sales including commissions.
(2) The gross margin corresponds to the accounting gross margin, *i.e.* revenue after deducting the cost of sales, rebates and commissions paid to department stores, affiliates, local partners or third-party websites.

4.2.2 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, outlets and online stores, and (ii) partnered retail points of sale.

The following table presents the Group's directly operated points of sale by brand and geographical area for the periods indicated:

	Financial year ended 12/31	
(Number of points of sale directly operated)	**2020**	**2021**
By brand		
Sandro	560	552
Maje	452	455
Claudie Pierlot	220	211
Fursac	64	64
Suite 341*	38	10
By geographical segment		
France	519	472
EMEA	415	402
Americas	169	166
APAC	231	252
TOTAL NUMBER OF POINTS OF SALE	**1,334**	**1,292**

* Revenue from Suite 341 stores (which carry products from the Group's three historic brands) is allocated to the corresponding brand of the products sold.

The following table presents the Group's points of sale (including partners) by brand and geographical segments for the periods indicated:

	Financial year ended 12/31	
(In number of points of sale, including partners)	**2020**	**2021**
By brand		
Sandro	730	745
Maje	596	620
Claudie Pierlot	249	245
Fursac	64	64
Suite 341*	38	10
By geographical segment		
France	519	473
EMEA	546	548
Americas	193	195
APAC	419	468
TOTAL NUMBER OF POINTS OF SALE	**1,677**	**1,684**

* Revenue from Suite 341 stores (which carry products from the Group's three historic brands) is allocated to the corresponding brand of the products sold.

The total number of the Group's points of sale increased from 1,677 at December 31, 2020 to 1,684 at December 31, 2021, *i.e.* 7 net openings. Outside France, net openings represented 53 points of sale, mainly in the APAC region, notably in Mainland China where the Group is now present in 33 cities and in South Korea. In the EMEA region, the Group recorded 2 net store openings, including 8 in Russia, 7 in Greece, 5 in Ukraine and 4 in Portugal. At the same time, SMCP made some closures to seize relocation opportunities or consolidation of stores (such as Sandro women and Sandro men in a unisex store). In France, in accordance with its One Journey strategic plan, the Group completed the plan to optimise its physical store network, with 46 net closures in France (including 28 closures related to the end of the Suite 341 concept).

Of the 1,292 directly-operated points of sale at December 31, 2021, 490 were directly-operated free-standing stores and 550 were directly-operated concessions; the remainder were affiliates, outlets and online stores.

The table below shows the number of points of sale by category of point of sale:

	Financial year ended 12/31	
	2020	**2021**
Free-standing stores	506	490
Concessions	592	550
Affiliates	63	64
Online	70	80
Outlets	103	108
Total points of sale (directly-operated stores)	**1,334**	**1,292**
Partnerships	343	392
TOTAL	**1,677**	**1,684**

4.2.3 Revenue

4.2.3.1 CONSOLIDATED REVENUE

Revenue consists of total product sales (retail sales and sales made by partners and third-party electronic platforms) net of promotions, discounts, VAT and other sales taxes, and before deduction of concession fees paid to department stores and commissions paid to affiliates. Revenue from Suite 341 points of sale (which market products from the Group's three long-standing brands) is allocated according to the brand of the product sold.

In 2021, consolidated revenue amounted to €1,038.6 million, up +19% compared to 2020, including an increase of +18.7% on an organic basis (driven by +16.7% like-for-like growth) and a positive currency effect of +0.3%. This performance reflects a sequential catch-up throughout the year, resulting in a Q4 sales level almost at par with 2019 (at -0.2%[1] organic). This is the result of the dynamism of each of our regions, despite the impact of the pandemic (store closures particularly in the first half of the year, restrictions impacting traffic, low tourism), voluntarily less promotional sales and the total completion of our network optimization.

Over the last 12 months, as planned, SMCP finalized its brick-and-mortar network optimization plan, with 42 net closures of directly operated stores, including 47 net closures in France (mainly small stores, in small cities), including the end of the Suite 341 format (28 closures over the year). In the EMEA region, SMCP recorded 13 net DOS closures, including openings notably in Germany and Portugal, and and made some closures to seize relocation opportunities or consolidation of stores. The Group continued its expansion in APAC, with +21 DOS (including +15 in China). During the financial year, the Group generated digital penetration of 23% (vs 26% in 2020); normalizing over the year in a context where part of the store network was temporarily closed in certain regions, particularly during the first half of the year, and during which the Group pursued its full price strategy, mechanically limiting sales growth. Nevertheless, the weight of digital sales remained well above the level of 2019 (15%). During this period, the Group continued to innovate and test new formats in order to strengthen the e-commerce channel, such as live streaming and Virtual shopping. The Group has also made progress in the implementation of its "One Journey" strategy, with the development of omnichannel services in Europe such as ship-from-store for Sandro, Maje and Claudie Pierlot, e-reservation, Virtual shopping and click & collect, and is preparing to roll them out in the Americas and Asia regions. In addition, the Group accelerated its responsible momentum with the launch of Second Hand at Sandro and the Rental Service at Maje.

4.2.3.2 LIKE-FOR-LIKE REVENUE GROWTH

Like-for-like 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 financial 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 during the same period of the previous year 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 Women to Sandro Men or to a mixed Sandro Women and Sandro Men 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 at December 31 for the year N in question).

(1) Excluding exceptional items related to liquidation operations in Q4 2019 in the APAC region (approximately €5 million).

4.2.3.3 REVENUE BY BRAND AND BY REGION

(In millions of euros – except percentages)	Financial year ended 12/31		Change in reported data	Organic sales change
	2020	2021		
By brand				
Sandro	414.3	497.6	+20.1%	+19.8%
Maje	336.8	407.3	+20.9%	+20.7%
Other Brands	121.9	133.7	+9.6%	+9.4%
By region				
France	311.3	341.1	+9.6%	+9.6%
EMEA	237.1	285.2	+20.3%	+19.6%
Americas	93.1	142.5	+53.0%	+57.2%
APAC	231.4	269.8	+16.6%	+14.5%
TOTAL	**873.0**	**1,038.6**	**+19.0%**	**+18.7%**

Business segmentation

The Group organises its activities around three divisions: Sandro, Maje and the *Other Brands* division which includes the brands Claudie Pierlot and Fursac.

During the financial year ended December 31, 2021, **Sandro** (+19.8%), **Maje** (+20.7%) and the **Other Brands** division (+9.4%) recorded a significant increase in their revenue, despite the impact of the pandemic (closure of some stores in particular in the first half of the year, restrictions impacting traffic, low tourism) and deliberately lower promotional sales.

During the year, the majority of openings were in Asia and consequently at Sandro and Maje, due to their more international profile. Sandro and Maje achieved 15 and 24 net openings respectively, while the store portfolio at Claudie Pierlot includes 4 net store closures compared to 2020 and Fursac remained stable in net value.

Segmentation by geographical area

In **France**, the Group generated revenue of €341.1 million in 2021. Sales are gradually catching up 2019 levels over the first nine months, finally exceeding them in the fourth quarter. Compared to 2020, sales are up +9.6% on an organic basis, driven exclusively by like-for-like growth (+11.7%). This performance is all the more remarkable given that it includes a 5pt decrease in the discount rate over the year 2021 and the completion of our network optimization plan (-46 POS at the end of 2021 vs. 2020). Down -16.3% on an organic basis vs. 2019, France's performance, supported by local demand, remains solid particularly given the severe restrictions in the first half of the year (physical store closures, curfews, etc.), the finalization of the network optimization plan (with -57 points of sale at the end of 2021 vs. 2019), and the progress of the Group's full price strategy.

The **EMEA** area generated revenue of €285.2 million for the financial year ended December 31, 2021. Sales were up by +19.6% on an organic basis vs. 2020, driven by strong like-for-like growth in our brick-and-mortar network (+28.0%). This performance is even more solid given that it takes into account a 9pt decrease in the discount rate over the year 2021, and a rather stable network base. is strong performance highlights a gradual catching-up to the pre-pandemic level, with -16.6% on an organic basis vs. 2019 despite the store closures particularly in the first half of the year, and the loss of tourism-related sales.

The **Americas** generated revenue of €142.5 million in 2021. Sales increased by +57.2% on an organic basis vs. 2020, a very good performance driven by exceptional like-for-like sales growth (+56.2%), despite pandemic-related restrictions, particularly in Canada, a drop in the discount rate of -12 pts vs. 2020, and a fairly stable network base. Moreover, sales in the Americas returned to pre-pandemic levels, with a -0.6% organic change vs. 2019. The United States outperformed with +5.5% organic growth vs. 2019, driven by strong demand across all our distribution channels.

Lastly, in the **APAC** area, the Group generated revenue of €269.8 million in 2021, and recorded organic growth of +14.5% compared to 2020 (and growth of +5.5%[1] compared to 2019), driven by both brick-and-mortar and digital. Sales grew strongly in Mainland China, up +15.2%(1) on an organic basis vs. 2019, despite further local Covid resurgences and major weather events in key cities, particularly in the second half of the year, both impacting mobility and traffic. In the cities in which we are present today in China, nearly two-thirds have been affected either by closures or by restrictions resulting in sharp reductions in traffic of up to -60% in some cities, over long periods. The desirability of the Group's brands remains strong in Asia, and in particular in China, where they are still ranked in the top three for accessible luxury goods. Finally, the Group's full price strategy was also implemented in the APAC region, with a stable discount rate over the year, despite an uncertain context. In 2021, the Group set up operations in Malaysia with Sandro and Maje.

(1) Excluding exceptional items related to liquidation operations in Q4 2019 in the APAC region (approximately €5 million).

Revenue per category of points of sale:

	Financial year ended 12/31	
(In millions of euros)	**2020**	**2021**
Free-standing stores	259.6	321.7
Concessions	240.2	284.8
Outlets	86.3	120.5
Affiliates	22.6	27.1
Internet*	183.5	184.4
Partnerships	80.9	100.1
TOTAL REVENUE	**873.0**	**1,038.6**

* These data include the revenue generated by the Group brands' websites and the online revenue of the department stores in which the Group operates concessions. These data do not include online revenue of partners. Including online revenue of the partnerships, total online revenue amounted to €215.2 million for 2020 and €222.7 million for 2021.

4.2.3.4 PRICING POLICY

In the ready-to-wear and accessories sector, companies have different pricing strategies. The Group considers that it is in line with average of the market in terms of pricing and it considers that its prices are competitive compared to those charged by the majority of brands in the segment in which it operates.

The pricing of the Group's products differs between the euro zone and other regions. Inside the euro zone, the Group applies the same price. Outside the euro zone, the Group applies a coefficient to the euro price to translate into local currency. This coefficient reflects the exchange rate, the local cost of living and competitors pricing in the market in question. Consequently, the evolution of the Group's pricing outside the euro zone also reflects fluctuations in exchange rates. The Group considers that price differences among regions, including Asia and the United States, are below or in line with competitors for similar products.

4.2.4 Income

4.2.4.1 INTRODUCTION

Product and sales channel mix

The Group's margins vary depending on the mix of sales of its brands, the type of products sold, the channels through which it sells its products, geographic segments and the rental costs of its points of sale.

In the past, the Group has achieved the highest margins through sales of its Sandro Women's collections and Maje collections. The Group believes that this is due to the relative maturity in the market of these brands. Sandro Men and Claudie Pierlot have lower margins and have significant potential to improve margins as their business and the productivity of their points of sale develop.

The Group's margins as a percentage of revenue also vary according to the type of products it sells. For example, its margins on leather goods may be lower than its margins on ready-to-wear products due to the relative cost of raw materials.

The Group's margins also vary according to the channels through which it sells its products and rents. For example, the rental costs of stores leased outside of France are generally higher given the absence of key money (*i.e.* upfront payments to landlords or former tenants to secure premium rental properties).

Production and distribution costs

The Group's current operating income can be impacted by changes in production and distribution costs. The Group's production costs (which primarily include purchases of goods, subcontracting and ancillary expenses) represented around 25% of revenue in 2018 and 2019. In 2021, the latter represented around 26% of revenue, in a context affected by the Covid-19 pandemic. The Group's production costs can be significantly impacted by raw material costs, transportation costs and wage inflation.

The Group relies on two types of production; it estimates that in 2021, around one-third of its products were cut and sew products, for which it purchases the fabrics and outsources their production to subcontractors (manufacturers), the remainder are finished products, that it buys directly from manufacturers. Although raw material prices generally constitute a relatively small portion of the Group's cost base, any fluctuation in the price of its principal raw materials such as cotton, leather, wool, silk, polyester and viscose, could have a direct impact on its production costs. An increase in costs related to transporting products from their place of manufacture to the Group's warehouses (largely dependent on shipping and freight costs, which are themselves largely dependent on fuel costs) could also add to the cost of the products. Lastly, the cost of products could also be impacted by wage inflation in markets where its products are manufactured (such as Asia).

The Group's distribution and other logistics costs are recorded as part of "other operating expenses" in its consolidated income statement. An increase in costs related to transporting products from its warehouses to its points of sale can impact the Group's costs, particularly due to its model of maintaining a low level of stocks at its stores and concessions.

The Group has made efforts to implement an efficient sourcing policy. This, together with the relatively high average selling prices for its products compared to the mass market allows the Group to maintain high margins. Nonetheless, further price fluctuations and potential changes in the competitive environment could restrict or delay the Group's ability to pass on all or part of any additional costs to its customers in the future.

Variable and fixed costs

Like other companies in the ready-to-wear and accessories sector, the Group's cost base is composed of a mixture of variable and fixed costs. Variable costs include most of the concession fees payable to department stores, transportation and packaging expenses, taxes and some rental costs (particularly in Asia), marketing costs and profit-sharing costs. Fixed costs mainly include rental expenses and employee benefits expenses.

Rents are among the Group's largest fixed costs. In France, its largest market, increases in rent follow an index published quarterly by INSEE, and in other countries rents may evolve according to a similar index. The Group does, however, retain some flexibility regarding its rental costs. For example, lease agreements for its stores in France are typically entered into for a period of nine years, with the tenant able to terminate the lease without penalty at the end of each three-year period. In the United Kingdom, several of the Group's leases include break clauses after five years. In Asia, the lease agreements are typically entered into for a period of three years. In the United States, leases are taken out for a period of ten years but with the option of subletting.

Personnel costs include the costs of staff in the Group's points of sale and at its headquarters and central functions. The compensation of its point-of-sale employees includes a variable component based on the level of sales achieved. The Group can also control employee benefits expenses in its points of sale by varying staffing levels in anticipation of customer numbers. However, the Group's employee benefits expenses can be impacted by changes in wage levels, such as adjustments to national or local minimum wage levels.

4.2.4.2 COST OF SALES

Cost of sales primarily consists of the cost of goods sold, which represents the Group's largest single cost item and commissions paid to department stores, affiliates, local partners and third party internet sites. Cost of goods sold covers mainly raw material costs, labour costs of cut and sew manufacturers, purchases of finished goods, and customs, transport and logistics costs for in-bound goods. As the Group does not operate or own any manufacturing facilities, it relies on independent third parties for the manufacture of its products. The Group purchases two types of products: "cut and sew" products, for which it purchases the different materials and subcontracts the manufacturing to third parties, and finished products, which it purchases directly from manufacturers who are responsible for sourcing raw materials and for the production process, but not for design, which remains under the Group's control.

Changes in inventories are the other main component of this item. The Group owns the stock held in its free-standing stores, concessions, outlets, points of sale operated by its affiliates and its logistics warehouses, from the date of shipment of the stock by the manufacturer until the date the product is sold to the end customer.

In general, cost of goods sold and changes in inventory are influenced, apart from the volume of merchandise being sourced, by currency fluctuations (in particular any change in the exchange rate of the US dollar or Chinese yuan against the euro), as well as by the composition of the product range.

Cost of sales increased from €348.4 million in 2019 to €380.2 million in 2021. As a percentage of revenue, it decreased slightly from 39.9% in 2020 to 36.6% in 2021.

4.2.4.3 ACCOUNTING AND MANAGEMENT GROSS MARGIN

Gross margin represents the sum of total revenue realised by the Group, net of cost of sales.

The Group uses the gross management margin as an operating indicator, which differs from the accounting gross margin and is calculated before deducting commissions.

Management gross margin and retail margin

The management gross margin corresponds to the revenue after deducting rebates and cost of sales only. The accounting gross margin corresponds to the revenue after deducting the rebates, the cost of sales and the commissions paid to the department stores, affiliates or third-party websites.

The Group's management gross margin increased from €617.7 million in 2020 to €764.3 million in 2021 (73.6% of revenue). This improvement is due to the solid progress made on the full price strategy, by deliberately reducing the share of promotional sales (with a reduction in the discount rate of -5.6 pts over 2021), partially offset by liquidation transactions, in particular at the beginning of the year. In the second half of the year, the Group achieved an excellent gross margin of 75.2% of sales, in line with the pre-pandemic level.

Retail margin corresponds to the gross margin before 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 Group's retail margin increased from €232.1 million in 2020 (26.6% of sales) to €345.1 million in 2021 (33.2% of sales). This good performance resulted from revenue growth, combined with an increase of +2.8 points in the management gross margin over the year (73.6%) and the continued rigorous management of store costs throughout the year.

The table below summarises 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:

	Financial year ended 12/31	
(In millions of euros)	**2020**	**2021**
Accounting gross margin	**524.6**	**658.4**
Readjustment of the commissions and other adjustments	93.1	106.3
Management gross Margin	**617.7**	**764.7**
Direct costs of points of sale	(385.6)	(419.6)
Retail Margin	**232.1**	**345.1**

Selling, general and administrative expenses

Selling, general and administrative expenses are those incurred at the corporate level (central costs) and not allocated to a point of sale or partner. These items are added to the retail margin to obtain adjusted EBITDA (excluding IFRS 16).

The general, administrative and selling expenses incurred by the Group amounted to €215.8 million in 2021, compared to €178.1 million in 2020. This increase of +0.4 pts as a percentage of revenue comes from the increase in marketing expenses, in line with the One Journey strategic plan. The weight of marketing expenses amounted to 3.7% of sales in 2021 (compared to 2.3% in 2020) and reflects new investments, for more disruptive and innovative communication, with initiatives such as live shopping, gaming, creative collaborations with brands, designers or artists (such as the Spanish studio Cobalto for Maje, Smiley or Snoopy for Sandro, or Voltaire cycles for Claudie Pierlot, etc.), and the launch campaigns of our new circular economy activities (rental at Maje and second-hand at Sandro).

4.2.4.4 PERSONNEL COSTS

Employee benefits expenses primarily consist of wages and salaries. In addition, employee benefits expenses include social security expenses as well as expenses related to the Group's profit-sharing mechanism. The Group's employee benefits expenses largely relate to the staff employed in its stores. Since the concession staff in department stores are the Group's own employees (and not employees of the department store), employee benefits expenses also include the cost of these employees. The cost of employees of affiliates is not included in employee benefits expenses.

Other employee benefits expenses relate to employees in the areas of product management, procurement and supply chain management, as well as employee benefits expenses attributable to central functions such as marketing, human resources, finance and IT. The Group has implemented incentive systems at store level based on sales objectives. Its staff in central functions benefits from various bonus schemes.

Employee benefits expenses increased from €200.3 million in 2020 to €215.6 million in 2021. As a proportion of revenue, they represented 21% of revenue in 2021, compared to 23% in 2020. This change underlines the cost control efforts made by the Group in 2021, a year still impacted by the Covid-19 pandemic.

4.2.4.5 OTHER OPERATING INCOME AND EXPENSES

- *Other operating expenses* mainly cover rents, logistics and marketing costs, as well as a range of other smaller operating expenses. Rental costs are the Group's single largest cost item within other operating expenses. They primarily represent the rents for its store network, and rental expenses for its head office and distribution centre. The cost for the use of space by its concessions in department stores is part of the concession fee paid to the department stores and is not recorded as rental expenses but deducted from revenue.

Marketing expenses primarily relate to communication and advertising campaigns in fashion magazines, through digital channels and social networks or rolled out as part of in-store events.

Logistics expenses primarily consist of transportation of merchandise to the points of sale and to warehouses. The Group outsources much of its transportation costs to dedicated logistics providers.

Lastly, other operating expenses include bank fees linked to the processing of in-store payments (*i.e.,* only bank fees related to the Group's operating activities and not those connected with its own financing), consulting fees (which consist mainly of legal, consultancy and audit fees), management fees, monitoring fees, travel expenses and IT and telephone costs.

- Other operating income essentially comprises damages awarded to the Group in the context of legal actions for counterfeit products.

Other operating income and expenses amounted to €193.2 million in 2021 compared to €144.7 million in 2020. This change reflects, on the one hand, the increase in marketing expenses, in line with the One Journey strategic plan. The weight of marketing expenses amounted to 3.7% of sales in 2021 (compared to 2.3% in 2020) and reflects new investments, for more disruptive and innovative communication. This change also includes continued savings plan implemented by the Group to allow it to absorb part of the effects of the crisis on its revenue, resulting primarily from savings generated on rents through numerous renegotiations carried out throughout the year.

4.2.4.6 ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA is defined by the Group as being the current operating income before depreciation, amortisation, provisions and expenses related to the bonus share allocation plans set up in the fourth quarter of 2017 following the initial public offering of the Company in October 2017 (in the amount of €6.7 million in 2021). Adjusted EBITDA is not a standardised 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. Other companies may calculate adjusted EBITDA differently from the definition used by the Group.

Adjusted EBITDA margin corresponds to adjusted EBITDA divided by revenue.

For the financial year ended December 31, 2021, adjusted EBITDA totalled €249.6 million, compared to €179.6 million for 2019, *i.e.* an increase of 39%.

The adjusted EBITDA margin increased from 20.6% in 2020 to 24% in 2021, driven by revenue growth combined with a +2.8 pt increase in gross margin (73.6%) and continued rigorous cost management throughout the year.

Through savings measures rolled out throughout the year, store costs[1], as a percentage of sales, decreased by -3.8 pts. General and administrative expenses (SG&A)[1] increased slightly by +0.4 pts, due to an increase in marketing expenses, in line with our One Journey strategic plan. The weight of marketing expenses amounted to 3.7% of sales in 2021 (compared to 2.3% in 2020) and reflects new investments, for more disruptive and innovative communication.

Having taken into account the impact of the free share plans (€6.7 million in 2021), EBITDA was €249.2 million in 2021 compared with €170.4 million in 2020.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN BY BRAND

	Financial year ended 12/31	
(In millions of euros)	**2020**	**2021**
Adjusted EBITDA	**179.6**	**249.6**
Sandro	91.8	125.1
Maje	75.2	108.8
Other Brands	12.6	15.8
Adjusted EBITDA margin	**20.6%**	**24.0%**
Sandro	22.2%	25.1%
Maje	22.3%	26.7%
Other Brands	10.3%	11.8%

(1) Excluding IFRS 16.

4.2.4.7 CHANGE FROM ADJUSTED EBITDA TO ADJUSTED EBIT AND TO NET PROFIT FOR THE PERIOD - GROUP SHARE

(In millions of euros)	2020	2021
Adjusted EBITDA	**179.6**	**249.6**
Depreciation, amortisation and impairment	(172.6)	(154.3)
Adjusted EBIT	**7.0**	**95.3**
Free shares allocation plan	(9.2)	(6.7)
Other income and expenses	(79.3)	(26.2)
Operating profit	**(81.6)**	**62.4**
Cost of net debt	(27.4)	(25.9)
Other financial income and expenses	(0.3)	(0.8)
Financial result	**(27.2)**	**(26.7)**
Profit/(loss) before tax	**108.7**	**35.7**
Income tax expense	6.5	(12.1)
Net profit for the period	**(102.2)**	**23.6**

Depreciation, amortisation and impairment

Depreciation, amortisation and provisions consist of the regular depreciation on equipment (in particular furniture, fixtures and IT equipment in stores and warehouses), as well as the amortisation of intangible assets (mostly IT licenses). Provisions mainly consist of provisions for current assets, risks, pension commitments and disputes.

Depreciation, amortisation and provisions amounted to €154.3 million in 2021 (including €99.8 million in depreciation of right-of-use assets) compared to €172.6 million in 2020 (including €119.4 million in depreciation of right-of-use assets). Excluding IFRS, they remained stable in absolute value, and represented 5.2% of sales in 2021 (compared to 6.1% in 2020).

Adjusted EBIT

Adjusted EBIT is defined by the Group as earnings before interest, taxes and charges related to the free share plans (LTIP). Consequently, adjusted EBIT corresponds to EBIT before charges related to the LTIP. Adjusted EBIT margin corresponds to EBIT divided by revenue.

Free share plan

SMCP recorded an expense of €6.7 million linked to the free share plan in 2021, compared to an expense of €9.2 million in 2020. SMCP will deliver the free share plan using priority share buyback programmes. In this respect, on November 5, 2021, SMCP launched a share buyback programme covering 335,000 shares (purchased over a period until November 23, 2021) and on January 20, 2022 again 335,000 shares (purchased over a period until February 2, 2022).

Current operating income

As a result, current operating income amounted to €88.6 million in 2022 compared to €2.2 million in 2020.

Other non-current income and expenses

Other non-current income and expenses comprise income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This item includes in particular (i) the costs incurred at the acquisition or creation of new entities, (ii) any provisions for impairment of brands, leasehold rights and goodwill and any profits or losses recognised on the disposal of non-current assets when they are significant, (iii) the costs of capital transactions, expenses incurred for disputes, or any other non-recurring income or expenses, including the free share plan established in the context of the Shandong Ruyi acquisition of the Group in October 2016, which the Group presents separately to facilitate understanding of the current operating performance and to give the reader of the financial statements useful information to provisionally assess results.

Other non-recurring expenses were -€26.2 million in 2021 (compared to -€79.3 million in 2020) and consist mainly of impairment of stores, in accordance with IFRS 16 and impairment of goodwill "with no cash impact" (they do not result in an outflow of cash for the Group).

Financial result

Financial income and other expenses include financial items recognised in net profit or loss for the period, including interest expenses payable on financial instruments calculated using the effective interest method (mainly current account overdrafts and medium- to long-term financing), foreign exchange profits and losses, gains and losses on derivative financial instruments, dividends received, and the portion of financial expenses arising from the accounting treatment of employee benefits (IAS 19).

Financial expenses are almost stable, going from -€27.2 million in 2020 (including -€14.1 million in financial interest on lease liability) to -€26.7 million in 2021 (including -€12.0 million in financial interest on the lease liability). The average cost of debt was 2.3% in 2021.

Profit/(loss) before tax and income tax expense

Income tax includes current and deferred taxes. Income tax is recorded in net profit or loss for the period, unless it is triggered by transactions recorded directly in shareholders' equity. In this case, the corresponding deferred tax liabilities are also recognised under shareholders' equity.

Current taxes on taxable income for the period represent the tax burden determined by using the tax rates in effect at the reference date and any adjustments to the tax payables calculated during previous periods.

Deferred tax liabilities refer to temporary differences between the carrying amounts of assets and liabilities of consolidated companies and their respective tax values relevant for determination of future taxable income.

Profit/(loss) before tax amounted to a profit of €35.7 million in 2021, compared to a loss of €108.7 million in 2020.

Net profit for the period - Group share

As a result of the factors described above, the Group's net profit amounted to €23.6 million, up sharply over the financial year (compared to a net loss of €102.2 million in 2020).

4.2.4.8 CHANGE FROM NET PROFIT FOR THE PERIOD - GROUP SHARE TO NET EARNINGS PER SHARE (EPS)

	Financial year ended 12/31	
	2020	**2021**
Net profit for the period – Group share *(in €M)*	**(102.2)**	**23.6**
Average number of shares		
Before dilution[1]	73,928,589	74,562,639
After dilution[2]	79,143,928	79,605,410
EPS *(in €)*		
Before dilution	(1.38)	0.32
After dilution	(1.38)	0.30

(1) Average number of common shares, minus existing treasury shares held by the Company.
(2) Average number of common shares, less treasury shares held by the Company and 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) which are prorated according to the performance criteria reached as of December 31, 2021 (1,513,988 shares).

4.3 Cash flow

4.3.1 Free cash flow

Free Cash Flow is defined as the net cash flow from operating activities, after taking into account (i) investments made (excluding acquisitions), (ii) repayment of lease liabilities, (iii) financial interest paid and (iv) net foreign exchange differences.

As a result of strict cash discipline, the Group generated a record level of *free cash flow*, up by + €61.7 million, from €8.0 million in 2020 to €69.7 million in 2021. Apart from the increase in EBITDA, this performance mainly reflects a significant continued improvement in working capital, from €153.7 million in 2020, to €134.1 million in 2021, through tight control of inventories, supported by the efficiency of the demand planning processes implemented last year, and sound management of trade receivables. Working capital as a percentage of total sales stands at 12.9% in 2021, compared to 17.6% in 2020 and 16.0% in 2019.

At the same time, the Group maintained strict control of its investments throughout the year, amounting to €47.1 million in 2021 (compared to €56.1 million in 2020), and representing 4.5% of sales, in line with the One Journey strategic plan, communicated to the market in October 2020.

(In millions of euros)	**2020**	**2021**
Adjusted EBIT	7.0	95.3
Depreciation, amortisation and impairment	172.6	154.3
Change in working capital	26.0	5.5
Income tax refunded/(paid)	(2.2)	(5.0)
Net cash flow from operating activities	**203.3**	**250.1**
Capital expenditure	(56.1)	(47.2)
Lease payment reimbursement	(125.6)	(120.3)
Interest paid and other	(12.7)	(14.2)
Net foreign exchange difference	(1.0)	1.5
Free cash flow	**8.0**	**69.8**

4.3.2 Consolidated cash flow

The table below summarises the Group's cash flow for 2020 and 2021:

	Financial year ended 12/31	
	2020	**2021**
Net cash flow from operating activities	203.3	250.1
Net cash flow used in investing activities	(59.0)	(47.2)
Net cash flow from financing activities	(68.2)	(199.5)
Net currency translation adjustments	(1.0)	1.5
Change in net cash and cash equivalents	75.2	4.9
Net cash and cash equivalents at the beginning of the period	49.3	124.5
Net cash and cash equivalents at the end of the period	124.5	129.4

4.3.2.1 NET CASH FLOW FROM OPERATING ACTIVITIES

The table below presents the Group's cash flow items resulting from activity in respect of 2020 and 2021:

	Financial year ended 12/31	
	2020	**2021**
Adjusted EBIT	7.0	95.3
Depreciation, amortisation and impairment	172.6	154.3
Change in working capital	26.0	5.5
Income tax refunded/(paid)	(2.2)	(5.0)
Net cash flow from operating activities	**203.3**	**250.1**

Cash flows from operating activities amounted to €250.1 million for the financial year ended December 31, 2021, reflecting the Group's ability to generate cash despite a particularly adverse economic environment.

The change in working capital requirement made a positive contribution to cash generation, amounting to €5.5 million for the financial year ended December 31, 2021, reflecting a rigorous control of inventories, facilitated by the efficiency of the demand planning process, and sound management of trade receivables.

Income tax paid for the financial year ended December 31, 2021 corresponds to a net cash outflow of €5 million.

4.3.2.2 NET CASH FLOW USED IN INVESTING ACTIVITIES

The following table sets out the Group's net cash flow used in investing activities for 2020 and 2021.

	Financial year ended 12/31	
	2020	**2021**
Purchases of property, plant and equipment and intangible assets	(57.8)	(46.7)
Sales of property, plant, equipment and intangible assets	-	0.6
Purchases of financial instruments	(1.8)	(4.6)
Proceeds from sales of financial instruments	3.5	3.5
Purchases of subsidiaries net of cash acquired	(2.9)	-
Net cash flow used in investing activities	**(59.0)**	**(47.2)**

The flow relating to the acquisition and disposal of financial instruments includes the use of hedging instruments for purchases and sales of the spring/summer collections to mitigate the risks of exchange rate fluctuations as well as guarantee deposits paid at the signing of certain points of sale. Acquisitions net of disposals of financial instruments amounted to €1.1 million for the financial year ended December 31, 2021.

4.3.2.3 NET CASH FLOW FROM FINANCING ACTIVITIES

The following table sets out the Group's net cash flow from financing activities for 2020 and 2021.

	Financial year ended 12/31	
	2020	2021
Treasury shares buyback programme	-	(5.5)
Change in long-term borrowings and debt	70.1	52.8
Change in short-term borrowings and debt	-	(112.3)
Other financial income and expenses	(0.2)	0.4
Interest paid	(12.9)	(14.6)
Lease payment reimbursement	(125.6)	(120.3)
Net cash flow from financing activities	**(68.2)**	**(199.5)**

Net cash from financing activities represented a net cash outflow of €199.5 million in the financial year ended December 31, 2021.

The change in long-term financial debt mainly reflects the repayment of €55 million of Term Loan, €40 million of Bridge Loan, €16.8 million of NEU CP and the implementation of a State-guaranteed loan (PGE) for an amount of €53 million during the financial year. Financial interest paid during the financial year was €14.6 million. The repayment of the lease liability corresponds to the application of IFRS 16 and amounts to €120.3 million.

4.3.3 Presentation and analysis of the main categories of use of the Group's cash

4.3.3.1 CAPITAL EXPENDITURE

The Group's capital expenditure is divided among the following categories: opening new points of sale, renovating existing points of sale and infrastructure and other expenses (including head office expenses, investments in shared infrastructure, logistics and digital).

Group capital expenditure for the financial year ended December 31, 2021, totalled €51.3 million (including €9.7 million of expenditure for the renovation and maintenance of existing points of sale, €18.7 million for infrastructure expenditure and other items, and €22.9 million to open new points of sale).

4.3.3.2 PAYMENT OF INTEREST AND REPAYMENT OF LOANS

A significant part of the Group's cash flow is allocated to servicing and reimbursing its debt. The Group paid interest of €14.6 million in 2021 compared to €12.9 million in 2020.

Information on supplier and customer terms of payment

In accordance with Articles L. 441-6-1, D. 441-1 and D. 441-4 of the French Commercial Code, information on payment terms for suppliers and customers is presented below:

	Article D. 441 I. -1 °: Invoices received but not paid						Article D. 441 I.-2 °: Invoices issued but not paid					
(In thousands of euros)	0 Day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 day and more)	0 Day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 day and more)
(A) Late payment bands												
Number of invoices concerned	5	1	-	1	-	2	3	-	-	-	-	-
Total amount of invoices concerned (incl. Tax)	19	3	-	4	-	7	144	-	-	-	-	-
Percentage of total invoices concerned (incl. Tax)	1.23%	0.22%	-	0.28%	-	0.49%						
Percentage of revenue for the year (incl. Tax)							0.71%	-	-	-	-	-
(B) Invoices excluded from (A) relating to disputed or unrecognised payables or receivables												
Total number of excluded invoices	15	-	-	-	-	-	8	-	-	-	-	-
Total amount of excluded invoices (incl. Tax)	672.0	-	-	-	-	-	729.7	-	-	-	-	-
(C) Reference payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payments	Contractual terms: between 30 and 45 days net, end of month						Contractual terms: 30 days					
	Legal terms: 45 days; end of month						Legal terms: 45 days, end of month					

4.4 Financial structure

4.4.1 Statement of financial position

ASSETS

(In millions of euros)	As of 12/31/2020	As of 12/31/2021
Goodwill	631.3	626.3
Intangible assets & right-of-use	1,161.3	1,146.1
Property, plant and equipment	86.9	87.6
Non-current financial assets	19.6	19.6
Deferred Taxes Assets	53.3	48.4
Non-current assets	**1,952.5**	**1,927.9**
Inventories	222.9	233.5
Trade and related receivables	53.5	56.7
Other receivables	56.3	63.7
Cash and cash equivalents	127.1	131.3
Current assets	**459.8**	**485.2**
TOTAL ASSETS	**2,412.3**	**2,413.1**

EQUITY & LIABILITIES

(In millions of euros)	As of 12/31/2020	As of 12/31/2021
Total equity	**1,095.3**	**1,122.3**
Long-term lease liabilities	319.7	313.2
Long-term financial borrowings	358.0	338.7
Other non-current liabilities	0.3	0.1
Non-current provisions	4.0	3.4
Net employee defined benefit liabilities	4.5	5.2
Deferred Tax Liabilities	182.2	181.8
Non-current liabilities	**868.7**	**842.4**
Trade and other payables	128.7	154.7
Short-term lease liabilities	100.4	99.2
Bank overdrafts and short-term borrowings and debt	151.7	110.2
Short-term provisions	1.1	1.4
Other liabilities	66.4	82.9
Current liabilities	**448.3**	**448.4**
TOTAL EQUITY AND LIABILITIES	**2,412.3**	**2,413.1**

4.4.2 Financing structure

4.4.2.1 OVERVIEW

The Group's external debt is entirely structured around bank lines and breaks down between:

- an amortisable Term Loan A of €265 million (a first instalment of €55 million was repaid in April 2021) and a Revolving credit facility of €200 million.

  This Credit Facility was granted by a club deal of 14 international banks. This debt with a 2024 maturity does not provide for any sureties;
- a State-guaranteed loan of €140 million granted by a syndicate of 12 international banks in June 2020 and maturing in 2026;
- a State-guaranteed loan of €53 million granted by a syndicate of 11 international banks in June 2021 and maturing in June 2022. The Group intends to exercise the extension option for a duration of 2 years;
- "NEU CP" commercial paper issuance programme (Negotiable EUropean Commercial Paper) with a possible total of €200 million;
- Note that the Bridge Term Loan of €40 million whose objective was to finance part of the acquisition of the Fursac group, for a period of 12 months renewed for an additional six months, was repaid at its maturity on March 5, 2021.

In short, the Group mainly uses the following financing sources: (i) cash, which mainly includes net cash flows from operating activities and (ii) bank borrowings, which includes the Term Loan A, the Revolving Credit facility, the State-guaranteed loans, the NEU CP programme, and short-term bank overdraft lines. With the exception of State-guaranteed loans, SMCP Group SAS is the borrower and the Company is the guarantor of the borrower.

4.4.2.2 FINANCIAL LIABILITIES

Net financial debt

(In millions of euros)	As of 12/31/2020	As of 12/31/2021
Long-term financial borrowings & other non-current liabilities	(358.3)	(338.9)
Bank overdrafts and short-term borrowings and debt	(151.7)	(110.2)
Cash and cash equivalents	127.1	131.3
Net financial debt	**(382.8)**	**(317.7)**
Adjusted EBITDA excluding IFRS 16 over the last twelve months	54.0	129.3
Net financial debt/adjusted EBITDA	**7.1x**	**2.5x**

Net financial debt decreased by €65.1 million, from €382.8 million at December 31, 2020 to €317.7 million at December 31, 2021. This decrease in net debt, combined with the improvement in EBITDA, resulted in a significant decrease in the net financial debt/EBITDA ratio[1], from 7.1x on December 31, 2020 to 2.5x on December 31, 2021.

Financial liabilities

The Group's financial liabilities were €509.9 million and €449.1 million, respectively, at December 31, 2020 and December 31, 2021.

The table below shows the breakdown of the Group's gross debt on the dates indicated:

	Financial year ended 12/31	
(In millions of euros)	2020	2021
Loans	**440.9**	**401.5**
Credit facility	262.1	208.2
PGE	138.9	193.3
Bridge Term Loan	**39.9**	-
Current bank overdrafts	**2.6**	**1.9**
Other loans and borrowings	**66.4**	**45.7**
NEU CP	54.7	38.0
Other borrowings and accrued interests	11.7	7.7
Financial liabilities	**509.9**	**449.1**

(1) Adjusted EBITDA excluding IFRS 16 over the last twelve months.

The main items comprising the Group's financial liabilities are described below.

The Term Loan A and Revolving Credit facility – €465 million

The Term Loan A and Revolving Credit Facility were granted on May 9, 2019 and implemented on May 21, 2019 to reimburse the revolving Credit Line of €250 million granted on October 23, 2017 and the 2023 bond granted in May 2016.

The Term Loan A is a loan of €265 million fully drawn on signature. It is repayable in instalments of €55 million in May 2021, May 2022 and May 2023 and €100 million on May 9, 2024.

The Revolving credit is a revolving credit facility of €200 million maturing in May 2024. A €50 million instalment known as a "swingline" allows withdrawals in day value. It had not been drawn down at the reporting date of the financial year.

In order to increase its financial flexibility in the context of the Covid-19 crisis, the Group obtained from its banking partners a new easing of its financial covenants for the 2021 financial year (debt leverage of 5.5x at June 30, 2021 and 4.5x at December 31, 2021).

The NEU CP programme – €200 million

NEU CP is a euro-denominated commercial paper programme filed with the Banque de France, with a maximum utilisation amount of €200 million. It aims to optimise the cost of the Group's debt and diversify its sources of financing. At the reporting date of the 2021 financial year, the issued amount was €38.3 million.

The State Guaranteed Loans (PGE) – €140 million and €53 million

The first State-guaranteed loan is a loan of €140 million fully drawn on the date of signature on June 23, 2020. This loan, guaranteed by the French State at 90%, has an initial maturity of 12. months and has an extension option ranging from one to five years, entirely in the hands of SMCP. This loan was extended until June 2026.

The second State-guaranteed loan was issued on June 30, 2021. This Loan should be extended until June 2024.

The Bridge Term Loan – €40 million

The Bridge Term Loan was a €40 million loan fully drawn at the first drawdown on September 5, 2019. The term of this loan was 12 months plus a six-month extension option exercised on July 4, 2020, extending the maturity of the loan to March 5, 2021. On March 5, 2021, the Bridge Term Loan contracted by SMCP was fully reimbursed.

Fursac debt

At December 31, 2021, Fursac's bank borrowings amounted to €6.5 million, consisting of two medium-term loans with maturities of three to five years: (i) a line of credit for network development investments, contracted with French commercial banks and (ii) a line of credit for brand growth contracted with BPI.

4.4.2.3 INTEREST AND FEES

Loans contracted under the Credit facility will bear interest at an EURIBOR-indexed floating rate with a minimum of 0% (floor) increased by the applicable margin.

The applicable margin at the reporting date was 2.75% p.a. for the Term Loan A and 2.35% p.a. for the Revolving Credit.

The table below shows the spread of the margin according to the Group's leverage ratio (total net debt/consolidated EBITDA [excluding IFRS 16 impact]):

Leverage ratio (Total net debt/consolidated EBITDA before IFRS 16)	**TLA margin**	**RCF margin**
≥ 4.0x	2.90%	2.50%
< 4.0x and ≥ 3.5x	2.75%	2.35%
< 3.5x and ≥ 3.0x	2.60%	2.20%
< 3.0x and ≥ 2.5x	2.45%	2.05%
< 2.5x and ≥ 2.0x	2.30%	1.90%
< 2.0x and ≥ 1.5x	2.15%	1.75%
< 1.5x and ≥ 1.0x	2.00%	1.60%
< 1.0x	1.85%	1.45%

With respect to the Revolving Credit facility alone, the Group must pay a commitment fee equal to 35% of the applicable margin per annum, calculated on the basis of the undrawn and non-cancelled commitments.

The loans guaranteed by the State do not bear interest during the first year. The Group is required to pay a fee for the State guarantee of 0.50% per annum during the first year, 1% for years 2 and 3, and 2% for the following years.

In the event of exercise of the extension option for the €53 million State-guaranteed loan, the applicable margin will be communicated by the lenders when the option is exercised. The fees related to the State guarantee will be 1% per year in years 2 and 3, then 2% per year in subsequent years. The Group has decided to exercise the five-year extension option for the €140 million State-guaranteed loan subscribed in 2021. The average rate for the first year of extension is 0.734%. The second State-guaranteed loan of €53 million was taken out in 2021 and the Group intends to exercise the two-year extension option in June 2022.

The Bridge Term Loan also bears interest at a EURIBOR-indexed floating rate with a minimum of 0% increased by the applicable margin. On March 5, 221, the Bridge Term Loan contracted by SMCP was fully reimbursed.

In the context of its NEU CP issue programme, the Group is responsible for determining an issue price which shall be a function of demand and supply on this market and the maturity of the issued securities. At the reporting date of the 2021 financial year, the Group reported an average rate of 0.338% per year for all issues made in 2021.

4.4.2.4 UNDERTAKINGS AND COVENANTS

The Credit facility, the State-Guaranteed Loans and the Bridge Term Loan contain certain undertakings to do or not do, including not to:

- delist SMCP SA;
- carry out mergers (with the exception of mergers that do not involve the Company itself);
- dispose of significant assets;
- implement a change in the nature of the Group's business activities;
- with, in certain cases, reserves of stipulated amounts and the usual exceptions for this type of financing.

The Credit facility and the State-Guaranteed Loans also require the Group to maintain a leverage ratio, which limits the amount of the debt that may be contracted by the Group (see 4.4.2.3 "Interest and expenses" in this universal registration document) and restricts the payment of SMCP SA dividends to its shareholders. The Group may distribute up to 50% of the consolidated net annual profit.

The State-Guaranteed Loans contains additional commitments, including:

- not to raise additional debt as long as the leverage ratio is not less than 3.0x;
- not to distribute dividends for the financial years 2019 to 2021;
- not to carry out any acquisitions in 2020 and, as long as the leverage ratio is not less than 2.5x, to limit acquisitions to an amount of €25 million per year in the following years and solely with a view to acquiring a Group distributor partner;
- limit the buyback of SMCP SA shares to €5 million in 2020 and 2021.

4.4.2.5 VOLUNTARY EARLY REPAYMENT

The Credit facility, the State-Guaranteed Loans and the Bridge Term Loan authorise voluntary prepayments, provided advance notice is given. Breakage costs will be charged if the early repayment is made on a date other than the end of an interest period.

4.4.2.6 MANDATORY EARLY REPAYMENT

The Credit facility and the State-Guaranteed Loans provide for mandatory early repayment in the event of a change of control (defined as the situation where a shareholder other than European TopSoho S.à r.l. (or one of its historical shareholders) takes control of the Company by holding more than 50% of the voting rights), delisting or disposal of the Group's entire business and/or assets.

The State-Guaranteed Loans also provide for mandatory early repayment in the event of voluntary early repayment of the Credit facility and in the event of debt issuance on the capital markets.

4.4.2.7 ACCELERATION EVENTS

The Credit Facility, the State-Guaranteed Loans and the Bridge Term Loan provide for a number of standard acceleration events for this type of loan, including payment default, cessation of business, breach of financial covenants or of any other obligation or representation, cross-default, creditors' and bankruptcy proceedings, certain monetary judgements, or the occurrence of a material adverse event.

4.5 Investments

Total capital expenditure amounted to €47.2 million for the financial year ended December 31, 2021. Capital expenditure includes investments in (i) infrastructure (shared infrastructure related to logistics and digital, see Section 4.2.3.1 of this universal registration document), (ii) the maintenance of all stores and (iii) new store openings. A detailed description of the Group's cash flows from investing activities is presented in Section 4.2.2.2 of this universal registration document.

4.5.1 Investments in 2020 and 2021

During **the financial year ended December 31, 2021,** the Group recorded 7 net store openings, with 49 net openings in APAC (24 in South Korea and 15 in China). In addition, in accordance with its One Journey strategic plan, the Group finalised the plan to optimise its physical store network in France, with 46 net closures (including 28 closures related to the end of the Suite 341 concept). In the EMEA region, SMCP recorded +2 net openings, including openings notably in Germany and Portugal, and closures mainly related to launches of relocation project. Excluding partners, the Group closed 42 points of sale, including 16 free-standing stores and 42 corners.

By way of comparison, SMCP had opened during **the financial year ended December 31, 2020,** 37 points of sale (including partners) and continued its expansion in the APAC area with 33 openings, including 11 in Mainland China and 10 in South Korea. The Group also opened 11 new points of sale in the EMEA region. Excluding partners, the Group had opened 12 points of sale, including 8 free-standing stores and 13 outlets. In addition, in 2020 the Group completed the Marly-la-Ville site with the construction of a warehouse of 30,000 square metres, intended to handle some of the current collections. At the same time, SMCP, which had also reduced its investments due to the difficult context related to the Covid-19 pandemic, made a few investments including (i) the deployment of the Oracle Financial Cloud tool, (ii) the implementation of an OMS (Order Management System) in order to strengthen the omni-channel approach, (iii) launch of the Demand Planning project and (iv) alignment of Fursac's main IT systems with those of the Group.

The Group intends to continue its international development in the coming years, particularly in Asia and Europe, but in a selective manner by adopting a phygital approach.

The table below presents the net change[1] in the number of free-standing stores and concessions (excluding partnerships, outlets, affiliates and Suite 341) by brand in 2020 and 2021:

NUMBER OF FREE-STANDING STORES AND CONCESSIONS OPENED DURING THE PERIOD IN QUESTION (EXCLUDING PARTNERSHIPS, OUTLETS, AFFILIATES AND SUITE 341)

		Financial year ended 12/31	
Brands		**2020**	**2021**
Sandro	*Free-standing stores*	-2	-11
	Concessions	+2	- 8
Maje	*Free-standing stores*	+10	-5
	Concessions	-10	-5
Claudie Pierlot	*Free-standing stores*	-2	-2
	Concessions	+5	-12
Fursac	*Free-standing stores*	+1	+3
	Concessions	+6	-3
TOTAL		**+10**	**-43**

(1) Between 2020 and 2021, a total of 34 stores were closed (excluding relocations and changes of business activity of a store).

4.5.2 Main future capital expenditure projects

The Group intends to adopt a selective approach in terms of store openings by pursuing a phygital approach in each region, a global vision integrating both its physical and digital presence. The Group will invest primarily in the APAC region, the Group's most dynamic region. It will optimise and stabilise its network in France, complete its network of stores in Europe and give priority to digital in North America. At the same time, the Group plans to expand its presence through its partnerships in areas in which it already operates and through new tactical locations (see Section 2.2.5.7 of this universal registration document). The Group will also continue to invest in infrastructure, digital and information systems, notably with the deployment of omnichannel functionalities thanks to the OMS (Order Management System), the opening of a few new websites (e-shops and through new third-party e-commerce platforms), the continued deployment of the finance tool throughout Asia and Europe, the deployment of a new Retail ERP, the migration to a new SFRA e-commerce platform and the migration of infrastructure to the cloud.

4.6 Events after the reporting period

Key figures and events since January 1, 2022

- On **January 1, 2022**, 187,912 G PS had been converted into ordinary shares by eight managers of the Company. Consequently, 737,189 new ordinary shares were issued and the Company's Articles of Association were modified accordingly. The share capital now consists of 76,246,917 shares divided into 75,535,338 ordinary shares and 711,579 G PS and amounts to €83,871,608.70;
- on **January 6, 2022**, SMCP announced that it had been notified on January 5, 2022 of a third-party opposition by European TopSoho S.à r.l. against it and against Glas SAS (London Branch) ("GLAS") before the Paris Commercial Court, in particular for the purposes of obtaining the withdrawal of the order issued on November 30, 2021 by the Paris Commercial Court at the request of GLAS appointing a mandataire to convene a Shareholders' General Meeting of SMCP, and consequently to obtain the adjournment of the Shareholders' General Meeting which was convened for January 14, 2022 by the mandataire appointed under the aforementioned order. On January 11, 2022, the Paris Commercial Court, ruling in emergency summary proceedings, dismissed European TopSoho S.à r.l.'s third-party opposition;
- on **January 14, 2022,** an Ordinary Shareholders' General Meeting of the Company was convened by SELARL THEVENOT PARTNERS, as mandataire, appointed by the order issued on November 30, 2021 by the President of the Paris Commercial Court, at the request of GLAS, with the agenda to change the composition of SMCP's Board of Directors through (i) the dismissal of all the members of the Board of Directors representing European TopSoho S.à r.l./Shandong Ruyi and (ii) the appointment of new independent directors. The shareholders thus approved the dismissal of the five members of the Board of Directors representing European TopSoho S.à r.l./Shandong Ruyi, and approved the appointment of three new independent directors: Christophe Chenut, Xavier Véret and Natalia Nicolaidis. The Board of Directors, at its meeting on January 17, 2022, also appointed Christophe Cuvillier, independent director, as Chairman of the Company's Board of Directors, to replace Yafu Qiu. Lastly, during its meeting of January 19, 2022, the Board of Directors appointed Christophe Chenut, independent director, as a member of the Nominations and Compensation Committee, and Xavier Véret, independent director, as a member of the Audit Committee, to replace Chenran Qiu and Xiao Su respectively. On April 6, 2022, Evelyne Chétrite resigned from her position as a member of the Nominations and Compensation Committee, and was replaced by Natalia Nicolaidis;
- on **January 20, 2022,** SMCP launched a share buyback programme for a maximum amount of 335,000 shares. This programme, which aims to cover its free share plan (LTIP), was implemented in accordance with the Board of Directors' decision of September 2, 2021, taken in application of the 31st resolution of the Combined General Meeting of June 17, 2021. SMCP had repurchased the 335,000 shares as of February 2, 2022;
- on **January 25, 2022**, SMCP announced that following the changes in the composition of its shareholding structure over the last few weeks, and in view notably of the intentions expressed by GLAS in its threshold crossing declarations, the Company's Board of Directors considered it necessary to initiate a review of the recomposition of its share capital in order to stabilise and consolidate its shareholding structure. In this context, the Board of Directors decided to set up an *Ad hoc* Committee to steer the discussions on this issue, in the strict interest of the company, its employees and all of its shareholders. This *Ad hoc* Committee comprises Orla Noonan, Natalia Nicolaidis and Christophe Cuvillier, all independent directors. It is chaired by Ms Noonan;
- on **February 23, 2022**, SMCP announced that it had signed a partnership with Fairly Made® and has become one of the first accessible luxury players to offer its customers detailed and transparent information on the traceability of its products, thanks to the incorporation of a QR code by 2025 on all of the products sold by its four brands. This code enables fast, simple, transparent and unified access to information on the traceability of each product, such as the country of origin of each material, the number of kilometres travelled, its place of manufacture, etc;
- on **February 24, 2022,** the Russian army began an intervention in Ukraine. The Group's sales in Ukraine and Russia are operated *via* distributors and represent a marginal share of the Group's revenue (less than 1% of revenue). The decision to close stores, even temporarily, is not the Group's responsibility. SMCP informed the market when publishing its annual results on March 9, 2022, that it was closely monitoring the situation in Ukraine, that it remained very concerned by the safety of the employees of its Ukranian distributor, Hamilton, who work with the Group, and that deliveries to the Russian distributor had been suspended;
- on **March 4, 2022**, Xiao Wang resigned as a Company director for personal reasons;
- on **March 9, 2022,** SMCP published its 2021 annual results, with revenue that once again crossed the €1 billion mark, with an improving trend leading to a dynamic and largely profitable financial year, and fourth quarter sales that returned to pre-pandemic levels. For the 2022 financial year, SMCP expects solid double-digit sales growth vs. 2021 and mid-single digit sales growth compared to 2019. With regard to its profitability, the Group anticipates an adjusted EBIT margin (as a % of revenue) in line with 2021 in a marked inflationary context. SMCP thus anticipates a net debt ratio <2x at the end of 2022 (instead of end 2023 as previously expected). The Group also confirms its medium-term objectives.

Trends and targets

The forecasts, objectives and trends presented below are based on data, assumptions and estimates, particularly in terms of economic outlook, considered reasonable by the Group at the date of this universal registration document.

The figures, data, assumptions, estimates and objectives presented below may change or be amended in an unpredictable way, depending on, among other factors, changes in the economic, financial, competitive, legal, regulatory, accounting and tax environments or depending other factors that the Group may not be aware of at the date of publication of this universal registration document.

In addition, the materialisation of certain risks described in paragraph 3.1 "Risk factors" of this universal registration document could have a negative impact on the Group's business, financial position, market situation, results or prospects and, therefore, call into question its ability to achieve the forecasts and objectives presented below.

In addition, the achievement of these forecasts and objectives assumes the success of the Group's strategy and its implementation.

Consequently, the Group does not make any commitment or guarantee that the objectives and forecasts set out in this section will be achieved.

PROFIT FORECASTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

For the 2022 financial year, SMCP expects solid double-digit sales growth vs. 2021 (corresponding to mid-single digit growth compared to 2019). The Group anticipates an adjusted EBIT margin (as a % of sales) in line with 2021 in a significant inflation context. SMCP thus anticipates a net debt leverage ratio[1] <2x at the end of 2022.

SMCP is pursuing its strategic plan to 2025 and remains fully focused on its execution. This is based on four strategic pillars: strengthening the attractiveness of brands, implementing a *phygital* strategy offering a seamless customer experience, strengthening the platform and accelerating sustainable development. SMCP is thus perfectly positioned to seize all of the market's growth opportunities.

MEDIUM-TERM FINANCIAL AND NON-FINANCIAL OBJECTIVES

On the basis of this new strategic plan, drawn up over a period of eight years, deemed to be the most relevant to take into account the international development potential of the brands and in particular the expected effect of structuring projects launched by the Group, communicated to the market on October 27, 2020, SMCP has established the following objectives:

In terms of its non-financial performance:

- ensure ethical sourcing, with 100% of suppliers[2] of the Group audited by 2025;
- more than 60% of our collections made with sustainable materials and components in 2025, compared to 28% in 2020;
- a reduced carbon footprint: -20% CO_2 emissions by 2025 (across the entire scope).

Financially[3], SMCP anticipates revenue growth of more than 10% at constant exchange rates in 2023 compared to 2019 and an average annual growth rate of revenue at constant exchange rates of more than 6% between 2023 and 2025.

The Group is also aiming for an adjusted EBIT margin of:

- around 10.5% in 2023;
- more than 12.0% in 2025.

Finally, the Group estimates that the debt leverage (ratio of net debt/adjusted EBITDA)[4] will be less than 2x in December 2022 (instead of end 2023 as previously expected).

All financial objectives are based on the following assumptions:

- like-for-like growth contributing to 50% (as a minimum) of organic revenue growth per year;
- digital penetration of 25% of revenue in 2025;
- selective expansion of the store base (DOS):
  - a stable store base in 2022,
  - 2023-2025: an average of 30 openings per year, of which 50% in the APAC region.

These forecasts have been prepared on a basis comparable to historical financial information and in accordance with the accounting policies used for the Group's consolidated financial statements for the 2021 financial year (in line with the Delegated Regulation (EU) 2019/980), supplemented by Regulation (EU) 2017/1129 and with the ESMA recommendations on forecasts). They result from the budget process (assuming the absence of significant restrictions in connection with the Covid-19 pandemic) and the development of the business plan (according to the strategic orientations presented by the Company in its One Journey plan in October 2020, and the assumptions mentioned above).

(1) Net debt/adjusted EBITDA excluding IFRS 16.
(2) Strategic suppliers (accounting for 80% of output).
(3) Assuming a gradual improvement in the health crisis from the second half of 2021.
(4) Excluding IFRS 16.

5

Financial statements

5.1 Consolidated financial statements

5.1.1 Consolidated financial statements

5.1.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	12/31/2020	12/31/2021
Revenue	**4.1**	873.0	1,038.6
Cost of sales	4.2	(348.4)	(380.2)
Gross Margin		**524.6**	**658.4**
Other operating income and expenses	4.3	(144.7)	(193.2)
Employee benefits expense	4.4	(200.3)	(215.6)
Depreciation, amortisation and impairment		(172.6)	(154.3)
Free share plans	4.5	(9.2)	(6.7)
Current operating income		**(2.2)**	**88.6**
Other income and expenses	4.6	(79.4)	(26.2)
Operating profit		**(81.6)**	**62.4**
Financial income and expenses		0.3	(0.8)
Cost of gross debt		(27.4)	(25.9)
Financial result	**4.7**	**(27.1)**	**(26.7)**
Profit/(loss) before tax		**(108.7)**	**35.7**
Income tax expense	4.8	6.5	(12.1)
Net profit for the period		**(102.2)**	**23.6**
Net profit for the period - Group share		**(102.2)**	**23.6**
Basic earnings per share - Group share *(in €)*	4.9	(1.38)	0.32
Diluted earnings per share - Group share *(in €)*	4.9	(1.38)	0.30

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 2.2.2 "Exchange rates applicable for the period").

5.1.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	12/31/2020	12/31/2021
Net profit for the period	**(102.2)**	**23.6**
Actuarial losses on defined benefit plans, net of tax	0.2	0.0
Items that may not be reclassified to profit or loss	**0.2**	**0.0**
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	1.8	(1.8)
Gains/(losses) on exchange differences on translation of foreign operations	(1.3)	3.3
Items that may be reclassified to profit or loss	**0.5**	**1.5**
Total other comprehensive income/(loss)	**0.7**	**1.5**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(101.5)**	**25.1**

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 2.2.2 "Exchange rates applicable for the period").

5.1.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(In millions of euros)	Notes	12/31/2020	12/31/2021
Goodwill	5.1.1	631.3	626.3
Trademarks	5.1.2	663.0	663.0
Other intangible assets	5.1.2	21.6	15.6
Property, plant and equipment	5.2	86.9	87.6
Rights of use	5.3.1	476.7	467.4
Non-current financial assets		19.7	19.6
Deferred tax assets	5.8.2	53.3	48.4
Non-current assets		**1,952.5**	**1,927.9**
Inventories	5.6	222.9	233.5
Trade and related receivables	5.7	53.5	56.7
Other current assets	5.8	56.3	63.7
Cash and cash equivalents	5.9	127.1	131.3
Current assets		**459.8**	**485.2**
TOTAL ASSETS		**2,412.3**	**2,413.1**

EQUITY AND LIABILITIES

(In millions of euros)	Notes	12/31/2020	12/31/2021
Share capital		82.7	83.3
Share premium		950.7	950.1
Reserves and retained earnings		64.5	94.3
Treasury shares		(2,6)	(5,4)
Equity - Group share	**5.10**	**1,095.3**	**1,122.3**
Total equity		**1,095.3**	**1,122.3**
Long-term lease liabilities	5.3.2	319.7	313.2
Long-term financial borrowings*	5.11	358.0	338.7
Other non-current liabilities	5.11	0.3	0.1
Non-current provisions	5.12	4.0	3.4
Net employee defined benefit liabilities	5.13	4.5	5.2
Deferred tax liabilities	4.8.2	182.2	181.8
Non-current liabilities		**868.7**	**842.4**
Trade and other payables	5.14	128.7	154.7
Short-term lease liabilities	5.3.2	100.4	99.2
Bank overdrafts and short-term borrowings and debt*	5.11	151.7	110.2
Short-term provisions	5.12	1.1	1.4
Other current liabilities	5.15	66.4	82.9
Current liabilities		**448.3**	**448.4**
TOTAL EQUITY AND LIABILITIES		**2,412.3**	**2,413.1**

* The December 31, 2020 Long-term financial borrowings 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 "Long-term financial borrowings", have been reclassified on the line "Bank overdrafts and short-term borrowings and debt". See note 5.11 for further information.

5.1.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	12/31/2020	12/31/2021
Profit/(loss) before tax	**(108.7)**	**35.7**
Depreciation, amortisation and impairment	172.6	154.3
Other income and expenses	79.4	26.2
Financial result	27,1	26,7
Free share plans	9.2	6.7
Sub-total*	**179,6**	**249,6**
(Increase)/decrease in trade and other receivables and prepayments	5.9	(7.1)
(Increase)/decrease in net inventories after provisions	21.1	(3.4)
Increase/(decrease) in trade and other payables	(1.0)	16.0
Change in working capital	**26,0**	**5,5**
Reimbursed/(paid) income tax	(2,2)	(5,0)
Net cash flow from operating activities	**203,4**	**250,1**
Purchases of property, plant and equipment and intangible assets	(57,8)	(46,7)
Sales of property, plant, equipment and intangible assets		0.6
Purchases of financial instruments	(1.8)	(4.6)
Proceeds from sales of financial instruments	3.5	3.5
Purchases of subsidiaries net of cash acquired	(2,9)	0,0
Net cash flow used in investing activities	**(59.0)**	**(47.2)**
Treasury shares buyback programme		(5,5)
Issuance of long-term financial borrowings	144.9	53.0
Reimbursement of long-term financial borrowings	(74.8)	(0.2)
Net reimbursement of short-term financial borrowings		(112.3)
Lease payment reimbursement	(125.6)	(120.3)
Other financial income and expenses	0.2	0.4
Interest paid	(12.9)	(14.6)
Net cash flow from financing activities	**(68.2)**	**(199.5)**
Net foreign exchange difference	(1.0)	1.5
CHANGE IN NET CASH AND CASH EQUIVALENTS	**75.2**	**4.9**
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	127.1	131.3
Bank credit balances at the end of the period	(2.6)	(1.9)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**124.5**	**129.4**

* Recurring operating income before depreciation, amortisation, impairment and before the free share plan (LTIP).

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5.1.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions of euros)	Number of OS	Share capital	Share premium	Treasury shares
BALANCE AS OF JANUARY 1, 2020	**73,550,068**	**82.2**	**951.2**	**(6.5)**
Net profit at December 31, 2020	-			
Cumulative actuarial losses on defined benefit plans,net of tax	-			
Gains/(losses) on exchange differences on translation of foreign operations	-			
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	-			
Other comprehensive income/(loss)	-			
Total comprehensive income/(loss)	**-**			
Appropriation of N-1 income	-			
Dividend paid	-			
Capital increase/(decrease)	-	0.0		
Conversion of free shares	-	0.0		
Conversion of class G preferred shares	567,692	0.5	(0.5)	
Free share plans	-			3.9
Purchase of treasury shares	-			0.0
Total transactions with shareholders	**567,692**	**0.5**	**(0.5)**	**3.9**
BALANCE AT DECEMBER 31, 2020	**74,117,760**	**82.7**	**950.7**	**(2.6)**
Net profit at December 31, 2021	-			
Cumulative actuarial losses on defined benefit plans, net of tax	-			
Gains/(losses) on exchange differences on translation of foreign operations	-			
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	-			
Other comprehensive income/(loss)	-	0.0	0.0	0.0
Total comprehensive income/(loss)	**-**	**0.0**	**0.0**	**0.0**
Appropriation of N-1 income	-			
Dividend paid	-			
Capital increase/(decrease)	80,010	0.1	(0.1)	
Conversion of free shares	-	0.0		
Conversion of class G preferred shares	600,379	0.5	(0.5)	
Free share plans	-			2.7
Purchase of treasury shares	-			(5.5)
Total transactions with shareholders	**680,389**	**0.6**	**(0.6)**	**(2.8)**
BALANCE AT DECEMBER 31, 2021	**74,798,149**	**83.3**	**950.1**	**(5.4)**

Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit for the period - Group Share	Total Group share	Total equity
123.5	**0.3**	**(3.2)**	**(1.4)**	**43.7**	**1,189.8**	**1,189.8**
				(102.2)	(102.2)	(102.2)
	0.2				0.2	0.2
		(1.3)			(1.3)	(1.3)
			1.8		1.8	1.8
	0.2	(1.3)	1.8		0.7	0.7
	0.2	**(1.3)**	**1.8**	**(102.2)**	**(101.5)**	**(101.5)**
43.7				(43.7)	0.0	0.0
0.0					0.0	0.0
					0.0	0.0
					0.0	0.0
					0.0	0.0
3.1					7.0	7.0
					0.0	0.0
46.8	**0.0**	**0.0**	**0.0**	**(43.7)**	**7.0**	**7.0**
170.3	**0.5**	**(4.5)**	**0.4**	**(102.2)**	**1,095.3**	**1,095.3**
				23.6	23.6	23.6
	0.0					0.0
		3.3			3.3	3.3
			(1.8)		(1.8)	(1.8)
0.0	0.0	3.3	(1.8)	0.0	1.5	1.5
0.0	**0.0**	**3.3**	**(1.8)**	**23.6**	**25.1**	**25.1**
(102.2)				102.2	0.0	0.0
0.0					0.0	0.0
					0.0	0.0
					0.0	0.0
					0.0	0.0
4.7					7.4	7.4
					(5.5)	(5.5)
(97.5)	**0.0**			**102.2**	**1.9**	**1.9**
72.8	**0.5**	**(1.2)**	**(1.4)**	**23.6**	**1,122.3**	**1,122.3**

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5.1.2 Notes to the consolidated financial statements

Note 1 General information

The financial statements were approved by the Board of Directors on March 9, 2022 and will be approved by the General Meeting of June 9, 2022.

1.1 PRESENTATION OF THE GROUP

SMCP SA was incorporated in France on April 19, 2016 as a joint stock company (*Société Anonyme par Actions*).

The consolidated Group (the "Group") includes the parent company, SMCP SA, 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.

The Group's main business activities include the creation and sale of apparel and accessories on the accessible luxury segment under the Sandro, Maje, Claudie Pierlot and Fursac brands mostly through stores, corners in department stores or its own websites, in France and internationally.

At December 31, 2021, the Group operated 1,684 stores (including 745 Sandro, 620 Maje, 245 Claudie Pierlot, 10 Suite 341 and 64 Fursac), including 1,292 directly operated stores (including 552 Sandro, 455 Maje, 211 Claudie Pierlot, 10 Suite 341 and 64 Fursac), and 392 managed through partnerships. These brands are present internationally in 43 countries.

1.2 SIGNIFICANT EVENTS

1.2.1 Impacts of Covid-19

SMCP was impacted by the new lockdown of a number of its points of sale in Europe and North America in the first half of 2021, and in Asia in the last quarter of 2021.

Assumptions and forecasts on which certain balance sheet and income statement items are assessed (see Note 5.4) 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 CGU combinations and led to the recognition of an impairment loss of €5 million for the Claudie Pierlot brand (see Note 5.4);
- the Group continued its lease renegotiation process, in a bid to optimise its rental costs. The rent discounts thus obtained during 2021, amounting to €10.9 million, were recognised in the income statement as negative variable rents and not as a modification of the lease contract, since they were not subject to substantial changes in the other terms and conditions of the contract. The accounting method used complies with the simplification measure provided for by the amendment to IFRS 16 - Leases published by the IASB on May 28, 2020 and adopted by the European Union on October 15, 2020, then extended by the IASB on March 31, 2021 and adopted by the European Union on August 30, 2021. It introduces a simplification measure under certain conditions that allows lessees to choose to recognise lease arrangements due until the end of June 2022 as negative variable rents (*i.e.* immediately to profit or loss) due to the health crisis, without having to assess whether they are allowed under the contractual or legal terms governing the implementation of the agreement;
- 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 recognised as a deduction from personnel expenses, for a total amount of €9.2 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 *One Journey* strategic plan announced at the end of 2020 and to make SMCP a global leader in accessible luxury.

1.2.2 Financial debt structure

Compared to December 31, 2020 (refer to Note 2.2 of the Consolidated Financial Statements for the financial year ended December 31, 2020), the Group has activated the five-year extension option of the €140 million state-guaranteed loan (PGE) (reimbursement plan schedule from June 2022 to June 2026), has signed a new €53 million state-guaranteed loan (for which it intends to activate the two-year extension option), and has repaid the €40 million Bridge Loan and the first €55 million instalment of the €265 million amortisable term loan (see Note 6.9).

1.2.3 Shareholding structure

The composition of the Company's shareholding structure saw significant changes over the last few months of the 2021 financial year, marked notably by (i) the temporary ownership by Glas SAS (London Branch) ("GLAS"), in its capacity as Trustee of the €250 million bonds exchangeable into shares issued in 2018 by European TopSoho S.à r.l. ("ETS"), a subsidiary of Shandong Ruyi group, corresponding to part of the SMCP shares pledged in respect of these bonds (21,952,315 SMCP shares representing 37% of the share capital), following the default of ETS in respect of these bonds and (ii) the disposal by ETS of 12,106,939 SMCP shares to Dynamic Treasure Group Ltd, presented as the initial transferee in the ETS communication.

GLAS hold approximately 29% of the Company's share capital (or 25.6% of the theoretical voting rights) and ETS holds approximately 8% of the Company's share capital (or around 14.2% of the voting rights). The transferee of the 12,106,939 shares indicated above holds 16% of the Company's share capital (or 14.1% of the voting rights).

1.2.4 Change of Chief Executive Officer

On August 1, 2021, the Board of Directors appointed Isabelle Guichot, previously Chief Executive Officer of Maje, as Chief Executive Officer and director of the SMCP Group, to replace Daniel Lalonde as from August 2, 2021.

1.3 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Group's consolidated financial statements as of December 31, 2021 covers the 2021 calendar year.

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

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS – *see* Note 2.2) as adopted by the European Union and with mandatory application as of December 31, 2021. The Group did not early adopt any standards, amendments or interpretations.

These standards and interpretations are available on the website of the European Union (see Note 2.2 for details of all new standards, amendments and interpretations applied and those applicable in future).

The consolidated financial statements were prepared on a historical cost basis, except for financial assets and liabilities that have been measured at fair value in accordance with IFRS.

Note 2 Accounting rules and methods

2.1 BASIC PRINCIPLES AND DECLARATION OF COMPLIANCE

Pursuant to European regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of the SMCP Group for the 2021 financial year have been prepared in compliance with the International Financial Reporting Standards as published and approved by the European Union on the reporting date of these financial statements and the application of which is mandatory as of that date.

These International Standards include the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations of the IFRS IC (International Financial Reporting Standards Interpretations Committee).

All these texts adopted by the European Union are available on the European Union legislation website at: http://eur-lex.europa.eu/homepage.html.

2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND APPLICABLE AS AT JANUARY 1, 2021

2.2.1 Amendment to IFRS 16 on rent adjustments

In March 2021, the IASB extended the amendment issued in May 2020 to IFRS 16 on the accounting for lease adjustments made by lessors in connection with the Covid-19 pandemic. This amendment simplifies the analysis to be performed by lessees and allows, under certain conditions, the effect of these adjustments to be recognised immediately in the income statement in the form of negative variable rents (see Note 5.3).

2.2.2 Amendment to IAS 19 on retirement benefits

In May 2021, the IFRIC issued a proposal for a decision approved by the IASB which modifies the way in which employee-benefit obligations relating to certain defined-benefit plans such as retirement benefits are calculated. These plans, which are primarily French, gradually give rise to entitlement to benefits that will only be paid if there is an effective departure for retirement, but the number of years of entitlement to benefits is capped. Until then, entitlements were recognised on a straight-line basis from the date of joining the Company until the effective date of retirement, without taking into account the ceiling on entitlements. Benefit rights are now recognised on a straight-line basis, taking into account the number of years capped until the retirement date. However, our French companies are subject to the national collective bargaining agreement for clothing retail stores, which does not include a cap. This amendment therefore has no impact on the Group financial statements.

2.2.3 Interpretation of IAS 38 on SaaS-related costs

The Group is currently reviewing an IFRS IC decision published in April 2021, relating to IAS 38 "Intangible Assets" and the recognition of the costs of configuration and customisation of software made available in the "cloud" under a "Software as a service" (SaaS) contract. This analysis has not yet been finalised as of December 31, 2021 given the operational complexity of implementing this decision.

2.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION OR NOT YET APPLICABLE ON JANUARY 1, 2021

The following texts were adopted by the European Union but are not applicable as of January 1, 2021:

- Amendments to IFRS 3 - Business combinations
- Amendments to IAS 16 - Property, plant and equipment
- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
- Annual improvements 2018-2020
- IFRS 17 - Insurance contracts

The following texts have not yet been adopted by the European Union:

- Amendments to IAS 1 - Presentation of financial statements: Classification of liabilities as current or non-current
- Amendments to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2: Disclosure of accounting policies

- Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors: Definition of changes in estimates
- Amendments to IAS 12 - Income taxes: Deferred taxes related to assets and liabilities arising from a single transaction
- Amendments to IFRS 17 - Insurance contracts: First-time adoption of IFRS 17 and IFRS 9 - Comparative information

The Group does not anticipate any significant impact on the consolidated financial statements from the application of these texts.

2.4 ACCOUNTING POLICIES

In each of the notes to this document, the accounting policies applied by the Group are presented in a highlighted text box.

2.5 JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements and estimates which are based upon certain assumptions and have an impact on the amounts of assets, liabilities, income and expenses reported in those financial statements.

The main estimates and assumptions relate to:

- measurement of intangible assets and goodwill (Note 5.4);
- measurement of deferred tax assets (Note 4.8);
- determination of provisions (Note 5.12) and uncertain tax positions;
- the estimate of lease renewal assumptions and the corresponding valuation of right-of-use assets, as well as their potential residual values, in particular the value of leasehold rights in the French environment (Note 5.3);
- impairment of inventories (Note 5.6).

Management reviews these estimates if there are changes in the circumstances on which they were based, if new information comes to light, or based on experience. As a result, the estimates used at December 31, 2021 could be modified significantly in the future.

The assumptions on which the main estimates and judgements are based are detailed in the notes to these financial statements.

2.6 CONSIDERATION OF CLIMATE RISKS

As part of the CSR strategy, in particular the "Product" and "Planet" pillars as described in Sections 6.3 and 6.4 of the Non-financial performance (sourcing of eco-designed products, initiatives related to the circular economy, CO_2 emissions reduction target, etc.), certain performance indicators such as the Group's EBIT (cost of production and raw materials, transport, audit and certification costs in particular) could be impacted. However, at this stage, the impacts of climate change on the financial statements are not material.

The Group has taken into account the short-term effects in the preparation of business plans on the basis of which the impairment tests of intangible assets with indefinite useful lives are performed. However, the effects of these long-term changes (in particular on revenue) cannot be quantified at this time.

2.7 CONSOLIDATION PRINCIPLES

The Group applies IFRS 10 "Consolidated Financial Statements" and IFRS 12 "Disclosure of Interests in Other Entities".

IFRS 10 deals with the accounting for consolidated financial statements and presents a single consolidation model which identifies control as the criterion determining whether entities should be consolidated. An investor controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are all entities controlled by the Group.

Subsidiaries are consolidated as from the date on which they are controlled by the Group, and are deconsolidated as from the date on which they cease to be controlled by the Group.

Intragroup balances and transactions are eliminated.

Consolidated entities have a December 31 accounting year-end and use the accounting principles and policies defined by the Group.

All the subsidiaries owned by the Group are included in the scope of consolidation (Note 7.4).

2.8 TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

2.8.1 Transactions and balances

Foreign currency financial statements of entities consolidated by the Group are translated into euros at the exchange rate applicable on the reporting date. The exchange rate is the rate against the euro, which is the Group's presentation currency.

The financial statements of entities prepared in a different functional currency are translated into euros:

- at the period-end exchange rates for assets and liabilities;
- at the exchange rate in force at the transaction date for income and expense items, or at the average exchange rates for the period if that rate approximates the exchange rates in force at the date of the transaction.

Any resulting translation differences thereby stem from the difference between the translation rate used at the end of the previous year or during the year, and the rate used at the end of the following year. They are recognised as equity under "*Other comprehensive income*".

The expenses, income and flows of each of the two financial years were converted at the average rate.

Assets and liabilities were converted at the closing rate in force at December 31, 2021.

2.8.2 Rates applicable at December 31

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

		12/31/2020		12/31/2021	
		Closing	Average 12 months	Closing	Average 12 months
SWISS FRANC	EUR/CHF	1.0802	1.0703	1.0331	1.0814
EURO	EUR/EUR	1.0000	1.0000	1.0000	1.0000
POUND STERLING	EUR/GBP	0.8990	0.8892	0.8403	0.8600
US DOLLAR	EUR/USD	1.2271	1.1413	1.1326	1.1835
CANADIAN DOLLAR	EUR/CAD	1.5633	1.5294	1.4393	1.4835
CHINESE YUAN	EUR/CNY	7.9806	7.8720	7.2036	7.6343
HONG KONG DOLLAR	EUR/HKD	9.5142	8.8517	8.8333	9.1986
SINGAPORE DOLLAR	EUR/SGD	1.6218	1.5736	1.5279	1.5896
DANISH KRONE	EUR/DKK	7.4409	7.4544	7.4364	7.4371
NORWEGIAN KRONE	EUR/NOK	10.4703	10.7248	9.9888	10.1639
SWEDISH KRONA	EUR/SEK	10.0343	10.4881	10.2503	10.1447
MACAU PATACA	EUR/MOP	9.7656	9.1188	9.0900	9.4707
TAIWAN DOLLAR	EUR/TWD	34.3750	33.6165	31.3538	33.0718
JAPANESE YEN	EUR/JPY	126.4900	121.7754	130.3800	129.8500
MALAYSIAN RINGGIT	EUR/MYR	4.9340	4.7935	4.7184	4.9024

Note 3 Segment information

According to IFRS 8 "Segment information", an operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, including revenue 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.

3.1 GROUP OPERATING SEGMENTS

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

- Sandro;
- Maje;
- Claudie Pierlot*;
- Fursac*;

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

Each brand has its own identity along with dedicated creative teams and plays a primary role in the Group's strategy. They are managed by separate management teams based on financial information specific to each brand. There is no inter-segment operating income.

The main operational decision-maker is the Executive Committee of SMCP SA which conducts a monthly review of the activities and performance of each of the four brands.

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 2021);
- their logistics resources have been pooled;
- their long-term gross margin and EBITDA margins are similar;
- their respective weight in terms of activity is not significant at the SMCP Group level (2021: Claudie Pierlot and Fursac jointly accounted for 12.9% of Group revenue).

* *Grouped in Other Brands.*

3.2 FINANCIAL INFORMATION BY OPERATING SEGMENT

The tables below set out financial information by operating segment at December 31, 2021 and December 31, 2020:

(In millions of euros)	Sandro	Maje	Other Brands	Others & Holdings	12/31/2021
Revenue	497.6	407.3	133.7	-	1,038.6
Adjusted EBITDA[1]	125.1	108.8	15.8	-	249.6
Adjusted EBITDA excluding IFRS 16[2]	66.5	64.5	(1.7)	-	129.3
Depreciation, amortisation and impairment	(74.7)	(57.6)	(22.0)	-	(154.3)
Adjusted EBIT[3]	**50.4**	**51.1**	**(6.2)**	**-**	**95.3**
Goodwill	336.0	237.3	53.0	-	626.3
Rights of use	206.1	147.0	76.6	37.7	467.4
Intangible assets	321.6	227.9	65.2	63.9	678.6
Property, plant and equipment	35.9	28.0	11.9	11.8	87.6
Investments[4]	18.2	12.1	8.4	12.7	51.3

(1) Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the current operating income deducted from depreciation, amortisation and impairment and the free share plan.
(2) Adjusted EBITDA excluding IFRS 16 is an indicator not defined by IFRS and corresponds to adjusted EBITDA restated for fixed leases.
(3) Adjusted EBIT is an indicator not defined by IFRS and is defined by the Group as current operating income less the free share plan.
(4) At December 31, 2021, capital expenditure breaks down as follows: (see Note 1.4 "Consolidated statement of cash flows") and excluding rights of use:
- purchases of property, plant and equipment: €40.7 million;
- purchases of intangible assets: €8.8 million;
- purchases of financial instruments: €4.6 million;
- change in trade payables for non-current assets: -€2.8 million.

(In millions of euros)	Sandro	Maje	Other Brands	Others & Holdings	12/31/2020
Revenue	414.3	336.8	121.9	-	873.0
Adjusted EBITDA[1]	91.8	75.2	12.6	-	179.6
Adjusted EBITDA excluding IFRS 16[2]	31.0	27.8	(4.8)	-	54.0
Depreciation, amortisation and impairment	(83.4)	(65.7)	(23.4)	-	(172.6)
Adjusted EBIT[3]	**8.4**	**9.4**	**(10.9)**	**-**	**7.0**
Goodwill	336.0	237.3	58.0	-	631.3
Rights of use	198.1	165.4	63.1	50.1	476.7
Intangible assets	321.8	227.3	65.5	70.0	684.6
Property, plant and equipment	35.1	28.1	13.5	10.2	86.9
Investments[4]	17.8	14.7	5.3	21.9	59.7

(1) Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the current operating income deducted from depreciation, amortisation and impairment and the free share plan.
(2) Adjusted EBITDA excluding IFRS 16 is an indicator not defined by IFRS and corresponds to adjusted EBITDA restated for fixed leases.
(3) Adjusted EBIT is an indicator not defined by IFRS and is defined by the Group as current operating income less the free share plan.
(4) At December 31, 2020, capital expenditure breaks down as follows: (see Note 1.4 "Consolidated statement of cash flows") and excluding rights of use:
- purchases of property, plant and equipment: €35.7 million;
- purchases of intangible assets: €12.3 million;
- purchases of financial instruments: €1.8 million;
- change in trade payables for non-current assets: €9.9 million.

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

3.3 KEY PERFORMANCE INDICATORS

SMCP SA's Board of Directors assesses the performance of the three segments in order to take its operating decisions, mainly by reference to the following key indicators: number of points of sale, like-for-like growth, adjusted EBITDA and adjusted EBITDA margin, adjusted EBIT and adjusted EBIT margin.

EBITDA is not defined by IFRS but was defined by the Group as being the current operating income deducted from depreciation, amortisation and impairment.

Organic revenue growth was 18.7% in 2021 compared to 2020.

(In millions of euros)	12/31/2020	12/31/2021
Current operating income	**(2.2)**	**88.6**
Free share plans (LTIP)	9.2	6.7
Adjusted EBIT	**7.0**	**95.3**
Depreciation, amortisation and impairment	172.6	154.3
Adjusted EBITDA	**179.6**	**249.6**
IFRS 16 impact	(125.6)	(120.3)
ADJUSTED EBITDA EXCLUDING IFRS 16	**54.0**	**129.3**

3.4 BY GEOGRAPHICAL SEGMENT

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

The Americas covers the Group's activities in the US, Canada and Mexico.

The APAC region includes the Group's business activities in Asia-Pacific (notably Mainland China, Hong Kong SAR, South Korea, Singapore, Thailand, Malaysia and Australia).

Revenue earned on wholesale and online sales are allocated on the basis of the customer's country of residence.

The table below sets out revenue and assets by geographic region of delivery:

(In millions of euros)	France	EMEA	Americas	APAC	12/31/2021
Revenue	341.1	285.2	142.5	269.8	1,038.6
Non-current assets	1,665.4	160.3	3.9	98.3	1,927.9

(In millions of euros)	France	EMEA	Americas	APAC	12/31/2020
Revenue	311.3	237.1	93.1	231.5	873.0
Non-current assets	1,694.1	158.7	16.5	83.2	1,952.5

3.5 INFORMATION BY MAJOR CUSTOMERS

The Group did not have any customers that individually accounted for over 10% of its revenue in the period ended December 31, 2021.

Note 4 Information on the income statement

4.1 REVENUE

Sales of goods

"Revenue" consists of total sales (retail, department store sales and sales to local partners) net of rebates, discounts, VAT and other sales taxes, but before the deduction of concession fees paid to department stores and commissions paid to affiliates.

Presentation of Group businesses

The various distribution channels used by the Group are described below:

- the retail business - includes the network of directly-owned stores, including outlets used to market and sell collections from past seasons. Revenue is recognised at the time of the direct sale to the end customer. This is also the case for concessions or corners in department stores directly operated by the Group, even when the department stores act as intermediary, collect the sales amount on the Group's behalf and pay this amount to the Group;
- the Group also sells its goods through affiliates (in France and Spain): Revenue is recognised at the time of the sale to the end customer;
- local partners, or wholesale/partnered retail (in countries where the Group does not directly operate its points of sale), are used wherever necessary to ensure a solid local presence or to meet applicable regulations. Revenue is recognised at the departure from the warehouse;
- online sales include sales made by the Group on its own websites as well as *via* third party websites, particularly those operated by department stores. They are recognised on delivery.

(In millions of euros)	12/31/2020	12/31/2021
Sales of goods	873.0	1,038.6
REVENUE	**873.0**	**1,038.6**

At December 31, 2021, Group sales can be analysed as follows by distribution channel:

(In millions of euros)	12/31/2020	12/31/2021
Retail	792.1	938.5
• Directly operated stores	259.5	321.7
• Concessions ("Corners")	240.2	.284.8
• Outlets	86.3	120.5
• Affiliates	22.6	27.1
• Online	183.5	184.4
Partnered retail sales	80.9	100.1
REVENUE	**873.0**	**1,038.6**

4.2 COST OF SALES

Cost of sales

Cost of sales include:

- the use of raw materials and products increased by subcontracting costs and ancillary expenses (customs, etc.);
- commissions paid to affiliates, to department stores, as well as to third-party websites.

(In millions of euros)	12/31/2020	12/31/2021
Raw materials consumed	(52.4)	(55.3)
Finished products consumed	(139.9)	(144.1)
Subcontracting and purchase-related costs	(58.7)	(73.1)
Commissions	(96.0)	(105.4)
Net exchange gain/(loss)	(1.4)	(2.3)
COST OF SALES	**(348.4)**	**(380.2)**

4.3 OTHER OPERATING INCOME AND EXPENSES

(In millions of euros)	12/31/2020	12/31/2021
Other operating income	6.3	10.0
Lease payments(1)	2.4	(9.4)
Other external expenses(2)	(74.1)	(104.6)
Fees	(27.9)	(38.2)
Services provided	(28.1)	(26.9)
Purchases of small equipment and supplies not held in inventory	(11.6)	(10.9)
Other taxes	(11.7)	(13.3)
OTHER OPERATING INCOME AND EXPENSES	**(144.7)**	**(193.2)**

(1) The amount of rents corresponds to the variable part of rents and rental expenses, short-term lease contracts or low-value assets, as well as the reductions in rents granted by the lessors in 2021 leading to a reduction in the rental debt recorded in return for profit or loss, in application of the amendment to IFRS 16 published by the IASB on May 28, 2020 and extended on March 31, 2021.
(2) "Other external expenses" relate to sales shipment and marketing costs.

4.4 EMPLOYEE BENEFIT EXPENSES

(In millions of euros)	12/31/2020	12/31/2021
Wages and salaries	(157.8)	(163.1)
Social security expenses	(39.5)	(44.5)
Other staff expenses	(2.9)	(4.2)
Employee profit-sharing	(0.1)	(3.8)
EMPLOYEE BENEFITS EXPENSES	**(200.3)**	**(215.6)**

Partial activity (furlough) measures granted by the governments of the countries in which the Group operates were recognised as a deduction from employee benefits expenses, for an aggregate amount of €23.0 million.

4.5 SHARE-BASED PAYMENTS

Share-based payments

The Group has granted options which will be paid in equity instruments. Pursuant to IFRS 2, the advantage granted to employees under free share plan, valued at the date on which the option is granted, is recognised as additional compensation. Free share plans paid in equity instruments are valued on the allocation date based on the fair value of equity instruments granted. They are recognised in profit or loss for plans after the initial public offering which took place on October 20, 2017, on a straight-line basis over the vesting period, taking into account the Group's estimate of the number of instruments that will be vested at the end of the vesting period. The Monte-Carlo model can also be used to take certain market conditions into account

The expense recognised during the financial year for the free share plans totalled €6.7 million.

Free share plans

Plan no. 2

Exercising the authorisation granted by the Shareholders' General Meeting on October 5, 2017.

On November 23, 2017, the Board of Directors decided to grant 2,038,324 free performance shares (Second Plan of November 2017) to some Directors and managers. This plan provides for a vesting period per third of two, three and four years for all beneficiaries.

On April 25, 2018, the Board of Directors decided to grant 25,709 free performance shares (April 2018 Plan) to some Directors and managers. This plan provides for a vesting period per third of two, three and four years for all beneficiaries.

Plan no. 3

Exercising the authorisation granted by the Shareholders' General Meeting on June 18, 2018.

On August 30 and 31, 2018 the Board of Directors decided to grant 98,171 free performance shares (August 2018 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

On November 20, 2018, the Board of Directors decided to grant 57,694 free performance shares (November 2018 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

On March 20, 2019, the Board of Directors decided to grant 132,000 free performance shares (March 2019 Plan) to some Directors and managers. This plan provides for a vesting period of two years for all beneficiaries.

On April 17, 2019, the Board of Directors decided to grant 30,000 free performance shares (April 2019 Plan) to some Directors and managers. This plan provides for a vesting period of two years for all beneficiaries.

Plan no. 4

Exercising the authorisation granted by the Shareholders' General Meeting on June 7, 2019.

On November 21, 2019, the Board of Directors decided to grant 4,064 free shares (December 2019 Plan) to some Group employees. This plan provides for a vesting period of one year for all beneficiaries.

On December 5, 2019, the Board of Directors decided to grant 870,460 free performance shares (January 2020 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

On March 24, 2020, the Board of Directors decided to grant 34,256 free performance shares (July 2020 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

Plan no. 5

Exercising the authorisation granted by the Shareholders' General Meeting on June 4, 2020.

On December 17, 2020, the Board of Directors decided to grant 8,632 free shares (December 2020 Plan) to some Group employees. This plan provides for a vesting period of one year for all beneficiaries.

On December 17, 2020, the Board of Directors decided to grant 1,437,494 free performance shares (January 2021 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

On April 28, 2021, the Board of Directors decided to grant 61,289 free performance shares (July 2021 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

Plan no. 6

Exercising the authorisation granted by the Shareholders' General Meeting on June 17, 2021.

On December 14, 2021, the Board of Directors decided to grant 5,110 free shares (December 2021 Plan) to some Group employees. This plan provides for a vesting period of one year for all beneficiaries.

On December 14, 2021, the Board of Directors decided to grant 987,600 free performance shares (January 2022 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

	Plan no. 2		Plan no. 3			
Free share plan	**November 2017**	**April 2018**	**August 2018**	**November 2018**	**March 2019**	**April 2019**
Initial allocation date	11/23/2017	04/25/2018	08/31/2018	11/20/2018	04/17/2019	04/17/2019
Vesting period	2, 3 and 4 years per third	2, 3 and 4 years per third	2 and 3 years per half	2 and 3 years per half	2 years in a single transaction	2 years in a single transaction
Availability date	03/31/2022	03/31/2022	03/31/2022	03/31/2022	04/17/2021	04/17/2021
Vesting date	03/31/2020 03/31/2021 03/31/2022	04/25/2020 03/31/2021 03/31/2022	03/31/2021 03/31/2022	03/31/2021 03/31/2022	04/17/2021	04/17/2021
Number of beneficiaries	125	4	36	14	10	17
Number initially granted	2,038,324	25,709	98,171	57,694	132,000	30,000
Number outstanding as of 12/31/2020	1,100,052	16,120	76,653	27,192	120,000	29,000
Number cancelled over the financial year	(290,264)	(5,218)	(19,906)	(10,285)	(39,990)	(9,656)
Number exercised over the financial year[1]	(367,506)	(5,387)	(27,392)	(9,088)	(80,010)	(19,344)
Number of shares transferred during the financial year[2]						
Number surrendered over the financial year						
Number outstanding as of 12/31/2021	442,282	5,515	29,355	7,820	-	-
Number that may be exercised over the financial year						
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes
Expense for the financial year *(in €M)*	1.4	0.0	0.2	0.0	0.1	0.0

(1) The number exercised over the financial year corresponds to the number of shares delivered to directors, managers and certain employees of the Group.
(2) The number of shares delivered corresponds to the number of shares awarded.

For plans no. 2, 3 and 4, the performance conditions are based on an external condition (comparison of the performance of the SMCP share with that of the SBF 120 between the initial allocation date and the definitive vesting date) (30%) and an internal condition (achievement of an average of 2, 3 or 4 years of EBITDA) (70%).

For plan no. 5, the performance conditions are based on an external condition (comparison of the performance of the SMCP share with that of the SMALL & MID CAP between the initial allocation date and the definitive vesting date) (20%) and an internal condition (achievement of an average of 2 or 3 years of EBITDA) (70%), and a CSR condition (10%).

Plans no. 2, 3, 4 and 5 also have a condition of presence on the date of definitive vesting.

In accordance with the payment terms of these plans, the SMCP Board of Directors may adjust the performances conditions in exceptional circumstances justifying such a modification, including in the event of economic crises or geopolitical events which have a significant impact on the Group's sector of activity, or any other circumstances justifying such an adjustment, in order to neutralise, as far as is possible, the consequences of these modifications on the target set during the initial allocation (mainly following the impact of the Covid-19 pandemic on the 2020 financial statements).

These neutralisations have an impact on the number of shares to be delivered in March and April 2022, in the amount of 247,518 shares.

SMCP SA acquired 415,000 SMCP shares on the market for €2.3 million in February 2021 then 335,000 SMCP shares for €2.7 million in November 2021. These acquisitions as well as the balance of 49,807 shares held as at December 31, 2020, enabled the delivery of 508,727 shares in March and April 2021. As at December 31, 2021, SMCP held 363,338 shares.

4.6 OTHER INCOME AND EXPENSES

Other non-recurring income and expenses comprise income statement items which, due to their nature, amount or frequency, may not be considered as inherent to the Group's recurring operations. This includes:

(i) costs incurred on the acquisition of new entities;

(ii) provisions for impairment of brands, leasehold rights and goodwill, as well as any material capital gains or losses arising on the disposal of fixed assets;

(iii) restructuring costs, expenses incurred in respect of disputes, or any other non-recurring income or expense;

The Group presents the other income and expenses separately to facilitate understanding of its recurring operating performance and to give financial statement users relevant information for assessing the Group's future earnings.

Plan no. 4		Plan no. 5			Plan no. 6	
January 2020	**July 2020**	**December 2020**	**January 2021**	**July 2021**	**December 2021**	**January 2022**
01/01/2020	07/01/2020	12/31/2020	01/01/2021	07/01/2021	12/31/2021	01/01/2022
2 and 3 years per half	2 and 3 years per half	1 year in a single transaction	2 and 3 years per half	2 and 3 years per half	1 year in a single transaction	2 and 3 years per half
03/31/2023	09/30/2023	12/31/2021	03/31/2024	09/30/2024	12/31/2022	03/31/2025
03/31/2022 03/31/2023	09/30/2022 09/30/2023	12/31/2021 12/31/2021	03/31/2023 03/31/2024	09/30/2023 09/30/2024	12/31/2022 12/31/2022	03/31/2024 03/31/2025
106	6	1,079	97	8	1,022	102
870,460	34,256	8,632	1,437,494	61,289	5,110	987,600
800,109	29,332					
(192,571)	(4,069)	(880)	(311,685)	(15,660)		
		(7,752)				
			1,437,494	61,289	5,110	
607,538	25,263		1,125,809	45,629	5,110	
Yes	Yes	No	Yes	Yes	No	Yes
2.6	0.0	0.0	2.6	0.1	-	-

(In millions of euros)	**12/31/2020**	**12/31/2021**
Other income	28.5	28.3
Other expenses	(107.9)	(54.5)
OTHER INCOME AND EXPENSES	**(79.3)**	**(26.2)**

Other income and expenses break down as follows:

(In millions of euros)	**12/31/2020**	**12/31/2021**
Impairment of goodwill[1]	(51.9)	(5.0)
Impairment of right-of-use[2]	(27.8)	(16.8)
Impairment of other non-current assets[3]	(2.9)	(5.3)
Openings cancelled/postponed	(1.7)	-
Extinction of earn out debt	9.3	-
Disputes & penalties	(1.0)	0.6
Transition and acquisition costs	(1.7)	(1.1)
Other	(1.7)	1.4
OTHER INCOME AND EXPENSES	**(79.4)**	**(26.2)**

(1) At December 31, 2021, the Group performed impairment tests on its assets with indefinite life, resulting in the recognition of an impairment of €5.0 million and concerns the Claudie Pierlot brand (see Note 5.1.1).
(2) At December 31, 2021, the Group also carried out impairment tests on its right-of-use assets, resulting in the recognition of an impairment of €16.8 million, including €14.9 million of impairment on leasehold rights in France (see Notes 5.3.1 & 5.4.1).
(3) The impact of the closure of certain points of sale, either already completed in 2021 or planned in the short term, resulted in the recognition of accelerated depreciation of these assets for an amount of €5.3 million.

Excluding these items, other non-current operating income and expenses represented a charge of €0.3 million, mainly transition and acquisition costs of €1.1 million and various other expenses for an amount of €1.4 million.

4.7 FINANCIAL INCOME AND EXPENSES

Financial income and expenses include interest expenses (income) accrued on trade payables (receivables) measured using the effective interest method (mainly for medium- and long-term borrowings and debt as well as current account overdrafts). They also include foreign exchange gains and losses, gains and losses on derivative financial instruments and dividends earned. Interest expenses (income) also include interest expenses included within long-term employee benefits (IAS 19 "Employee Benefits"), as well as the discounting adjustment for non-current provisions (IAS 37 "Provisions, Contingent Liabilities and Contingent Assets").

(In millions of euros)	12/31/2020	12/31/2021
Interest expenses on borrowings	(27.4)	(25.9)
– RCF & NEU CP	(3.4)	(2.2)
– Term Loan	(7.7)	(7.8)
– Bridge	(1.6)	(0.4)
– PGE	(0.5)	(3.4)
– IFRS 16	(14.1)	(12.0)
– Other	(0.1)	(0.1)
Net exchange gain/(loss) on financial items	1.6	0.3
Other financial expenses	(1.3)	(1.1)
FINANCIAL RESULT	**(27.1)**	**(26.7)**

The breakdown of interest expenses is as follows:

(In millions of euros)	12/31/2020	12/31/2021
RCF & NEU CP	**(3.4)**	**(2.2)**
– Interest paid	(2.4)	(2.0)
– Accrued interests	(0.9)	*(0.0)*
– Amortisation	(0.1)	*(0.1)*
Term Loan	**(7.7)**	**(7.8)**
– Interest paid	(6.3)	(6.5)
– Accrued interests	(0.2)	*(0.2)*
– Amortisation	(1.2)	*(1.1)*
Bridge	**((1.6)**	**(0.4)**
– Interest paid	(0.7)	0.3
– Accrued interests	(0.4)	*(0.6)*
– Amortisation	(0.5)	*(0.1)*
PGE	**(0.5)**	**(3.4)**
– Interest paid	(0.0)	(1.6)
– Accrued interests	(0.4)	*(0.1)*
– Amortisation	(0.1)	*(1.7)*

4.8 INCOME TAX EXPENSE

Income tax expense for the financial year includes current and deferred taxes. These are recognised in the income statement, except if they relate to a business combination or to items recognised directly in equity or other comprehensive income.

Current taxes on taxable profit for the period represent the tax expense calculated based on the tax rates enacted at the reporting date, and any adjustments to the tax payables calculated in respect of previous periods.

Deferred tax

Deferred tax assets and liabilities adjust current tax expense for the impact of temporary differences between the carrying amount of assets and liabilities of consolidated entities and their tax base.

However, a deferred tax asset is not recognised if it arises from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting or taxable profit.

Deferred taxes are determined based on tax rates (and tax laws) that were enacted at the reporting date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred taxes are recorded in respect of taxable temporary differences related to investments in subsidiaries and affiliates unless the Group is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

4.8.1 Income tax

Income tax includes the current tax expense for the financial year and deferred taxes arising on temporary differences:

(In millions of euros)	12/31/2020	12/31/2021
Deferred tax	12.6	(8.0)
Current tax	(6.1)	(4.1)
INCOME TAX EXPENSE	**6.5**	**(12.1)**

4.8.2 Deferred tax position

a) Deferred taxes at December 31, 2021

(In millions of euros)	12/31/2020	Change in the income statement	Change in other compre-hensive income items	Translation adjustment	Other changes	Changes in scope	12/31/2021	Deferred tax assets	Deferred tax liabilities
Restatement of pension liabilities	0.9	0.1	-	-	-	-	1.0	1.0	-
Elimination of internal gains and losses (margin on inventories)	15.6	3.5	-	1.5	-	-	20.6	20.6	-
Capitalisation of tax loss carry forwards	14.0	(11.3)	-	-	-	-	2.7	2.7	-
Fair value of brands and leasehold rights	(182.2)	1.6	-	-	-	-	(180.6)	-	(180.6)
Neutralisation of start-up costs and acquisition costs	0.8	(0.7)	-	-	-	-	0.1	0.1	-
IFRS 15	0.3	(0.2)	-	-	-	-	0.1	0.1	-
IFRS 16	10.4	(3.0)	-	0.3	-	-	7.7	7.7	-
Other restatements*	11.3	2.0	0.6	1.0	-	-	14.9	17.8	(1.2)
NET DEFERRED TAX ASSETS/ (LIABILITIES)	**(128.9)**	**(8.0)**	**0.6**	**2.8**	**-**	**-**	**(133.4)**	**48.4**	**(181.8)**

* Mainly relates to temporary differences between local accounting standards and taxation.

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(In millions of euros)	12/31/2019	Change in the income statement	Change in other compre-hensive income items	Translation adjustment	Other changes	Changes in scope	12/31/2020	Deferred tax assets	Deferred tax liabilities
Restatement of pension liabilities	0.8	0.2	(0.1)	-	-	-	0.9	0.9	-
Elimination of internal gains and losses (margin on inventories)	16.6	(0.5)	-	(0.5)	-	-	15.6	15.6	-
Capitalisation of tax loss carry forwards	1.1	12.9	-	-	-	-	14.0	14.0	-
Allocation of goodwill to brands and leasehold rights	(181.6)	(0.6)	-	-	-	-	(182.2)	-	(182.2)
Neutralisation of start-up costs and acquisition costs	2.0	(1.7)	-	0.5	-	-	0.8	0.8	-
IFRS 15	0.2	0.1	-	-	-	-	0.3	0.3	-
IFRS 16	3.0	7.5	-	(0.1)	-	-	10.4	10.4	-
Other restatements*	18.8	(5.8)	(0.9)	(1.6)	0.8	-	11.3	11.3	-
NET DEFERRED TAX ASSETS/ (LIABILITIES)	**(139.1)**	**12.1**	**(1.0)**	**(1.7)**	**0.8**	**-**	**(128.9)**	**53.3**	**(182.2)**

* Mainly relates to temporary differences between local accounting standards and taxation.

b) Analysis of the tax expense

(In millions of euros)	12/31/2020	12/31/2021
Profit/(loss) before tax	**(108.7)**	**35.7**
Statutory tax rate in France[1]	32.02%	28.41%
Theoretical tax expense	**34.8**	**(10.1)**
Changes in tax rate	(4.3)	(0.6)
Difference in income tax rates applied to earnings in countries other than that of the consolidating entity	0.3	1.8
Non-deductible or non-taxable income and expenses	(17.6)	(2.5)
• Impairment of goodwill	(16.6)	(1.4)
• Extinction of earn out debt	3.0	-
• Bonus share awards	(3.3)	(0.1)
• Other permanent differences	(0.7)	(1.0)
Deferred tax assets not recognised during the financial year	(3.3)	-
Deferred tax assets for previous financial years recognised during the financial year	-	3.4
Other changes in deferred tax	(1.8)	(2.5)
Income tax income/(expense)	**8.1**	**(10.6)**
Other value-added taxes[2]	(1.6)	(1.5)
INCOME TAX EXPENSE	**6.5**	**(12.1)**

(1) The standard tax rate in France takes into account the solidarity contribution (3.3%).
(2) Taxes based on value added (*i.e.* the CVAE tax on value added levied on French companies, IRAP in Italy and Trade Tax in Germany, etc.) are treated as "Income" in accordance with IAS 12.

c) Activation of tax loss carryforwards

The Group capitalises tax losses on its subsidiaries when these meet the conditions set out in IAS 12 "Income Taxes". The tax rate applied is the tax rate in effect at the reporting date. Deferred tax assets are recognised on the balance sheet based on the outlook and business plans developed for each subsidiary

As of December 31, 2021, the Group's tax loss carryforwards represent a deferred tax asset of €2.7 million, mainly in France and the United States. Their recovery horizons vary from one to five years.

d) Unrecognised deferred tax assets

As of December 31, 2021, there are no unrecognised deferred tax assets.

4.9 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share data for its ordinary shares.

Earnings per share is calculated by dividing net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. **Diluted earnings per share** is calculated by adjusting net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise stock options and free shares granted to employees.

Earnings per share is calculated as follows:

(In millions of euros)	12/31/2020	12/31/2021
Net profit for the period - Group share	**(102.2)**	**23.6**
Basic weighted number of shares	73,928,589	74,562,639
Dilution effect of G PS	4,129,169	3,528,783
Dilution effect of free share plans	1,086,170	1,513,988
Average number of shares taken into account for the calculation after dilutive effects	**79,143,928**	**79,605,410**
Basic earnings per share *(in €)*	(1.38)	0.32
Diluted earnings/(loss) per share *(in €)*	(1.38)	0.30

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Note 5 Notes to the Statement of financial position

5.1 GOODWILL AND INTANGIBLE ASSETS

5.1.1 Goodwill

Upon initial recognition of an acquired company, goodwill represents the excess of (i) the fair value of the consideration transferred plus the amount of all non-controlling interests in the acquired company and (ii) the identifiable assets acquired and liabilities assumed measured at fair value at the acquisition date. If this difference is negative, the amount is recognised immediately in the income statement.

At December 31, 2021, the impairment tests carried out by the Group led to the recognition of an impairment of goodwill on the Claudie Pierlot CGU combination grouping the points of sale operated by this brand in the amount of €5.0 million (see Note 5.4.2).

The net value of goodwill totalled €626.3 million at December 31, 2021 and concerns the Sandro, Maje, Claudie Pierlot and Fursac brands.

The following table shows the movements in the previous period:

(In millions of euros)	01/01/2021	Changes in scope	Impairment	Translation adjustment	12/31/2021
Goodwill – gross value	683.2	-	-	-	683.2
Impairments	(51.9)	-	(5.0)	-	(56.9)
GOODWILL - NET VALUE	**631.3**	**-**	**(5.0)**	**-**	**626.3**

(In millions of euros)	01/01/2020	Changes in scope	Impairment	Translation adjustment	12/31/2020
Goodwill – gross value	683.2	-	-	-	683.2
Impairments	-	-	(51.9)	-	(51.9)
GOODWILL - NET VALUE	**683.2**	**-**	**(51.9)**	**-**	**631.3**

5.1.2 Other intangible assets

Trademarks

The Sandro, Maje, Claudie Pierlot and Fursac brands are classified as intangible assets with indefinite useful lives and are not therefore amortised, since:

- the brands are proprietary, properly registered and protected pursuant to applicable law, and there is an option to renew the protection at a reasonable cost at the end of the registration period, which can be easily exercised without external impediments;
- the goods sold by the Group under these brands are not susceptible to technological obsolescence, which is characteristic of the affordable luxury market in which the Group operates; on the contrary, they are consistently perceived by the market as being innovative in the national and/or international arena in which each brand evolves and has a distinctive market positioning and reputation that ensures they are dominant in their respective market segments due to the fact that they are constantly associated and compared with major leading brands;
- in the relative competitive context, investments made to maintain these brands can be said to be modest with respect to the significant cash flows they are expected to generate.
- Brands are measured at cost less impairment in accordance with IAS 38 "Intangible Assets". They are tested within the groups of CGUs described above as part of goodwill impairment tests. Each operating segment includes the stores operating under each brand.

Software

The costs of acquiring software licenses are capitalised based on acquisition and installation costs. These costs are amortised over the estimated useful lives of the software, which range from three to seven years.

Costs associated with maintaining computer software in operating condition are expensed as incurred. Costs that are directly linked to the development of software and which meet all of the criteria set out in IAS 38 are recognised as intangible assets.

Software development costs recognised as assets are amortised over their estimated useful lives. Following the IFRS IC decision published in April 2021 on SaaS software costs, an analysis is underway to determine the impacts (see Note 2.2.3).

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

The useful lives are as follows:

Type of asset	**Period** *(in years)*
Trademarks	Indefinite
Licences, software	3-7

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

(In millions of euros)	01/01/2021	Acquisitions	Disposals	Amorti-sation	Foreign exchange differences	Other	12/31/2021
Trademarks	663.0	-	-	-	-	-	663.0
Intangible assets in progress	3.8	1.4	-	-	-	(3.7)	1.5
Other intangible assets	44.6	6.1	(0.5)	-	0.5	1.3	52.0
Intangible assets	**711.4**	**7.5**	**(0.5)**	**-**	**0.5**	**(2.4)**	**716.5**
Amort./impairment of other intangible assets	(26.8)	-	0.3	(11.4)	(0.3)	0.3	(37.9)
Amort./impairment of intangible assets	**(26.8)**	**-**	**0.3**	**(11.4)**	**(0.3)**	**0.3**	**(37.9)**
NET VALUE OF INTANGIBLE ASSETS	**684.6**	**7.5**	**(0.2)**	**(11.4)**	**0.2**	**(2.1)**	**678.6**

(In millions of euros)	01/01/2020	Acquisitions	Disposals	Amorti-sation	Foreign exchange differences	Other	12/31/2020
Trademarks	663.0	-	-	-	-	-	663.0
Intangible assets in progress	7.4	1.9	-	-	-	(5.5)	3.8
Other intangible assets	35.3	7.1	(0.2)	-	(0.3)	2.7	44.6
Intangible assets	**705.7**	**9.0**	**(0.2)**	**-**	**(0.3)**	**(2.8)**	**711.4**
Amort./impairment of other intangible assets	(15.9)	-	-	(11.1)	0.2	-	(26.8)
Amort./impairment of intangible assets	**(15.9)**	-	-	(11.1)	0.2	-	(26.8)
NET VALUE OF INTANGIBLE ASSETS	**689.8**	**9.0**	**(0.2)**	**(11.1)**	**(0.1)**	**(2.8)**	**684.6**

At December 31, 2021, the Group's four trademarks, Sandro, Maje, Claudie Pierlot and Fursac, were valued for a total of €663 million, with respectively €320 million for Sandro, €226 million for Maje, €54 million for Claudie Pierlot and €63 million for the Fursac brand.

5.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at acquisition cost less accumulated depreciation and any cumulative impairment losses. The depreciable amount of property, plant and equipment comprises the acquisition cost of components less residual value, which is the estimated disposal price of the assets at the end of their useful lives.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group has estimated the useful lives of property, plant and equipment at two to ten years, depending on the type of asset. Costs for maintenance and repairs are expensed as incurred.

The main useful lives applied are as follows:

Type of asset	Period *(in years)*
Plant, equipment and tools	2-5
Miscellaneous fixtures and fittings	2-5
Miscellaneous fixtures and fittings for warehouses and head offices	4-10
Office equipment, furniture	2-5

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

(In millions of euros)	01/01/2021	Acquisitions	Disposals	Amorti-sation	Impairments	Foreign exchange differences	Other	12/31/2021
Technical fittings, equipment and industrial tools	5.7	0.3	(2.2)	-	-	-	-	3.8
Property, plant and equipment in progress	9.3	4.6	-	-	-	0.3	(5.2)	9.0
Advances and down payments on property, plant and equipment	0.4	0.3	-	-	-	0.0	(0.4)	0.3
Other property, plant and equipment	199.7	35.5	(22.1)	-	-	11.1	(0.6)	223.6
Property, plant and equipment	**215.1**	**40.7**	**(24.3)**		**-**	**11.4**	**(6.2)**	**236.7**
Amort./impairment of technical fittings, equipment and industrial tools	(3.7)	-	2.1	(1.1)	0.0	-	-	(2.7)
Amort./impairment of other tangible assets	(124.5)	-	21.7	(38.5)	(2.7)	(8.3)	5.9	(146.4)
Amort./impairment of tangible assets	(128.2)	**-**	**23.8**	**(39.6)**	**(2.7)**	**(8.3)**	**5.9**	**(149.1)**
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT	**86.9**	**40.7**	**(0.5)**	**(39.6)**	**(2.7)**	**3.1**	**(0.3)**	**87.6**

(In millions of euros)	01/01/2020	Acquisitions	Disposals	Amorti-sation	Impairment	Foreign exchange differences	Other	12/31/2020
Technical fittings, equipment and industrial tools	5.4	0.3	-	-	-	-	-	5.7
Property, plant and equipment in progress	11.2	3.6	-	-	-	(0.1)	(5.4)	9.3
Advances and down payments on property, plant and equipment	0.1	0.4	-	-	-	-	(0.1)	0.4
Other property, plant and equipment	173.3	31.3	(2.8)	-	-	(6.5)	4.4	199.7
Property, plant and equipment	**190.0**	**35.6**	**(2.8)**	**-**	**-**	**(6.6)**	**(1.1)**	**215.1**
Amort./impairment of technical fittings, equipment and industrial tools	(2.6)	-	-	(1.1)	-	-	-	(3.7)
Amort./impairment of other tangible assets	(93.5)	-	2.5	(38.3)	(0.1)	4.7	0.2	(124.5)
Amort./impairment of tangible assets	**(96.1)**	-	2.5	(39.4)	(0.1)	4.7	0.2	(128.2)
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT	**93.9**	**35.6**	**(0.3)**	**(39.4)**	**(0.1)**	**(1.9)**	**(0.9)**	**86.9**

Other property, plant and equipment mainly corresponds to fixtures and fittings at points of sale.

5.3 LEASES

Scope of application of IFRS 16

A lease is a contract or part of a contract whereby the right to use an underlying asset is transferred for a given period in return for consideration.

The Group applies the accounting principles defined by IFRS 16 to all of its leases, with the exception of:

- short-term leases with an initial term less than or equal to 12 months;
- leases where the underlying asset is of low value, considering the value of the asset in new condition.

These exempt leases are recognised as rental expenses on a straight-line basis over the term of the lease. When certain contracts contain an explicitly identifiable portion relating to services that do not fall within the definition of a lease, this portion is recognised in current operating expenses in accordance with its cost nature.

Accounting for leases in accordance with IFRS 16

The application of IFRS 16 consists of recognising in the balance sheet at the start date of the lease:

- a lease liability, corresponding to the present value of future fixed rent payments relating to the estimated term of the lease. This liability is presented separately for its current and non-current portions. Future fixed rents include any revaluation of rents corresponding to a contractually established index or growth rate. They may also include the value of a call option or the estimated early termination penalties, when the Group is reasonably certain to exercise such options. In addition, fixed payments include the deduction of any lease incentives to be received at the start date of the lease;
- a right-of-use on leases, corresponding to the value of the lease liability minus the lease incentives received from the lessor, plus prepaid rent, initial direct costs and an estimate of restoration costs when these are subject to contractual obligations.

At each reporting date, the lease liability is remeasured as follows:

- an increase reflecting the discounting charge for the period applying the incremental borrowing rate applied to the lease, offset by an interest charge on leases in the financial income, in the income statement;
- a decrease reflecting the rent payments for the period, offset against the cash and cash equivalents account in the balance sheet;
- an increase reflecting the updating of an index or growth rate of the rent, if applicable, in exchange for the right of use on leases in the balance sheet;
- an increase or decrease reflecting a re-estimate of future fixed rent payments following a change in the estimate in the lease term, against the right-of-use on leases in the statement of financial position.

Similarly, at each reporting date, the right-of-use on leases is revalued as follows:

- a decrease reflecting straight-line depreciation over the lease term, offset by a charge for depreciation of rights-of-use on leases within current operating income, in the income statement;
- a decrease reflecting a possible impairment of the right-of-use on leases, against other non-recurring operating income and expenses in the income statement;
- an increase reflecting the updating of an index or rent growth rate, if applicable, against the lease liability in the balance sheet;
- an increase or decrease reflecting a re-estimate of future fixed rent payments as a result of a change in the lease term estimate, offset against the lease liability in the statement of financial position.

The impact on the income statement of the application of IFRS 16 is reflected as follows:

- the variable portion of rents, as well as short-term or low-value leases, are recognised in current operating income;
- the straight-line depreciation expense corresponding to the right-of-use on leases is recognised in current operating income;
- the interest expense corresponding to the unwinding of discounting of lease liabilities is recorded in financial income.

Finally, the impact on the cash flow statement of the application of IFRS 16 is reflected as follows:

- in net cash flows from operating activities: payments relating to the variable portion of rents, rental expenses as well as short-term or low-value leases;
- in the net cash flows from financing activities: the repayment of lease liabilities, for the principal portion, as well as the portion of interest presented on the interest paid and similar line item.

Estimated lease term

The term of a lease is the non-cancellable period during which the lessee has the right to use the underlying asset, adjusted for:

- any period covered by an option to extend the lease that the lessee is reasonably certain to exercise; or on the contrary;
- any period covered by an option to terminate the lease that the lessee is reasonably certain to exercise.

In estimating the duration of its property leases, which is the predominant part of all of its leases, the Group has used:

- for its points of sale (free-standing stores, outlets): the term used corresponds to the initial term of the lease on the date of signature, i.e. without taking into account a possible extension option, considering that acting on location opportunities throughout the contract term is a key element in the management of its store network. During the term of the lease, the Group re-estimates its term at each closing, taking into account the latest operational decisions that take into account options for termination, or extension where applicable, which were not considered reasonably certain at previous closing dates;
- for its head offices and warehouses: the term used corresponds to the initial term of the lease.

Specifically, for commercial leases entered into in France (leases 3-6-9), the Group recognises a rental period of nine years, then carries out a review of this period at each subsequent closing date to reduce it to three or six years if necessary depending on the profitability of the point of sale. At the end of this initial nine-year period and during the tacit extension period that applies during a renegotiation phase, the Group determines the duration of these leases taking into account the date on which the Group is reasonably certain to continue the lease beyond the contractual term.

Determination of the discount rate for lease liabilities

The discount rate is determined for each contract according to the country of the contracting subsidiary. Considering the organisation of the Group's financing, carried exclusively by SMCP Group, this marginal borrowing rate is actually defined by the sum of the risk-free rates for the contract currency, by reference to its residual duration, and the Group's credit risk for this same currency and duration reference.

Leasehold rights taken into account in the calculation of Right-of-use on leases

In France, leasehold rights (*droit au bail*) are defined as the amount paid by a new tenant to the previous tenant in order to obtain the right to lease a property and the legal guarantees attached thereto. From a legal point of view, leasehold rights include the right to lease the property as a tenant and the right to transfer the lease. The leasehold right is therefore inseparable from the lease itself and constitutes an initial direct cost to the lessee that must be taken into account in the initial valuation of the right to use the asset.

Being transferable, the right to lease in France constitutes the residual value of the right-of-use (component of the estimated amount that the lessee would obtain from the disposal of the asset). The depreciable amount of the right-of-use as a whole is therefore determined after deduction of this residual value, the latter being revised at least once per financial year.

Outside France, leasehold rights are generally not transferable and are therefore amortised over the term of the lease.

5.3.1 Rights of use

Rights of use break down as follows:

	12/31/2020	12/31/2021		
(In millions of euros)	Net	Gross	Amortisation, depreciation and impairment	Net
Stores	308.6	597.2	(275.4)	321.8
Offices and warehouses	50.5	71.1	(27.6)	43.5
Capitalised fixed rents	**359.1**	**668.3**	**(303.0)**	**365.3**
Leasehold rights	117.6	125.6	(23.5)	102.1
Right of use	**476.7**	**793.9**	**(326.5)**	**467.4**

The change in the net balance of rights of use during 2021 can be explained by the following elements:

Gross value in millions of euros	Capitalised discounted fixed lease payments				
	Stores	Offices and warehouses	Total	Leasehold rights	Total
As of January 1, 2021	517.5	69.2	586.7	132.9	719.6
Arrangement of new leases	119.0	3.6	122.6	1.2	123.8
Early terminations and downward revised durations	(65.9)	(2.4)	(68.3)	(8.0)	(76.3)
Other (including foreign exchange difference)	26.6	0.7	27.3	(0.5)	26.8
AS OF DECEMBER 31, 2021	**597.2**	**71.1**	**668.3**	**125.6**	**793.9**

Amortisation, depreciation and impairment in millions of euros	Capitalised discounted fixed lease payments				
	Stores	Offices and warehouses	Total	Leasehold rights	Total
As of January 1, 2021	(208.9)	(18.7)	(227.6)	(15.3)	(242.9)
Depreciation & amortisation	(89.1)	(10.7)	(99.8)	(2.1)	(101.9)
Impairments	(1.9)	-	(1.9)	(14.5)	(16.4)
Early terminations and downward revised durations	33.5	2.1	35.6	7.3	42.9
Other (including foreign exchange difference)	(9.0)	(0.3)	(9.3)	1.1	(8.2)
AS OF DECEMBER 31, 2021	**(275.4)**	**(27.6)**	**(303.0)**	**(23.5)**	**(326.5)**
NET VALUE AT DECEMBER 31, 2021	**321.8**	**43.5**	**365.3**	**102.1**	**467.4**

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

The change in the net balance of rights of use during 2020 can be explained by the following elements:

Gross value in millions of euros	Capitalised discounted fixed lease payments				
	Stores	Offices and warehouses	Total	Leasehold rights	Total
As of January 1, 2020	510.0	75.4	585.4	130.4	715.8
Arrangement of new leases	98.4	2.6	101.0	3.3	104.3
Early terminations and downward revised durations	(71.3)	(8.2)	(79.5)	(2.4)	(81.9)
Reclassification of non-current assets in progress	-	-	-	2.4	2.4
Other (including foreign exchange difference)	(19.5)	(0.6)	(20.1)	(0.8)	(21.0)
AS OF DECEMBER 31, 2020	**517.5**	**69.2**	**586.7**	**132.8**	**719.6**

Amortisation, depreciation and impairment in millions of euros	Capitalised discounted fixed lease payments				
	Stores	Offices and warehouses	Total	Leasehold rights	Total
As of January 1, 2020	(100.6)	(11.0)	(111.5)	(9.9)	(121.4)
Depreciation & amortisation	(107.7)	(11.7)	(119.4)	(0.4)	(119.8)
Impairments	(22.3)	-	(22.3)	(5.5)	(27.8)
Early terminations and downward revised durations	15.9	4.0	19.9	0.1	20.0
Other (including foreign exchange difference)	5.8	-	5.8	0.4	6.2
AS OF DECEMBER 31, 2020	**(208.9)**	**(18.7)**	**(227.6)**	**(15.3)**	**(242.9)**
NET VALUE AT DECEMBER 31, 2020	**308.6**	**50.5**	**359.1**	**117.6**	**476.7**

5.3.2 Lease liabilities

Lease liabilities break down as follows:

(In millions of euros)	12/31/2020	12/31/2021
Lease liabilities at more than 5 year	98.2	88.7
Lease liabilities at more than 1 year but less than 5 years	221.5	224.5
Lease liabilities at less than 1 year	100.4	99.2
TOTAL	**420.1**	**412.4**

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

(In millions of euros)	Stores	Offices and warehouses	Total
As of January 1, 2021	**367.5**	**52.6**	**420.1**
Arrangement of new leases	112.5	3.6	116.1
Reimbursement of the nominal	(101.0)	(10.3)	(111.3)
Changes in incurred interests	0.3	-	0.4
Early terminations and downward revised durations	(32.6)	(0.3)	(32.9)
Other (including foreign exchange difference)	19.5	0.5	20.0
AS OF DECEMBER 31, 2021	**366.3**	**46.1**	**412.4**

(In millions of euros)	Stores	Offices and warehouses	Total
As of January 1, 2020	**438.4**	**65.8**	**504.2**
Arrangement of new leases	95.7	2.5	98.3
Reimbursement of the nominal	(102.8)	(10.7)	(113.5)
Changes in incurred interests	0.2	0.3	0.5
Early terminations and downward revised durations	(57.3)	(4.7)	(62.5)
Other (including foreign exchange difference)	(6.6)	(0.6)	(7.3)
AS OF DECEMBER 31, 2020	**367.6**	**52.6**	**420.1**

The amount of rent paid in the 2021 financial year is €120.3 million. It was €125.6 million in 2020.

The residual rent expense shown in the income statement under operating income and expenses (see Note 3.4) breaks down as follows:

(In millions of euros)	12/31/2020	12/31/2021
Variable lease payments or rents on low-value assets	(1.2)	(5.4)
Rental charges	(15.5)	(14.9)
Rent concessions granted by landlords	19.1	10.9
TOTAL	**2.4**	**(9.4)**

In some countries, store leases include a minimum amount and a variable portion, particularly when the lease contains a clause indexing the rent to sales. In accordance with the provisions of IFRS 16, only the minimum fixed portion is capitalised.

Payments relating to non-capitalised leases (variable rents or lease payments on low-value assets) do not differ much from the expense recognised.

5.4 IMPAIRMENT TESTS

Basic principles

If indications of impairment are identified such as events or changes in circumstances that may affect the recoverable amount of an asset, IAS 36 "Impairment of Assets" requires companies to perform an impairment test in order to verify that the carrying amount of property, plant and equipment and intangible assets does not exceed the recoverable amount.

Goodwill, brands and other intangible fixed assets with an indefinite life or which have not yet been put into service must be tested for impairment at least annually or whenever there is an indication that they may be impaired.

The recoverable amount of assets is tested by comparing their carrying amount with the higher of their fair value less costs to sell and value in use.

The value in use of property, plant and equipment or intangible assets is determined based on the estimated future cash flows expected to result from the use of the asset. These are calculated using a post-tax discount rate and factor in the risks relating to the performance of the asset tested.

If the cash flows generated by a given asset cannot be estimated independently from the cash flows generated by other assets, the Group must identify the cash-generating unit (CGU) to which the asset belongs and with which the future cash flows – calculated objectively and generated independently of the cash flows generated by other assets – can be associated. Cash-generating units were identified based on the Group's organisational and operational structure.

If the impairment test reveals that an asset has lost value, its carrying amount is written down to its recoverable amount by recognising an impairment loss in the income statement.

When the reasons for impairment cease to exist, the carrying amount of the asset or cash-generating unit (except goodwill) is increased to the amount resulting from the estimate of its recoverable amount, not to exceed the carrying amount that would have been reported had the impairment loss not been recognised. Impairment losses are reversed through the income statement.

Allocation of assets/liabilities to cash-generating units (CGUs) and estimated values

The Group has defined several types of CGUs in order to test its property, plant and equipment, intangible assets and goodwill for impairment.

Each store is a CGU based on the specific geographic base of its customers and the property, plant and equipment and intangible assets owned by the store, and impairment tests are performed at this level.

Goodwill and brands are subject to an impairment test in a second stage, within the three CGU combinations which also include the assets related to the CGUs described above, i.e. the points of sale operated under each brand, the direct support structure of each brand, and an allocation of head office expenses.

Goodwill comes from the three original brands Sandro, Maje and Claudie Pierlot acquired in October 2016 and the Fursac brand acquired in September 2019.

Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

When the net carrying amount of the cash-generating unit is greater than its recoverable amount, an impairment loss is recognised first on goodwill, then if necessary on the other elements tested. Impairment losses are recognised in the income statement as "Other expenses".

Impairment losses in respect of goodwill may not be reversed.

Judgements and estimates

The main judgements and estimates relating to impairment testing are based on the following assumptions:

- identifying the appropriate CGU level;
- assessing the economic and commercial trends and the competitive environment in order to determine the discount rate and perpetuity growth rate;
- forecasting cash flows.

5.4.1 Points of sale test

The Group defines its directly owned outlets as CGUs, *i.e.* the smallest group of assets (including right-of-use assets, property, plant and equipment, intangible assets and the allocation of the brand attached to the point of sale) that can individually generate cash flows. A test of the points of sale must be carried out in the event of evidence of impairment. The impairment criteria used are a decrease in revenue and/or a decrease in profitability and/or a decrease in the marketability of the point of sale.

The recoverable amount of each of these points of sale is determined using the free cash flow method (DCF). These DCFs are based on the Budget by point of sale and the Business Plan by CGU combination and CGU (over the duration of the contract), approved by the Executive Committee and approved by the Board of Directors, and are used to calculate the value in use at the reporting date. The growth rates used are those used by management for the Business Plan and take into account both the post-pandemic catch-up effects and the growth prospects specific to each brand and/or

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market (Sandro Europe, Maje Europe, Claudie Pierlot Europe, Fursac, APAC, North America). At the end of their useful life, points of sale are considered closed and non-depreciated assets, such as leasehold rights in France, sold. To calculate the value in use, future cash flows are discounted using a weighted average cost of capital (WACC) of between 1.71% and 10%, which depend on the location and duration of the contract. When this value in use is lower than the carrying amount of the assets constituting the CGU, an impairment loss is recorded in the financial statements and allocated by default, for the sake of simplification, to the right of use.

Management has identified and recognised a loss of value of the right-of-use assets in the amount of €16.4 million as at December 31, 2021.

5.4.2 Testing of CGU combinations

IAS 36 requires an impairment test to be performed annually for each CGU or CGU combinations to which the goodwill has been allocated.

As recommended by IAS 36, each CGU or CGU combination to which goodwill is thus allocated must represent, within the entity, the lowest level at which goodwill is monitored for internal management purposes and must not be larger than a segment determined under IFRS 8 - Operating Segments, before consolidation.

The level of analysis at which the SMCP Group assesses the recoverable amount of goodwill corresponds to the brand. This level of goodwill testing is based on both organisational and strategic criteria.

An impairment test was therefore carried out on each of the four Sandro, Maje, Claudie Pierlot and Fursac brands.

This impairment test is part of a context in which the Covid-19 pandemic partially disrupted commercial operations in 2021, although not to the same extent as in 2020. The Group returned to its 2019 pre-pandemic levels from the fourth quarter of 2021.

As part of the preparation of its annual strategic plan, the Group reviewed the business outlook of its various segments. This strategic plan serves as the basis for the impairment test carried out on each of the Group's CGUs at December 31, 2021. It compares the carrying amount of each of the four brands (composed of the brand, the portion of the allocated goodwill, the right-of-use assets, the other fixed assets and the working capital requirement) with the higher of the fair value net of asset disposal costs and the value in use of the brands.

For the 2022 financial year, SMCP expects solid double-digit sales growth vs. 2021 and mid single digit sales growth compared to 2019. With regard to its profitability, the Group anticipates an adjusted EBIT margin (as a % of revenue) in line with 2021 in a marked inflationary context. SMCP anticipates a net debt ratio <2x at the end of 2022 (instead of end 2023 as previously expected).

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%.

The impairment tests carried out in 2021 led the Group to recognise an impairment of goodwill by Claudie Pierlot of €5 million. In 2020, the Group also recognised a partial impairment of goodwill of €51.9 million.

Among the Group's business segments, only Claudie Pierlot and Fursac have assets with a carrying amount close to their recoverable amount. The amount of the intangible assets at December 31, 2021, as well as the impairment amount that would result from a 0.5 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 1 point decrease in average compound sales growth over the duration of the plan compared with rates applied at December 31, 2021 are detailed below:

(In millions of euros)	Carrying amount of assets in CGU combination affected at 12/31/2021	0.5% increase in the discount rate after taxes	0.5% decrease in the perpetual growth rate	1% decrease in the average compound sales growth rate
Sandro	689.2	-	-	-
Maje	497.8	-	-	-
Claudie Pierlot	110.9	(8.3)	(5.1)	(8.4)
FURSAC	**70.0**	**-**	**-**	**-**
Total	1,367.8	(8.3)	(5.1)	(8.4)

Sensitivity to changes in the discount rate

The carrying amount of the Sandro, Maje and Fursac CGU combinations would remain lower than the recoverable amount if the discount rate were 10.5% (*i.e.* the discount rate used of 10% plus 50 basis points). However, an additional impairment of €8.3 million would be recognised for the Claudie Pierlot CGU combination.

The carrying amount of the Sandro CGU combination would be higher than the recoverable amount if the discount rate was higher than 13.1% (*i.e.* discount rate used of 10% increased by 310 basis points).

The carrying amount of the Maje CGU combination would be higher than the recoverable amount if the discount rate was higher than 16.8% (*i.e.* discount rate used of 10% increased by 680 basis points).

The carrying amount of the Fursac CGU combination would be higher than the recoverable amount if the discount rate was higher than 11.2% (*i.e.* discount rate used of 10% increased by 120 basis points).

Sensitivity to perpetual growth rate variations

The carrying amount of the Sandro, Maje and Fursac CGU combinations would remain lower than the recoverable amount if the perpetual growth rate were 1.5% (*i.e.* the perpetual growth rate used of 2% less 50 basis points). However, an additional impairment of €5.1 million would be recognised for the Claudie Pierlot CGU combination.

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

Sensitivity to sales variation rates

The carrying amount of the Sandro, Maje and Fursac CGU combinations would remain lower than the recoverable amount if the sales growth rate were 99%. However, an additional impairment of €8.4 million would be recognised for the Claudie Pierlot CGU combination.

The carrying amount of the Sandro CGU combination would be higher than the recoverable amount if the sales growth rate were only 94.2% of the growth rate for each year of the business plan.

The carrying amount of the Maje CGU combination would be higher than the recoverable amount if the sales growth rate were only 89.4% of the growth rate for each year of the business plan.

The carrying amount of the Fursac CGU combination would be higher than the recoverable amount if the sales growth rate were only 97.8% of the growth rate for each year of the business plan.

The carrying amount of the Maje CGU combination would be higher than the recoverable amount if the sales growth rate were only 89.4% of the growth rate for each year of the business plan.

The carrying amount of the Fursac CGU combination would be higher than the recoverable amount if the sales growth rate were only 97.4% of the growth rate for each year of the business plan.

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 its points of sale. Except with the impact of the gilets jaunes (yellow jackets) protests and demonstrations in Hong Kong, and with the Coronavirus pandemic, the SMCP Group has historically respected its forecasts.

5.5 FINANCIAL ASSETS

Financial assets amounted to €19.6 million at December 31, 2021 and correspond mainly to loans and guarantees.

5.6 INVENTORIES

Raw materials and other supplies are recognised at the lower of purchase cost and their estimated net realisable value.

The cost of finished products and goods (excluding defective goods) is based on purchase price or production cost. Production cost is determined by including all costs that are directly attributable to the products.

The cost of finished products includes the cost of design, raw materials, and direct costs including logistics costs. It does not include borrowing costs.

At the end of the period (annual or interim), the Group recognises an impairment on its inventories for all collections that have already been sold within its outlet network and based on their expected turnover.

The table below illustrates changes in inventories at the end of the period:

	12/31/2021		
(In millions of euros)	Gross value	Impairments	Carrying amount
Raw materials and other supplies	35.8	(8.0)	27.8
Finished products	222.4	(16.7)	205.7
TOTAL INVENTORIES	**258.2**	**(24.7)**	**233.5**

	12/31/2020		
(In millions of euros)	Gross value	Impairments	Carrying amount
Raw materials and other supplies	32.4	(6.0)	26.4
Finished products	215.3	(18.8)	196.5
TOTAL INVENTORIES	**247.7**	**(24.8)**	**222.9**

The impairment of inventories reflects the technical and stylistic obsolescence of the Group's inventories at December 31, 2021.

(In millions of euros)	12/31/2021
Cumulative impairment at the beginning of the period	**(24.8)**
Impairments	(25.5)
Reversals	26.5
Foreign exchange differences	(0.9)
CUMULATIVE IMPAIRMENT AT THE END OF THE PERIOD	**(24.7)**

(In millions of euros)	12/31/2020
Cumulative impairment at the beginning of the period	**(22.6)**
Impairments	(31.0)
Reversals	28.6
Foreign exchange differences	0.2
CUMULATIVE IMPAIRMENT AT THE END OF THE PERIOD	**(24.8)**

5.7 TRADE AND RELATED RECEIVABLES

Trade and related receivables are initially recognised at fair value. Subsequent measurement takes account of the probability that the receivables will be collected and a specific impairment loss is recorded for any doubtful receivables, as follows:

- disputed receivables are impaired when there is certain and specific evidence showing that the receivables will not be collected;
- the impairment of other doubtful items is recorded to adjust the estimated recoverable amounts on the basis of information available when the financial statements are prepared.

The net carrying amount of the assets is reduced through impairment and the loss is recorded in the income statement under "Other operating income and expenses". Non-recoverable receivables are written off to the income statement and the relevant impairments are reversed.

The Group's exposure is limited to its wholesale/partnered retail, affiliate and department store sales activities.

Judgements and estimates

Impairment for doubtful receivables represents a reasonable estimate of loss attributable to the specific and general risk of not being able to collect the trade receivables recognised in the financial statements.

(In millions of euros)	01/01/2021	Changes in gross value	Impairments	Reversals	Translation adjustment	Changes in scope	12/31/2021
Trade and related receivables	53.6	1.6	-	-	1.8	-	**57.0**
Provisions for impairment	(0.1)	-	(0.2)	-	-	-	**(0.3)**
TRADE RECEIVABLES, NET	**53.5**	**1.6**	**(0.2)**	**-**	**1.8**	**-**	**56.7**

(In millions of euros)	01/01/2020	Changes in gross value	Impairments	Reversals	Translation adjustment	Changes in scope	12/31/2020
Trade and related receivables	58.6	(4.3)	-	-	(0.7)	-	53.6
Provisions for impairment	(0.1)	-	-	-	-	-	(0.1)
TRADE RECEIVABLES, NET	**58.5**	**(4.3)**	**-**	**-**	**(0.7)**	**-**	**53.5**

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.

5.8 OTHER CURRENT ASSETS

Other receivables, for a total amount of €63.7 million at December 31, 2021, mainly include prepaid expenses of €20.3 million, advances and down payments paid to suppliers for €13.4 million, tax receivables for €15.0 million, notably the value added tax recoverable by the Group from the tax authorities of the countries in which it operates, as well as €4.0 million of corporate tax receivables, mainly in France.

5.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of readily available liquid assets and financial investments with a maturity of no more than three months from the date of acquisition. These assets are highly liquid, readily convertible into cash, and subject to an insignificant risk of changes in value.

Financial investments pledged as collateral are recorded as non-current financial assets.

As of December 31, 2021, the Group's cash position exclusively comprises liquidities (net of current bank overdrafts) for an amount of €129.4 million:

(In millions of euros)	12/31/2020	12/31/2021
Cash and cash equivalents	127.1	131.3
Current bank overdrafts	(2.6)	(1.9)
CASH NET OF CURRENT BANK OVERDRAFTS	**124.5**	**129.4**

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5.10 EQUITY

5.10.1 Share capital

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

At December 31, 2021, the Company's fully subscribed and paid-up share capital amounted to €83,267,404.00 and broke down as follows:

- 74,798,149 fully-paid up common shares with a nominal value of one euro and ten cents (€1.10);
- 899,491 class G shares preferred shares which are the preferred shares within the meaning of Articles L. 228-11 *et seq.* of the French Commercial Code and with a nominal value of one euro and ten cents (€1.10).

	12/31/2021			
Shareholders	Number of ordinary shares	Number of Class G preferred shares	Total number of shares	% share capital
European TopSoho	6,075,848	-	6,075,848	8.0%
Trustee Glas SAS	21,952,315	-	21,952,315	29.0%
Other shareholders	12,106,939	-	12,106,939	16.0%
Founders & Managers	4,094,048	657,414	4,751,462	6.3%
Free float	30,081,961	242,077	30,324,038	40.1%
Treasury shares	487,038	-	487,038	0.6%
TOTAL	**74,798,149**	**899,491**	**75,697,640**	**100.0%**

	12/31/2020			
Shareholders	Number of ordinary shares	Number of Class G preferred shares	Total number of shares	% share capital
European TopSoho	40,135,102	-	40,135,102	53.4%
Founders & Managers	4,052,680	915,471	4,968,151	6.6%
Treasury shares	158,991	-	158,991	0.2%
Free float	29,770,987	137,059	29,908,046	39.8%
TOTAL	**74,117,760**	**1,052,530**	**75,170,290**	**100.0%**

5.10.2 Rights attached to shares

Voting rights attached to common shares

Each share is entitled to one vote after its issuance, proportional to the portion of share capital they represent.

Voting rights attached to class G preferred shares

The 899,491 class G preferred shares existing at December 31, 2021 were convertible into 3,528,783 common shares as of January 1, 2019. All class G preferred shares that have not been converted will be automatically converted on January 1, 2025. The new common shares issued on conversion of the class G preferred shares will carry the same rights as existing common shares of the same category after the payment, where applicable, of a dividend in respect of the previous financial year. At January 1, 2022, 187,912 class G preferred shares were converted into 737,189 common shares.

There were thirteen free share plans at December 31, 2021 (see Note 5.5 "*Share-based payments*").

5.10.3 Treasury shares

Treasury shares are recognised as a deduction from equity at their acquisition cost. Earnings from the disposal or cancellation of shares are recognised directly in equity.

The total amount of treasury shares consists on the one hand of shares purchased under the liquidity agreement of €2.5 million (123,700 shares) and on the other hand of shares repurchased in order to deliver the LTIP plan. At the end of the period, SMCP SA had 363,338 shares for a total of €2.9 million.

5.11 FINANCIAL LIABILITIES

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

(In millions of euros)	12/31/2020	12/31/2021
Cash and cash equivalents	127.1	131.3
Current bank overdrafts	(2.6)	(1.9)
Cash net of current bank overdrafts	**124.5**	**129.4**
Short-term bank borrowings and debt(*)	(149.0)	(108.3)
Long-term bank borrowings(*)	(356.3)	(337.8)
Deposits and sureties received	(0.3)	(0.1)
Accrued interest on borrowings	(1.7)	(0.9)
OPERATING NET DEBT	**(382.8)**	**(317.7)**

* The €55 million tranche of the amortisable term loan repayable in May 2021 and the €55 million NEU CP, which were presented in the annual consolidated financial statements as of December 31, 2020 in long-term portion, were reclassified in the short-term portion.

The Group complies with the leverage ratio test, which stood at 2.5x at December 31, 2021.

5.11.1 The Credit Term Loan Agreement and Revolving Credit facility – €465 million

The Term Loan A and Revolving Credit facility were granted on May 9, 2019 and implemented on May 21, 2019 to reimburse the Revolving Credit facility of €250 million granted on October 23, 2017 and the 2023 bond granted in May 2016.

The Term Loan A is a credit of €265 million fully drawn at signature. It is repayable in instalments of €55 million in May 2021, May 2022 and May 2023 and €100 million on May 9, 2024.

The Revolving credit of €200 million expiring in May 2024 comprises a €50 million instalment known as a "swingline" which allows withdrawals in daily value. It had not been drawn down at the reporting date of the financial year.

5.11.2 The NEU CP programme – €200 million

NEU CP is a euro-denominated commercial paper programme filed with the Banque de France, with a maximum utilisation amount of €200 million. It aims to optimise the cost of the Group's debt and diversify its sources of financing. At the reporting date of the 2021 financial year, the issued amount was €38.3 million.

5.11.3 The State-Guaranteed Loans (PGE) – €140 million and €53 million

The first State-guaranteed loan is a loan of €140 million fully drawn on the date of signature on June 23, 2020. This loan, which is 90% guaranteed by the French State, has an initial maturity of 12 months and has an extension option ranging from 1 to 5 years, entirely in the hands of SMCP. This loan was extended until June 2026.

The second State-guaranteed loan was issued on June 30, 2021. The Group intends to extend this Loan until June 2024.

5.11.4 The Bridge Term Loan – €40 million

The Bridge Term Loan is a €40 million loan fully drawn at the first drawdown on September 5, 2019. It was fully reimbursed at its maturity in March 2021.

5.11.5 Fursac debt

At December 31, 2021, Fursac's bank borrowings amounted to €6.5 million, consisting of two medium-term loans with maturities of 3 to 5 years: (i) a line of credit for network development investments, contracted with French commercial banks for a amount still to be repaid of €6.1 million and (ii) a line of credit for brand growth contracted with BPI for an amount of €0.4 million.

The debt maturity schedule is as follows:

(In millions of euros)	Carrying amount as of December 31, 2021	Contractual cash flows	< 1 year	2 to 5 years	> 5 years
Bank borrowings	410.9	438.8	86.7	352.0	-
Amortisable term loan (ATL & PGE)	401.5	403.0	69.0	334.0	-
Drawn down credit lines (RCF)	-	-	-		-
Other bank borrowings	6.5	6.5	2.8	3.7	-
Bank overdrafts	1.9	-	-	-	-
Interest expenses	1.0	29.2	14.9	14.3	-
Other loans and borrowings	38.0	38.3	38.3	-	-
Short-term negotiable securities (NEU CP)	38.0	38.3	38.3	-	-
FINANCIAL LIABILITIES	**448.9**	**477.0**	**125.0**	**352.0**	**-**

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5.11.6 Interest and fees

Loans contracted under the Credit facility will bear interest at an EURIBOR-indexed floating rate with a minimum of 0% (floor) increased by the applicable margin.

The table below sets out the margin, ratcheted as a function of the leverage ratio (total net debt/Group consolidated EBITDA):

Leverage ratio (Total net debt/consolidated EBITDA before IFRS 16)	TLA margin	RCF margin
≥ 4.0x	2.90%	2.50%
< 4.0x and ≥ 3.5x	2.75%	2.35%
< 3.5x and ≥ 3.0x	2.60%	2.20%
< 3.0x and ≥ 2.5x	2.45%	2.05%
< 2.5x and ≥ 2.0x	2.30%	1.90%
< 2.0x and ≥ 1.5x	2.15%	1.75%
< 1.5x and ≥ 1.0x	2.00%	1.60%
< 1.0x	1.85%	1.45%

The applicable margin at the reporting date was 2.75% per annum for the Term Loan A and 2.35% per annum for the Revolving Credit.

With respect to the Revolving Credit facility alone, the Group must pay a commitment fee equal to 35% of the applicable margin per annum, calculated on the basis of the undrawn and non-cancelled commitments.

The loans guaranteed by the State do not bear interest during the first year. The Group is required to pay a fee for the State guarantee of 0.50% per annum during the first year, 1% for years 2 and 3, and 2% for the following years.

If the extension option is exercised, the applicable margin will be communicated by lenders when the option is exercised and the costs relating to the State guarantee will be 1% per year in years 2 and 3 and then 2% per year for the following years. The Group has decided to exercise the five-year extension option for the €140 million State-Guaranteed Loan granted in 2021. The average rate for the first year was 0.734%. The second State-guaranteed loan of €53 million was taken out in 2022 and the Group intends to exercise the two-year extension option in June 2022.

The Bridge Term Loan also carried interest at a EURIBOR-indexed floating rate with a minimum of 0% increased by the applicable margin. On March 5, 2021, it was fully reimbursed.

In the context of its NEU CP issue programme, the Group is responsible for determining an issue price which shall be a function of demand and supply on this market and the maturity of the issued securities. At the reporting date of the 2021 financial year, the Group reported an average rate of 0.338% per year for all issues made in 2021.

5.12 CURRENT AND NON-CURRENT PROVISIONS

Basic principles

A provision is recognised whenever the Group has an obligation with regard to a third party which is likely to result in an outflow of cash that can be reliably estimated. When execution of this obligation is expected to be deferred by more than one year, the provision is classified within "Non-current liabilities" and the amount is discounted, with the effects of discounting recognised as net financial expense using the effective interest rate method.

Judgements and estimates

The main estimates and judgements relating to provisions for contingent liabilities are based on the following assumptions:

- restructuring costs: number of employees, probable costs per employee;
- disputes and litigation (*e.g.* contractual penalties, tax risks): the assumptions underlying the assessment of the legal position and the valuation of risks based on the probability of occurrence.

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

(In millions of euros)	01/01/2021	Additions	Reversals (utilised provisions)	Reversals N/A	Reclassifi-cation	Foreign exchange differences	12/31/2021
Provision for risk and charges	4.0	2.7	(2.6)	-	(0.9)	0.2	3.4
Provisions for pension liabilities	4.5	0.9	(0.2)	-	-	-	5.2
TOTAL NON-CURRENT PROVISIONS	**8.5**	**3.6**	**(2.8)**	**-**	**(0.9)**	**0.2**	**8.6**
Provisions for disputes	1.1	1.2	(0.2)	(0.7)	-	-	1.4
TOTAL CURRENT PROVISIONS	**1.1**	**1.2**	**(0.2)**	**(0.7)**	**-**	**-**	**1.4**

(In millions of euros)	01/01/2020	Additions	Reversals (utilised provisions)	Reversals N/A	Other comprehensive income/(loss)	Foreign exchange differences	12/31/2020
Provision for risk and charges	3.8	3.1	(4.1)	-	-	1.2	4.0
Provisions for pension liabilities	3.9	1.0	(0.1)	-	(0.3)	-	4.5
TOTAL NON-CURRENT PROVISIONS	**7.7**	**4.1**	**(4.2)**	**-**	**(0.3)**	**1.2**	**8.5**
Provisions for disputes	0.7	0.7	(0.2)	(0.1)	-	-	1.1
TOTAL CURRENT PROVISIONS	**0.7**	**0.7**	**(0.2)**	**(0.1)**	**-**	**-**	**1.1**

Provisions for disputes include provisions for labour-related risks and supplier-related risks.

5.13 EMPLOYEE BENEFITS

Defined contribution plans

Under defined contribution plans, the Group pays contributions based on salaries to external bodies and has no obligation with regard to the level of benefits paid to the beneficiaries. Expenses are recorded when the contributions are due.

Defined benefit plans

Pension liabilities are recorded for defined benefit pension plans at the present value of the corresponding pension obligations at the reporting date. The Group's liability for defined benefit pension plans is calculated annually by independent actuaries, using a discount rate determined by reference to the EUR Composite AA curve at December 31, 2021.

The liability reflects the conditions for retirement under the collective bargaining agreement and the employees' seniority, since it is calculated based on the date of their potential retirement. The liability takes into account the probability of the employee leaving the Company and being entitled to a full-rate pension. All such costs, including social security taxes, are accrued and systematically taken to income over the working life of the employees. The provision for retirement indemnities includes retirement indemnities due under the collective bargaining agreements, which are specific to the French pension system. The Group has no liabilities of this nature related to its employees outside of France. The provision is estimated on an actuarial basis using the projected unit credit method (the accrued benefit method pro-rated on service) in accordance with IAS 19 "Employee Benefits". The IFRIC amendment has not had an impact on the Company (see Accounting rules and methods 2.2.2).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised under "Other comprehensive income" and are not reclassified to profit or loss.

Past service costs are immediately recognised in the income statement.

The provision for pension liabilities only relates to France and takes into account:

- the rights vested by each employee at the end of each period. The salary revaluation rate (excluding inflation) is estimated at 2.5% for managerial-grade staff and supervisors and 1.5% for blue-collar workers and administrative staff;
- the probability of each employee being with the Group at retirement (and being entitled to a full-rate pension);
- the probability of termination of the employment contract by the employee;
- an inflation rate of 1% and a discount rate scale up to 0.29% at 15 years;
- top management is not eligible for pension benefits.

(In millions of euros)	12/31/2020	12/31/2021
Projected benefit obligation at the beginning of the period	**3.9**	**4.5**
Current service cost	0.8	0.7
Estimated interest cost	0.1	-
Other comprehensive income/(loss)	(0.3)	-
Projected benefit obligation at the end of the period	**4.5**	**5.2**
Liability recognised on the statement of financial position	**4.5**	**5.2**
Service cost	**0.8**	**0.7**
Current service cost	0.8	0.7
Net interest cost	**0.1**	-
Interest cost	0.1	-
Net cost for the period	**0.9**	**0.7**

5.14 TRADE AND OTHER PAYABLES

Trade payables, amounting to €154.7 million as of December 31, 2021, include in particular €15.3 million of payables related to acquisitions of non-current assets.

5.15 OTHER CURRENT LIABILITIES

Other current liabilities amounted to €82.9 million at December 31, 2021 and were mainly composed of taxes, duties and other payroll-related liabilities totalling €62.5 million, advances and down payments from customers for €12.5 million.

5.16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value measurement

Pursuant to IFRS 13 "Fair Value Measurement", fair value (or market value) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by employing the asset in its highest and best use or by selling it to another market participant that would employ the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy (see below) based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

In "Non-current financial assets" (Note 5.5), the Group measures assets pledged as collateral at fair value at each reporting date (Level 1 of the fair value hierarchy).

The fair value of derivative financial instruments recognised at December 31, 2021 was determined using Level 2 of the fair value hierarchy.

Fair value hedge (FVH):

Changes in the fair value of assets and liabilities that are designated as hedged items are recognised as profit or loss and offset changes in the value of the derivative instruments allocated to the underlying asset. The time value of a purchased option and the forward (premium/discount) component of futures contracts are assimilated as a "cost" linked to the hedge. As such, the change in the time value of options and the change in the premium/discount of forward transactions are recorded in equity over the life of the transactions and reclassified to profit or loss on a symmetrical basis with the hedged item.

Cash flow hedge (CFH):

The effective portion of changes in the value of the derivative is recognised as other comprehensive income and reclassified to profit or loss on a symmetrical basis with the hedged item. The time value of a purchased option and the forward (premium/discount) component of futures contracts are assimilated as a "cost" linked to the hedge. As such, the change in the time value of options and the change in the premium/discount of forward transactions are recorded in equity over the life of the transactions and reclassified to profit or loss on a symmetrical basis with the hedged item. The ineffective portion is recognised immediately in profit or loss.

The net carrying amounts and fair values of financial assets and liabilities are summarised in the table below:

(In millions of euros)	Notes		Fair value hierarchy	12/31/2020 Net carrying amount	12/31/2020 Fair value	12/31/2021 Net carrying amount	12/31/2021 Fair value
Loans and receivables		Loan &Receivable	(1)	19.6	19.6	19.6	19.6
Non-current financial assets	**5.5**			**19.6**	**19.6**	**19.6**	**19.6**
Trade and related receivables	**5.7**	**Loan&Receivable**	**(1)**	**53.5**	**53.5**	**56.7**	**56.7**
Derivative instruments eligible for hedge accounting[3]		**FV OCI/FV PL**	**(2)**	**2.0**	**2.0**	**0.3**	**0.3**
Cash and cash equivalents	**5.9**	**Loan&Receivable**	**(1)**	**127.1**	**127.1**	**131.3**	**131.3**
Term Loan		Amortised costs	(1)	207.7	210.0	155.0	155.0
PGE		Amortised costs	(1)	138.9	140.0	179.0	179.0
Medium-term borrowing		Amortised costs	(1)	9.7	9.7	3.8	3.8
Deposits and sureties received		Amortised costs	(1)	0.3	0.3	0.1	0.1
Accrued interest on borrowings		Amortised costs	(1)	1.7	1.7	0.9	0.9
Long-term financial borrowings	**5.11**			**358.3**	**361.7**	**338.8**	**338.8**
Trade and other payables	**5.14**	**Amortised costs**	**(1)**	**128.7**	**128.7**	**154.7**	**154.7**
Current bank overdrafts		Amortised costs	(1)	2.6	2.6	1.9	1.9
Term Loan		Amortised costs	(1)	54.4	55.0	53.2	55.0
NEU CP		Amortised costs	(1)	54.7	55.0	38.0	38.3
PGE		Amortised costs	(1)	-	-	14.3	14.0
Medium-term borrowing		Amortised costs	(1)	-	-	2.7	2.7
Bridge		Amortised costs	(1)	39.9	40.0	-	-
Bank overdrafts and short-term borrowings and debt	**5.9**	**Amortised costs**	**(1)**	**151.7**	**152.6**	**110.2**	**111.9**
Derivative instruments eligible for hedge accounting[3]		**FV OCI/FV PL**	**2**	**0.8**	**0.8**	**2.7**	**2.7**

(1) Fair value is not provided since the net carrying amount represents a reasonable estimate of their fair value.
(2) These are forward contracts or options intended to hedge foreign currency-denominated cash flows. The application of IFRS 9 has broadened the scope of financial instruments eligible for hedge accounting. Below are the Group's accounting rules for hedge accounting under IAS 39 and IFRS 9:

Hedge type	Type of impact of IAS 39	Type of impact of IFRS 9
CFH (Cash Flow Hedge)	Other comprehensive income/(loss)	Other comprehensive income/(loss)
Total FVH (Fair Value Hedge)	Income statement	Income statement
CFH (Cash Flow Hedge)	Income statement	Other comprehensive income/(loss)
Trading	Income statement	Income statement

At December 31, 2021, the fair value of derivative instruments was estimated based on their market value (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).

FV OCI: Fair value through Other Comprehensive Income

FV PL: Fair value through profit or loss

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5.17 FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

5.17.1 Organisation of foreign exchange, interest rate and market risk management

Foreign exchange and interest rate risk are managed on a centralised basis.

The Group has implemented a strict policy and rigorous guidelines to manage, assess and monitor these market risks and may use financial instruments within this framework.

5.17.2 Foreign exchange risk

A significant portion of the Group's revenue (around 45.6% during the period ended December 31, 2021) is generated in foreign currencies, notably pound sterling, Chinese yuan, U.S. dollar, Canadian dollar and Swiss franc. A portion of its cost of sales (around 46.1%) is also denominated in other currencies, particularly purchases denominated in US dollars or Chinese yuan from its Asian suppliers. Some assets are also recorded in foreign currencies on the Group's balance sheet.

The Group is therefore exposed to changes in its currencies, as its reporting currency is the euro.

However, the Group has cash pooling and centralised foreign exchange risk management arrangements designed to limit its foreign exchange exposure and the related hedging costs by matching as far as possible proceeds from sales made in US dollars and Chinese yuan with purchases made in the same currency with suppliers and private label manufacturers in Asia. This helps reduce the sensitivity of its net margin to foreign exchange risk. For other currencies, the Group's policy is to translate all excess cash not needed to fund future growth into the reporting currency (euros) at the end of each month, in order to reduce the Group's sensitivity to these other exposures as far as possible.

For this purpose, the Group anticipates its cash surpluses and hedges any highly-probable future cash flows using forward rate agreements or plain vanilla options as part of a prudent risk management policy. The Group also hedges its current accounts in foreign currency used to fund its subsidiaries' foreign currency investments. It does this by means of swaps that hedge the full amount of its subsidiaries' short term commitments. However, the Group is still exposed to foreign exchange risk due to investments in countries with a currency other than the reporting currency (stores and leasehold rights in the United States, United Kingdom, etc.) and for which it does not seek refinancing in the currency concerned.

5.17.3 Interest rate risk

The Group is exposed to a risk of fluctuation in interest rates given that the interest rates on some of its debt are indexed to the Euro Interbank Offered Rate (EURIBOR), plus a margin. EURIBOR may increase significantly in the future, resulting in additional interest for the Group, reducing the cash flow for investments and limiting its ability to service its debt. As of December 31, 2021, the Group's outstanding floating-rate debt was €254.6 million and the Group's outstanding fixed-rate debt was €193.2 million. The Group may have to set up appropriate hedging instruments in line with the fixed rate/ floating rate allocation objectives. To date and with respect to key interest rates and anticipations of interest rate hikes, the Group has not set up such instruments. The table below presents the breakdown of fixed/floating rate date as of December 31, 2021:

(In millions of euros)	12/31/2021	
Floating-rate debt	**281.4**	**63%**
Amortisable term loan (TLA)	210.0	47%
Floating-rate PGEs	71.4	16%
Fixed-rate debt	**166.4**	**37%**
Fixed-rate PGE lines	121.6	27%
Short-term negotiable securities (NEU CP)	38.3	9%
Other bank borrowings	6.5	1%
TOTAL	**447.8**	**100%**

5.17.4 Sensitivity to interest rate risk

Based on the Group's financial commitments at December 31, 2021, and the level of interest rates, a 0.5% rise in interest rates would not have a significant impact over the period.

5.17.5 Derivatives used to manage foreign exchange risk

Foreign currency transactions

Transactions carried out by consolidated companies in a currency other than their functional currencies are translated at the exchange rate prevailing at the transaction date.

Trade receivables, trade payables and liabilities denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the reporting date.

Unrealised gains and losses resulting from this translation are recognised:

- as cost of sales in the case of commercial transactions;
- as net financial expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation of intragroup transactions or receivables and payables denominated in currencies other than the entities' functional currency are recorded in the income statement.

The Group uses financial instruments to reduce its exposure to foreign exchange risks.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is signed, and are subsequently revalued to fair value, regardless as to whether the derivatives are qualified for hedge accounting under IFRS 9 or not. The recognition of the resulting gains or losses depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group hedges exchange rate risk on recognised assets or liabilities, or highly-probable future transactions (cash flow hedges).

The fair values of asset and liability derivative instruments at December 31, 2021 are as follows:

(In millions of euros)	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	0.2	(1.9)	(1.8)
Options	0.1	(0.8)	(0.6)
TOTAL	**0.3**	**(2.7)**	**(2.4)**

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

(In millions of euros)	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**

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, the management objectives and hedging strategy. The Group also documents the efficiency of the hedge in offsetting changes in fair value or cash flows of hedged items from the time of its application and for its full duration.

A significant portion of Group companies' sales to customers and to their own retail subsidiaries as well as some of their purchases are denominated in currencies other than their functional currency. Hedging instruments are used to reduce the risks arising from currency fluctuations for transactions planned in future periods (cash flow hedges).

Future foreign currency-denominated cash flows are estimated in the budget preparation process and are hedged progressively over average maturity for a collection period rarely exceeding one year. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

		USD	GBP	CHF	CNY	CAD	HKD	NOK	SEK	DKK	
Type of impact	**Hedge type**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**12/31/2021**
OCI impacts	CFH	(0.1)	(0.4)	(0.3)	(0.3)	(0.2)	(0.4)	-	-	-	(1.7)
OCI impacts	FVH	-	-	-	(0.1)	-	-	-	-	-	(0.1)
P&L impacts	FVH	-	(0.1)	-	(0.3)	-	-	-	-	-	(0.4)
P&L impacts	CFH	-	-	-	-	-	-	-	-	-	-
P&L impacts	*Trading*	-	-	-	(0.1)	-	-	-	-	-	(0.1)
TOTAL *(in €M)*		**(0.1)**	**(0.5)**	**(0.3)**	**(0.8)**	**(0.2)**	**(0.4)**	**-**	**-**	**-**	**(2.4)**
Position *(in million foreign currency)*		18	32	10	349	22	214	2	25	6	

Cash flow hedges are used to hedge purchases and sales of the Group's spring/summer and autumn/winter collections.

Foreign exchange risk sensitivity analysis

An increase (decrease) in the euro against the various currencies at December 31 would have affected the value of the financial instruments denominated in foreign currencies and would have led to an increase (decrease) in equity and profit as indicated in the table below. This analysis was carried out based on currency fluctuations that the Group deemed reasonable at the reporting date. For the purposes of this analysis, it was assumed that all other variables and particularly interest rates, remained constant. Impacts on forecast sales and purchases were not taken into account.

12/31/2021	Equity		Income statement	
(In thousands of euros)	Increase	Decrease	Increase	Decrease
USD (+/-10% change)	(0.9)	0.6	(0.8)	0.8
GBP (+/-10% change)	(2.8)	1.7	(1.6)	1.1
CHF (+/-10% change)	(1.3)	0.7	-	(0.2)
HKD (+/-10% change)	(1.6)	0.8	(1.3)	1.1
CNY (+/-10% change)	(2.8)	2.0	(2.8)	2.0
CAD (+/-10% change)	(1.1)	0.7	(0.8)	0.4
DKK (+/-10% change)	-	-	(0.1)	0.1
NOK (+/-10% change)	-	-	-	-
SEK (+/-10% change)	-	-	(0.3)	0.2
NET CASH FLOW SENSITIVITY	**(10.6)**	**6.5**	**(7.7)**	**5.5**

An increase (decrease) in the euro against these currencies at December 31 would have affected the presentation of the consolidated financial statements to the extent indicated in the table below *(excluding the impact of financial instruments and derivatives above)*. This analysis was based on the impact of applying the exchange rates in force at the end of the reporting period to the main financial statements denominated in foreign currency of entities within the scope of consolidation at December 31, 2021.

12/31/2021	Equity		Income statement	
(In millions of euros)	Increase	Decrease	Increase	Decrease
USD (+/-10% change)	(0.9)	1.1	(0.7)	0.8
GBP (+/-10% change)	(0.2)	0.3	0.2	(0.2)
HKD (+/-10% change)	(1.6)	1.9	(1.3)	1.6
CNY (+/-10% change)	(4.5)	5.5	(0.7)	0.8
SENSITIVITY TO EXCHANGE RATE	**(7.2)**	**8.8**	**(2.5)**	**3.0**

5.17.6 Liquidity risk

The Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, net of cash and cash equivalents.

The Group's liquidity depends on the amount of its investments, its capacity to raise long-term borrowings and the quality of its banking relationships (*i.e.*, whether there are any committed credit facilities).

At December 31, 2021, the Group's financial debt was entirely structured around credit lines:

- an amortisable Term Loan A of €265 million and a confirmed and unused revolving credit facility of €200 million. This credit facility, granted in May 2019, matures in 2024;
- a loan guaranteed by the French State of €140 million granted in June 2020 and maturing in 2026;
- then a loan guaranteed by the French state of €53 million granted by 11 international banks in June 2021 and which should be extended until June 2024;
- a "NEU CP" (Negotiable EUropean Commercial Paper) commercial paper issuance programme drawn down for €38.3 million out of a possible total of €200 million;
- a Bridge Term Loan of €40 million to finance part of the acquisition of the Fursac Group, for a period of 12 months renewed for an additional six months which expired on March 5, 2021;
- various medium-term loans with a maturity of three to five years contracted by Fursac with French commercial banks for an outstanding amount of €6.5 million;
- unconfirmed and unused credit lines for €45.6 million.

The following table presents the contractual repayment schedule of principal and interest (excluding derivatives) at December 31, 2021.

(In millions of euros)	2022	2023	2024	2025	2026	2027	Total	Carrying amount as of December 31, 2021
Amortisable term loans (ATL & PGEs)	69.0	74.3	175.7	42.0	42.0	-	**403.0**	401.5
Drawn down credit lines (RCF)	-	-	-	-	-	-	-	-
Other bank borrowings	2.8	1.6	1.0	0.9	0.2	-	**6.5**	6.5
Bank overdrafts and short-term borrowings and debt	38.3	-	-	-	-	-	**38.3**	38.0
Interest expenses	14.9	8.4	4.4	1.3	0.2	-	**29.2**	1.0
Bank overdraft							-	1.9
TOTAL FINANCIAL LIABILITIES AS OF DECEMBER 31, 2021	**125.0**	**84.3**	**181.1**	**44.2**	**42.4**	**-**	**477.0**	**448.9**

5.17.7 Credit risk

The Group has a low credit risk. SMCP's goods are sold through various distribution channels:

- a large part of its business is retail for which customers pay cash;
- affiliates are billed once or twice per month and pay within a few days. The Group has bank guarantees for each of its affiliates;
- department store partners are billed once a month and payment is made ten days later;
- local partners, or "wholesale/partnered retail" (outside France) pay within 30 to 45 days except if the local partners are located in a country considered at risk, in that case the local partners pay before the delivery of the goods.
- at the end of period on December 31, 2021, the amount of receivables due represented €7.9 million, or 13.9% of the balance of trade receivables, of which 4.4% overdue.

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Note 6 Off-balance sheet commitments

6.1 COMMITMENTS RECEIVED

(In millions of euros)	12/31/2020	12/31/2021
Undrawn credit lines	145.0	161.7
Guarantee commitments	3.1	4.3
COMMITMENTS RECEIVED	**148.1**	**166.0**

At December 31, 2021, the Group has the possibility of drawing down €161.7 million from the NEU CP programme in addition to the €38.3 million already drawn down. Guarantee commitments are made up of guarantees received from affiliates for an amount of €2.0 million, and from partners for an amount of €1.4 million.

6.2 COMMITMENTS GIVEN

(In millions of euros)	12/31/2020	12/31/2021
Sureties	0.4	0.4
Letters of credit	3.6	4.6
Guarantee commitments	25.3	24.6
COMMITMENTS GIVEN	**29.3**	**29.6**

At December 31, 2021, the guarantee commitments consist of bank guarantees.

Note 7 Additional information

7.1 WORKFORCE

The table below shows the breakdown of Group employees by geographical area:

	Operational workforce[(1)]		Average operational workforce in full-time equivalent[(2)]	
	12/31/2020	12/31/2021	12/31/2020	12/31/2021
France	2,659	2,477	2,211	2,314
Europe (excluding France)	1,516	1,583	1,188	1,241
America	558	613	399	460
Asia	1,315	1,418	1,315	1,407
TOTAL WORKFORCE	**5,748**	**6,091**	**5,113**	**5,422**

(1) The Group's operational workforce includes employees of Group companies on permanent or temporary contracts included on the payroll at December 31, regardless of their working hours. This includes employees on maternity or adoption leave, employees seconded to another Group entity and employees on sabbatical leave (more than six months) who have been replaced. It excludes subcontractors, temporary staff, interns, apprentices and those on work-study contracts, employees seconded to a company outside the Group and employees on sabbatical leave (more than six months) who have not been replaced.

(2) The average number of full-time equivalent (FTE) operational employees corresponds to the operational workforce at the end of each month of the period, adjusted to reflect the number of part-time employees using the individual attendance rate, as well as employees present for only part of the period, divided by the number of months of the period concerned.

7.2 FEES TO STATUTORY AUDITORS

Fees to Statutory Auditors for the consolidated financial statements of SMCP SA and its subsidiaries for the financial year ended December 31, 2021 amounted to €1.3 million and mainly concerned KPMG SA and DELOITTE & associés as shown in the table below:

	KPMG SA		DELOITTE & associés	
	(In millions of euros)	%	*(In millions of euros)*	%
Certification of accounts				
Issuer	0.3	45%	0.3	46%
Fully consolidated subsidiaries	0.3	55%	0.3	54%
Sub-total	**0.6**	**100%**	**0.6**	**100%**
Services other than the certification of accounts				
Issuer				
Fully consolidated subsidiaries	-	-	-	-0%
Sub-total	**-**	**0%**	**-**	**0%**
TOTAL	**0.6**	**100%**	**0.6**	**100%**

7.3 RELATED-PARTY TRANSACTIONS

In accordance with IAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity preparing its financial statements.

This may be any of the following:

- a person or company that has control over the Group;
- an associated company of the Group;
- a joint venture;
- an important member of the Company's management team (or a member of his/her family) or someone with a sensitive position.

A transaction with a related party involves a transfer of goods, services or commitments between the Group and the related party.

The Group's related party transactions include:

- transactions with a company that controls the Group or with associated companies;
- transactions with key members of the Group's management and supervisory bodies (or close members of their families).

7.3.1 Transactions with shareholders (whether or not they control the Group)

None.

7.3.2 Transactions with members of the Group's management and supervisory bodies

a) Transactions with members of the Group's management and supervisory bodies or their families or close friends

Certain members of the Group's management or supervisory bodies and their families or close friends are also members of other companies which they control or over which they have significant influence. Some of these companies recorded transactions with the Group at December 31, 2021 and 2020 as shown below:

(In millions of euros)	Executive management services	Affiliation agreements
Évelyne Chétrite SASU, managed by Évelyne Chétrite	1.6	
Judith Milgrom SASU, managed by Judith Milgrom	1.6	
SCI MAJ, managed by Judith Milgrom and her brother Alain Moyal		0.8
LEV company managed by Lévana Gampel, daughter of Judith Milgrom	**3.2**	**0.8**
Total for the period	**4.0**	
TOTAL TRANSACTIONS FOR 2021	**4.0**	

The Group has also negotiated severance packages with some of its managers to be paid if they leave the Group. Total commitments for services represented €5.1 million at December 31, 2021.

(In millions of euros)	Executive management services	Rental charges	Affiliation agreements
Évelyne Chétrite SASU, managed by Évelyne Chétrite	1.3		
Judith Milgrom SASU, managed by Judith Milgrom	1.5		
SCI MAJ, managed by Judith Milgrom and her brother Alain Moyal		0.1	
LEV company managed by Lévana Gampel, daughter of Judith Milgrom			0.6
Total for the period	**2.8**	**0.1**	**0.6**
TOTAL TRANSACTIONS FOR 2020		**3.5**	

Similarly, the total amount of commitments in compensation amounted to €3.8 million as of December 31, 2020.

b) Executive compensation

The table below presents the breakdown of total compensation recognised in respect of members of the Executive Committee and Board of Directors in respect of their functions within the Group, as well as the amount of provisions for retirement indemnities related to the Group's managers:

(In millions of euros)	12/31/2020	12/31/2021
Gross fixed salary	4.5	4.8
Variable salary	0.8	1.7
Social security expenses	1.9	2.6
Directors' compensation	0.2	0.2
Free shares	5.9	4.0
TOTAL	**14.3**	**13.3**
Retirement indemnities	**0.2**	**-0.1**

The Group has also negotiated severance packages with some of its managers to be paid if they leave the Group. Total commitments for services represented €5.5 million at December 31, 2021.

7.4 SCOPE OF CONSOLIDATION

The table below shows the scope of consolidation at December 31, 2021:

	12/31/2020		12/31/2021	
Companies	% interest*	Consolidation method	% interest*	Consolidation method
SMCP SA	**100.00%**	**Parent company**	**100.00%**	**Parent company**
SMCP GROUP SAS	100.00%	FC	100.00%	FC
SMCP HOLDING SAS	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	0.00%	NC
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	0.00%	NC
MAJE SPAIN	100.00%	FC	100.00%	FC
MAJE STORES	100.00%	FC	100.00%	FC
MAJE SUISSE	100.00%	FC	0.00%	NC
MAJBEL	100.00%	FC	0.00%	NC
CLAUDIE PIERLOT	100.00%	FC	100.00%	FC
CLAUDIE PIERLOT SUISSE	100.00%	FC	0.00%	NC
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
SMCP SWITZERLAND	100.00%	FC	100.00%	FC
SMCP HONG-KONG	100.00%	FC	100.00%	FC
SANDRO 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
FURSAC FINANCE SAS	100.00%	FC	0.00%	NC
FURSAC SA	99.97%	FC	99.97%	FC
FURSAC SUISSE SA	99.97%	FC	0.00%	NC

* Percentage stake is identical to percentage ownership.
Abbreviation used: "FC" = Full consolidation. "NC" = Not Consolidated.

7.5 EVENTS AFTER THE REPORTING PERIOD

7.5.1 Conversion of class G preferred shares

On January 1, 2022, 187,912 G PS were converted into ordinary shares by 8 Company managers. As a result, 737,189 newly created ordinary shares were issued and the Company's Articles of Association were amended accordingly.

7.5.2 Holding of an Ordinary General Meeting and re-composition of the Board of Directors

On January 14, 2022, an Ordinary General Meeting was held at the invitation of SELARL THEVENOT & PARTNERS, as mandataire, appointed by order of the President of the Paris Commercial Court on November 30, 2021, at the request of GLAS, with the agenda to change the composition of the Board of Directors of SMCP SA through (i) the dismissal of all the members of the Board of Directors representing European TopSoho S.à r.l. / Shandong Ruyi and (ii) the appointment of new independent directors. The shareholders approved the dismissal of five members of the Board of Directors representing European TopSoho S.à r.l./Shandong Ruyi, and approved the appointment of three new independent directors: Christophe Chenut, Xavier Véret and Natalia Nicolaidis. At its meeting of January 17, 2022, the Board of Directors appointed Christophe Cuvillier, independent director, as Chairman of the Company's Board of Directors, to replace Yafu Qiu. During its meeting of January 19, 2022, the Board of Directors appointed Christophe Chenut, independent director, as a member of the Nominations and Compensation Committee, and Xavier Véret, independent director, as a member of the Audit Committee, to replace Chenran Qiu and Xiao Su respectively. On March 4, 2022, Xiao Wang resigned as a Company director for personal reasons. Lastly, on April 6, 2022, Ms Évelyne Chétrite resigned from the Nominations and Compensation Committee and was replaced by Ms Natalia Nicolaidis.

7.5.3 Creation of an *Ad hoc* Committee

On January 25, 2022, SMCP announced that following the changes in the composition of its shareholding structure over the last few weeks and in view notaby of the intentions expressed by GLAS in its threshold crossing declarations, the Company's Board of Directors considered it necessary to initiate a review of the recomposition of its share capital in order to stabilise and consolidate its shareholding structure. In this context, the Board of Directors decided to set up an *Ad hoc* Committee to steer the discussions on this issue, in the strict interest of the company, its employees and all of its shareholders. This *Ad hoc* Committee comprises Orla Noonan, Natalia Nicolaidis and Christophe Cuvillier, all independent directors. It is chaired by Ms Noonan.

7.5.4 Situation in Ukraine and Russia

On February 24, 2022, the Russian army began an intervention in Ukraine. The Group's sales in Ukraine and Russia are operated *via* distributors and represent a marginal share of the Group's revenue (less than 1% of revenue). The decision to close stores, even temporarily, is not the Group's responsibility. SMCP informed the market when publishing its annual results on March 9, 2022 that it was closely monitoring the situation in Ukraine, that it remains very concerned by the safety of the employees of its Ukranian distributor, Hamilton, who work with the Group, and that deliveries to the Russian distributor had been suspended.

7.5.5 Outlook for 2022

For the 2022 financial year, SMCP expects solid double-digit sales growth vs. 2021 and mid single digit sales growth compared to 2019. With regard to its profitability, the Group anticipates an adjusted EBIT margin (as a % of revenue) in line with 2021 in a marked inflationary context. SMCP thus anticipates a net debt ratio <2x at the end of 2022 (instead of end 2023 as previously expected). The Group also confirms its medium-term objectives.

5.1.3 Report of the Statutory Auditors on the consolidated financial statements

Financial year ended December 31, 2021

To the SMCP S.A. General Meeting,

Opinion

In compliance with the assignment entrusted to us by your general meeting, we performed an audit of the consolidated financial statements of the company SMCP SA relating to the financial year ended December 31, 2021, as attached to this report.

In our opinion the consolidated financial statements give a true and fair view of the results of operations at the end of the financial year, and of the financial position, assets and liabilities of the group of persons and entities included in the consolidation, in accordance with IFRS as adopted by the European Union.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit guidelines

We conducted our audit according to the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are indicated in the section "Statutory Auditors' responsibility with respect to the audit of the consolidated financial statements" in this report.

Independence

We performed our audit engagement in accordance with the independence rules applicable to our profession, from January 1, 2021 until the issue date of our report, and in particular, we provided no service prohibited by Article 5, Section 1 of Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors' profession.

Justification of our assessments – Key points of the audit

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and audit of the financial statements for this financial year. This crisis and the exceptional measures taken in the context of the health emergency have had multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainty about their future prospects. Some of these measures, such as the travel restrictions and working from home, also had an effect on the internal organisation of businesses and on the way audits were carried out.

It is in this complex and evolving context, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, that we draw your attention to the key points of the audit relating to material misstatements which, in our professional opinion, were most significant for the audit of the consolidated financial statements for the financial year, and the response we provided to address these risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and led to the opinion expressed above. We express no opinion on the information contained in these consolidated financial statements taken in isolation.

Impairment tests on intangible fixed assets with indefinite useful lives

Identified risk

At December 31, 2021, the value of the Group's intangible fixed assets with indefinite useful lives amounted to €1,289.3 million compared to a total balance sheet of €2,413.1 million. These intangible fixed assets with indefinite useful lives mainly consist of the Sandro, Maje, Claudie Pierlot and Fursac trademarks and the goodwill recognised in the acquisition of SMCP Holding S.A.S. and of Fursac Finance S.A.S.

Goodwill and intangible assets with indefinite useful lives such as brands are tested for impairment once a year, or more frequently if there are indications of impairment. *Goodwill* and intangible assets with indefinite useful lives are allocated to combinations of cash-generating units (hereafter referred to as "CGUs"), which correspond to the Group's four brands (Sandro, Maje, Claudie Pierlot and Fursac). Each CGU combination is tested for impairment.

The recoverable amount of the CGU combinations is tested by comparing their carrying amount with the higher of their fair value less selling costs, or value in use.

If the impairment test reveals an impairment loss for a CGU combination, its carrying amount is reduced to its recoverable amount through the recognition of an impairment loss in the income statement.

The value in use of CGU combinationis based on the value of the estimated future cash flows resulting from the use of the CGU combination. They are determined on the basis of a discount rate net of tax incorporating the risks related to the performance of the asset tested.

We considered that the impairment tests on the intangible fixed assets with indefinite useful lives are a key audit matter given their significant importance in the Group's financial statements. The determination of their recoverable amount, based on discounted future cash flow forecasts, requires the use of assumptions involving a high degree of judgement on the part of Management as indicated in Note 5.4 "*Impairment tests*" in the notes to the consolidated financial statements.

Our response

As part of our due diligence, we assessed the compliance of the methodology applied by the Group for the implementation of impairment tests with the accounting standards in force. We also performed a critical review of the procedures used to apply this methodology.

Our audit consisted of:

- assessing the relevance of the approach adopted by Management to determine the CGU combinations at the level of which goodwill and other intangible assets with indefinite useful lives are tested by the Group;
- assessing the assumptions and the time-frames used by Management to estimate future cash flows in the light of our knowledge of the economic environment in which the Group operates;
- assessing the consistency of the cash flow projections used with the business plan approved by your Group's Board of Directors;
- assessing the reasonable nature of the financial parameters used (discount rate and perpetual growth rate) with help from our financial assessment experts and building notably on expert assessments;
- comparing the accounting estimates of cash flow projections for previous periods with the corresponding actual results in order to assess the achievement of past objectives;
- carrying out analyses of the sensitivity of the value in use to a change in the main assumptions made by Management and presented in the notes to the consolidated financial statements.

Lastly, we assessed whether the information provided in the Notes to the consolidated financial statements is appropriate.

Specific verifications

As required by the laws and regulations, we also performed, in accordance with the professional standards applicable in France, specific audits of the information presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We hereby attest that the consolidated Statement of Non-Financial Performance stipulated by Article L. 225-102-1 of the French Commercial Code appears in the Group's management report. It is specified that, in accordance with the provisions of Article L. 823-10 of the Code, we have not verified that the information contained in this declaration is true and fair, or consistent with, the consolidated financial statements, and a report on this information should be prepared by an independent third party.

Other verifications or information required by laws and regulations

Presentation format of the consolidated financial statements included in the annual financial report

In accordance with professional standards on the Statutory Auditors' work relating to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified compliance with this format defined by the European Delegated Regulation no. 2019/815 of December 17, 2018 in the presentation of the consolidated financial statements included in the annual financial report mentioned in section I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our work included verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Appointment of Statutory Auditors

Deloitte & Associés was appointed Statutory Auditor of SMCP SA by your General Meeting of September 25, 2017 with deferred effect to September 29, 2017. KPMG SA was appointed Statutory Auditor of SMCP SA by your General Meeting of April 22, 2016.

At December 31, 2021, KPMG SA was in the sixth year of its uninterrupted engagement, *i.e.* the fifth year since the Company's securities were admitted for trading on a regulated market.

At December 31, 2021, Deloitte & Associés was in the fifth year of its uninterrupted assignment, *i.e.* the fifth year since the Company's securities were admitted for trading on a regulated market.

Responsibilities of Management and of corporate governance members with regard to the consolidated financial statements

Management is responsible for preparing the consolidated financial statements and for ensuring that they present a true and fair view in accordance with IFRS as adopted by the European Union and for setting up the internal control that it considers necessary for the preparation of consolidated financial statements that are free of any material misstatements, be they from fraud or errors.

While preparing the consolidated financial statements, Management is responsible for evaluating the company's capacity to continue its operation, for presenting in these financial statements, as applicable, the required disclosures about going concern and for applying the going concern accounting principle, unless there are plans to wind up the company or to discontinue its activity.

The Audit Committee is responsible for monitoring the financial reporting preparation process and for monitoring the effectiveness of the internal control and risk management systems, and as applicable, of internal audit, with respect to procedures concerning the preparation and processing of accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of Statutory Auditors with respect to the audit of the consolidated financial statements

Audit aim and procedure

It is our responsibility to draw up a report on the consolidated financial statements. Our aim is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance without, however, providing a guarantee that an audit performed in accordance with professional standards will systematically lead to the detection of material misstatements. Misstatements may occur as a result of fraud or errors and are considered as material when one can reasonably expect that they might, taken individually or together, influence the economic decisions that the users of the financial statements make on the basis of these statements.

As stated in Article L. 823-10-1 of the French Commercial Code, under our assignment to certify the financial statements, we are not required to guarantee either the viability or the quality of management of your company.

During an audit carried out in accordance with the professional standards applicable in France, Statutory Auditors apply their professional judgement throughout the audit. Furthermore:

- they define and evaluate the risks that the financial statements might contain material misstatements, whether such misstatements stem from fraud or errors, define and implement audit procedures to address these risks, and gather elements that they consider sufficient and appropriate to use as the basis for their opinion. The risk of non-detection of a material misstatement stemming from fraud is higher than the risk of a material misstatement stemming from an error, because fraud can imply collusion, falsification, wilful omissions, misrepresentations or the circumvention of internal control;
- they obtain an understanding of the relevant internal control for the audit in order to define appropriate audit procedures suitable for the specific context, and not for the purpose of expressing an opinion on the efficiency of internal control;
- they assess the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by Management, and the disclosures related thereto provided in the consolidated financial statements;
- they assess the suitability of the application by Management of the going concern accounting principle and, according to the collected elements, the existence or not of a material uncertainty linked to events or circumstances likely to call into question the company's capacity to continue its operation. This assessment is based on the elements collected up to the date of the auditors' report, on the understanding, however, that circumstances or subsequent events may call into question the going concern. Should they conclude on the existence of a material uncertainty, they draw the attention of the readers of their report to the disclosures in the consolidated financial statements regarding this uncertainty or, if this information is not disclosed or is not pertinent, they issue a qualified certification or may refuse to certify;
- they assess the overall presentation of the consolidated financial statements and evaluate whether the consolidated financial statements adequately reflect the underlying transactions and events to provide a true and fair view;
- concerning financial reporting of the persons or entities included in the scope of consolidation, they collect the elements that they consider sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for managing, supervising and performing the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

Report to the Audit Committee

We present a report to the Audit Committee which contains the scope of the audit proceedings and the work programme implemented, in addition to the findings from our audit. We also notify the Audit Committee, if necessary, of the significant weaknesses in the internal control system that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

The elements disclosed in the report to the Audit Committee include the risks of material misstatements that we considered to be the most significant for the audit of the annual financial statements for the financial year and that accordingly represent the key points of the audit, which we are required to describe in this report.

We also provide the Audit Committee with the declaration specified by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, as defined by the rules applicable in France, specified in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' Code of Ethics. As applicable, we discuss the risks impacting our independence and the precautionary measures taken with the Audit Committee.

Paris La Défense, April 19, 2022

The Statutory Auditors

KPMG SA		Deloitte & Associés
Valéry Fousse	Alphonse Delaroque	Albert Aidan
Partner	*Partner*	*Partner*

5.2 Financial statements of the parent company

5.2.1 Financial statements of the parent company SMCP SA

BALANCE SHEET ASSETS

(In millions of euros) Headings	Gross amount	Depreciation, Amortisation and Provisions	12/31/2021	12/31/2020
Intangible assets				**0.1**
Start-up costs	-	-		-
Concessions, patents and similar rights	0.1	0.1	-	0.1
Property, plant and equipment			**0.2**	**-**
Technical fittings, equipment and industrial tools				
Other property, plant and equipment	0.2	-	0.2	-
Assets under development	-		-	-
Financial investments			**1,061.5**	**1,049.1**
Other equity interests	581.5		581.5	581.5
Loans	472.7		472.7	461.2
Other non-current financial assets	8.4	1.1	7.3	6.4
Total fixed assets	**1,063.0**	**1.2**	**1,061.8**	**1,049.3**
Inventories and work in progress				
Advances and down payments on orders	-		-	-
Receivables			**85.0**	**71.2**
Trade and related receivables	10.4		10.4	1.3
Other receivables	74.6		74.6	69.9
Miscelleous			**3.0**	**0.8**
Marketable securities (including treasury shares: €2.9 million)	2.9		2.9	0.7
Cash at hand	0.1		0.1	0.1
Accrual accounts				
Prepayments				
Total current assets	**88.1**		**88.1**	**72.1**
Conversion differences – assets				-
GRAND TOTAL	**1,151.1**	**1.2**	**1,149.9**	**1,121.3**

BALANCE SHEET LIABILITIES

Headings	12/31/2021	12/31/2020
Individual or share capital (of which 83,267,404 paid)	83.3	82.7
Issue, merger and contribution premiums	950.2	950.7
Legal reserve	4.1	3.6
Retained earnings	77.4	67.8
Profit/(loss) for the financial year	**23.8**	**10.1**
Equity	**1,138.8**	**1,114.9**
Provisions for risks	0.3	2.5
Provisions	**0.3**	**2.5**
Liabilities	**10.8**	**3.9**
Trade and other payables	2.0	0.7
Income tax and social security liabilities	5.8	3.2
Other liabilities	3.0	-
Accrual accounts		
Prepaid income		-
Liabilities	**10.8**	**3.9**
Translation adjustment (liabilities)		
GRAND TOTAL	**1,149.9**	**1,121.3**

INCOME STATEMENT

Headings	France	Exports	12/31/2021	12/31/2020
Production sold – services	15.8	0.4	16.2	8.9
Net revenue	**15.8**	**0.4**	**16.2**	**8.9**
Reversals of impairments, provisions (and depreciation), expense transfers			0.1	-
Other income			-	-
Operating income			**16.3**	**8.9**
Other purchases and external expenses			1.6	3.1
Taxes other than on income			0.4	0.3
Wages and salaries			5.5	5.3
Social security expenses			9.1	1.7
Provisions for depreciation and amortisation			0.1	-
Provisions			0.3	-
Other expenses			0.2	0.2
Operating expenses			**17.2**	**10.6**
Operating income			**(0.9)**	**(1.7)**
Income from other marketable securities and fixed asset receivables			12.5	12.3
Foreign exchange gains			-	-
Financial income			**12.5**	**12.3**
Financial allocation for amortisation, depreciation and provisions				0.5
Interest and similar expenses			0.1	-
Foreign exchange losses			-	-
Financial expenses			**0.1**	**0.5**
Financial result			**12.4**	**11.8**
Pre-tax profit on ordinary activities			**11.5**	**10.1**
Non-recurring income on operating transactions				
Non-recurring income on share capital transactions			-	
Reversals of impairments and provisions, expense transfers			2.5	5.1
Non-recurring income			**2.5**	**5.1**
Non-recurring expenses on operating transactions			1.0	1.7
Non-recurring expenses on share capital transactions				1.1
Non-recurring amortisation, depreciation and provisions				2.5
Non-recurring expenses			**1.0**	**5.3**
Non-recurring income			**1.5**	**(0.2)**
Employee profit-sharing			0.2	-
Income tax			(11.0)	(0.2)
NET PROFIT FOR THE PERIOD			**23.8**	**10.1**

5.2.2 Notes to the financial statements

Significant events during the financial year

Shareholding structure

The composition of the Company's shareholding structure saw significant changes at the end of the 2021 financial year, marked notably by (i) the temporary ownership by Glas SAS (London Branch) ("GLAS"), in its capacity as Trustee of the €250 million bonds exchangeable into shares issued in 2018 by European TopSoho S.à r.l. ("ETS"), a subsidiary of Shandong Ruyi group, corresponding to part of the SMCP shares pledged in respect of these bonds (21,952,315 SMCP shares representing 37% of the share capital), following the default of ETS in respect of these bonds and (ii) the disposal by ETS of 12,106,939 SMCP shares to Dynamic Treasure Group Ltd, presented as the initial transferee in the ETS communication.

GLAS hold 29% of the Company's share capital (or 25.6% of the theoretical voting rights) and ETS holds 8% of the Company's share capital (or 14.2% of the voting rights). The transferee of the 12,106,939 shares indicated above holds 16% of the Company's share capital (or 14.1% of the voting rights).

Change of Chief Executive Officer

On August 1, 2021, the Board of Directors appointed Isabelle Guichot, previously Chief Executive Officer of Maje, as Chief Executive Officer and director of the SMCP Group, to replace Daniel Lalonde as from August 2, 2021.

Accounting rules and methods

As at December 31, 2021, and before appropriation of earnings for the financial year, the balance sheet total amounts to a gross value of €1,151.1 million and a net value of €149.9 million. The income statement for the financial year, presented in list form, shows income of €23,8 million.

The financial year lasts 12 months, covering the period from January 1, 2021 to December 31, 2021. The notes or tables below form an integral part of the annual financial statements.

The general accounting principles were applied as dictated by the principle of prudence, in accordance with the following basic assumptions:

- going-concern;
- consistency of accounting policies from one period to the next;
- independence of financial years; and
- observance of the general rules governing the preparation and presentation of annual financial statements.

The Company's annual financial statements are prepared in accordance with the provisions of the French Commercial Code (Articles L. 123-12 to L. 123-28), of the ANC regulation No. 2018-07 of December 10, 2018, amending regulation No. 2014-03 of June 5, 2014 relating to the French general accounting plan (PCG), approved by decree on December 26, 2018.

The basic method used to evaluate accounting data is the historic cost method.

Intangible assets

Start-up costs mainly include fees. They were fully amortised as at December 31, 2021 (amortisation over five years).

Property, plant and equipment

Property, plant and equipment are valued at their acquisition cost (purchase price and associated costs).

Depreciation and amortisation is calculated on a straight-line basis depending on the expected useful life.

Under new rules governing property, plant and equipment (CRC 2002-10 and CRC 2004-06) the Company has not identified any significant elements. In terms of useful lives, the durations applied reflect the duration of use of the good and were not modified during the financial year.

Financial investments

The gross value of capitalised securities is based on the purchase price excluding associated costs.

When the inventory value is less than the gross value, impairment is recognised in the amount of the difference.

SMCP SA signed a liquidity agreement on November 28, 2017 for a total amount of €2 million. On September 9, 2021, SMCP made an additional contribution of €0.5 million as part of this contract. SMCP SA holds 123,700 shares under this contract. An impairment in the amount of €1 million was recognised at December 31, 2021, bringing the value of the SMCP share to the closing price at December 31, 2021, *i.e.* €7,244.

Equity interests, other long-term investments, short-term investments

The gross value of investments in associates includes the purchase price, including acquisition costs. When the inventory value is less than the gross value, impairment is recognised in the amount of the difference. This inventory value is determined by the discounted cash flow (DCF) approach based on the going concern assumption. These DCFs take into account the 2022 Budget and the Business Plan established over eight years, validated by the Executive Committee and approved by the Board of Directors. The Group has returned to its pre-pandemic activity of 2019 from the last quarter of 2021, and forecasts an operating profit margin for 2022 in line with that of 2021. Without change since 2020, SMCP has used a discount rate of 10% and a long-term growth rate of 2%.

Share capital

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

At December 31, 2021, the Company's fully subscribed and paid-up share capital amounted to €83,267,404.00 and broke down as follows:

- 74,798,149 fully-paid up common shares with a nominal value of one euro and ten cents (€1.10);
- 899,491 class G shares preferred shares which are the preferred shares within the meaning of Articles L. 228-11 *et seq.* of the French Commercial Code and with a nominal value of one euro and ten cents (€1.10).

Compensations allocated to members of management bodies

For reasons of privacy, these compensations are indicated in the Management report.

Receivables

Receivables are valued at their nominal value. Impairment is recorded when their fair value is lower than their carrying amount.

Average number of employees

Managerial-grade employees: 23

Employee: 1

Provisions for contingencies and charges

These provisions, recognised in line with CRC regulation 2000-06, are made to cover contingencies and charges that current or past events render probable, and which are clearly identifiable but whose timing or amount is uncertain.

Table of changes in provisions for contingencies and charges

			Restatements for the financial year		
(In millions of euros)	12/31/2020	Additions	Used	Unused	12/31/2021
Provision for risks		0.3			0.3
Other provisions for risks – non-current	2.5		2.5	-	
TOTAL	**2.5**	**0.3**	**2.5**		**0.3**

Accrued expenses

€5.7 million in accrued expenses mainly include trade payables of €1.9 million and income tax and social security liabilities of €2.3 million.

Foreign currency transactions

The related payables, receivables and cash assets are included in the balance sheet at their equivalent value at the closing price. The difference arising from the discounting of payables and receivables in foreign currencies at this closing price is recognised as translation difference, with unrealised foreign exchange losses that are not offset subject to a provision for contingencies.

Non-recurring income and expenses

Non-recurring expenses consisted primarily of provisions for fees .

Non-recurring income, amounting to €2,5 million, consists of reversal of provisions for costs related to the delivery of free shares.

Additional information

FEES

Details about Statutory Auditors' fees are provided in the notes to the consolidated financial statements.

SOCIAL SECURITY EXPENSES

This item includes social security and pension costs for €2 million and those related to the free share allocation plan for an amount of €7.1 million.

REVENUE

Revenue for 2021 was composed of intra-company re-billing for the provision of services.

Revenue is presented excluding tax after any reductions, discounts or rebates awarded.

Off-balance sheet retirement commitments

Commitments relating to retirement were estimated at December 31, 2021, after taking into account a discount to present value ratio based on the "Eur Ind AA+AA" curve published by Bloomberg at December 31, 2021.

This amount is calculated according to the agreement-based retirement conditions, with employees' seniority calculated based on the date of their potential retirement at 65 years' old. It takes into account the probability of the employee leaving the Company before reaching retirement age.

The estimate of end-of-career indemnity commitments includes agreement-based indemnities that are specific to French regimes through the application of a retrospective actuarial method which takes into account mortality risk, projected wage trends, staff turnover and a discount rate.

The end-of-career indemnity commitment totalled €83 thousand and is not recognised in the financial statements of the parent company.

Tax consolidation

SMCP SA has opted for the ordinary tax consolidation regime.

In line with the current tax consolidation agreement within the Group, each subsidiary bears a tax charge equivalent to the amount payable in the absence of a tax group. For 2021, the Company posted a tax income of €11.0 million.

For the 2021 financial year, the tax consolidation group included the following companies:

- Sandro Andy SAS
- Maje SAS
- Claudie Pierlot SAS
- Suite 341 SAS
- SMCP Logistique SAS
- SMCP Group SAS
- SMCP Holding SAS

Free shares allocation plan

PLAN NO. 2

Exercising the authorisation granted by the Shareholders' General Meeting on October 5, 2017.

The Board of Directors, at its November 23, 2017 meeting, decided to grant (Second Plan of November 2017) 958,645 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per third of two, three and four years.

On April 25, 2018, the Board of Directors decided to grant 7,636 free shares (April 2018 Plan) to some Directors and managers. This plan provides for a vesting period per third of two, three and four years for all beneficiaries.

PLAN NO. 3

Exercising the authorisation granted by the Shareholders' General Meeting on June 18, 2018.

On August 30 and 31, 2018 the Board of Directors decided to grant 10,985 free performance shares (August 2018 Plan) to some Directors and managers. This plan provides for a vesting period per half of two and three years for all beneficiaries.

The Board of Directors, at its March 20, 2019 meeting, decided to grant (March 2019 Plan) 41,000 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period of two years.

The Board of Directors, at its April 17, 2019 meeting, decided to grant (April 2019 Plan) 1,000 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period of two years.

PLAN NO. 4

Exercising the authorisation granted by the Shareholders' General Meeting on June 7, 2019.

The Board of Directors, at its December 5, 2019 meeting, decided to grant (January 2020 Plan) 420,548 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

PLAN NO. 5

Exercising the authorisation granted by the Shareholders' General Meeting on June 4, 2020.

The Board of Directors, at its December 17, 2020 meeting, decided to grant (December 2020 Plan) 120 free shares to some Group employees. This plan includes, for all beneficiaries, a vesting period of one year.

The Board of Directors, at its December 17, 2020 meeting, decided to grant (January 2021 Plan) 732,905 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its April 28, 2021 meeting, decided to grant (July 2021 Plan) 1,600 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

PLAN NO. 6

Exercising the authorisation granted by the Shareholders' General Meeting on June 17, 2021.

The Board of Directors, at its December 14, 2021 meeting, decided to grant (December 2021 Plan) 75 free shares to some Group employees. This plan includes, for all beneficiaries, a vesting period of one year.

The Board of Directors, at its December 14, 2021 meeting, decided to grant (January 2022 Plan) 454,700 free performance shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

	Plan no. 2		Plan no. 3		
Free shares allocation plan	**November 2017**	**April 2018**	**August 2018**	**March 2019**	**April 2019**
Initial allocation date	11/23/2017	04/25/2018	08/31/2018	04/17/2019	04/17/2019
Vesting period	2, 3 and 4 years per third	2, 3 and 4 years per third	2 and 3 years per half	02 years in a single transaction	2 years in a single transaction
Availability date	03/31/2022	03/31/2022	03/31/2022	04/17/2021	04/17/2021
	03/31/2020	04/25/2020			
	03/31/2021	03/31/2021	03/31/2021		
Vesting date	03/31/2022	03/31/2022	03/31/2022	04/17/2021	04/17/2021
Number of beneficiaries	10	1	5	3	2
Number initially granted	958,645	7,636	10,985	41,000	1,000
Number outstanding as of 12/31/2020	702,018	2,545	6,535	35,000	1,000
Number cancelled over the financial year	(189,840)	(844)	(1,882)	(11,664)	(333)
Number exercised over the financial year[1]	(237,444)	(1,701)	(2,185)	(23,336)	(667)
Number of shares transferred [2]					
Number surrendered over the financial year					
Number outstanding as of 12/31/2021	274,734		2,468		
Number that may be exercised over the financial year					
Performance conditions	Yes	Yes	Yes	Yes	Yes
Expense for the financial year *(in €M)*	0.8	0.0	0.0	0.0	0.0

(1) The number exercised over the financial year corresponds to the number of shares delivered to directors, managers and certain employees of the Group.
(2) The number of shares delivered corresponds to the number of shares awarded.

	Plan no. 4	Plan no. 5			Plan no. 6	
Free shares allocation plan	**January 2020**	**December 2020**	**January 2021**	**July 2021**	**December 2021**	**January 2022**
Initial allocation date	01/01/2020	12/31/2020	01/01/2021	07/01/2021	12/31/2021	01/01/2021
Vesting period	2 and 3 years per half	1 year in a single transaction	2 and 3 years per half	2 and 3 years per half	1 year in a single transaction	2 and 3 years per half
Availability date	03/31/2023	12/31/2021	03/31/2024	09/30/2024	12/31/2022	03/31/2024
	03/31/2022		03/31/2023	09/30/2023		03/31/2023
Vesting date	03/31/2023	12/31/2021	03/31/2024	09/30/2024	12/31/2022	03/31/2024
Number of beneficiaries	5	15	9	1	15	10
Number initially granted	420,548	120	732,905	1,600	75	454,700
Number outstanding as of 12/31/2020	401,548	120				
Number cancelled over the financial year	(110,040)	(16)	(211,291)			
Number exercised over the financial year[1]		(104)				
Number of shares transferred [2]			732,905	1,600	75	454,700
Number surrendered over the financial						
Number outstanding as of 12/31/2021	291,508		521,614	1,600	75	454,700
Number that may be exercised over the financial year						
Performance conditions	Yes	No	Yes	Yes	No	Yes
Expense for the financial year *(in €M)*	1.2	0.0	1.2	0.0		-

(1) The number exercised over the financial year corresponds to the number of shares delivered to directors, managers and certain employees of the Group.
(2) The number of shares delivered corresponds to the number of shares awarded.

For plans no. 2, 3 and 4, the performance conditions are based on an external condition (comparison of the performance of the SMCP share with that of the SBF 120 between the initial allocation date and the definitive vesting date) (30%) and an internal condition (achievement of an average of 2, 3 or 4 years of EBITDA) (70%).

For plans no. 5 and 6, the performance conditions are based on an external condition (comparison of the performance of the SMCP share with that of the SMALL & MID CAP between the initial allocation date and the definitive vesting date) (20%) and an internal condition (achievement of an average of 2, 3 or 4 years of EBITDA) (70%), and a CSR condition (10%).

Plans no. 2, 3, 4, 5 and 6 also have a condition of presence on the date of definitive vesting.

In accordance with the payment terms of these plans, the SMCP Board of Directors may adjust the performances conditions in exceptional and unforeseeable circumstances justifying such a modification, including in the event of economic crises or geopolitical events which have a significant impact on the Group's sector of activity, or any other circumstances justifying such an adjustment, in order to neutralise, as far as is possible, the consequences of these modifications on the target set during the initial allocation (mainly due to the impact of the Covid-19 pandemic on the 2020 financial statements).

These neutralisations have an impact on the number of shares to be delivered in March and April 2022 in the amount of 197,350 shares.

Cash at hand

At December 31, 2021, SMCP SA held 363,338 shares.

Post-closing significant events

CONVERSION OF CLASS G PREFERRED SHARES

As of January 1, 2022, 187,912 class G preferred shares had been converted into ordinary shares by eight managers of the Company. Consequently, 737,189 new ordinary shares were issued and the Company's Articles of Association were modified accordingly. The share capital now comprises 76,246,917 shares divided into 75,535,338 ordinary shares and 711,579 class G preferred shares and amounts to €83,871,608.70.

HOLDING OF AN ORDINARY GENERAL MEETING AND CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On January 14, 2022, an Ordinary General Meeting was held at the invitation of SELARL THEVENOT & PARTNERS, as mandataire, appointed by order of the President of the Paris Commercial Court on November 30, 2021, at the request of Glas SAS (London Branch) ("GLAS"), with the agenda to change the composition of the Board of Directors of SMCP SA through (i) the dismissal of all the members of the Board of Directors representing European TopSoho S.à r.l. / Shandong Ruyi and (ii) the appointment of new independent directors. The shareholders approved the dismissal of five members of the Board of Directors representing European TopSoho S.à r.l./ Shandong Ruyi, and approved the appointment of three new independent directors: Christophe Chenut, Xavier Véret and Natalia Nicolaidis. At its meeting of January 17, 2022, the Board of Directors appointed Christophe Cuvillier, independent director, as Chairman of the Company's Board of Directors, to replace Yafu Qiu. During its meeting of January 19, 2022, the Board of Directors appointed Christophe Chenut, independent director, as a member of the Nominations and Compensation Committee, and Xavier Véret, independent director, as a member of the Audit Committee, to replace Chenran Qiu and Xiao Su respectively. Lastly, on March 4, 2022, Xiao Wang resigned as a Company director for personal reasons. Lastly, on April 6, 2022, Ms Évelyne Chétrite resigned from the Nominations and Compensation Committee and was replaced by Ms Natalia Nicolaidis.

COMPANY SHARE BUYBACK PROGRAMME

On January 20, 2022, SMCP launched a share buyback programme for a maximum volume of 335,000 shares. This programme, which aims to cover its free share plan (LTIP), was implemented in accordance with the Board of Directors' decision of September 2, 2021, taken pursuant to the 31st resolution of the Combined General Meeting of June 17, 2021. SMCP had repurchased the 335,000 shares on February 2, 2022.

CREATION OF AN *AD HOC* COMMITTEE

On January 25, 2022, SMCP announced that following the changes in the composition of its shareholding structure over the last few weeks and in view notably of the intentions expressed by GLAS on October 29, 2021 and reiterated on November 10, 2021 in its threshold crossing declarations, the Company's Board of Directors considered it necessary to initiate a review of the recomposition of its share capital in order to stabilise and consolidate its shareholding structure. In this context, the Board of Directors decided to set up an *Ad hoc* Committee to steer the discussions on this issue, in the strict interest of the company, its employees and all of its shareholders. This *Ad hoc* Committee comprises Orla Noonan, Natalia Nicolaidis and Christophe Cuvillier, all independent directors. It is chaired by Ms Noonan.

Fixed assets

Gross value (in millions of euros)	Beginning of period	Revaluation	Acquisit., contribution	Transfer	Disposal	End of year
Intangible assets	**0.2**					**0.2**
Gen. equip., fixtures and fittings			0.2			0.2
Property, plant and equipment			**0.2**			**0.2**
Other equity interests	581.5					581.5
Loans and other non-current financial assets	469.0		12.1			481.1
Financial investments	**1,050.5**		**12.1**			**1,062.6**
TOTAL NON-CURRENT ASSETS	**1,050.7**		**12.3**			**1,063.0**

No impairment was recorded on these financial assets at December 31, 2021.

Provisions and impairments

(In millions of euros)	Beginning of period	Additions	Reversals	End of year
Provisions for disputes		0.3		0.3
Other provisions for contingencies and charges	2.5		2.5	
Provision for risk and charges	**2.5**	**0.3**	**2.5**	**0.3**
Impairment of other non-current financial assets	1.3		0.2	1.1
Impairments	**1.3**		**0.2**	**1.1**
GRAND TOTAL	**3.8**	**0.3**	**2.7**	**1.4**
Operating expenses and reversals		0.3		
Financial expenses and reversals			0.2	
Non-recurring expenses and reversals			2.5	

Receivables and payables

Statement of receivables (in millions of euros)	Gross amount	Up to 1 year	More than 1 year
Loans	472.7		472.7
Other non-current financial assets	8.4		8.4
Other trade receivables	10.4	10.4	
State, local authorities: income tax	3.1	3.1	
State, local authorities: value added tax	0.3	0.3	
Group and associates	71.2	71.2	
GRAND TOTAL	**566.1**	**85.0**	**481.1**
Loans granted during the period	11.5		

Statement of liabilities (in millions of euros)	Gross amount	Up to 1 year	Between 1 and 5 years	More than 5 years
Trade and other payables	2.0	2.0		
Personnel and related expenses	3.1	3.1		
Social security and other social institutions	0.8	0.8		
State: value added tax	1.7	1.7		
State: taxes other than on income	0.2	0.2		
Other liabilities	3.0	3.0		
GRAND TOTAL	**10.8**	**10.8**		

Share capital – Changes in equity

(In millions of euros)	Closing at 12/31/2020	Capital increase	Distribution of dividends	Appropriation of income	Profit (loss) for the financial year	Closing at 12/31/2021
Share capital	82.7	0.6				83.3
Share premium	134.3	(0.6)				133.7
Merger premium	816.4					816.4
Legal reserve	3.6			0.5		4.1
Retained earnings	67.8			9.6		77.4
Profit (loss) for the financial year	10.1			(10.1)	23.8	23.8
TOTAL	**1,114.9**	**-**	**-**	**-**	**23.8**	**1,138.7**

Shareholders	Number of ordinary shares	Number of Class G preferred shares	Total number of shares	Total number of voting rights
European TopSoho S.à r.l.	6,075,848		6,075,848	12,151,696
Trustee Glas SAS	21,952,315		21,952,315	21,952,315
Other shareholders	12,106,939		12,106,939	12,106,939
Founders & Managers	4,094,048	657,414	4,751,462	8,894,411
Free float	30,081,961	242,077	30,324,038	30,667,434
Treasury shares	487,038		487,038	-
TOTAL	**74,798,149**	**899,491**	**75,697,640**	**85,772,795**

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Financial commitments given and received

None

Breakdown of income tax

Breakdown *(in millions of euros)*	Profit/(loss) before tax	Tax due	Net income after tax
Profit on ordinary activities	11.5	(3.1)	8.4
Short-term non-recurring income	1.5	(0.4)	1.1
Long-term non-recurring income			
Employee profit-sharing	(0.2)		(0.2)
Corporate tax (carry back)		11.8	11.8
Corporate income tax (share of previous individual tax losses not used - tax consolidation)		2.7	2.7
ACCOUNTING NET INCOME	**12.8**	**11.0**	**23.8**

Subsidiaries and equity interests

(In millions of euros)	Share capital	Equity	Proportion held	Gross value securities	Net value securities	Loans, advances, guarantees	Revenue	Net income
Subsidiaries (more than 50 %)								
SMCP Group	58,2	444,2	100 %	581,5	581,5	na	37,1	(8,3)
Equity interests (10 à 50 %)			**None**					
Other equity interests			**None**					

Related-party transactions 2021

AFFILIATED COMPANIES FOR BALANCE SHEET AND INCOME STATEMENT ITEMS

Balance sheet

(In millions of euros)	Closing at 12/31/2021
Equity loans	
SMCP GROUP	472.7
TOTAL	**472.7**
Accrued interests equity loans	
SCMP GROUP	5.9
TOTAL	**5.9**
Trade and other receivables	
SANDRO ANDY	5.5
MAJE SAS	3.7
CLAUDIE PIERLOT	1.1
SUITE 341	0.1
TOTAL	**10.4**
Current accounts - assets	
SMCP GROUP	59.2
TOTAL	**59.2**
Other receivables and creditors - assets	
SMCP HOLDING	1.8
TOTAL	**1.8**
Tax consolidation	
SANDRO ANDY	11.9
MAJE SAS	16.6
CLAUDIE PIERLOT	0.2
SUITE 341	0.7
SMCP HOLDING	(17.4)
TOTAL	**12.0**

Income statement

(In millions of euros)	Closing at 12/31/2021
SANDRO ANDY	8.0
MAJE SAS	5.7
CLAUDIE PIERLOT	1.7
SUITE 341	0.1
SMCP USA	0.2
SMCP ASIA Ltd.	0.2
SMCP GROUP	0.2
TOTAL	**16.1**
Income from loans, interco trade receivables	
SMCP GROUP	12.3
TOTAL	**12.3**

5.2.3 Statutory Auditors' report on the annual financial statements

Financial year ended December 31, 2021

To the SMCP S.A. General Meeting,

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we performed an audit of the annual financial statements of SMCP S.A. relating to the financial year ended December 31, 2021, as attached to this report.

In our opinion, the annual financial statements, in accordance with the French accounting rules and principles, give a true and fair view of the results of the Company's operations for the financial year just ended and of its financial position and assets and liabilities as of the end of the financial year.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit guidelines

We conducted our audit according to the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are indicated in the section named "Responsibilities of Statutory Auditors with respect to the audit of the annual financial statements" in this report.

Independence

We performed our audit engagement in accordance with the independence rules applicable to our profession, from January 1, 2021 until the issue date of our report, and in particular, we provided no service prohibited by Article 5, Section 1 of Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors' profession.

Justification of our assessments – Key points of the audit

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and audit of the financial statements for this financial year. This crisis and the exceptional measures taken in the context of the health emergency have had multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainty about their future prospects. Some of these measures, such as the travel restrictions and working from home, also had an effect on the internal organisation of businesses and on the way audits were carried out.

It is in this complex and evolving context that, in accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most important for the audit of the annual financial statements for the year, as well as the responses we have provided to address these risks.

These assessments were made as part of our audit of the financial statements taken as a whole, closed under the aforementioned conditions, and led to the opinion expressed above. We express no opinion on the information contained in these annual financial statements taken in isolation.

Measurement of equity interests

Identified risks

At December 31, 2021, the net carrying amount of the equity interests of the subsidiary SMCP Group SAS amounted to €581.5 million and represented more than 50% of the balance sheet total. Equity interests are recognised at their entry date at acquisition cost and are measured at their net asset value.

As indicated in the note "Equity interests, other long-term investments, marketable securities" in the appendix, if the inventory value, which is equal to the value in use, is lower than the gross value, an impairment is made for an amount equal to the difference.

The net asset value of the equity interests is determined by taking into account the profitability outlook modelled by the Company on the basis of estimated cash flow.

Due to the importance of the net carrying amount of these interests and the uncertainties related in particular to the probability of realisation of the future cash flow forecasts used in the assessment of the value in use, we have considered the valuation of the value in use of SMCP Group SAS's equity interests as a key audit matter.

Audit procedures implemented to address identified risks

In order to assess the estimated value in use of SMCP Group SAS's equity interests determined by Management, our work consisted in:

- assessing the relevance of the methodology used to determine value in use;
- assessing the consistency of the cash flow projections used with the business plan approved by the Board of Directors;
- verifying the consistency of the assumptions retained with the economic environment and our understanding of the Group's outlook and strategic orientations;
- assessing the reasonable nature of the financial parameters used (discount rate and perpetual growth rate) with help from our financial assessment experts and building notably on expert assessments;
- comparing the assumptions retained for prior periods with the corresponding achievements in order to assess the achievement of past objectives.

Lastly, we verified that the note "Equity investments, other long-term investments and marketable securities" to the annual financial statements provided appropriate information.

Specific verifications

In accordance with the professional standards applicable in France, we also conducted the specific audits required by the laws and regulations.

Information given in the management report and in other documents on the financial position and on the annual financial statements addressed to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We hereby certify that the information on the terms of payment mentioned in Article D. 441-46 of the French Commercial Code is true and fair and consistent with the annual financial statements.

Corporate governance report

We certify that the section of the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

With regard to the information provided in application of the provisions of Article L. 22-10-9 of the French Commercial Code on compensation and benefits paid or awarded to corporate officers, as well as the commitments granted to them, we verified that it was consistent with the financial statements or with the data used to prepare these financial statements and, where applicable, with the information collected by your company from the companies controlled by it that are included in the scope of consolidation. On the basis of this work, we have no matters to report on this information.

Other verifications or information required by laws and regulations

Format of the annual financial statements included in the annual financial report

In accordance with professional standards on the Statutory Auditors' work relating to the annual and consolidated financial statements presented in the single European electronic reporting format, we have also verified compliance with this format defined by the European Delegated Regulation no. 2019/815 of December 17, 2018 in the presentation of the annual financial statements included in the annual financial report mentioned in section I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

On the basis of our work, we conclude that the presentation of the annual financial statements included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Appointment of Statutory Auditors

Deloitte & Associés was appointed Statutory Auditor of SMCP SA by your General Meeting of September 25, 2017 with deferred effect to September 29, 2017. KPMG SA was appointed Statutory Auditor of SMCP SA by your General Meeting of April 22, 2016.

At December 31, 2021, KPMG SA was in the sixth year of its uninterrupted engagement, *i.e.* the fifth year since the Company's securities were admitted for trading on a regulated market.

At December 31, 2021, Deloitte & Associés was in the fifth year of its uninterrupted assignment, *i.e.* the fifth year since the Company's securities were admitted for trading on a regulated market.

Responsibilities of Management and of corporate governance members with regard to the consolidated financial statements

Management is responsible for drawing up annual financial statements that present a true and fair view in accordance with French accounting standards and for setting up the internal control that it considers necessary for the preparation of annual financial statements free of any material misstatements, be they from fraud or errors.

While preparing the annual financial statements, Management is responsible for evaluating the company's capacity to continue its operation, for presenting in these financial statements, as applicable, the required disclosures about going concern and for applying the going concern accounting principle, unless there are plans to wind up the company or to discontinue its operations.

The Audit Committee is responsible for monitoring the financial reporting preparation process and for monitoring the effectiveness of the internal control and risk management systems, and as applicable, of internal audit, with respect to procedures concerning the preparation and processing of accounting and financial information.

These financial statements have been approved by the Board of Directors.

Responsibilities of Statutory Auditors with respect to the audit of the annual financial statements

Audit aim and procedure

It is our responsibility to draw up a report on the annual financial statements. Our aim is to obtain reasonable assurance that the annual financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance without, however, providing a guarantee that an audit performed in accordance with professional standards will systematically lead to the detection of material misstatements. Misstatements may occur as a result of fraud or errors and are considered as material when one can reasonably expect that they might, taken individually or together, influence the economic decisions that the users of the financial statements make on the basis of these statements.

As stated in Article L. 823-10-1 of the French Commercial Code, under our assignment to certify the financial statements, we are not required to guarantee either the viability or the quality of management of your company.

During an audit carried out in accordance with the professional standards applicable in France, Statutory Auditors apply their professional judgement throughout the audit. Furthermore:

- they define and assess the risks that the annual financial statements contain material misstatements, whether such misstatements stem from fraud or errors, define and implement audit procedures to address these risks, and gather elements that they consider sufficient and appropriate to use as the basis for their opinion. The risk of non-detection of a material misstatement stemming from fraud is higher than the risk of a material misstatement stemming from an error, because fraud can imply collusion, falsification, wilful omissions, misrepresentations or the circumvention of internal control;
- they obtain an understanding of the relevant internal control for the audit in order to define appropriate audit procedures suitable for the specific context, and not for the purpose of expressing an opinion on the efficiency of internal control;
- they evaluate the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by Management, and the disclosures related thereto provided in the annual financial statements;
- they assess the suitability of the application by Management of the going concern accounting principle and, according to the collected elements, the existence or not of a material uncertainty linked to events or circumstances likely to call into question the company's capacity to continue its operation. This assessment is based on the elements collected up to the date of the auditors' report, on the understanding, however, that circumstances or subsequent events may call into question the going concern. Should they conclude on the existence of a material uncertainty, they draw the attention of the readers of their report to the disclosures in the annual financial statements regarding this uncertainty or, if this information is not disclosed or is not pertinent, they shall issue a qualified certification or refuse to certify;
- they assess the overall presentation of the annual financial statements and assess whether the annual financial statements reflect the underlying transactions and events so as to provide a true and fair image.

Report to the Audit Committee

We present a report to the Audit Committee which contains the scope of the audit proceedings and the work programme implemented, in addition to the findings from our audit. We also notify the Audit Committee, if necessary, of the significant weaknesses in the internal control system that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

The elements disclosed in the report to the Audit Committee include the risks of material misstatements that we considered to be the most significant for the audit of the annual financial statements for the financial year and that accordingly represent the key points of the audit, which we are required to describe in this report.

We also provide the Audit Committee with the declaration specified by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, as defined by the rules applicable in France, specified in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' Code of Ethics. As applicable, we discuss the risks impacting our independence and the precautionary measures taken with the Audit Committee.

Paris La Défense, April 19, 2022

The Statutory Auditors

KPMG SA		Deloitte & Associés
Valéry Fousse	Alphonse Delaroque	Albert Aidan
Partner	*Partner*	*Partner*

5.2.4 Table of results over the last five financial years

TABLE OF THE RESULTS OVER THE LAST FIVE FINANCIAL YEARS

	2017 financial year	2018 financial year	2019 financial year	2020 financial year	2021 financial year
1. Closing share capital					
Share capital	81,870,133	81,913,824	82,222,037.70	82,687,319	83,267,404
Number of shares	87,001,098	74,467,113	74,747,307	75,170,290	75,697,640
• ordinary	73,170,023	73,174,015	73,550,068	74,117,760	74,798,149
• class G preferred	13,831,075	1,293,098	1,197,239	1,052,530	899,491
2. Operations and profit or loss for the financial year					
Revenue excluding tax	8,011,710	10,251,163	7,719,421	8,847,141	16,145,463
Profit/(loss) before tax, employee profit-sharing, depreciation, amortisation and provisions	(14,334,972)	27,801,712	18,563,976	7,833,225	10,642,702
Income tax	28,519,419	8,286,313	8,829,685	192,020	10,966,921
Employee profit-sharing due in the financial year	(149,634)	(199,921)	(158,178)	34,826	(173,174)
Profit/(loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	14,005,672	35,403,947	21,948,309	10,147,713	23,783,672
Distributed profits	-	-	-	-	-
3. Earnings per share					
Profit/(loss) after tax, employee profit-sharing, but before depreciation, amortisation and provisions	0.16	0.48	0.37	0.11	0.28
Profit/(loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	0.16	0.48	0.29	0.13	0.31
Dividend paid per share	-	-	-	-	-
4. Personnel					
Average workforce during the year	9	30	29	28	24
Annual payroll	7,171,795	5,356,185	4,139,184	5,300,838	5,524,222
Amount of social security payments and fringe benefits for the year	2,246,200	1,929,938	1,656,356	1,693,847	1,996,896

6

Non-financial performance

6.1 SMCP's CSR approach

6.1.1 The Group and its values

Parisian elegance will be ethical - or it will not be. SMCP believes in more virtuous fashion and acts from every angle to dress the world in the long term.

In 2021, our CSR commitments are gaining momentum. After four years of reflections, audits and eco-responsible actions, we have embarked on a contribution to lasting change in the world of fashion. While the health crisis impacted the opening of our stores again this year, it did not in any way slow down our desire to progress in terms of CSR. Our CSR strategy infuses the DNA of our four brands and all the initiatives of our Business Units, season after season, to reduce our impact on the Planet, People and Society as a whole. Reflecting our proactive approach and our desire for transformation, our two Parisian Houses, Maje and Sandro, launched new solutions this year to rethink the world of ready-to-wear. With the rental of the most beautiful Parisian pieces for a day and an unprecedented second-hand service for timeless and desired collections around the world, we aspire to offer everyone access to Parisian elegance.

THE GROUP & ITS VALUES

Elegance is not in what you wear, but in your attitude.

In the beginning, there were three women, Évelyne Chétrite, Judith Milgrom and Claudie Pierlot who dreamed of dressing Parisians in elegant clothes. Sandro and Claudie Pierlot were created in 1984, then Maje in 1998. The union of these three brands gave birth to the SMCP Group in 2010. Fursac joined the Group in 2019. Founded in 1973, the iconic French fashion house aims to elevate Parisian style. Our four brands have the same purpose.

Driven by this desire to inspire Parisian elegance around the world with a certain taste for a challenge, SMCP is an international leader in ready-to-wear and accessories, with 1,684 points of sale[1] in 43 countries, reaching €1,038.6 million in annual sales in 2021.

Because we have a leading role in the accessible luxury sector, we aspire to make this Parisian elegance sustainable by developing more desirable and responsible collections, season after season, which respect the Planet, Society and People.

Our CSR commitments are reflected in our values. Our strategy is genuine and dynamic, just like the driven entrepreneurs who make up our history.

Being a passionate entrepreneur: acting with agility, as if it were your own company. The entrepreneurial heritage of the founders of our four brands is rooted in our veins and we hold their ambition high.

Acting with a sustainable consciousness: contributing positively to the planet in our daily actions. We are the ambassadors of our brands and as such, we share the desire to grow them by placing people and the environment at the heart of our actions.

Nurturing creativity and innovation: bringing new ideas to always stay one step ahead. We encourage new ideas and encourage all our employees to write new ideas with us in order to grow the Group's performance in a responsible and sustainable manner.

Developing a global mindset: seeing beyond its own field of action. We need to think about the overall impact of our work on an international scale, creating unique experiences that respect all cultures.

Thinking of elegance as an attitude: showing respect and caring for others. Sensitive to the world around us, we aspire to an ethical and responsible performance.

(1) 1,292 Directly operated stores and 392 point of sales partners.

6.1.2 Ambition and strategy

OUR THREE STRATEGIC AREAS AND OUR AMBITIONS FOR 2025

SMCP has strong ambitions by 2025 for a sustainable transformation of Parisian elegance throughout the world.

Identified in 2019, our three high-value strategic areas have been carefully designed to ensure the Group's sustainable development where luxury and ethics are two sides of the same coin and where elegance is only attractive if it embodies respect.

In 2020, these three pillars, SMCProduct, SMCPlanet & SMCPeople – our 3Ps, have guided us in building a CSR strategy with strong ambitions to make real changes in our sector by 2025. We are resolutely committed with our four brands to achieving and even surpassing them. In 2021, these three pillars are at the heart of each action carried out by the Group and our brands as gestures to build a fashion world more respectful of people and their environment.

SMCProduct – Producing even more desirable and responsible collections in just the right amount

SMCP is committed to creating and designing more desirable and sustainable collections by ensuring that at least 60% of our offering is eco-responsible, guaranteeing a sourcing of strategic suppliers that is 100% ethical, and intensifying the circular economy initiatives of all four brands by 2025.

SMCPlanet – Preserving our planet and its natural resources

The Group is stepping up its efforts to reduce our environmental footprint by at least 20% by 2025. This is made possible thanks to the progress made on the SMCProduct pillar, but also by minimising our air transport flows, and by rethinking our store concepts throughout the World.

SMCPeople – Unveiling the potential of our passionate entrepreneurs

SMCP is committed to strengthening the well-being and professional development of each of our employees by encouraging internal mobility and promotions, with training for all, and by prioritising diversity and inclusion in all our activities. It is our strength and our future.

6.1.3 Main non-financial risks and opportunities

The developments below present the risks and opportunities related to CSR which must be read as a supplement to the information in Section 3 "Risk Factors" of the 2021 universal registration document.

6.1.3.1 METHODOLOGY

The analysis of non-financial risks is based on work carried out in 2018 by PwC and Utopies, firms specialising in CSR, in connection with the drawing up of the Group's CSR inventory and the preparation of the CSR strategy. The preparation of this strategy particularly led to the interrogation of external stakeholders on their view of CSR risks and expectations within the fashion industry. Internal interviews were also carried out to identify the CSR risks and expectations as perceived by Group employees.

This analysis also relies on regulatory and competition intelligence and on the financial risks previously identified and disclosed.

This non-financial risk analysis has been validated internally, in particular by the Group General Counsel, the Group Director of Strategy and Development, the Human Resources and CSR Director and the Group Director for Internal Audits. It is subject to an annual internal review.

Risks	Policies and projects that have been implemented		Indicator
Diversity and inclusion	6.5.3	Committing to inclusion and diversity	Employees Gender Pay Gap
Development and enhancement of human capital	6.5.1 6.5.2 6.5.3	The main employee indicators for 2021 (vs 2020) Improving well-being at work Committing to inclusion and diversity	Employees Turnover Compensation Training Gender Pay Gap
Data protection		URD 2021 – Part 2.7 Legislative and regulatory environment	-
Working conditions within the Group	6.5.2 6.5.3	Improving well-being at work Committing to inclusion and diversity internally	Employees Turnover Compensation Training Workplace accidents Gender Pay Gap
Supplier relations	6.3.2 6.5.4.2	Guaranteeing quality sourcing from ethical suppliers Making the anti-corruption and anti-tax evasion measures a priority	Strategic suppliers Results of employee and environmental audits
Quality and safety of our collections Information and labelling of our products	6.3.2	Guaranteeing quality sourcing from ethical suppliers	Production areas for our Finished Products, Cut and Sew, components
Raw materials Animal welfare	6.3.1	Sourcing more responsible materials and products	Responsible Collections
Real estate and fixed assets	6.4.1 6.4.3	Reducing our carbon footprint Rethinking our points of sale	Electrical consumption GHG emissions Green concept store
Freight transport	6.4.1 6.4.2	Reducing our carbon footprint Preferring more ecological forms of freight transport	Transport
Human rights	6.3.2 6.5.4.1	Guaranteeing quality sourcing from ethical suppliers Our membership of the Global Compact	Strategic suppliers Results of employee and environmental audits
Corruption and tax evasion	6.5.4	Adopting ethical practices and defending our values	-

6.1.3.2 SOCIAL & SOCIETAL RISKS

Highly conscious of the social and societal risks associated with our international activities in the ready-to-wear sector and in particular to the subcontracted manufacturing of our collections, we have developed a responsible and ethical global strategy.

- *Diversity & inclusion*: we believe that diversity is a force that drives new ideas at all levels of our structure and keeps us one step ahead of the game. The Group has made a commitment through its Human Resources policy to promote diversity and inclusion and to empower women in all the countries in which we operate.
- *Development & enhancement of human capital*: We wish to continue writing the story of our extraordinary growth internationally with all our employees. They are our strength and our ambassadors in the world. Without customer loyalty and adequate capitalisation of our human capital, the Group is exposed to a risk of losing skills in all its functions. That is why we strive to guarantee fair and equitable compensation and fringe benefits for all our employees. We endeavour to encourage autonomy and employee internal mobility by promoting a genuine corporate culture. Lastly, to make sure that we can attract tomorrow's talents, we have also developed new recruitment methods.
- *Data protection*: The Group aspires to a responsible digital transformation. To minimise the risks linked to the processing of customers and employee personal data collected through our marketing and personnel management policies, we have developed an internal organisation compliant with legal requirements after the entry into force of the GDPR.
- *Working conditions*: Our employees may be exposed to a risk of deterioration of their workplace well-being due to our rapid business growth. We are aware that our growth is driven by our employees, hence our commitment to maintain harmonious and secure working conditions wherever we operate. We aspire to a responsible, human-centric performance and have set up internal HR policies designed for the well-being of all our employees.
- *Supplier relations*: To help and encourage our suppliers worldwide who provide us with our supplies and/or manufacture our products to respect our social and societal requirements, we strive to develop and maintain harmonious and trusting relations with them. Our procurement policy is designed to be sustainable and responsible throughout our value chain.
- *The quality and safety of our collections* (clothing and accessories) are one of our core concerns. Because the health and safety of our customers is an absolute priority, we decided to develop an appendix to our General Supply Conditions (GSC). In compliance with all the regulations in force (REACH, POP, etc.), it guarantees for all our customers, healthy and safe ready-to-wear products, free of any hazardous substance.
- *Information & labelling of our products*: In accordance with European regulation no 1007/2011/EU, and to acknowledge the confidence of our customers in our Group, SMCP undertakes to be transparent and to disclose the origin of all products on its labels. This commitment is mentioned in our GSC.
- *Animal welfare*: The SMCP Group is extremely vigilant about its sourcing of animal products, hence the required meticulous inspections imposed on our suppliers. To comply with and encourage animal welfare, a particularly relevant issue in our sector, we have defined very specific requirements in our GSC. Furthermore, we carry out sourcing investigations in order to propose alternatives to controversial animal materials.

6.1.3.3 RISKS RELATED TO THE ENVIRONMENT AND CLIMATE CHANGE

The Group is also highly conscious of the environmental challenges in the textile industry of which it is major economic contributor, therefore it has launched a continuous CSR approach to limit its impact on the planet and on biodiversity.

- *Raw materials*: aware of the importance of the issue of raw materials from an environmental viewpoint and the depletion of resources, the Group undertakes to promote the use of responsible materials in a context of price volatility.
- *Environmental performance of our suppliers*: to ensure compliance with international environmental regulations in the factories used to produce its products, the Group has set up annual environmental audits, carried out through an independent expert third party.
- *Fixed and movable assets*: the Group is conscious of the impact of its fixed assets (head offices, points of sale, warehouses) particularly in terms of energy consumption and depletion of resources. That is why the Group monitors its electrical consumptions and sets up solutions to use more sustainable furniture.
- *Freight transport*: freight transport is the Group activity with the highest CO_2 emissions. That is why the Group reduces air freight as much as possible and encourages more environmentally friendly transports such as rail and maritime freight transport.

6.1.3.4 RISKS ASSOCIATED WITH HUMAN RIGHTS

We value human life and are aware of the societal differences that may exist in the different countries in which the Group operates. This is why we strive to develop a global responsible policy regarding compliance with human rights.

Our external suppliers are very carefully selected and we strive to maintain harmonious and trustworthy long-term relations with them. From our workshops where our collections are designed, to our suppliers who manufacture them in their plants, down to the marketing in our stores, the Group has made a commitment to comply with the Universal Declaration of Human Rights and with the UN International Convention on the Rights of the Child.

To make sure that our international suppliers comply with our Supplier Code of Conduct, the Group regularly conducts audits through an independent expert.

6.1.3.5 RISKS RELATED TO CORRUPTION & TAX EVASION

Conscious of the risks of corruption and tax evasion due to our international activities, we have developed a responsible practice of anti-corruption and anti-tax evasion, by being attentive to ensure that no incidents caused by unethical behaviour by a legal or natural person under the control of the Group or having a relationship with it occur.

- *Corruption*: To minimise these potential risks due to our international activities, we have set up an internal organisation aimed at securing all our commercial relations with our service providers and suppliers worldwide. This reorganisation complies with France's Sapin II Act and is part of our commitment to develop the Audit and Internal Control Department.
- *Tax evasion*: At the end of 2017, we internalised our tax operations by creating a Group Tax Manager position, with the aim of ensuring, in particular, compliance with French and international regulation. In each of the countries of its distributing subsidiaries, Group Tax Managers rely on the assistance provided by local accounting and tax firms to perform their duties. The Group and its retail subsidiaries are not based in any of the countries blacklisted by the European Union as non-cooperative jurisdictions, in March 2020.
- Because we are subject to different and complex tax legislations depending on the countries where we operate, we undertake to ensure and strengthen responsible tax practices. In the relations with its retailing subsidiaries, the Group applies the rules of arm's length trading and sells its goods to its subsidiaries on the basis of the OECD's recommendations, in particular Action 13 of the BEPS plan. Likewise, the Group is subject to the obligation to file the Country-by-Country report and to draft a Transfer Pricing Documentation; to demonstrate the tax transparency desired by the States concerned. Lastly, retailing companies are subject to local regulation, particularly regarding VAT, income tax and other local taxes and levies. The Group is therefore subject to strong local tax compliance constraints, which allow the public authorities of the countries of its business activities to control and collect taxes and levies relating to the Group's business activities.
- Lastly, the Group has no ongoing tax dispute.

6.1.4 CSR governance and organisation

Sustainability is at the heart of everything our employees do at SMCP.

CSR is at the heart of our Group and sincerely inspires all our services and our four brands to develop ever more desirable and responsible collections.

From the Chief Executive Officer who inspires SMCP's sustainable vision, to the Human Resources Department with a CSR Director who sits on the Executive Committee and a Sustainability Manager both committed to change, a multidisciplinary Group CSR Committee and the CSR Committees specific to each Business Unit which embody our values according to their own sensitivities, we act with collective intelligence to advance our CSR strategy.

At SMCP, we are convinced that, for change to be global, CSR must be anchored in operations. It is reflected in all our business lines, from the creation and production studios, our warehouses and the design of our stores, right up to the highest levels. As proof of our determination to accelerate our responsible transformation, part of the bonuses paid to executive corporate officers, as well as a portion of the performance conditions of the free share plans, are linked to the achievement of the Group's annual CSR targets based on our three main pillars: SMCProduct, SMCPlanet and SMCPeople.

6.2 Business model

The information in this section should be compared with Section 2 "The Group and its activities" of the 2021 universal registration document.

Since 2020, we have entered a new chapter in our story entitled One Journey, with "Global, desirable, sustainable and phygital brands". With this chapter, SMCP continues to combine the codes of luxury and *Direct to Consumer*, while integrating new priorities to pursue our ambition to become a global leader in accessible luxury:

Brand desirability

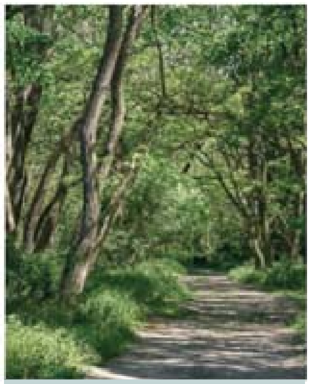
Enhance Brand Desirability by leveraging sharper and reinforced Brand DNA

Phygital network

Consolidate our phygital network to offer a seamless customer experience

Business model agility, speed and efficiency

Strengthen SMCP core business model, keeping agility, speed and efficiency



Sustainability

Accelerate in sustainability and contribute to ethical & responsible fashion, with strong engagements on Product, Planet and People

6

6.3 SMCProduct: producing ever more desirable and responsible collections in just the right amount

6.3.1 Increase the number of eco-responsible references in our collections

Convinced that fashion and accessible luxury in particular must be sustainable to continue to be desirable, SMCP is working to reduce its social, societal and environmental impacts around the world.

At the heart of the concerns of the Group and of all our customers, we pay the utmost attention to sourcing responsibly, by favouring certified materials that are respectful of people and the planet in all our new collections.

In 2019, our first full-scope carbon footprint assessment highlighted the fact that raw materials accounted for more than half of our carbon footprint. SMCP therefore strengthened its procurement policy by implementing measures aimed at reducing greenhouse gas emissions, using natural resources sparingly and ensuring that the materials used are traceable.

Since 2020, these measures have guided us in our procurement and we have used them to build a sustainable strategy by 2025. We want to be real agents of change for a more responsible fashion industry, and have defined ambitious objectives for our four brands: ***at least 60% of our collections must be eco-responsible by 2025.***

To achieve this, SMCP has implemented concrete actions common to our four brands:

- **the definition of guidelines common to our four brands on what constitutes an eco-responsible product:**

  For SMCP and its brands, a product is eco-responsible if its raw material consists of at least 30% certified materials (labels guaranteeing organic, recycled materials from sustainably managed forests, from animals treated with dignity) and/or if the product comes from a factory that uses technologies to reduce the environmental impact of the manufacturing process (LWG Gold certified tanneries, jeans manufacturing plants equipped with an EIM washing system which uses up to 95% less water and results in a significant reduction in the use of energy and chemicals).

  With this common definition, we are moving in the same direction with our four brands to really reduce our impact on the Planet;

- **training all of our Style and Production teams on responsible sourcing and eco-design:**

  Since 2019, we have been training our Style and Production teams on an annual basis in responsible sourcing with the help of external experts to enable employees in these departments to be fully involved in the transformation and accountability of our collections.

  In 2021, the second part of this training programme began with the launch of a training course on eco-design so that our Style and Production teams can gradually integrate this concept into their way of thinking and producing our collections.

  In 2021, more than 60 employees of our studios were able to benefit from these training courses.

  The vast majority of our Style and Production teams now have in-depth knowledge of responsible sourcing to make informed decisions:

  - understanding the environmental and social issues encountered at each stage of the life cycle of a textile product,
  - knowledge of the main existing certifications on the market, their level of requirements and their scope of application,
  - a critical look at what the industry and the competition are doing, and supplier proposals;

- **supporting our suppliers to ensure more responsible sourcing:**

  We have chosen to work in close collaboration with our existing suppliers to strive as much as possible towards eco-friendly materials. We forge relationships that are built on trust, which allows us to guide our suppliers towards respect for nature and Human Rights. In addition, we demand exemplary behaviour from our suppliers in terms of integrity. We expect our suppliers to adhere to the values and ethical principles set out in the Supplier Code of Conduct.

- **the commitment of all our brands reflected in their own DNA:**

  All of our brands work to support the Group's commitments, particularly with regard to increasing the use of labelled materials such as:

  - **The LWG label** (Leather Working Group): It applies to leathers from LWG silver or gold certified tanneries. This label makes it possible to assess the tanneries on the basis of 18 themes (environmental management system, management of chemical inputs, wastewater treatment, etc.) and thus select the best performing in terms of environmental criteria.
  - **The RDS label** (Responsible Down Standard): It applies to duck and goose down produced on farms and guarantees animal welfare as well as traceability to the finished product.
  - **The RWS label** (Responsible Wool Standard): The sheep wool used in the collections is traceable to the finished product, with the guarantee of animal welfare and better management of pastures.
  - **The EU Ecolabel**: It prohibits substances that may be harmful or destructive to the environment. Manufacturers must apply energy efficiency measures, treat waste water, and guarantee certain quality criteria such as the colour fastness and washing resistance of ready-to-wear items.
  - **The GRS label** (Global Recycle Standard): Parts made from recycled materials are certified and validated for compliance with environmental and social criteria.
  - **RCS Label** (Recycled Claim Standard): verifies the presence and quantity of a recycled component in the final product.
  - **OCS Labels** (Organic Content Standard) **and GOTS** (Global Organic Textile Standard): They certify that the cottons come from organic farming and that the fibres are traced and traceable from the field to the finished product.
  - **FCS Label** (Forest Stewardship Council): It is based on sustainable wood production (from which cellulose is extracted) through the responsible management of forest resources. The origin of the cellulose is thus traced from the forest to the product.

"Sandro for the Future": Sandro is committed to producing less and better, today, and building on this in the future"

Each season, since the launch of "Sandro for the Future", Sandro goes further in its responsible approach to protecting the pfanet. In 2021, the focus was particularly placed on the selection of raw materials. As the departure point for the creation of its clothing and accessories, Sandro continues to increase the proportion of fine materials made from natural, animal or plant fibres in all its collections, by relying on the most demanding international certifications.

- Today, 45% of the Women's Collection is eco-responsible, and 50% for items for Men. What about tomorrow? Sandro is committed to making 70% of eco-responsible pieces and accessories in the Women's collections by 2025, and 80% in the Men's collections.
- Sandro focuses its efforts on the three most used materials in the fashion world:
  - Cotton: 93% of Sandro T-shirts and sweats are made from certified organic cotton. In 2022, this rate will be 100%.
  - Wool: 46% is RWS (Responsible Wool Standard) certified. By 2025, Sandro is committed to reaching 85%.
  - Viscose: 30% is certified eco-friendly by the FSC (Forest Stewardship Council) or Ecovero label. By 2025, this figure will have more than doubled.

"Dream Tomorrow with Maje": Maje is rethinking the use of its fabrics to imagine a more beautiful world that is more respectful of the planet.

For the past two years, Maje has been monitoring the five most used materials in ready-to-wear clothing to improve their eco-responsibility: denim, viscose, polyester, cotton and leather. In addition, Maje has decided to go further in the definition of its pieces: they are considered as eco-responsible as long as at least 30% of their composition can be certified as such.

- For the Autumn-Winter 2021 collection, 43% of the pieces in the collection of this Parisian fashion house are eco-responsible, compared to 38% the previous season, thanks to the following:
  - 100% of the denim offering ecowash-certified,
  - 100% of leather products from LWG Gold-certified tanneries,
  - 66% of the cotton collections from organic agriculture or recycled,
  - 41% of woollen items made from recycled wool,
  - 65% of Maje's viscose FSC-certified,
  - 38% of the polyester recycled GRS or RCS certified.

"Claudie Cares": Claudie Pierlot's committed initiative which opens the doors to fashion for a better future.

Since the launch of "Claudie Cares" in 2018, Claudie Pierlot has truly transformed the way it produces. It offers 51% of eco-responsible ready-to-wear items in its Autumn/Winter 2021 collection, i.e. nearly seven times more than in its Autumn/Winter 2019 collection. It is aiming even higher in 2025: its ambition is to create 80% of eco-responsible lines.

Fursac is in the process of finalising its responsible and sustainable sourcing policy.

Our fourth brand is working to define a clear and sustainable supply line specific to its DNA.

6.3.2 Ensuring an ethical, responsible and quality sourcing by choosing suppliers who share our values

As a responsible corporate citizen, the SMCP Group is committed to developing its businesses with respect for the environment, biodiversity and human rights by ensuring that all its suppliers respect it.

Because their daily work involves the use of our brand names, the SMCP Group is extremely careful about selecting its suppliers and works with them in very close collaboration in order to encourage and help them comply with our requirements. This allows our brands to have a stable base of suppliers with whom they work from season to season, thus allowing them to establish relationships of trust and a mutual desire for ongoing improvement.

SMCP is now paying closer attention to ensure that our suppliers are fully in line with the Group's fundamental values in terms of ethics, social and societal responsibility and environmental protection. ***By 2025, we are committed to ensuring that 100% of our strategic suppliers will be audited according to very strict social and environmental audit grids, and on a very regular basis.***

To achieve this objective, we have implemented various actions:

- **overhauled the CSR appendix of our GSC towards a clear and detailed Supplier Code of Conduct** sent to all our suppliers and which they must return signed before any collaboration with the Group and its brands. This Supplier Code of Conduct is freely available on our corporate website, here is an excerpt: "SMCP's suppliers undertake to comply without restriction with all applicable laws, regulations and international treaties concerning human, labour and social rights; business ethics practices, particularly the fight against corruption, compliance with competition law and international trade rules; protection of resources, including information and data; respect for the environment";
- **defined precise lists of our strategic suppliers** for each of our brands. We worked with all the production teams of Sandro, Maje, Claudie Pierlot and Fursac to define our TOP10 suppliers in various categories, considered as strategic for the production of our collections to intensify audits and monitor action plans:
  - TOP10 suppliers of finished ready-to-wear products (in terms of volumes produced),
  - TOP10 suppliers of cut-and-sew ready-to-wear products (in terms of volumes produced),
  - TOP10 suppliers of fabric (in terms of order value),
  - TOP10 suppliers of accessories (in terms of volumes produced).

  In 2021, this work resulted in a list of 115 strategic suppliers, representing 79% of our production volumes and 66% of our fabrics purchased;
- **continued social and environmental audits on the factories of our strategic suppliers:**

  Since 2017, the specific application of our ethical and social policy is the subject of social audits performed by an independent international firm inside the plants of our suppliers. These on-site audits are based on a large number of criteria. They set in motion a continuous improvement momentum aimed at sharing best practices.

  Based on the main international references and standards (SA 8000, GSCP, ETI, ISO 14001 standards and OHSAS 18001 in particular), the audit grid that we use covers major social topics:
  - health, safety, hygiene,
  - child labour,
  - working hours, wages and benefits,
  - working conditions.

  We also check other essential topics such as quality management, the fight against corruption and purchasing ethics.

  Certain points of these topics are particularly important to the Group and its brands, in particular banning child labour, ensuring that all employees have employment contracts, following international recommendations on working hours, ensuring that there is no discrimination in the hiring process and that there is no forced labour, complying with the minimum wage, ensuring that personal protective equipment is present and worn correctly, having a certificate that certifies that the site's construction is legal, ensuring that there are fire safety procedures and equipment in place on company premises, ensuring that all plant fittings are correctly maintained, and making sure that chemical products are stored safely.

  In 2019, we also began setting up environmental audits performed by an independent international firm. The audits in the production sites of our suppliers reviewed the following topics:
  - environmental management system,
  - energy management,
  - water management,
  - air emissions,
  - waste management,
  - pollution prevention,
  - soil management,
  - biodiversity management.

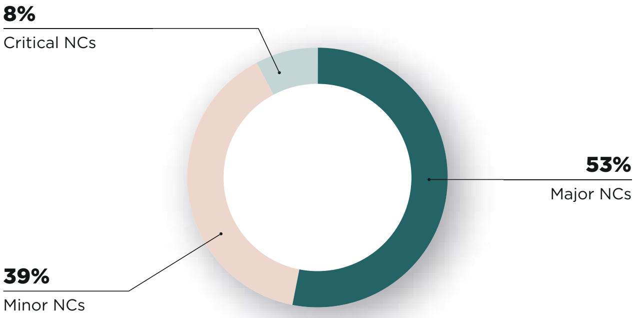
  At the end of these audits, corrective action plans are drafted and we help our suppliers to implement them through an appropriate personalised follow-up: control audit over a period of two to three years, desktop review, or immediate follow-up as necessary.

For the summer 2021 and winter 2021 seasons (E21H21), 60 audits were carried out on 33 suppliers (finished products, cut-and-sew products, fabrics and accessories).

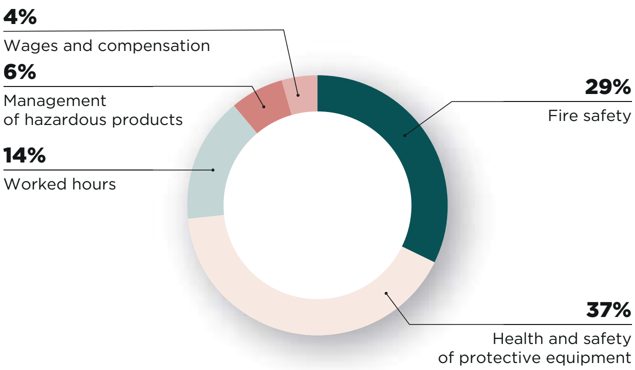
In 2021, 64% of our strategic suppliers are covered by an audit carried out by our service provider and 85% are covered by an audit carried out by our service provider and/or by an internationally recognised external certification.

The social audits conducted in 2021 revealed 103 anomalies (an average of four anomalies per audit), broken down as follows:

Breakdown by severity of non-compliance cases observed during the 2021 social audits

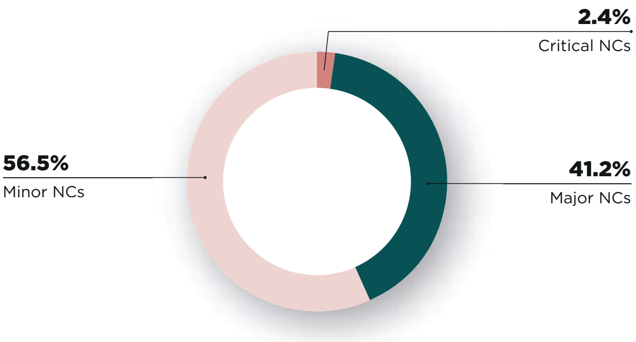


Breakdown by topic of the Top five non-conformities observed during the 2021 social audits

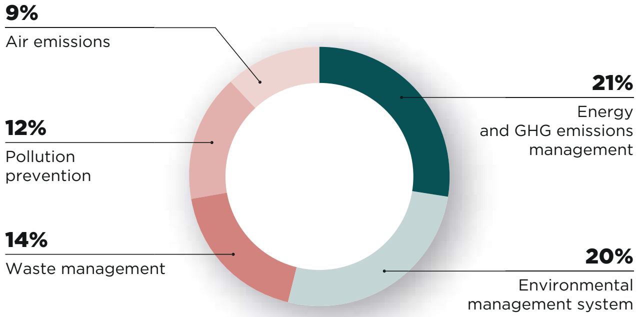


The environmental audits conducted in 2021 revealed 170 anomalies (an average of six anomalies per audit), which break down as follows:

Breakdown by severity of non-compliance cases observed during the 2021 environmental audits



Breakdown by topic of the Top five non-conformities observed during the 2021 environmental audits



Thanks to our close relations with our suppliers, who are loyal to our values, season after season, the SMCP Group obtained an overall score above the average for customers in the same sector in the portfolio of the audit firm we work with for the fifth year in a row. And we are persuaded that we can still improve this score, by working together;

- **the traceability, quality and safety of our pieces at the heart of our processes:**

The components of our cut-and-sew and finished products are all sourced by our brands to guarantee absolute traceability, which is disclosed on our labels.

For our finished products, the components are required by our brands and purchased by the suppliers. Concerning the labelling on their origin, we specifically indicate the country where the item was manufactured.

For cut-and-sew products, the components are sourced and purchased by our brands, then sent to our suppliers for manufacturing. On the labels, we mention the country where the item was assembled and put together.

In compliance with the applicable national and international regulations, the quality of our items must be flawless in all aspects and must guarantee the total absence of hazardous substances. In 2016, these standards common to our three original brands were attached to our GSC:

– meet all the toxicological requirements of the regulation 2006/1907/EC of December 18, 2006, known as "REACH" (azo dyes, allergenic dyes, carcinogenic substances, etc.), of the POP regulation (regulation EU/20019/1020 of June 20, 2019) on persistent organic pollutants, the requirements of the regulation on biocides (EU regulation no. 528/2012) and all those concerning materials of animal origin,

– arranging for quality tests to be conducted by accredited laboratories on materials and products such as weave, knitwear, shoes, leather, fur and jewellery, as well as quality tests specific to certain countries (including the United States, China and Saudi Arabia), and being intransigent if they do not meet our criteria of excellence on safety issues,

– demand strict quality controls by suppliers and arrange for inspection of the final quality of our items by independent service providers prior to their shipping and/or reception.

6.3.3 Promoting the circular economy

To tackle fast fashion and over-consumption in the fashion industry and in response to our customers' expectations for a real accessible luxury alternative, SMCP has decided to make a concrete commitment to the circular economy.

The Group is convinced that this structural and functional change will help to preserve the resources of our planet. In 2021, with our four brands, we have set up new initiatives to produce less and make our Parisian pieces last even longer.

Within the Group, we are making a lasting change in fashion around four major areas:

- **Rental**: an alternative in line with the ethical aspirations of our customers and our desire to make luxury more accessible. This year, Maje launched #MAJELOCATION, a unique rental service to optimise the use of its already produced iconic pieces and allow its French customers to borrow the one of their dreams, for a day. With our North American subsidiary, we are continuing our leasing actions in partnership with the market leader, Rent the Runway.
- **Second hand**: offering a second life to Parisian pieces that our customers no longer wear, this is the philosophy of Sandro's second hand service, which opened in 2021. A new online platform allows enthusiasts of the brand to sell and buy used Sandro clothing with ease. As a turning point for the Group, we aim to develop initiatives of this scale for all our Parisian Houses, which are already committed to this issue with Vestiaire Collective.
- **Upcycling**: the ethical approach to enhance our old fabrics. For the end of 2021, Sandro has designed a limited-edition capsule of 100% eco-responsible women's pyjamas, made from its stocks of old silk or cotton fabrics. This is the beginning of a series of upcycling actions for the House, which wants to go even further in its environmental commitments.
- **Responsible management of our unsold products**: because we refuse to destroy our pieces and supplies, each of our brands has implemented multiple solutions to offer them a second chance. Private sales, outlet stores, or donations to associations such as Aides, Rois du monde, Ohr Hanna and others, they always find a new destination.

  We give a new lease on life to our defective items by organising a sale for our employees and their families.
- **Reducing the number of references**: our daily concern is to produce less. To do this, we are working on the very structure of the collections. Our objective is to reduce the volumes we produce in each of our Houses, in order to have an impact on the entire chain - from our material consumption to the optimisation of our residual inventories. At the global level, Sandro reduced its end-of-season inventories by 27% between 2018 and 2021, despite the Covid context.

6.4 SMCPlanet: preserving our planet and its natural resources

SMCP and its four brands aspire to a more elegant future and global growth that respects the planet and biodiversity.

To achieve this, we are deploying all our energy to imagine more environmentally responsible transport flows for the manufacture and distribution of our pieces, to open our Green Stores worldwide, and to engage in eco-friendly acts every day.

6.4.1 Reducing our carbon footprint

As part of a dynamic and long-term energy transition, the Group has set itself a new target of reducing our total carbon footprint by 20% by 2025.

6.4.1.1 REMINDER OF THE RESULTS OF THE CARBON FOOTPRINT ASSESSMENT

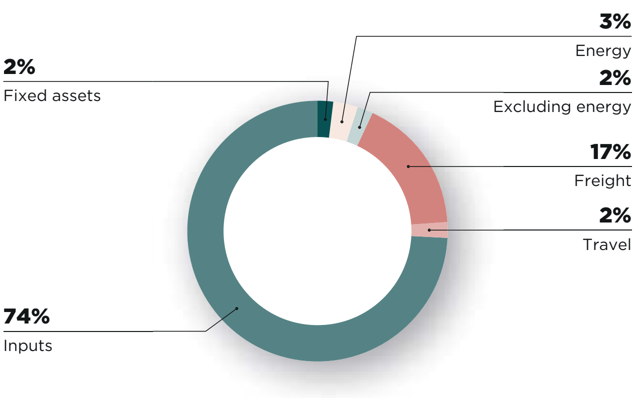
To demonstrate our commitment to a process of continued environmental performance improvement, we hired a specialist company to carry out our first full-scope carbon footprint assessment in 2018. The results were presented in detail in our 2019 SNFP.

As a reminder, in 2019, we obtained the results in Scopes 1, 2 and 3 (purchases of goods and services, transport and distribution of goods, commercial flights, emissions generated by the production of fuel and energy), which enabled us to:

- identify and rank our sources of emissions;
- have management and updating tools and guidance;
- transparently disclose reliable and quantified information to our stakeholders.

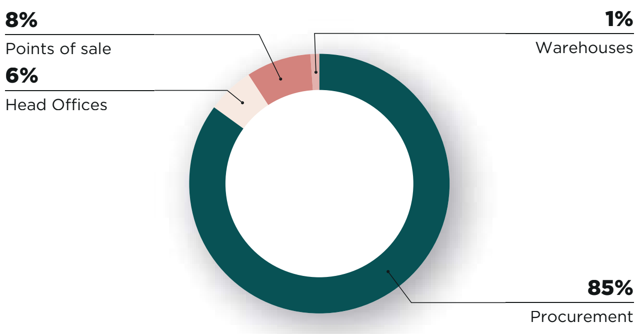
In concrete terms, greenhouse gas emissions for all of our head offices, points of sale and our activities linked to procurement for 2018 were 181,183 tons of CO_2 equivalent (tCO_2), which breaks down as follows:

Overall carbon footprint assessment *(in %)*



Like the ready-to-wear sector, our two main sources of emissions are inputs (all of the Group's purchases – components, finished products, cut-and-sew products, packaging for our points of sale and warehouses, IT consumables, purchases of services, etc.) and freight.

Breakdown by type of site/activity *(in %)*

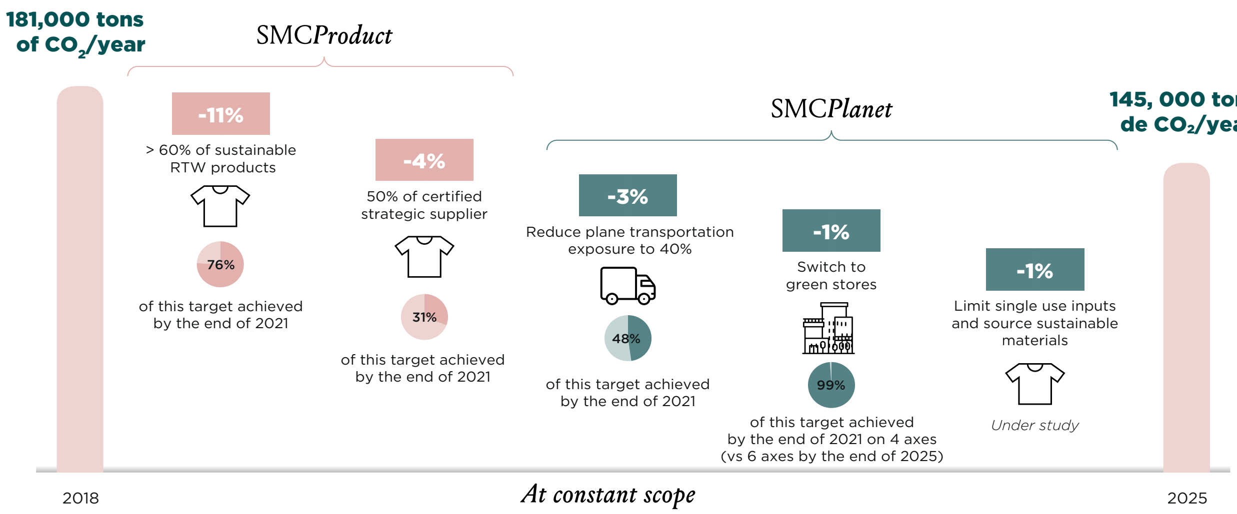


Following these precise results of our carbon footprint assessment, the Group has drawn up a three-to-five-year roadmap to minimise the environmental impact of our activities. We focus on implementing relevant, long-term measures to reduce our greenhouse gas emissions, in France and abroad and thus fight against global warming.

Following the consolidation in 2021, the first half of 2022 will be devoted to updating this carbon footprint assessment in order to ensure that our objectives detailed below are well on the way to being achieved.

6.4.1.2 DEVELOPMENT OF AN ACTION PLAN TO ACHIEVE THE REDUCTION TARGET OF THE CARBON FOOTPRINT ASSESSMENT

2021 was decisive for the implementation of the various actions that will enable us to achieve our 20% reduction target.



By closely combining the actions carried out under our SMCProduct pillar with those carried out under the SMCPlanet pillar, we are acting in concert to greatly limit our footprint on the planet.

While our commitments to more responsible sourcing represent 75% of our reduction target, those to preserve our Planet and its natural resources are essential to achieve our goals.

6.4.2 Preferring more ecological forms of freight transport

With the health crisis, our global goods and merchandise transport was severely disrupted in 2020, but we continued to intensify our efforts to reduce the impact of our logistics flows on the planet and on global warming.

In our line of sight: air transport. Because it is the mode responsible for the most greenhouse gas emissions, we have decided to reduce it considerably by 2025. We aim to reduce its share of upstream freight by 23 points compared to 2019, and ***bring it down from 63% to a maximum of 40% in five years.***

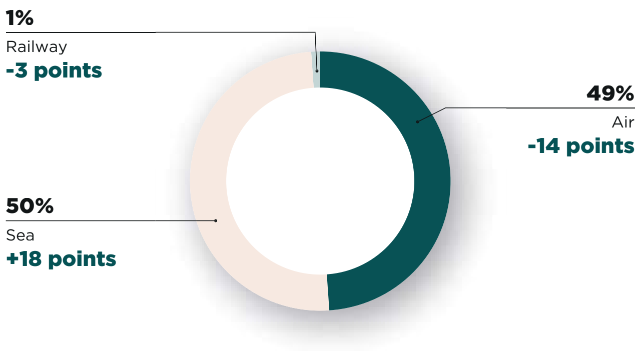
At the same time, and for all of our imports, we are continuing to increase the share of maritime, rail and road transport, which is less harmful to the environment.

Upstream freight requires our full attention within the Group. Its emissions are considerably higher than those related to outgoing cargo due to the fact that:

- most of our imports are transported by air because of the long distances between our suppliers and our warehouses;
- conversely and downstream, our finished ready-to-wear items are mainly transported over the road from our warehouses to our stores, located in the same geographic region.

Also, to minimise our environmental footprint during our goods transportations, SMCP favours as much as possible the proximity between the warehouses where our pieces are manufactured and our shops where they are sold. For several years now, the Group has had a hub in France for the France-Europe market, a hub in New York for the US-Canada market and a hub in Asia for the Asian market with the ultimate goal of avoiding goods moving back and forth between production in Asia, our warehouses in France and points of sale in foreign countries.

Breakdown of Asia to France upstream transport modes *vs 2019* *(in %)*



6.4.3 Rethinking our points of sale

Our stores are our showcase to the outside world and should embody our desire for change and eco-responsibility.

In our drive for sustainable growth, we have defined ***strong objectives for 2025: 100% of our openings and renovations will comply with the Green Store concept.***

Because respecting the planet also means responsibly rethinking the relationship between ourselves and our customers, we want to reinvent our stores as ethically as possible. In our view, there are six main components that define a Green Store and we are doing everything we can to apply them in all our stores:

a) reducing as much as possible the proportion of lost-water air conditioning, in favour of air-to-air climate control;

b) the use of certified materials (FSC wooden floors, recycled brass, etc.) and the reuse of materials and decorative items from one store to another;

c) systematic LED lighting;

d) the signing by all our service providers of the Supplier Code of Conduct to ensure that all those working on construction sites respect our ethical and moral values;

e) the installation of sensors in the storerooms (activity detectors for all lighting) and clocks in the window to ensure that the windows are extinguished in the evening;

f) sorting construction waste during works.

In 2021, 98% of our openings and renovations were compliant with four of our focuses (a, b, c & d) and we are already working to integrate focuses e and f.

As regards the sixth component f, which is more complex to implement due to our global presence, we are continuing our reflection and are starting pilot tests with various service providers, particularly in France, so that we can then deploy them in all the countries where we operate.

Lastly, two of our stores were LEED certified in 2021:

- LEED Platinum for the Sandro Unisex Chengdu Taikooli store;
- LEED Gold for the Claudie Pierlot Shanghai Grandgateway store.

In 2021, we intensified the monitoring of the energy consumption of our stores in order to accelerate their transformation. To contribute to this, the Group has recruited a new employee whose mission is to take stock of all our consumption in all our stores, free-standing stores and outlets around the world. SMCP will thus have detailed analyses to streamline our fleet of energy suppliers, and also be able to intervene more quickly in the event of excessively high consumption in one of our stores.

6.4.4 Reducing and recycling our waste, reason our use of single-use supplies

Within the SMCP Group, we advocate an eco-citizen approach and all our employees wholeheartedly participate in this project.

Since 2017, we have implemented waste sorting measures in all our head office buildings.

In order to reduce our paper consumption, the Group has embraced dematerialisation: dematerialised employment contracts and employee administrative documents, lunch vouchers, invoices in our Accounting Department.

In our warehouses, we have taken action to encourage recycling in all our activities with the compacting of our boxes, the provision of special bags for plastic packaging and specific paper waste such as tissue paper, and lastly ecoboxes for all our office waste.

In 2019, we distributed mugs and water bottles to all our employees at our head offices to limit the use of single-use plastic as much as possible.

This year, we have redesigned all our in-store supplies by favouring recycled and recyclable materials:

- The majority of our brands' polybags are now fully recyclable and made of recycled materials and their use is reduced season after season;
- The shopping bags are plastic-free for better recyclability;
- We favour the use of recycled wooden hangers in stores. With regard to our transport and warehouse hangers, we are reducing the proportion of suspended pieces in our collections and we are thinking about the materials used to make them easily recyclable.

6.5 SMCPeople: revealing the potential of our passionate entrepreneurs

Within SMCP, each employee is considered at the highest level, whatever their job, and wherever they are in the world.

Because all of our passionate entrepreneurs are our creative force and the future of our four Parisian fashion houses, we respect each other's talent and uniqueness and offer everyone the means to find their place and flourish as long as possible.

6.5.1 The main employee indicators for 2021 (*vs* 2020)

An increase in the number of employees in a context of international recovery

Permanent and fixed-term contracts (vs 2020)

6,091

+6%

A very strong recruitment drive

Permanent contracts (vs 2020)

2,204

+74%

A stable number of employees with long-term contracts

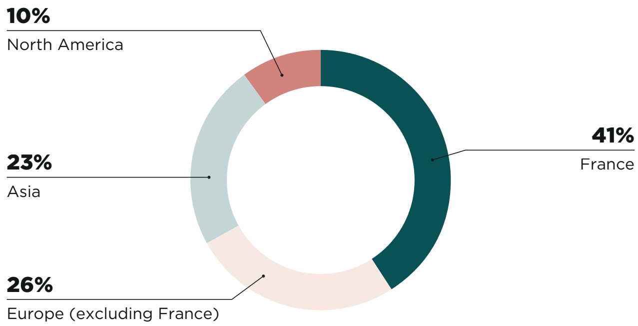
Permanent contracts (vs 2020)

88%

-2%

A Group with increasing international presence

% of total workforce on permanent & fixed-term contracts at 12/31/2021



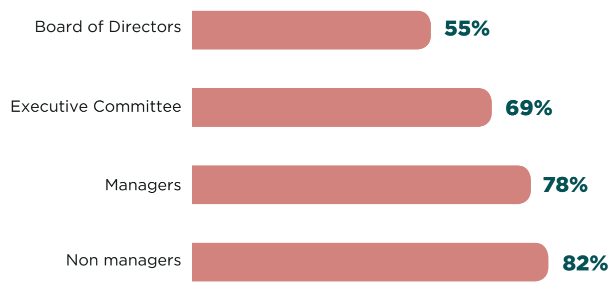
A Group with a large number of women...

Permanent contracts (vs 2020)

81%

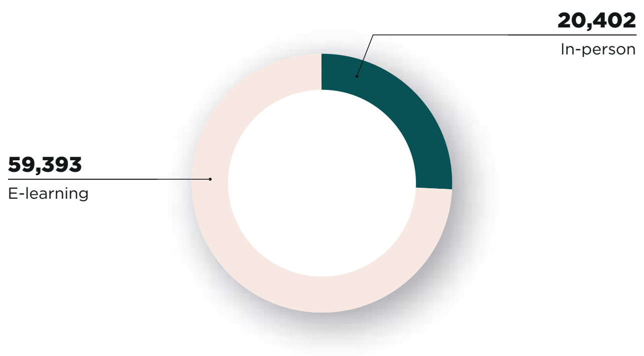
0%

... even in executive positions

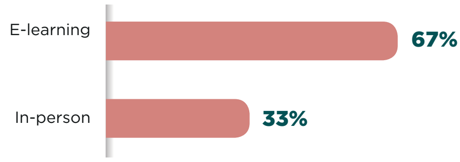


A consistent training policy maintained in times of health crisis thanks to e-learning

Hours of training delivered in 2021



Employees who benefited from at least one training



KEY INDICATORS

Number and distribution of employees

(a) General presentation of the workforce

At December 31, 2021, the Group employed a total of 6,091 employees, approximately 26% of whom were employed for the Sandro brand, 19% for the Maje brand, 12% for the Claudie Pierlot brand and 4% for the Fursac brand. The rest of the workforce is spread over SMCP North America, SMCP Asia, SMCP Global Services and SMCP Logistique.

For the financial year ended December 31, 2021, Group payroll totalled €215.6 million, compared with €200.3 million for the 2020 financial year. The payroll corresponds to the sum of all gross compensation and employer social security expenses, as well as employee profit-sharing and incentive plans.

(b) Breakdown of workforce

The table below shows the breakdown of Group employees by country at December 31, 2020 and 2021:

Country	2020	2021
France	2,359	2,477
United Kingdom	290	286
Germany	181	191
Ireland	73	73
Belgium	58	65
Italy	189	196
Luxembourg	26	31
Spain	296	327
Netherlands	135	125
Portugal	47	67
Norway	18	13
Sweden	33	28
Switzerland	153	168
Denmark	17	13
United States	558	613
Asia	1,315	1,418
TOTAL	**5,748**	**6,091**

The table below shows the breakdown of Group employees at the main subsidiaries at December 31, 2020 and 2021:

Subsidiaries	2020	2021
SMCP SA	28	24
SMCP GROUP	157	166
SMCP LOGISTIQUE SAS	144	146
SANDRO ANDY SAS	769	829
MAJE SAS	568	636
CLAUDIE PIERLOT SAS	436	444
341 SMCP SAS	36	0
SMCP ASIA Ltd. and its subsidiaries	1,315	1,418
SMCP USA Inc. & SMCP CANADA Inc.	558	613
FURSAC SA	221	232

The table below shows the breakdown of Group employees by function at December 31, 2020 and 2021:

Categories	2020	2021
Head Offices	898	910
Networks	4,697	5,029
Logistics	153	152
TOTAL	**5,748**	**6,091**

The table below shows the proportion of women in France as of December 31, 2020 and 2021:

Proportion of women	2020	2021
Proportion of women in the workforce	74%	75%
Proportion of women managers	74%	74%
Proportion of women supervisors	74%	75%
Proportion of non-managerial women employees	75%	76%

The table below shows the proportion of women in the Group's workforce as of December 31, 2020 and 2021:

Proportion of women	2020	2021
Proportion of women in the workforce	81%	81%

The table below shows the breakdown of the Group's workforce by type of contract as at December 31, 2020 and 2021:

Employees per type of contract	2020	2021
Permanent contracts	5,190	5,378
Other	558	713

* Fixed-term contracts, apprentices, interns.

The table below shows the age pyramid for the Group's workforce in France and Europe as at December 31, 2020 and 2021:

Age pyramid	2020	2021
< 25 years old	1,043	1,213
25 - 40 years old	3,955	4,008
41 - 55 years old	642	748
56 - 60 years old	73	85
> 60 years old	35	37

Employment and working conditions

The table below shows the change in employment within the Group in France at December 31, 2020 and 2021:

Employment	2020	2021
Turnover - permanent employees	58%	43%
Voluntary departures - permanent employees	23.7%	32%
Recruitment rate - permanent employees	23.9%	32%

The table below shows the trends in absenteeism and overtime working in France at December 31, 2020 and 2021:

Working conditions	2020	2021
Rate of absenteeism*	7.4%	9%
Overtime	0	0
Overtime and supplementary working	22,075	21,147

* Number of days of absence out of the total number of theoretical working days.

The table below presents changes in workplace safety during the financial years 2020 and 2021 (workplace accidents – Group employees):

Safety at work	2020	2021
Number of fatal occupational accidents	None	None
Number of employees having taken sick leave (following an occupational accident or commuting accident)	59	73

Policy on diversity and gender equality

The Group is committed to encouraging diversity at all levels of its business. The Group's policy on diversity and gender equality helps to enrich interaction and skills development and challenge views, as well as foster innovation.

The Group employs a large proportion of women among its employees. The number of women is higher than men in operational teams and in head offices. Women are largely present in management teams. In addition, 66% of the 50 highest-paid employees within the Group are women.

Training

The table below presents training expenditures, the number of employees who have received training and the total number of training hours at December 31, 2020 and 2021:

Training	2020 (France)	2020 (Europe)	2021 (France)	2021 (Europe)
Total training expenditure *(in €)*	399,808	164,411	672,142	9,815
Employees having received training	652	130	702	133
Total number of training hours	7,977	1,343	10,441	1,107

For the financial year ended December 31, 2021, an amount equivalent to 0.1% of payroll in France was devoted to training Group employees in France.

Compensation policy

The total gross compensation paid by the Group (excluding social security expenses) for the financial years ended December 31, 2020 and 2021 is as follows:

(In millions of euros)	2020	2021
Gross remuneration	157.8	163.1

The compensation of almost all Group employees comprises a fixed and a variable component.

The maximum amount of variable compensation is generally set in the employment contract; this compensation is paid on an annual or semi-annual basis. The targets are set unilaterally by the employer or by mutual agreement, in relation to performance and conduct indicators for the sector in which the employee works.

The Group's compensation policy was introduced in 2012 and is based on three key concepts which the Group applies when reviewing salaries: competitiveness, fairness and motivation. The variable component of the salary of sales team members is indexed against a collective target, such as revenue for the store.

The pay increase budgets allocated to the salary policy are defined on the basis of the annual economic performance and are negotiated with social partners at various meetings devoted to the mandatory annual negotiations. Some general increases may take place across the store network with the aim of making the Group's recruitment opportunities more competitive. The mandatory annual negotiations also give rise to analyses and proposals for optimising the allocation of target bonuses within points of sale or the corporate benefits.

Labour relations

Employee representation in France is organised at the level of the SMCP Economic and Social Unit (UES). A Social Economic Committee (CSE) has thus been set up at the level of the SMCP UES and is currently composed of 21 elected representatives and alternates, Sandro, Maje, Claudie Pierlot, SMCP Logistique and SMCP employees. The CSE meets once a month and is chaired by the SMCP Social Affairs Director. The diversity of this group allows for rich discussions, nurtures a 360° vision of the subjects discussed, develops the corporate culture and empathy and is a basis for collective intelligence.

To enable it to fulfil its missions, the CSE has also decided to set up several committees and working groups within it whose role is to carry out study and analysis work and to facilitate decision-making in plenary meetings. There is a committee dedicated to health, safety and working conditions, a committee for professional equality and diversity, an economic committee, a training committee and finally a housing assistance committee.

Elected officials also have the opportunity to meet their respective Human Resources department at ad hoc meetings, in addition to the CSE meeting. This spontaneous practice makes it possible to maintain local exchanges and to deal with more operational subjects.

Furthermore, Fursac employees are represented by a CSE, which includes 9 members, both elected representatives and alternates. The Group has constructive and peaceful relations with employee representatives from Fursac.

Overall, the Group considers that it enjoys satisfactory labour relations with its employees and their representatives. For example, more than ten collective agreements or action plans have been negotiated since December 2012 with representatives of the employee trade unions, and the response from the CSE to projects presented by Executive Management is frequently favourable.

6.5.2 Focus on internal development and mobility to promote the fulfilment of our employees

Because we are convinced that professional fulfilment promotes productivity and creativity, we are committed to valuing each of our employees.

We also ensure that all our employees are well received and trained in our values and our business lines from the first day of their arrival, in order to offer internal mobility opportunities and to enable them to develop as much as possible within the Group.

Today, 96% of our employees worldwide are trained through our international e-learning platform, 67% of them used it in 2021 to train and we aim to reach 100% by 2025. We also aim to considerably increase internal mobility and promotions by 2025, to exceed the current figure of 31%.

6.5.2.1 TRAINING ALL OUR EMPLOYEES

Offering an onboarding experience to all our employees

Onboarding Head office and warehouses: The onboarding process for new employees at the SMCP head office is composed of several key moments:

- once a month, a full morning is dedicated to welcoming new recruits and providing them with a comprehensive view of the Group: presentation of the organisation of the SMCP Group, its brands and how the various business lines work together;
- our new employees are then given a guided tour of the Vémars and Marly-la-Ville warehouses to discover and understand the logistics business lines;
- all newcomers attend the briefing entitled SMCP VISION. The briefing provides information about the Group's history and its values;
- all newcomers have access to the MyLearning online platform as soon as they join the Group;
- they also receive specific training courses:
  - the "Finance for non-financial people" session which is an introduction to the specific financial vocabulary of the Retail universe,
  - the special session for managers "Rights and duties of managers", presented by our Director of Social Affairs and Pay France/Europe,
  - the training on using "Basware", our financial management software;
- lastly, to allow the new head office recruits to gain in-depth knowledge of the activity of SMCP's brands, at the request of their immediate superior, they may have the opportunity to visit a pilot store of one of the Group's brands for a day. This allows them to discover and experience the daily life of the store's sales team and manager.

Retail OnBoarding: The onboarding experience of our store employees dedicated to our brands vary according to their function (Regional Director (RD), Store Manager (SM)/Deputy Store Manager (DSM)/etc.)

Regional Directors receive three weeks of onboarding, where they discover the SMCP head office and get to know their different key contacts (*e.g.* pay manager, archi/maintenance, accounting, etc.), a pilot point of sale from a sector other than their own and a tour with a pilot RD. This three-week training ends with a sector hands-on experience alongside their manager.

Store managers receive three months of onboarding, including one week at the pilot point of sale alongside an Expert SM, who will visit them at their own point of sale for a whole day and will continue to provide close support, just as their Regional Director during their first three months of onboarding.

Onboarding for Deputy Managers lasts three to five days at the pilot point of sale alongside an Expert SM.

The onboarding experience of our sales staff is organised by the point of sale Manager, and generally lasts two to three weeks, which gives them ample time to discover their job: brand (brand history and values/DNA of the House), sale (steps of the SMCP Selling Ceremony and sales techniques), Product (respect for the product, knowledge of collections and trends, enhancement *via* the merchandising visual policy), Management (Winstore, validating payments, stock).

MyLearning for daily training

Thanks to the deployment of Email4All worldwide and our international online training platform MyLearning, almost all of our employees can receive daily training on a variety of subjects, thereby developing their skills and enriching their expertise.

We want to give everyone access to strategic modules such as Strategy & Values, Brand Culture, Collections, Sales Ceremonies, to enable them to fully accomplish their mission within the Group.

To engage all our employees in our sustainable strategy, we created a CSR training course on MyLearning in 2021. We inform them about our major social, environmental and societal ambitions for each of our four Parisian brands so that they are imbued and inspired by them every day.

Beyond access to training, these tools have multiple benefits for SMCP and for all our employees:

- develop a feeling of belonging to our Group and team spirit;
- establish smooth communication and exchange with Management and employees and circulating information and internal surveys;
- contribute to equal opportunities.

To go further in the development of the performances of our employees, we have also designed an in-person component. It includes training courses that can be dedicated to all our employees or to a specific business line.

6.5.2.2 ATTRACTING NEW TALENTS AND DEVELOPING THEM WITHIN THE GROUP

Competitive compensation

SMCP has taken care to develop an attractive and incentive-based compensation policy as a real strategic challenge and a performance driver.

To attract new talent and develop it within SMCP, it is competitive and fair compared to equivalent positions in our market. It is designed to be motivating by encouraging performance and professional fulfilment.

Also, to optimise the relationship between the compensation of employees and Group objectives, financial bonuses are structured to reflect the contribution of each employee to the achievement of collective and individual objectives. Moreover, all employees with the required seniority are eligible for an annual development assessment, which is a key performance and motivation tool.

Likewise, we are building a fringe benefits policy to offer all our teams, regardless of where they live, a good level of benefits, in particular with regard to health coverage.

Internal mobility

Thanks to its brands, its different businesses and its direct operations in 22 countries, our Group offers genuine career prospects to our employees. We strive to transform these into genuine opportunities with our mobility committee which meets every two months.

In practical terms, we make our internal job offers available to everyone, and encourage, whenever possible, the mobility and promotion of our employees, whether from one brand to another, one department to another or again from one country to another.

In 2021, 31% vacancies were filled internally and we aim to increase this figure over the come years.

6.5.3 Committing to inclusion and diversity

6.5.3.1 INTERNALLY

At SMCP, we are convinced that it is men and women who make all the difference, with all their difference.

Our ability to meet the expectations and various needs of an international population is closely linked to our ability to promote and value diversity and inclusion internally.

We excel in terms of the representation of women across all Group business activities: on December 31, 2021, they represented 81% of our employees.

The presence of women within management bodies remains a challenge for most companies, including in traditionally female sectors such as fashion. At SMCP Group, women account for a majority of members of management bodies. In fact, more than half of our Board of Directors and our Management Committee are women.

Inclusion also means introducing guarantees for future fathers: time off for pre-natal tests are paid by the employer and fathers benefit from half a day off during the weeks following their return from paternity leave.

As proof of our determination to go even further on this issue, we created a Diversity and Inclusion Project Manager position at the end of 2020, by promoting one of our employees internally. His mission is to carry out an inventory across the whole Group and build a roadmap for 2025 with strong progress objectives.

In a spirit of pro-active sustainable transformation, we launched our first Hackathon in November 2021. Organised in an external Parisian location, warm and conducive to creativity, the event brought together 31 participants divided into five teams who reflected for 48 hours on a crucial and significant subject for the Group: How to encourage vocations in *retail* when faced with CSR issues?" Each participant was able to contribute their expertise and propose innovative solutions to be implemented within the Group. These two days ended with a presentation in the Maje Showroom, in front of a final jury composed of internal and external experts. which elected two projects as well as a second jury comprising Group Executive Committee members, which awarded a special prize.

Following this event, and because the solutions proposed by the two winning projects responded to the Group's challenges (attractiveness, employer brand, talent retention), we set up a post Hackathon project group to consider the implementation of a solution with consensus around the two winning projects.

The project group is made up of 14 people, including seven representing Hackathon participants, and seven business line experts (mainly HR).

This project is supported by two sponsors who are members of the Executive Committee: our Group HR and CSR Director, and our Chief Executive Officer of Maje.

The general idea of the project, which we will specify throughout our discussions, is to create an "SMCP Academy" which will allow people far from employment, and which may also be opened internally, to follow a certifying training course on the sales profession of tomorrow.

We want to offer different recruitment networks, by looking for people who do not dare to apply to us, with different life paths, opening up to the diversity of candidates, and offering an innovative training programme focusing on new skills to the sales assistants of tomorrow.

In addition, because we are a Group present in more than 40 countries, we organised an internal GET INSPIRED conference on the theme of interculturality. Facilitated remotely, given the context, by our speaker Benjamin Pelletier, it made it possible to raise awareness of this essential notion for SMCP. During this interactive conference, full of anecdotes, participants were able to acquire tools to better get to know each other, better interpret and better understand the different cultures and their uniqueness.

Finally, committing to inclusion and diversity also means disseminating best recruitment practices to our Managers around the world. To achieve this, in 2021 we created a highly educational MyLearning module, accessible in all languages, entitled "Recruiting without discrimination".

6.5.3.2 EXTERNAL THANKS TO OUR MANY PHILANTHROPIC ACTIONS

For the third year in a row, our four brands have partnered with a high school from the Apprentis d'Auteuil network to enable young people with serious social difficulties to enter the fashion sector. We contributed to the opening of an educational store and participated in sales training to maximise their chances of success.

In addition to this multi-brand initiative, many actions were put in place in 2021 within each Business Unit to support social and environmental causes that touch us deeply:

- **Maje's humanitarian initiatives:**
  - partnership with Médecins Sans Frontières for the sale of our UNS1 masks[1]: €100,000 have been donated to the Association since the start of the pandemic. Maje donates 100% of its profits to its protective pieces and it is not over,
  - continuation of the "A Gift for Life" solidarity initiative: Maje employees collected many toys to distribute to hospitalised children at Christmas,
  - donation of clothing to various associations, in particular to the Foundation pour Les Femmes, the Red Cross, Mécénat Chururgie Cardiaque and Smart Works,
  - partnership with the French Blood Establishment to enable our employees to donate their blood,
  - food collection for the Restos du Coeur.
- **the sincere commitments of Claudie Pierlot:**
  - support for the Ruban Rose Association: €12,000 was donated (*i.e.* €1 per order) thanks to the partnership with Veepee.
  - 1,500 pieces donated (*i.e.* a total value of €42,000) to associations whose actions we support each year such as:
    - Chirurgie Cardiaque: a solidarity event in 2021 raised funds to support heart surgery on 20 children around the world,
    - La Cravate Solidaire: clothing women and men to promote their professional recruitment,
    - Aides: participating in the fight against AIDS,
    - Odyssea: contributing to the fight against cancer by participating in charity races,
    - Ohr Hanna: helping the Jewish community.
- **Fursac associative projects:**
  - the ongoing partnership with La Cravate Solidaire: 48 pieces signed Fursac were donated at the end of the year and €12,070 was donated following a joint La Cravate Solidaire x Fursac operation on November 26, 27 and 28, 2021,
  - support for the Aides Association: 360 Fursac pieces were donated,
  - participation in the Mécénat Chirurgie Cardiaque *via* a donation of more than 300 pieces,
  - the donation of around a hundred rolls of collector's fabrics, around 1,000 m in total, to a Parisian fashion school: Atelier Chardon Savard.
- **SMCP Asia's social and planet protection actions:**
  - the Box of Hope with the Love 21 association, which works to empower children and adolescents with Down syndrome through holistic programmes combining cooking, sport and nutrition, in particular,
  - on Earth Day, a small group of volunteers from SMCP Asia cleaned up around 60 kg of litter in one hour in Sandy Bay,
  - another beach clean-up was organised this time in Shek O. It cleaned up 332 kg of waste!
- **SMCP North America works for the Planet and People:**
  - the collection of internal donations for LGBT+ people in difficulty during "Pride Giving" month in June 2021,
  - the financial contribution of our employees to the "Save Children" Association in May 2021,
  - a clean-up and flower planting action in Columbus Park, southern Manhattan, set up by the Green Committee of SMCP NA and the NYC Partnerships for Park.
- For the third consecutive year, **SMCP Global Services** collected gifts in partnership with the FXB association to distribute them to mothers and their children in difficulty.

(1) UNS1 = Non-sanitary use level 1, standardised by AFNOR and recognised by the WHO.

6.5.4 Adopting ethical practices and defending our values

6.5.4.1 OUR MEMBERSHIP OF THE GLOBAL COMPACT

As part of a collective effort to make the world a better place, SMCP is proud to have joined the UN Global Compact initiative.

The Global Compact brings together companies and non-profit organisations around CSR and Sustainable Development issues. It offers a framework of voluntary commitment based on ten principles to be respected in terms of human rights, labour law, the environment and the fight against corruption.

It is also mandated by the United Nations to support the implementation of an Agenda 2030 and the adoption of the Sustainable Development Goals by the business world.

Support for this initiative is significant for the Group and we have shared it with all our employees.

We are committed to adopting these principles so that they are fully reflected in the pillars of our strategy, in our culture and in our daily actions and perfectly integrated into our Group CSR approach, and to promoting them externally.

All SMCP contributions to the SDGs can be found in Section 6.8 Summary table of indicators.

6.5.4.2 MAKING THE ANTI-CORRUPTION AND ANTI-TAX EVASION MEASURES A PRIORITY

Ethical practices and anti-corruption rules are key values for us and one of our major concerns. As the first link in the relationship with suppliers, our Group is particularly exposed to those risks. We pledge to our shareholders, partners, suppliers and employees that we will lead an effective, rigorous anti-corruption policy. Such a policy is part of our commitment to the values of honesty, fair competition, prevention of conflicts of interest, respect for professional secrecy and the battle against all forms of discrimination that we defend as part of our activities.

In accordance with the law on transparency, the fight against corruption and modernisation of economic life, known as the "Sapin II Act" (of December 9, 2016) which requires the drafting of a corruption prevention plan since June 2017, we have introduced measures intended to prevent acts of corruption or influence peddling such as the integration of a "fight against corruption" topic into our social audit grid and the setup of task forces to allow the creation of a mechanism for collecting reports from whistleblowers, training for persons highly exposed to the risks of corruption and conflicts of interest.

With regard to tax evasion, the Group has set up responsible tax practices and follows the recommendations of the OECD. We file the Country by Country reporting and write a Transfer Pricing documentation to ensure a fully transparent tax system in the countries concerned. Lastly, we are subject to the local regulations of each country where we operate with respect to VAT, corporate income tax and other local taxes.

6.6 Conclusion

2021 marked a decisive turning point in our CSR commitments. Determined to permanently change the world of fashion, SMCP has intensified all its actions to reduce its impact on the Planet, People and Society. With our four brands, season after season, we are reinventing new solutions to offer our customers sustainable access to Parisian elegance.

In 2022, we will give the same impetus to each of our pillars, our 3Ps, to achieve our ambitious objectives by 2025. We will endeavour to give even more traceability to each of our pieces with SMCProduct. We will renew our Carbon Footprint assessment and develop a precise roadmap to increase the reduction of our impacts with SMCPlanet. Finally, we will further increase our solidarity actions and strengthen our Diversity and Inclusion Strategy so that SMCPeople shines for each of our employees around the world.

6.7 Our methodology

This SNFP includes social, societal and environmental indicators relating to defined scopes. The purpose of this document is to clearly and precisely specify to the reader the scope and calculation method for each indicator present.

6.7.1 Reporting period

The 2021 SNFP covers the period from January 1 to December 31, 2021.

6.7.2 Reporting scope

Indicators were collected, calculated and consolidated based on data available internally and extracted from IT tools. The data presented are aimed at covering all activities and all host countries of SMCP and its brands. However, some employee indicators are presented for France only. The purpose of this methodology note is to define those factors.

Topics related to combating food waste, food insecurity and responsible, fair and sustainable food are not dealt with in this Statement of Non-Financial Performance as they are not material with respect to the Group's activity.

Concerning the implementation of the green taxonomy, SMCP activities are not currently eligible according to the NACE codes used by the European Commission.

6.7.3 Reporting methodology

The report's content was based on indicators selected to reflect the main economic, social, environmental and societal impacts of the Group's business activities.

This SNFP complies with the transcription of the European Directive on non-financial reporting which led to the publication of an order and its application decree replacing so-called "Grenelle II" CSR reporting. The issues identified are based on the Global Reporting Initiative (GRI) guidelines under the GRI sector supplement "Textiles, Apparel, Footwear and Luxury Goods", the United Nations Global Compact and the OECD Guidelines.

6.7.4 Report verification

SMCP has entrusted the verification of the data presented in its CSR report to the independent third party, Deloitte.

6.7.5 Methodology used to analyse non-financial risks

The analysis of non-financial risks is based on work carried out in 2018 by PwC and Utopies, firms specialising in CSR, in connection with the drawing up of the Group's CSR inventory and the preparation of the Group's CSR strategy. The preparation of this strategy particularly led to the interrogation of external stakeholders on their view of CSR risks and expectations within the fashion industry. Internal interviews were also carried out to identify the CSR risks and expectations as perceived by Group employees.

This analysis also relies on regulatory and competition intelligence and on the financial risks previously identified and disclosed.

This non-financial risk analysis has been validated internally, in particular by the Group General Counsel, the Group Director of Strategy and Development, the Human Resources and CSR Director and the Group Director for Internal Audits. It is subject to an annual internal review.

6.7.6 SMCProduct pillar indicators

DATA ON SOURCING AND COLLECTIONS

The data is derived from the Group-level consolidation of resources extracted from our IT tools in connection with production activities.

- 2020: It relates to a World scope but excludes the Fursac brand, which has not yet migrated to the tools available to Sandro, Maje and Claudie Pierlot to monitor this data.
- 2021: It relates to a World scope but excludes the Fursac brand with the exception of the indicator relating to the weight of eco-responsible references in our collections.

DATA ON STRATEGIC SUPPLIERS

The data is derived from the Group-level consolidation of resources extracted from our IT tools in connection with production activities.

It relates to a World scope and concerns all our brands for the 2021 financial year.

RESULTS OF EMPLOYEE AND ENVIRONMENTAL AUDITS

The data come from the Group-level consolidation of resources extracted from our external service provider's audit reports and our IT tools in connection with production activities, relate to a global scope and concern all our brands.

6.7.7 SMCPlanet pillar indicators

Environmental data for the 2021 SNFP pertains to the Group's electricity consumption for stores under direct management, headquarters and warehouses.

The GHG emissions calculated and reported in this SNFP relate to Scope 2 – electricity consumption.

ENERGY

- 2020:
  - Stores scope:

    The energy consumption for the network is calculated based on actual electricity usage bills for a specific scope (France), giving a smoothed average consumption per square meter which can then be applied to the worldwide store portfolio under direct management, given that the entire portfolio has the same concept stores.

    The network is limited to the total surface areas of directly managed points of sale (including outlets, *i.e.* 614 stores. Surface areas of corners, affiliates and partners are excluded given that SMCP has no room for manoeuvre in this type of store with regard to energy supply and equipment that uses electricity (air conditioning, light bulbs, etc.).
  - Head offices scope:

    Energy consumption for the head offices is the consumption obtained from the electricity bills of each entity concerned. The scope represented by the head offices is the SMCP head office, the Sandro head office, the Maje head office, the Claudie Pierlot head office, the SMCP North America head office and the SMCP Asia head office. The Fursac head office was excluded from the scope.
  - Warehouses scope:

    Energy consumption for the warehouses is the consumption obtained from the electricity bills of each entity concerned. The scope represented by warehouses concerns warehouses located in France. It does not include subcontracted warehouses in Asia or the USA, since SMCP has no influence over the energy supplied to those particular warehouses.
- 2021:
  - Stores France scope:

    The energy consumption of the stores in the France scope is based on billing data. This scope includes 241 stores (outlets and free-standing stores) and excludes corners and affiliates.

    88.79% of the data collected corresponds to the actual consumption of the points of sale, *i.e.* 214 stores. The consumption of the remaining 11.21% (*i.e.* 27 stores) was estimated by taking into account the average actual consumption per square metre and multiplying this figure by the total surface area of the points of sale, then dividing by 12 in order to obtain a monthly consumption:

    Estimated monthly consumption = Consumption sq.m.* total surface area / 12
  - EMEA Stores scope:

    We proceeded in the same way for the EMEA scope, which has 173 points of sale (outlets and free-standing stores) and excludes corners and affiliates.

    The consumption of 44 points of sale in the scope (25.43%) was estimated by taking into account the average actual consumption per square metre and multiplying this figure by the total surface area of the points of sale, then dividing by 12 in order to obtain a monthly consumption. The estimates are due to the fact that we often do not have an automatic meter and the meter reading is taken by our suppliers once a year.

When a store was missing certain monthly payments - information not available from our electricity suppliers - we replaced it with an estimate equivalent to the average known consumption:

Consumption from January = average from February to December

The consumption figures of 74.57% of stores in the EMEA scope (*i.e.* 129 points of sale) are actual and are based on billing information.

– North America & Asia Stores scope:

The consumption of the stores in the North America and Asia scope was collected using the same methodology mentioned above and excludes corner points of sale.

The ratios for actual consumption and estimates for the North America scope are as follows:

- Stores in the scope (outlets and free-standing stores): 60
- Estimates: 31 stores (51%)
- Actual data: 29 stores (49%)

The ratios for actual consumption and estimates for the Asia scope are as follows:

- Stores in the scope (outlets and free-standing stores): 170
- Estimates: 135 stores (79.42%)
- Actual data: 35 stores (20.58%)

– Head Offices (France, US & Asia) & Warehouses scope:

The data for the France (including for the first time the Fursac head office), US and Asia head offices are actual, with the exception of two monthly payments that we estimated by calculating the average of known consumption. This information was not available from our electricity suppliers.

We were also able to collect almost all of the data from the warehouses in France, except for two monthly payments which were estimated by averaging known consumption. Once again, this information was not available from our electricity suppliers.

– Additional information:

We indicated whether the energy supplied comes from renewable sources; this information is specified in the contract with the supplier.

We did not have visibility on the sales area of some of our stores and we calculated an average of the areas by country when we did not have this information. We made this calculation to estimate the surface area of 70 stores (all scopes combined).

The ratio of stores with LED lighting was calculated based on the number of free-standing stores and outlets worldwide open on December 31, 2021.

Warehouses located in Asia and the United States are excluded from this reporting because they are managed by subcontractors.

GHG EMISSIONS

The GHG emission data included in the 2021 SNFP are data exclusively for Scope 2. Only a $kgCO_2$ equivalent emitted was calculated for energy consumption.

The energy consumption in kWh of each country was multiplied by the $kgCO_2$ coefficients communicated by ADEME corresponding to the given country (Documentation of emission factors of the Carbon Base, ADEME).

Stores under a green energy contract accept an equivalent of 0 kg CO_2 emissions.

The scope of GHG emissions is therefore the same as the scope for the electricity consumption calculations.

TRANSPORT

The data come from the Group-level consolidation of resources extracted from our IT tools in connection with the supply chain activities and relate to upstream transport for Asia to France.

GREEN STORE CONCEPT

The data come from the Group-level consolidation of resources extracted from our IT tools in connection with maintenance and architecture activities. They relate to the points of sale managed by the Group.

The indicator "LED coverage of our points of sale" covers a worldwide scope and concerns our free-standing stores and outlet stores. Affiliates, corners and wholesale points of sale are excluded.

The indicator "Openings and renovations aligned with the definition of Green Store" covers a worldwide scope and concerns our free-standing stores and outlet stores. Affiliates, corners and wholesale points of sale are excluded.

6.7.8 SMCPeople pillar indicators

2020

Employee-related data concerns permanent and temporary contracts except the data relating to manager/non-manager breakdown and to hirings, departures and layoffs, which exclusively relate to permanent contracts. This is because managers are recruited on permanent contracts and the Group considers that to have a reliable interpretation of the hirings, departures and layoffs trend, these indicators must be studied on the population benefiting from permanent contracts, namely the Company's permanent population who, under optimal conditions, are unlikely to leave the Group. The recognition of permanent contracts alone also provides a fairer view of net jobs created by the Group.

For the other social data, the excluded data concerns temporary employees, interns and apprentices. This can be explained by the fact that the Group wishes to enhance the reliability of its monthly employee reporting to all of its Business Units and that this can be done by using a reporting scope based only on permanent contracts and fixed-term contracts, which have an identical definition worldwide.

All employee-related indicators on the world scope with the exception of the data on manager/non-manager breakdown which is gathered for France only, because the manager/non-manager status is not equivalent in all countries. Data on layoffs and occupational accidents concern France only. This limited scope can be explained by the fact that the Group is currently working on consolidating this data at world level and is unable to provide a report at this stage.

The "number of workplace accidents" indicator covers only workplace and commuting accidents that resulted in lost days, and not the total number of workplace and commuting accidents.

2021

Employees

The data are based on the Group-level consolidation of resources extracted from our HRIS IT tools and concern a World scope. They exclude data relating to temporary employees with the exception of payroll, which includes temporary employees and occupational accidents, which relate exclusively to France, excluding Fursac.

Training

The data are based on the Group-level consolidation of resources extracted from our HRIS IT tools and concern a World scope.

Turnover

The data are based on the Group-level consolidation of resources extracted from our HRIS IT tools, concern a World scope and exclusively on permanent contracts as the Group considers that to have a reliable interpretation of the hirings, departures and layoff trends, these indicators must be studied on the population benefiting from permanent contracts, namely the Company's permanent population who, under optimal conditions, are unlikely to leave the Group. The recognition of permanent contracts alone also provides a fairer view of net jobs created by the Group.

For the Internal Mobility indicator, the scope also excludes the mobility carried out for the positions of Deputy Store Managers, Lead Sellers and Salespeople.

Workplace and commuting accidents

The "number of workplace accidents" indicator covers only workplace and commuting accidents that resulted in lost days, and not the total number of workplace and commuting accidents.

Gender pay gap

The data are based on the Group-level consolidation of resources extracted from our HRIS IT tools.

The data on the increase in the salaries of women and men covers a France scope and excludes the Fursac population because this Business Unit (BU) does not have the same reporting tools as the Group's other BUs. It also excludes all fixed-term contracts, interns, apprentices and temporary workers of all brands.

The indicator on the difference in compensation between women and men covers a world scope. Fixed-term contracts, interns, apprentices and temporary workers are excluded.

The indicator on the proportion of women among the top ten earners covers a world scope, without excluding certain populations.

The indicators relating to the bonuses received are calculated on a world scope and exclude the Fursac population because this BU does not have the same reporting tools as the Group's other BUs. It also excludes all fixed-term contracts, interns, apprentices and temporary workers of all brands.

Lastly, the indicators relating to the distribution of full-time and part-time employees are calculated on a world scope and exclude temporary workers.

The "key indicators" on pages 184 to 187 are independent from the SNFP and are not included in the methodological note.

6.8 Summary table of indicators

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
SMCProduct							
Responsible Collections	Weight of eco-responsible pieces in all collections	%	26	46	Proportion of SKUs meeting the Group definition of an eco-responsible product: a product is eco-responsible if its raw material consists of *at least* 30% of certified materials (labels guaranteeing organic, recycled materials, from sustainably managed forests, from animals treated with dignity) and/or if the product comes from a factory that uses technologies to reduce the environmental impact of the manufacturing process (LWG Gold certified tanneries, jeans manufacturing plants equipped with EIM washing systems)		World
	Responsible share of revenue	%	-	39.9	Proportion of revenue generated through the sale of eco-responsible SKUs	Fursac	World
Strategic suppliers	Number of strategic suppliers	No.	107	115	Number of suppliers considered strategic by the Group. For each brand: • TOP10 suppliers of finished ready-to-wear products (in terms of volumes produced); • TOP10 suppliers of cut-and-sew ready-to-wear products (in terms of volumes produced); • TOP10 suppliers of fabric (in terms of order value); • TOP10 suppliers of accessories.		World
	Percentage of strategic Finished Product and Cut and Sew suppliers	%	80	79	Proportion of Finished Product and Cut and Sew suppliers (ready to wear and accessories) considered strategic out of all Finished Product and Cut and Sew suppliers in terms of volumes produced		World
	Weight of strategic fabric suppliers	%	66	66	Proportion of fabric suppliers considered strategic across all fabric suppliers in terms of order value		World

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Strategic suppliers	Social certifications	%	23	43	Proportion of purchases made with our strategic suppliers covered by at least one international social certification (WRAP, SMETA, BSCI, SA 8000) valid as of 12/31/2021	-	World
	Environmental certifications	%	19	43	Proportion of our strategic suppliers covered by at least one international environmental certification (ISO 14001, Oeko-Tex Step, LWG Gold, LWG Silver, Bluesign) valid as of 12/31/2021	-	World
	Coverage	%	43	85	Proportion of our strategic suppliers covered by a social and/or environmental audit carried out by our service provider and/or covered by an international social and/or environmental certification (WRAP, SMETA, BSCI, SA 8000, ISO 14001, Oeko-Tex Step, LWG Gold, LWG Silver, Bluesign) valid on 12/31/2021	-	World
Results of employee and environmental audits	Audits carried out	No.	29	60	Social and environmental audits (initial and follow-up) conducted for the reference year	-	World
	Coverage	%	23.4	64	Proportion of purchases made from our strategic suppliers covered by a social and/or environmental audit, carried out by our service provider: • for 2020: carried out in 2019 (one-year retroactivity for results) and/or 2020; • for 2021: carried out in 2020 (retroactivity of one year for results) and/or 2021	-	World
	Cases of social non-compliance observed	No.	8	4[1]	Average number of non-compliance events observed per social audit	Mutual recognition	World
	Social audits – Breakdown of anomalies by type of seriousness	%	56	39	Percentage of minor non-compliance events out of all cases of social non-compliance observed	-	World
	Social audits – Breakdown of anomalies by type of seriousness	%	40	53	Percentage of major non-compliance events out of all social non-compliance events observed	-	World

(1) This decrease in the average number of non-compliance events observed during social audits can be explained by the fact that suppliers are now familiar with these processes and have been able to implement corrective measures upstream.

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Results of employee and environmental audits	Social audits – Breakdown of anomalies by type of seriousness	%	4	8	Percentage of critical non-compliance events out of all social non-compliance cases observed	-	World
	Observed environmental non-compliance events	No.	3	6[1]	Average number of non-compliance events observed per environmental audit	-	World
	Environmental audits – Breakdown of anomalies by type of seriousness	%	52	57	Percentage of minor non-compliance events out of all environmental non-compliance cases observed	-	World
	Environmental audits – Breakdown of anomalies by type of seriousness	%	48	41	Percentage of major non-compliance events out of all environmental non-compliance cases observed	-	World
	Environmental audits – Breakdown of anomalies by type of seriousness	%	0	2	Percentage of critical non-compliance events out of all environmental non-compliance cases observed	-	World
Production areas of our finished and cut-and-sew products	EMEA	%	55	50.1	In terms of finished and cut-and-sew, ready to wear and accessories products Countries included in 2020: Albania, Belarus, Bosnia, Bulgaria, United Arab Emirates, Spain, France, Great Britain, Italy, Lithuania, Morocco, Poland, Portugal, Romania, Serbia, Slovakia, Tunisia, Turkey Countries included in 2021: Albania, Belarus, Bosnia, Bulgaria, United Arab Emirates, Spain, France, Italy, Lithuania, Morocco, Portugal, Romania, Serbia, Slovakia, Tunisia, Turkey, Ukraine	Fursac	World
	Asia	%	43	49.6	In terms of finished and cut-and-sew, ready to wear and accessories products Countries included in 2020: China, South Korea, Indonesia, Japan, Vietnam Countries included in 2021: China, India, Vietnam	Fursac	World
	Other	%	1	0.3	In terms of finished and cut-and-sew, ready to wear and accessories products Countries included in 2020: Brazil, Mauritius, Madagascar and Uruguay Countries included in 2021: Brazil, Mauritius, Madagascar, Peru, Uruguay, US	Fursac	World

(1) This increase in the average number of non-compliance events can be explained by the fact that in 2021 the environmental audits were carried out in factories that did not benefit from any external environmental certification and were not used to this type of exercise notably in terms of formalised reporting.

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Production areas of our components	EMEA	%	75.5	78	In terms of order value (in €) Countries included in 2020: Albania, Germany, Austria, Belgium, Bulgaria, Spain, France, Great Britain, Greece, Italy, Lithuania, Morocco, Netherlands, Portugal, Czech Republic, Romania, Slovakia, Switzerland, Turkey Countries included in 2021: Germany, Austria, Bulgaria, Spain, France, Greece, Italy, Lithuania, Morocco, Portugal, Czech Republic, Romania, United Kingdom, Slovakia, Switzerland, Turkey	Fursac	World
	Asia	%	24.4	22	In terms of order value (in €) Countries included in 2020: China, South Korea, Hong Kong, India, Indonesia, Japan, Pakistan, Taiwan, Thailand, Vietnam Countries included in 2021: China, South Korea, Hong Kong, India, Indonesia, Japan, Malaysia, Sri Lanka, Taiwan, Thailand, Vietnam	Fursac	World
	Other	%	0.1	0	In terms of order value (in €) Countries included in 2020: South Africa, Sudan Countries included in 2021: Sudan	Fursac	World
SMCPlanet							
Electrical consumption	Consumption of head offices	kWh	943,246	887,000	Energy consumption of the head offices (lighting, air conditioning, etc.)	2020: Fursac head office	World
	Consumption of warehouses	kWh	799,400	1,266,531	Energy consumption of directly managed warehouses (lighting, air conditioning, etc.)	-	World
	Consumption of points of sale	kWh	12,065,090	20,331,714	Energy consumption of points of sale (lighting, air conditioning, etc.)	Points of sale managed as corners, affiliates, wholesale	World
Electrical consumption	Consumption of points of sale	kWh/m^2	206	229	Smoothed electricity consumption by points of sale per square metre Estimate based on part of the France stores scope and applied to the Global scope	Points of sale managed as corners, affiliates, wholesale	World

6

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Green concept store	LED coverage of our points of sale	%	68	78	Percentage of points of sale with full LED lighting in the sales area	Affiliates, concessions, wholesale	World
	Openings and renovations compliant with the Green Store definition	%	80	99	Percentage of openings and renovations that met the four Green Store criteria: eco-HVAC, LEDs, eco-responsible materials/long-life cycle materials, signature of Code of Conduct)	Affiliates, concessions, wholesale	World
	Percentage of green energy contracts	%	-	35.5	Percentage of points of sale with a green energy contract	Affiliates, concessions, wholesale	World
Transport	% use of aircraft for upstream transport Asia-France	%	28	49	% use of aircraft for upstream transport Asia-France	-	World
	% use of vessels for upstream transport Asia-France	%	66	50	% use of vessels for upstream transport Asia-France	-	World
	% use of rail for upstream transport Asia-France	%	5	1	% use of rail for upstream transport Asia-France	-	World
GHG emissions	GHG emissions generated by the Group's electricity consumption	$kgCO_2eq$	4,282,594	8,821,253	GHG emissions generated exclusively by the Group's electricity consumption	Affiliates, corners, wholesale, Fursac head office	World
	GHG emissions generated by the Group's electricity consumption	$kgCO_2eq/m^2$	35.9	56	Smoothed GHG emissions per sq.m. including sq.m. held directly by the Group for warehouses, head offices and points of sale	Affiliates, corners, wholesale, Fursac head office	World
SMCPeople							
Employees	Total employees	No.	5,748	6,091	Number of women and men employed by SMCP on December 31, 2021	Temporary staff	World
	Total women	No.	4,670	4,950	Number of women employed by SMCP on December 31, 2021	Temporary staff	World
	Total Men	No.	1,078	1,141	Number of men employed by SMCP on December 31, 2021	Temporary staff	World
	Women on the Executive Committee	No.	7	9	Number of women on the Executive Committee on December 31, 2021	-	World
	Men on the Executive Committee	No.	6	4	Number of men on the Executive Committee on December 31, 2021	-	World
	Women on the Board of Directors	No.	9	6	Number of women on the Board of Directors on December 31, 2021	-	World
	Men on the Board of Directors	No.	6	5	Number of men on the Board of Director on December 31, 2021	-	World

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Employees	Female managers	No.	379	952	Number of women managers on December 31, 2021	Temporary staff	2020: France 2021: world
	Male managers	No.	134	272	Number of male managers on December 31, 2021	Temporary staff	2020: France 2021: world
	Non-executive women	No.	1,378	3,998	Number of women non-managers on December 31, 2021	Temporary staff	2020: France 2021: world
	Non-executive men	No.	468	869	Number of male non-managers on December 31, 2021	Temporary staff	2020: France 2021: world
	Headquarters population	No.	898	910	Number of employees working in head offices on December 31, 2021	Temporary staff	World
	Warehouse population	No.	153	152	Number of employees working in warehouses on December 31, 2021	Temporary staff	World
	Point of sale population	No.	4,697	5,029	Number of employees working in the points of sale on December 31, 2021	Temporary staff	World
	Population aged under 20	No.	62	123	Number of employees aged under 20 on December 31, 2021	Temporary staff	World
	Population aged 20 to 29	No.	2,476	2,570	Number of employees aged 20 to 29 on December 31, 2021	Temporary staff	World
	Population aged 30 to 39	No.	2,331	2,394	Number of employees aged 30 to 39 on December 31, 2021	Temporary staff	World
	Population aged 40-49	No.	642	731	Number of employees aged 40 to 49 on December 31, 2021	Temporary staff	World
	Population aged over 50	No.	237	273	Number of employees aged over 50 on December 31, 2021	Temporary staff	World
	Geographic breakdown of employees – France	No.	2,359	2,477	Number of employees based in France on December 31, 2021	Temporary staff	World
	Geographic breakdown of employees – Europe	No.	1,516	1,583	Number of employees based in Europe on December 31, 2021	Temporary staff	World
	Geographic breakdown of employees – Asia	No.	1,315	1,418	Number of employees based in Asia on December 31, 2021	Temporary staff	World
	Geographic breakdown of employees – North America	No.	558	613	Number of employees based in North America on December 31, 2021	Temporary staff	World

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Turnover	New hires	No.	1,268	2,204	Number of actual hires in 2020 on December 31, 2021	Fixed-term contracts, interns, apprentices, temporary staff	World
	Departures	No.	2,033	2,602	Number of departures, for any reason, in 2020	Fixed-term contracts, interns, apprentices, temporary staff	World
	Layoffs	No.	162	316	Number of departures due exclusively to layoff by the employer	Fixed-term contracts, interns, apprentices, temporary staff Fursac	2020: France - Europe 2021: world
	Internal mobility	%	33	31	Percentage of open positions filled by a person already working within SMCP	Fixed-term contracts, interns, apprentices, temporary staff Retail: Deputy Store Managers, Lead Sellers, Sales people	World
Compensation	Payroll	Millions of euros	200.3	215.7	Sum of all gross salaries and employer social security expenses, as well as profit-sharing and incentive plans	-	World
Training	Training given in the presence of a trainer (face-to-face and/or virtual classroom)	No.	9,319	22,781	Number of hours of training given in the presence of a trainer in face-to-face and/or virtual classroom mode	-	World
	E-learning training	No.	61,133	59,393	Number of training hours delivered *via* e-learning	-	World
	Employees who have received at least one training session face-to-face and/or virtual classroom	%	20	36	Percentage of employees having received at least one training session in the presence of a trainer (face-to-face and/or virtual classroom)	-	World
	Employees who have received at least one e-learning training	%	-	67	Number of employees who have received at least one e-learning training session	-	World
Workplace accidents	Workplace accidents	No.	61	97[1]	Number of employees with lost days due to a workplace or commuting accident	Fursac	France

(1) Increase in the number of workplace and commuting accidents due to the fact that in 2021 stores were open more than in 2020 and that the number of employees grew once again.

Indicator	Sub-indicator	Unit	2020	2021	Definition	Data excluded	Scope
Gender Pay Gap	Increase in wages for women and men	%	-	+3	Difference in the rate of increase of wages between women and men A positive % should be interpreted as in favour of women, a negative % should be interpreted as in favour of men	Fursac Fixed-term contracts, interns, apprentices, temporary staff	France
	Compensation of women and men	%	-	-9	Difference in average compensation between women and men A positive % should be interpreted as in favour of women, a negative % should be interpreted as in favour of men	Fixed-term contracts, interns, apprentices, temporary staff	World
	Women among the 10 highest salaries	No.	6	6	Number of women among the 10 highest salaries	-	World
	Women who received a bonus	%	-	97	Percentage of women who received at least one bonus (annual, half-yearly, monthly)	Fursac Fixed-term contracts, interns, apprentices, temporary staff	World
	Men who received a bonus	%	-	98	Percentage of men who received at least one bonus (annual, half-yearly, monthly)	Fursac Fixed-term contracts, interns, apprentices, temporary staff	World
	Women with a full-time contract	%	-	72	Percentage of women with a full-time contract	Temporary staff	World
	Men with a full-time contract	%	-	79	Percentage of men with a full-time contract	Temporary staff	World
	Women with a part-time contract	%	-	28	Percentage of women with a part-time contract	Temporary staff	World
	Men with a part-time contract	%	-	21	Percentage of men with a part-time contract	Temporary staff	World

6.9 Cross-reference table UN Sustainable Development Goals

	4	5	6	7	8	10	12	13	15	16
Eco-responsible collection (labelled materials)			SMCP				SMCP	SMCP	SMCP	
Eco-responsible sourcing (certified suppliers)			SMCP	SMCP	SMCP		SMCP	SMCP	SMCP	
Circular economy							SMCP	SMCP		
Greener transport								SMCP		
Greener stores				SMCP				SMCP		
Waste reduction							SMCP	SMCP		
Training	SMCP	SMCP				SMCP				
Philanthropy and inclusion	SMCP	SMCP				SMCP				SMCP

6.10 Independent third-party report

Report by one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance declaration

Financial year ended December 31, 2021

To the Shareholders' General Meeting,

In our capacity as Statutory Auditors of your company, SMCP, (hereinafter "entity"), appointed as independent third party, accredited by COFRAC under number 3-1048 (Cofrac Inspection Accreditation, no. 3-1048, scope available at www.cofrac.fr) and in the process of adapting our management system as part of the change in the terms of our accreditation decided by Cofrac (transition from ISO 17020 to ISO 17029), we carried out work aimed at formulating a reasoned opinion expressing a conclusion of moderate assurance on historical information (recorded or extrapolated) from the consolidated Statement of Non-Financial Performance, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the financial year ended December 31, 2021 (hereinafter the "Disclosures" and the "Statement" respectively), presented in the Group management report in accordance with the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

CONCLUSION

The environmental indicators presented in the Statement do not make it possible to report on the Group's performance for the 2021 financial year, in particular with regard to its commitments for 2025. The carbon footprint assessment relates to 2018 and greenhouse gas (GHG) emissions are limited to those generated by electricity consumption.

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and the information we collected, with the exception of the items described above, we detected no material misstatement likely to call into question the fact that the Statement is compliant with the applicable regulatory provisions and that the Disclosures, taken as a whole, are presented fairly, in accordance with the Guidelines.

PREPARATION OF THE STATEMENT

The absence of a generally accepted and commonly used reference framework or established practices on which to evaluate and measure the Disclosures allows the use of different but acceptable measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement and available on the website or on request at the entity's head office.

LIMITATIONS INHERENT IN THE PREPARATION OF INFORMATION RELATED TO THE STATEMENT

The Disclosures may be subject to inherent uncertainty in the state of scientific or economic knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions or estimates used to prepare it and presented in the Statement.

RESPONSIBILITY OF THE ENTITY

The Board of Directors is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Disclosures;
- preparing a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and the information required by the Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- as well as implementing the internal control that it deems necessary to prepare Disclosures that are free from material misstatements, whether due to fraud or error.

The Statement was prepared in accordance with the entity's Guidelines as mentioned above.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to present a reasoned opinion expressing a moderate assurance conclusion on:

- the compliance of the Statement with the provisions set out in Article R. 225-105 of the French Commercial Code;
- the true and fair nature of the disclosures pursuant to Article R. 225-225, Sections I and II, subparagraph 3, including the key performance indicators, and actions relating to main risks, hereafter the "Disclosures".

As we are responsible for making an independent conclusion on the Disclosures as prepared by management, we are not authorised to be involved in the preparation of such Disclosures as this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular with regard to disclosures provided for by Article 8 of Regulation (EU) 2020/852 (green taxonomy), and the fight against corruption and tax evasion;
- the fairness of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL DOCTRINE

Our work described below was carried out in accordance with the provisions of Articles A. 225 1 *et seq*. of the French Commercial Code, the professional guidance issued by the *Compagnie Nationale des Commissaires aux Comptes* (French National Association of Statutory Auditors) relating to this audit in lieu of an audit programme and the international standard ISAE 3000 (revised).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions set out in Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of the profession. In addition, we have implemented a system of quality control including documented policies and procedures to ensure compliance with applicable laws and regulations, ethical rules and the professional doctrine of the French National Association of Statutory Auditors for this intervention.

MEANS AND RESOURCES

Our work mobilised the skills of five people and took place between January and February 2022 over a total intervention period of six weeks.

We were assisted in our work by our specialists in sustainability and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement, representing in particular the Human Resources, Health and Safety, Environment and Sustainable Development departments.

NATURE AND SCOPE OF OUR WORK

We planned and carried out our work taking into account the risk of material misstatement of the Disclosures.

We believe that the procedures we have conducted, exercising our professional judgement, enable us to formulate a conclusion of moderate assurance:

- We obtained an understanding of the activity of all the companies included in the scope of the consolidation, and of the presentation of the main risks.
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate.

- We verified that the Statement covers each category of information specified in Article L. 225-102-1 Section III on social and environmental reporting as well as on compliance with human rights and the fight against corruption and tax evasion.
- We verified that the Statement presents the disclosures described under Section II of Article R. 225-105 when relevant with respect to the main risks and includes, where appropriate, an explanation of the reasons justifying the lack of information required by Article L. 225-102-1, Section III, paragraph 2.
- We verified that the Statement presents the business model and the main risks linked to the activity of all the entities included in the scope of consolidation, including, when relevant and proportionate, the risks created by its business relations, its products or services as well as the policies, actions and results, including key performance indicators relating to the main risks.
- We referred to documentary sources and conducted interviews to:
  - assess the selection process and the validation of the main risks as well as the consistency of the results including the key performance indicators adopted with respect to the main risks and policies presented; and
  - corroborate the qualitative information (actions and results) that we considered to be the most important[1]. For certain disclosures (*supplier relations, diversity and inclusion, quality and safety of collections, raw materials*), our work was carried out at the level of the consolidating entity, for the others, work was carried out at the level of the consolidating entity and in a selection of entities.
- We checked that the Statement covers the scope of consolidation, namely all the companies included in the scope of consolidation in accordance with Article L. 233-16 with the limits specified in the Statement.
- We reviewed the internal control and risk management procedures set up by the entity and assessed the collection process set up by the entity aimed at ensuring the completeness and fairness of the Disclosures.
- For the key performance indicators and the other quantitative results that we considered the most important[2], we implemented:
  - analytical procedures consisting of checking that the collected data had been consolidated correctly and the consistency of the changes in this data;
  - detail tests on the basis of sampling or other means of selection, consisting of verifying the correct application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out on a selection of contributing entities[3] and covered between 38% and all of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of all the entities included in the scope of consolidation.

The procedures implemented in the context of a moderate assurance are less extensive than those required for a reasonable assurance carried out in accordance with the professional doctrine of the French National Association of Statutory Auditors; a higher level of assurance would have required more extensive verification work.

6

Paris-La Défense, April 19, 2022

One of the Statutory Auditors

Deloitte & Associés

Albert Aidan	Julien Rivals
Partner, Audit	Partner, Sustainable Development

(1) Results of social and environmental audits, strategic suppliers, gender pay gap, revenue covered by eco-responsible products.
(2) Energy consumption (head offices, directly managed warehouses, points of sale), green concept store, greenhouse gas emissions generated by electricity consumption, production area for finished products and cut and sew products, workforce, hires, departures and dismissals, internal mobility, hours of training provided and proportion of employees having received at least one e-learning training course, workplace accidents.
(3) Group's business activities in France, Europe (EMEA), Asia and the United States.

7

Corporate governance

Introduction: Code of Corporate Governance

Since the Company's shares were listed for trading on Euronext Paris regulated market ("Euronext Paris") in October 2017, the Company has referred to and, subject to the information below, complied with the Code of Corporate Governance for listed companies published by the Association Française des Entreprises Privées (Afep) and *Mouvement des Entreprises de France* (MEDEF) in its updated version in January 2020 (the "Afep-MEDEF Code").

The Afep-MEDEF Code to which the Company refers may be consulted on the internet at the following address: http://www.medef.com. The Company keeps copies of the Code available for members of its corporate bodies at all times.

The Company applies the Afep-MEDEF Code (as revised in January 2020), with the exception of the following recommendations:

Recommendation of the Afep-MEDEF Code	Company's comment
Recommendation 17.1 and 18.1 of the Afep-MEDEF Code **"It *[the committee responsible for nominations]* must not include any executive corporate officer and the majority of the members must be independent directors."** **"It *[the committee responsible for compensation]* must not include any corporate executive officer and the majority of the members must be independent directors. It is recommended that the Chairman of the committee be independent and that an employee director be a member."**	Until April 6, 2022, the Nominations and Compensation Committee was composed of four members, including three independent members and Ms Évelyne Chétrite, Deputy General Manager of the Company. As a result, the composition of this committee did not comply with recommendations 17.1 and 18.1 of the Afep-MEDEF Code, which require a majority of independent directors and the absence of executive corporate officers on the committee. Given the importance of the appointments and compensation of executives for the development of the SMCP group (the "Group"), it had in fact been decided to appoint one of the founders of the Group to sit on this committee. It should be noted that Ms Chétrite did not take part in the deliberations or voting on resolutions of the Nominations and Compensation Committee when she was affected by these resolutions. Ms Évelyne Chétrite resigned from the Nominations and Compensation Committee and has not been a member since April 6, 2022. The composition of this committee now complies with recommendations 17.1 and 18.1 of the Afep-MEDEF Code.
Recommendation 25.5.1 of the Afep-MEDEF Code **"The performance conditions set by the Boards for these indemnities must be assessed over a period of at least two years."**	The performance condition set for the payment of the severance package for Ms Isabelle Guichot, Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite is assessed on the basis of the last twelve months prior to the termination of their duties in comparison with the performance achieved over the 12-month period preceding this reference period, whereas recommendation 25.5.1 of the Afep-MEDEF Code recommends the period for assessment of the performance conditions be at least 24 months. The Company in effect believes that, given the strong historical growth of the Group from one year to the next, the performance of the officers must be assessed over the 12-month period preceding the end of their duties.

7.1 Organisation of governance

7.1.1 Management bodies

CHIEF EXECUTIVE OFFICER

Ms Isabelle Guichot is Chief Executive Officer of the Company.

DEPUTY GENERAL MANAGERS

The positions of Deputy General Managers in the Company are assumed respectively by Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite.

CHAIRMAN OF THE BOARD OF DIRECTORS

Christophe Cuvillier is Chairman of the Company's Board of Directors.

PROCEDURES AND FUNCTIONING OF THE MANAGEMENT BODIES

Missions and powers of the Chairman, Chief Executive Officer and the Deputy General Managers

The offices of Chairman of the Board of Directors and Chief Executive Officer of the Company are separated. Mr Christophe Cuvillier is Chairman of the Board of Directors and Ms Isabelle Guichot is Chief Executive Officer of the Company. The positions of Deputy General Managers in the Company are assumed respectively by Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite. Each Deputy General Manager is responsible for the policy of creation, the design, the artistic direction and the marketing strategy of the brand(s) within his or her area of responsibility, namely:

- Sandro and Claudie Pierlot for Ms Évelyne Chétrite;
- Maje and Claudie Pierlot for Ms Judith Milgrom;
- Sandro Men for Mr Ilan Chétrite.

Conduct of Executive Management – Limitations of powers

As required by law, the Company's articles of association and the internal rules of the Board of Directors, the Chairman of the Company chairs the meetings of the Board, ensures the correct operation of the Company's governing bodies, and ensures, in particular, that the Board members are able to perform their tasks.

The Chief Executive Officer is vested with the most extensive powers to act in all circumstances in the name of the Company. She exercises these powers within the limits of the corporate purpose and subject to those powers expressly attributed by law to General Meetings and to the Board of Directors.

She represents the Company with third parties. The Company is even bound by acts of the Chief Executive Officer that do not fall within the Company purpose, unless it can prove that the third party knew that the act exceeded such purpose or that the party could not fail to be aware of it under the circumstances; publication of the articles of association alone is not sufficient to constitute such proof.

Decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not enforceable against third parties.

By agreement with the Chief Executive Officer, the Board of Directors determines the scope and the duration of the powers conferred on the Deputy General Managers. The Deputy General Managers have the same powers as the Chief Executive Officer vis-à-vis third parties.

The Chief Executive Officer or the Deputy General Managers may, subject to the limits set by the legislation in force, delegate the powers they deem appropriate, for one or more specific purposes, to any agents, even from outside the Company, either individually or forming a committee or commission, with or without the power of substitution, subject to the limitations set by law. These powers may be permanent or temporary and may include the power of substitution or otherwise. The delegations thus granted retain their full effects despite expiry of the office of the person conferring them.

Under Article 3.2 of its internal rules, the Board of Directors gives its prior approval, by simple majority vote of the members present or represented, for any act or decision of the Chief Executive Officer concerning the following:

(i) the approval of/or amendments to the Group's annual budget;

(ii) the approval or material amendments to the Group's annual business plan;

(iii) any issue of shares, instruments or securities giving rights, immediately or deferred, to the capital of the Company;

(iv) the subscription by any Group company, of any indebtedness of a cumulative amount of more than €10,000,000 per year in excess of the annual budget;

(v) any decision that may lead to an event of default or an acceleration under the terms of the financing documentation for any Group company;

(vi) any over-expenditure on capital expenditures (capex) of the Group in excess of 10% of the annual budget;

(vii) the conclusion, termination of or material amendment of any agreement to which a Group company is a party for which the annual amount exceeds €4,000,000, other than contracts covered by point (ix) and cash investments by Group companies in term accounts and deposits made with institutions whose financial health is proven, and which allow funds to be withdrawn within a reasonable period of time;

(viii) any expenditure of an individual amount superior to €2,000,000, not included in the Group's annual budget;

(ix) the creation, acquisition, disposal or constitution of any collateral by a Group company relating to any activity, subsidiary or assets for an amount exceeding €2,000,000 (unless the aforementioned transactions have been approved as part of the budget);

(x) the recruitment, the redundancy, the contractual termination ("rupture conventionnelle") or the settlement ("accord transactionnel") putting an end to the functions, the dismissal, the substantial modification of the functions or a change in compensation (unless it is part of the annual wage increases) of any member of the Executive Committee or corporate officer of the Group;

(xi) the conclusion by a Group company of any industrial or commercial joint-venture agreement or merger agreements with a third party that could have a significant impact on the Group;

(xii) the opening of a store or a subsidiary or a new activity in a new country;

(xiii) the appointment or renewal of Statutory Auditors;

(xiv) any significant transformation or restructuring of a Group entity;

(xv) the development of any new line of activity without a direct link to the corporate purpose of the Group's companies;

(xvi) any transaction that directly or indirectly modifies the share capital or equity (including any merger, spin-off or partial contribution of assets or distribution of dividends);

(xvii) a modification of more than 3% per year of the compensation of the Group payroll compared to the annual budget;

(xviii) the execution, termination or modification of any agreement entered into with the founders or the principal executives of the Group (including their employment contracts or service agreements);

(xix) the settlement of a dispute in an amount exceeding €2,000,000.

7.1.2 Composition of the Board of Directors

7.1.2.1 BOARD OF DIRECTORS

The following table lists the members of the Board of Directors on the date of registration of this universal registration document, as well as the principal offices and positions held by the Board members in the last five years.

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Christophe Cuvillier[1]	French	General Meeting called to approve the financial statements for the financial year ended December 31, 2024	Chairman of the Board of Directors	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Raisesherpas Endowment Fund - Director – HEC International Advisory Board - Member – Nextus SAS - Chairman – Salesforce EMEA Advisory Board - Member **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Unibail-Rodamco- Westfield SE - Chairman of the Management Board – Comexposium Holding SA - Director – Rodamco Europe BV - Chairman of the Supervisory Board – European Public Real Estate Association (EPRA) - Chairman of the Board of Directors – Fédération Française des Sociétés Immobilières et Foncières (FSIF) - Representative of Unibail-Rodamco- Westfield SE – Société Paris-Île de France Capitale Économique - Representative of Unibail-Rodamco-Westfield SE on the Board of Directors – Viparis Holding SA - Director – WFD Unibail-Rodamco NV - Chairman of the Supervisory Board – U&R Management BV - Director and Chairman of the Board of Directors – Pavillon de l'Arsenal - Director

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Isabelle Guichot [2]	French	General Meeting called to approve the financial statements for the financial year ended December 31, 2024	Chief Executive Officer and Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* – SMCP Holding SAS – Chairman – Claudie Pierlot SAS – Chairman – 341 SMCP SAS - Chairman – SMCP Logistique SAS – Chairman – Fursac SA - Chairman of the Board of Directors – SMCP Deutschland GmbH – Manager – SMCP Switzerland SA - Chairman of the Board of Directors – SMCP USA Inc. - Director, Vice-President – SMCP Retail East Coast Inc. - Director, Vice-President – SMCP Retail West Coast Inc. - Director, Vice-President – SMCP Canada Inc - Director, Vice-President – SMCP Asia Ltd. (HK) – Director – SMCP Hong Kong Limited – Director – SMCP Shanghai Trading Co. Ltd. – Director – SMCP Taiwan - Director – SMCP Japan GK - Director – SMCP Malaysia SDN.BHD - Director – AZ Retail – Director – SMCP Portugal - Manager – SMCP Sweden - Chairman of the Board of Directors *Outside the Group:* – Chargeurs SA - Independent Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* – Maje SAS - Deputy General Manager *Outside the Group:* – Balenciaga SA - Chairman and Chief Executive Officer – Arcades Ponthieu SAS (France) - Chairman – Balenciaga Retail Italia - Chairman – Balenciaga Spain - Chairman – Balenciaga America - Chairman – Kering Foundation - Director – Balenciaga UK - Director – Balenciaga Asia Pacific Limited (HK) - Director – Balenciaga Asia Pacific Limited (Taiwan Branch) - Director – Balenciaga Korea - Director – Balenciaga Japan - Director – Balenciaga Fashion Shanghai (China) - Director – Balenciaga Logistica (Switzerland) - Director

<table>
<tr><th>First and last name</th><th>Nationality</th><th>Expiration date of the term of office</th><th>Principal duty performed for the Company</th><th>Principal terms of office and duties performed outside the Company during the past five years</th></tr>
<tr><td>Évelyne Chétrite</td><td>French</td><td>General Meeting called to approve the financial statements for the financial year ended December 31, 2024</td><td>Deputy General Manager and Director</td><td>Offices and positions held on the registration date of this universal registration document:
Within the Group:
– Sandro Andy SAS – Chairman: Évelyne Chétrite SASU represented by Évelyne Chétrite
Outside the Group:
– EDID – Manager
– Évelyne Chétrite SAS – Chairman
– Grand Chene – Manager
– Petite Princesse – Manager
– Hessed – Manager
– Sagesse – Manager
– Kemisi – Co-Manager
– Kismi – Co-Manager
– Maison Blanche – Co-Manager
– SIVAN SAS – Chairman
– Fonds TAL – Chaiman
– JOIE S.à.r.l. – Co-manager
– ARCHIVES SAS – Chairman
Positions and offices held during the past five years that are no longer held:
Within the Group:
None
Outside the Group:
– Eve Art – Chairman</td></tr>
<tr><td>Judith Milgrom</td><td>French</td><td>General Meeting called to approve the financial statements for the financial year ended December 31, 2024</td><td>Deputy General Manager and Director</td><td>Offices and positions held on the registration date of this universal registration document:
Within the Group:
– Maje SAS – Judith Milgrom SAS – Chairman represented by Judith Milgrom
Outside the Group:
– SC SAVA - Manager
– SC SHMIL - Manager
– SC AVANA – Co-Manager
– SCI MAJ – Co-Manager
– SCI MAIL – Manager
– SCI J&A – Co-Manager
– JUDITH MILGROM SAS – Chairman
– Fonds TODA – Chairman
– Judor Investissements SAS – Chairman
– HARMONY SAS – SAVA Chairman represented by Judith Milgrom
– SCI PALOMA 2011 – Co-Managing partner
Positions and offices held during the past five years that are no longer held:
Within the Group:
None
Outside the Group:
– SCI A&J – Co-Manager
– SC AMJM – Co-Manager</td></tr>
</table>

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Natalia Nicolaidis [3]	Greek	General Meeting called to approve the financial statements for the financial year ended December 31, 2025	Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Dynamic Counsel - Founder and Chief Executive Officer – Aegean Airlines, SA - non-executive director and Chairman of the Nominations and Compensation Committee – Mytilineos SA - non-executive director and member of the Sustainability Committee **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Credit Suisse - Head of Legal Investment Banking & Capital Markets – ElvalHalcor SA - non-executive director and Chairman of the Governance and Appointments Committee and member of the Audit Committee
Christophe Chenut [3]	French	General Meeting called to approve the financial statements for the financial year ended December 31, 2025	Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Christophe Chenut Conseil SAS - Chairman – LOSC Lille - Director – Group Hopscotch - Chairman of the Supervisory Board – Inès de la Fressange - Director – Dauphine alumni - Chairman **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Elite Model Management - Chief Executive Officer – Stage Rennais - Director – Lonsdale Agency - Director – Bonpoint - Member of the Strategic Committee
Xavier Véret [3]	French	General Meeting called to approve the financial statements for the financial year ended December 31, 2025	Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Colisée France - Chief Financial Officer **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Presstalis - Chief Financial Officer, Purchasing and Information Systems – Jet Services Group - Deputy Chief Financial Officer – Nextiraone Antilles Guyane - Chairman – Bourbon Offshore - Director of Financial Restructuring – Nutrixio - Chief Financial and Transformation Officer – Vivescia - Chief Financial and Transformation Officer

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Orla Noonan	French and Irish	General Meeting called to approve the financial statements for the financial year ended December 31, 2022	Independent Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Adevinta – Chairperson of the Board of Directors – Agence France Presse (AFP) – Independent director – Knightly Investments – Chairperson – Believe – Independent director – TF1 - Independent director **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Iliad SA – Independent director – Schibsted Media Group – Independent director – Groupe AB – Chief Executive Officer, Member of the Board of Directors – AB Entertainment – Director – RTL9 – Director – Team Co - Chairman
Dajun Yang	Chinese	General Meeting called to approve the financial statements for the financial year ended December 31, 2022	Independent Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – UTA International Brand Inv. Management Co. Ltd. – Chairman and Chief Executive Officer – UI International Brand Management (Beijing) Co. Ltd. – Chairman and Executive Officer – Trinity Limited - Member of the Board of Directors and the Audit Committee – Jihua Group – Executive Director – HCLC – Member of the Board of Directors – China National Garment Association *Committee of Experts* – Committee Member – China Textile Planning Research Association – Vice-President **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – UTA Fashion Management Group – Chairman, Chief Executive Officer

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Lauren Cohen	French	General Meeting called to approve the financial statements for the financial year ended December 31, 2021	Directors representing employees	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* – International Development Manager *Outside the Group:* – Equerre Conseil - Chairman **Positions and offices held during the past five years that are no longer held:** *Within the Group:* – Head of international development of stores – Works Council Secretary *Outside the Group:* – Laplace Le Chemin de La Propriété - Chief Financial Officer and Partner
Marina Dithurbide	French	General Meeting called to approve the financial statements for the financial year ended December 31, 2023	Director representing employees	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* – Supply Chain Director *Outside the Group:* None **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* None

(1) Mr Christophe Cuvillier was appointed Chairman of the Board of Directors by the Board of Directors on January 17, 2022.
(2) Ms Isabelle Guichot was co-opted by the Board of Directors on August 1, 2021 with effect from August 2, 2021 to replace Mr Daniel Lalonde, who resigned as Director of the Company.
(3) Mr Christophe Chenut, Ms Natalia Nicolaidis, and Mr Xavier Veret were appointed by the Ordinary General Meeting of January 14, 2022.

The table below presents the members of the Board of Directors as of December 31, 2021, including those who have left the Board as of the date of this universal registration document as well as the main terms of office and duties they held during the last five years.

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years[3]
Yafu Qiu[1]	Chinese	on January 14, 2022[2]	Chairman of the Board of Directors	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Shandong Ruyi Technology Group Co., Ltd. - Chairman of the Board of Directors – Shandong Ruyi Woolen Garment Group Co., Ltd. – Chairman of the Board of Directors – Trinity Limited - Chairman of the Board and non-executive director – Renown Incorporated – Director **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** None
Weiying Sun[1]	Chinese	on January 14, 2022[2]	Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None. ***Outside the Group:*** – Shandong Ruyi Technology Group Co., Ltd – Chairman – Trinity Limited – Executive Director – Renown Incorporated – Director – Beijing Ruyi Fashion Investment Holding Company Limited - Chairman **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** None
Chenran Qiu[1]	Chinese	on January 14, 2022[2]	Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Shandong Ruyi Technology Group Co., Ltd. - Vice-President of the Board of Directors and Executive Chairman – Renown Incorporated – Director – Trinity Limited – Executive Director – European TopSoho S.àrl - Director **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** – SMCP SA – Deputy General Manager ***Outside the Group:*** None

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years[3]
Xiao Su[1]	Chinese	on January 14, 2022[2]	Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd – Chairman – Shandong Ruyi Woolen Garment Group Co., Ltd. – Director – Trinity Limited – Executive Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* None
Kelvin Ho[1]	Chinese	on January 14, 2022[2]	Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd - Chief Strategy Officer – Ruyi International Fashion (China) Financial Investment Holding Group Limited – Chairman – Trinity Limited - Chief Strategy Officer **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* – European TopSoho S.àrl - Director
Xiao Wang	Chinese	on March 4, 2022[4]	Independent director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Hillhouse Capital Group – Partner – Hong Xing Mei Kai Long – Director – Longyuan Jianshe – Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* – Lu.com – Deputy Chief Executive Officer – IDG Capital Partners – Partner in charge of M&A

(1) Director appointed by the Shandong Ruyi Group.
(2) Director dismissed by the Shareholders' General Meeting of January 14, 2022.
(3) Sources: Information provided in 2021 and public information.
(4) Mr Xiao Wang resigned from his position as director for personal reasons.

Biographical Information about the Members of the Board of Directors

Christophe Cuvillier, 59 years old, is a graduate of HEC Paris. He has extensive experience at the head of many large French groups. For eight years, he was Chairman of the Management Board of Unibail-Rodamco, which in 2018 became Unibail-Rodamco-Westfield, and which he had joined in 2011 as Chief Operating Officer. Previously, he held various senior positions within the PPR Group (now Kering), including Chief Operating Officer of FNAC from 2000 to 2005, Chairman and Chief Executive Officer of Conforama from 2005 to 2008, then Chairman and Chief Executive Officer of FNAC from 2008 to 2010. Before joining the PPR Group, he spent 14 years in L'Oréal Group's Luxury Products Division, holding various senior management positions in France and abroad.

Isabelle Guichot, 57 years old, is a graduate of HEC Paris. She began her career at Cartier International where she held the following positions: Project manager at Cartier Incorporated in New York (United States) (1988-89), Deputy General Secretary (1989-91), Commercial Director of Cartier International (1992-95), Chief Executive Officer of Cartier SA France (1996-99), Chairman and Chief Executive Officer of Van Cleef & Arpels International (1999–2005) and then of Lancel (2003-2005). She then joined the Pinault Printemps Redoute Group (PPR, now Kering) where she held the positions of Director of Development of Gucci Group (2005–2007), Chairman and Chief Executive Officer of Sergio Rossi (2005–2007), then Chairman and Chief Executive Officer of Balenciaga SA (2007-2017), also having a seat on the Board of Directors of the Kering Foundation. She joined SMCP group in 2017, where she was Chief Executive Officer of Maje before being appointed Chief Executive Officer and director of SMCP in August 2021. Isabelle Guichot is also a member of the Board of Directors of Chargeurs SA.

Évelyne Chétrite, 64 years old, studied law at the University Paris 1 Panthéon-Sorbonne. Passionate about fashion and styling, Évelyne Chétrite created the Sandro brand in 1984 with her husband Didier Chétrite. The first store opened in 2004 in the heart of the Marais district of Paris. Under the creative impetus and vision of Évelyne Chétrite, Sandro quickly became a leading brand in the ready-to-wear market. Since the creation of the brand, Évelyne Chétrite creates and directs Sandro collections as Artistic Director. In addition to these operational duties, Évelyne Chétrite, who served for many years as Chairman of the Group, is currently a member of the Board of Directors, and Deputy General Manager of the Company charged with design policy and the marketing strategy of Sandro and Claudie Pierlot.

Judith Milgrom, 57 years old, passionate about fashion and style, worked for many years in creation and design. With this experience, Judith Milgrom founded Maje in 1998, for which she creates and directs the collections since the creation of the brand. Maje opened its first shop in Paris in 2003 and quickly became a leading brand in the ready-to-wear market. Judith Milgrom is currently Artistic Director of Maje. In addition to these operational duties, Judith Milgrom is currently a member of the Board of Directors and Deputy General Manager of the Company charged with the design policy and the marketing strategy of Maje and Claudie Pierlot.

Orla Noonan, 52 years old, is a graduate of HEC Paris (1994) and holds a BA (Economics) from Trinity College Dublin (1992). She has been Chairman of the Board of Adevinta, the world's leading online classifieds company, since 2018. She started her career in 1994 in investment banking in London at Salomon Brothers as a financial analyst, particularly in the media/telecom sector. She joined AB Groupe in 1996 as Director in charge of business development, M&A and financial communication. She led IPOs in New York and Paris as well as external growth operations, including the acquisitions of the TV channels RTL9 and TMC. She was President of the television channel NT1 between 2005 and 2010. Orla Noonan became Executive Vice President of the group in 1999 and a member of its Board of Directors in 2003. As CEO of AB Group between 2014 and 2018, she undertook the acquisition of a number of independent production companies, thereby strengthening the group's position as the French leader in the production and distribution of audiovisual content. Orla Noonan is also an Independent Director of Believe and Agence France Presse (AFP) and TF1. She was an Independent Director of Iliad SA for 12 years (from 2009 to 2021) and of Schibsted Media Group between 2017 and 2019.

Dajun Yang, 54 years old, holds an MBA from the International University of Commerce, Agriculture and Technology of Dhaka in Bangladesh. From 1998 to 2012, he served as Chairman and Chief Executive Officer of the UTA Fashion Management Group, and then in 2012 served as Chairman and Chief Executive Officer of the company UTA International Brand Inv. Management Co. Ltd. Dajun Yang is the author of several works on fashion markets. Backed by more than 25 years of experience in the fashion industry, Dajun Yang is regularly consulted about investments in China by European companies.

Natalia Nicolaidis, 57 years old, holds a bachelor's degree (economics) from Yale University, a doctorate in law and a master's degree in foreign service from Georgetown University, Washington, DC, and a master's degree in European law from the College of Europe, in Bruges. Natalia Nicolaidis began her career practicing in major law firms in New York, focusing on corporate finance. She then spent 24 years at Crédit Suisse, notably as Global Head of the Investment Banking Risks & Controls department. She was Legal Director of the Investment Banking & Capital Markets division from 2015 to 2020. She was a non-executive director, Chairman of the Governance and Nominations Committee and member of the Audit Committee of the listed company ElvalHalcor SA (a Greek industrial company specialising in metallurgy). She is currently non-executive director and Chairman of the Compensation and Nominations Committee of the listed airline Aegean Airlines SA (member of Star Alliance) since July 2021, as well as non-executive director and member of the Sustainability Committee of the listed company Mytilineos SA (an international industrial company active in metallurgy, EPC, electrical energy, gas trading and environmental solutions) since February 2021.

Christophe Chenut, 59 years old, is a graduate of the University of Paris Dauphine and the *Institut Supérieur des Affaires* (ISA - MBA HEC). As soon as he finished his studies in 1986, Christophe Chenut created his direct marketing agency "Directing", which he sold in 1993 to the DDB Group to merge with his subsidiary RappCollins. He became Chairman of RappCollins France in 1993, then Europe in 1998. He was appointed Chief Executive Officer of Groupe DDB France in 2000, a position he held until 2003. Christophe Chenut was then Chief Executive Officer of SNC L'Equipe from 2003 to 2008, of Lacoste SA from 2008 to 2013, of the newspaper *L'Opinion* (co-founder) from 2013 to 2015, of Comptoir des Cotonniers and Princesse Tam Tam in 2015, and of Elite Model Management from 2016 to 2017. He is currently Chairman of Christophe Chenut Conseil and Chairman of the Supervisory Board of Hopscotch Group. Christophe Chenut has been a member of the Board of Directors of the Stade Rennais, Evian TG, Paris Saint Germain, Lonsdale Agency and Bonpoint. He is a member of the Board of Directors of LOSC Lille and of Ines de la Fressange Paris. He is also a senior advisor for several investment funds and M&A firms (Ryder & Davis, Calao, LinkSport), as well as until 2020 for Artemis. He is the Chairman of Dauphine Alumni.

Xavier Véret, 55 years old, is a graduate of the University of Paris Dauphine. Xavier Véret has recognised experience in turnaround and crisis situations. He was Chief Financial Officer, Purchasing and Information Systems at Presstalis (press messaging) from 2013 to 2018. In 2018, he was Deputy Chief Financial Officer of Jet Services Group (airline, handling, maintenance & repair), then Chairman of Nextiraone Antilles Guyane (global service for all information systems components) as part of a conciliation plan. Between October 2018 and September 2019, he was Chief Financial Officer and Restructuring Director of Bourbon Offshore (leader in offshore oil and gas maritime services) in a context of financial restructuring and a change of shareholder. Subsequently, he was Chief Financial Officer and Chief Transformation Officer of Nutrixio and then the Vivescia Group (an international agricultural and agrifood cooperative group) from October 2019 to October 2021. Xavier Véret is currently Chief Financial Officer for France at the Coliseum Group (nursing homes, geriatric support solutions).

Lauren Cohen, 40 years old, graduated from ESCP Europe in France (2006) and holds a Master's degree in Finance from the University of Paris Dauphine (2003). She began her career in 2006 by launching her own company in the sector of wines and spirits, focused primarily on exporting to Asia, and later acquired an existing French wine retailing company to develop the French market. After nearly 10 years of entrepreneurship, Lauren Cohen decided to join the SMCP Group. From May 2015 to December 2016, she was Manager of International Store Planning, and later became Development Manager for the four brands in France and in Europe, then International.

Marina Dithurbide, 44 years old, holds an Engineer degree from Polytech Orleans in France (2002) and a Master's degree in Supply Chain from HEC (2006). She began her career in 2002 with CGI, working on ERP integrations for LVMH brands (Louis Vuitton then Kenzo). She joined Rexel in 2006, where she worked for 2 years in the Sourcing and Purchasing Department. After a 3-years stint with Celine (LVMH Group) where she was supply chain manager, Marina Dithurbide came back to Rexel in 2010 where she was a member of the International Business development team and worked on energy efficiency offer strategy. She joined SMCP in 2012 as Logistics Director and led the internalisation of the three brands for Europe. She became Supply Chain Director in 2015.

Independent members of the Board of Directors

Six members of the Board of Directors are independent within the meaning of the Afep-MEDEF Code (*i.e.* more than half of the Board of Directors, in accordance with the requirements of the Afep-MEDEF Code).

Gender balance representation of women and men

As of the date of this universal registration document, the Board of Directors had five female members (not including the two directors representing employees who are not taken into account in the calculation of the percentage of women on the Board, in accordance with the applicable legal provisions). It is therefore in compliance with the provisions of law no. 2011-103 of January 27, 2011 on the balanced representation of men and women on Boards of Directors and Supervisory Boards, and gender equality.

Non-voting Board member

Mr Ilan Chétrite is a non-voting Board member of the Company's Board of Directors.

Mr Ilan Chétrite studied finance at the University Paris-Dauphine prior joining Sandro in 2006. He opened Sandro to male clientele by founding Sandro Men in 2007. He is the brand's founding Artistic Director since its creation. He is also an Deputy General Manager of the Company.

7.1.2.2 RULES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company's articles of association stipulate that the Company's Board of Directors (the "Board" or the "Board of Directors") has between three and eighteen members, subject to exceptions provided by law. As of the date of this universal registration document, the Board of Directors has 11 members.

Pursuant to Article 16 of the articles of association, the term of office of directors is four years and may be renewed. This term of offices complies with the recommendations of the Afep-MEDEF Code. As an exception, the General Meeting may appoint certain directors for a term of less than four years, or, reduce the term of the functions of one or several directors to allow a staggered renewal of terms of office of members of the Board of Directors. Directors must not be more than 75 years of age (it being stipulated that the number of directors of more than 70 years of age may not be greater than one-third of the directors in office) and are subject to the statutory and regulatory provisions applicable to the accumulation of offices.

Directors are elected by the General Meeting on the recommendation of the Board of Directors, which receives proposals from the Nominations and Compensation Committee. They may be dismissed by the Ordinary General Meeting at any time. The term of each director expires at the end of the Ordinary General Meeting that has been called to approve the financial statements for the past financial year and is held in the year the term expires.

7.1.2.3 INDEPENDENCE OF DIRECTORS

Pursuant to the Afep-MEDEF Code used by the Company as a reference, the Board of Directors shall assess the independence of each of its members (or candidates) at the occasion of each renewal or appointment of a member of the Board of Directors and at least once a year prior to the publication of the Company's corporate governance report. During this assessment, after obtaining the opinion of the Nominations and Compensation Committee, the Board of Directors reviews the qualifications of each of its members (or candidates), in terms of the criteria of the Afep-MEDEF Code, the particular circumstances and situation of the individual concerned in relation to the Company. The conclusions of this review are presented to shareholders in the annual report and, where appropriate, to the General Meeting at the time of the appointment of Board members.

At its meeting of March 7, 2022, the Nominations and Compensation Committee carried out the annual assessment of the independence of the members of the Board of Directors with regard to all the criteria set by the Afep-MEDEF Code.

The conclusions of the Nominations and Compensation Committee were presented to and approved by the Board of Directors at its meeting on March 9, 2022. Under the terms of this analysis, the Board of Directors concluded, after consulting the Nominations and Compensation Committee, that there were six independent members: Mr Christophe Chenut, Mr Christophe Cuvillier, Ms Natalia Nicolaidis, Ms Orla Noonan, Mr Xavier Véret and Mr Dajun Yang, *i.e.* more than half of the directors, in line with the recommendation of the Afep-MEDEF Code.

Regarding the qualification of Mr Dajun Yang as an independent director, Mr Yang informed the Nominations and Compensation Committee that he was an independent director and member of the Audit Committee of Trinity Limited, a subsidiary of Shandong Ruyi registered in Bermuda and listed on the Hong Kong stock exchange, which has been put into liquidation (it being specified that Mr Yang was initially appointed as independent director of SMCP on the proposal of Shandong Ruyi, but is not a representative of Shandong Ruyi and that Shandong Ruyi is no longer the controlling shareholder of SMCP). With regard to his position within Trinity Limited, Mr Yang informed the Nominations and Compensation Committee that the members of the Board of Directors and committees of Trinity Limited no longer have management powers and that no legal proceedings have been initiated against Mr Yang or the Board of Directors of Trinity Limited. Mr Yang also confirmed to the Board of Directors of SMCP that he does not receive any significant compensation for his duties as a member of the Board of Directors of Trinity Limited, that he does not receive compensation from Shandong Ruyi and that he is no longer in contact with the former SMCP directors representing Shandong Ruyi. Mr Yang confirmed to the Board of Directors that he therefore met the aforementioned independence criteria. However, SMCP's Board of Directors requested that Mr Yang keep it informed of any changes in his position within Trinity Limited that would affect his independence.

7.1.3 Functioning of the Board of Directors

7.1.3.1 INTERNAL RULES

The Board of Directors has internal rules intended to specify the operating conditions of the Board, in addition to the applicable laws and regulations and the Company's articles of association. In addition, as appendices to the Board's internal rules, the Audit Committee and the Nominations and Compensation Committee each have internal rules.

The internal rules of the Board of Directors follow marketplace recommendations aimed at guaranteeing compliance with the basic principles of corporate governance, and in particular those specified in the Afep-MEDEF Code. These internal rules describe the operating method, the powers and attributions of the Board of Directors and specify the ethical rules applicable to its members. In particular, they provide for the rules applicable to the organisation of Board of Directors' meetings, as well as the provisions on the frequency of meetings, the presence of directors and their disclosure obligations regarding the rules on multiple terms of office and conflict of interest.

The articles of association and internal rules of the Company are available on the Company's website (www.smcp.com).

7.1.3.2 MISSIONS

The first priority of the Board of Directors is to determine the strategic directions of the Company. The Board reviews and decides major transactions. The members of the Board of Directors are informed of market changes, the competitive environment and the principal challenges, including in the area of the Company's social and environmental responsibility.

The Board of Directors assumes the tasks and exercises the powers conferred on it by the law, the Company's articles of association and the internal rules of the Board of Directors. The Board of Directors determines and addresses the Company's business strategy and objectives and monitors their implementation. Subject to the powers expressly attributed to General Meetings and within the limits of the Company purpose, it deals with any questions concerning the proper running of the Company and settles the business that concerns it through its resolutions.

The Board of Directors also conducts the checks and verifications it deems appropriate and can request the communication of the documents that it considers useful for carrying out its task.

The Board of Directors sets the limits to the powers of the Chief Executive Officer, where applicable, pursuant to its internal rules, by targeting the operations for which the prior authorisation of the Board of Directors is required (for more information, see Section 7.1.1 "Management Bodies" of this universal registration document).

The Board ensures good corporate governance for the Company and the Group, respecting the socially responsible principles and practices of the Group and of its executive corporate officers and employees.

The Board ensures that shareholders and investors receive relevant, balanced and educational information about the strategy, the business model, the consideration of significant non-financial challenges for the Company, and about its long-term prospects.

The internal rules define the procedures for informing Board members. The rules specify, in particular, that the Chairman of the Board of Directors provides to Board members, with sufficient time, except in emergency situations, the information or the documents in its possession that will allow the members to properly perform their duties. Any member of the Board who has been unable to deliberate with full knowledge has a duty to so inform the Board of Directors and to demand the information crucial to the performance of his or her duties.

7.1.3.3 ORGANISATION AND WORK OF THE BOARD

Meetings and deliberations of the Board of Directors

The internal rules of the Board of Directors stipulate the conditions for Board meetings. Thus, a meeting of the Board of Directors is called by the Chairman or one of the members nominated by the Chairman, by any means in writing. The author of the notice of meeting sets the agenda for the meeting.

The Board meets at least four (4) times a year and at any other time, as often as the interest of the Company requires. The frequency and duration of Board meetings must be such as to allow for in-depth examination and discussion of the matters falling within the jurisdiction of the Board of Directors.

Board of Directors' meeetings are chaired by the Chairman. In the event of the absence of the Chairman, Board meetings are chaired by a member of the Board of Directors nominated by the Board of Directors.

Decisions of the Board of Directors are only valid if at least one half if its members are present. For the calculation of a quorum and majority, members are deemed present to attend meetings *via* videoconferencing or telecommunications that allow them to be identified and guarantee their effective participation, under the conditions set forth by the applicable laws and regulations.

Each meeting of the Board of Directors and the committees established by the Board must be long enough to properly discuss the agenda in detail. Decisions are taken by a simple majority of members present or represented. In the event of a tie vote, the Chairman of the meeting casts the deciding vote.

The internal rules of the Board of Directors also set out the obligations for members of the Board of Directors, as they are described in the Afep-MEDEF Code. In particular, the internal rules stipulate that the members of the Board may receive, when they are nominated, from additional training on the specific characteristics of the Company and the companies it controls, their businesses, and their business sector, and that they may periodically hear from the principal executives of the Company, who may be called to attend Board of Directors' meetings.

Finally, it is stipulated that the Board of Directors is regularly informed about the financial position, the cash position, and the commitments of the Company and the Group, and that the Chairman and the Chief Executive Officer shall continually communicate to the Board members any information about the Company which they learn and which they believe to be useful or pertinent. The Board of Directors and the committees also have the option to hear from experts in the areas which fall within their respective expertise.

Pursuant to the internal rules, each member of the Board of Directors is required to notify the Board of any situation of conflict of interest, even potential, and should refrain from participating in the corresponding deliberation.

Functioning of the Board of Directors

(a) Composition: members of the Board of Directors at December 31, 2021

The table below shows the members of the Board of Directors at December 31, 2021:

Name	Age	Gender	Nationality	Date of first appointment	Date of General Meeting approving the last appointment	Expiration date of the term of office	Nominatio ns and Compen- sation Committee	Audit Committee	Principal duty performed for the Company
Yafu Qiu*	64	M	Chinese	October 5, 2017	June 17, 2021	January 14, 2022	No	No	Chairman of the Board of Directors
Isabelle Guichot**	57	F	French	August 2, 2021	-	General Meeting called to approve the financial statements for the financial year ended December 31, 2024	No	No	Chief Executive Officer Director
Évelyne Chétrite	64	F	French	October 5, 2017	June 17, 2021	General Meeting called to approve the financial statements for the financial year ended December 31, 2024	Yes	No	Deputy General Manager Director
Judith Milgrom	57	F	French	October 5, 2017	June 17, 2021	General Meeting called to approve the financial statements for the financial year ended December 31, 2024	No	No	Deputy General Manager Director
Weiying Sun*	51	F	Chinese	October 5, 2017	June 17, 2021	January 14, 2022	No	No	Director
Chenran Qiu*	41	F	Chinese	October 5, 2017	June 17, 2021	January 14, 2022	Yes	No	Director
Xiao Su*	46	F	Chinese	October 5, 2017	June 17, 2021	January 14, 2022	No	Yes	Director
Kelvin Ho*	48	M	Chinese	March 20, 2019	June 17, 2021	January 14, 2022	No	No	Director
Orla Noonan	52	F	French and Irish	October 5, 2017	June 17, 2021	General Meeting called to approve the financial statements for the financial year ended December 31, 2022	No	Yes	Independent Director
Xiao Wang*	47	M	Chinese	April 28, 2021	June 17, 2021	March 4, 2022	Yes	No	Independent Director

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Name	Age	Gender	Nationality	Date of first appointment	Date of General Meeting approving the last appointment	Expiration date of the term of office	Nominations and Compen-sation Committee	Audit Committee	Principal duty performed for the Company
Christophe Cuvillier	59	M	French	June 17, 2021	June 17, 2021	General Meeting called to approve the financial statements for the financial year ended December 31, 2024	Yes	No	Independent Director
Dajun Yang	54	M	Chinese	October 5, 2017	June 17, 2021	General Meeting called to approve the financial statements for the financial year ended December 31, 2022	No	Yes	Independent Director
Lauren Cohen	40	F	French	June 18, 2018	June 18, 2018	General Meeting called to approve the financial statements for the financial year ended December 31, 2021	No	No	Director representing employees International Development Manager
Marina Dithurbide	44	F	French	June 4, 2020	June 4, 2020	General Meeting called to approve the financial statements for the financial year ended December 31, 2023	No	No	Director representing employees Supply Chain Director

* Yafu Qiu, Weiying Sun, Chenran Qiu, Xiao Su and Kelvin Ho were dismissed as directors of the Company by the General Meeting of January 14, 2022. The same Meeting appointed Christophe Chenut, Natalia Nicolaidis and Xavier Véret as independent directors. Xiao Wang resigned from his position as independent director for personal reasons on March 4, 2022.

** The Shareholders' General Meeting to be convened on June 9, 2022, will ratify the cooptation of Ms Guichot as a director of the Company.

The list of other current offices and biographies of the members of the Board of Directors whose mandates are underway on April 19, 2022 is indicated in Section 7.1.2.1 of this universal registration document.

COMPOSITION AS OF THE DATE OF THIS UNIVERSAL REGISTRATION DOCUMENT

As of April 19, 2022, the Board of Directors of the Company was composed of the following eleven members: Mr Christophe Cuvillier, Ms Isabelle Guichot, Ms Évelyne Chétrite, Ms Judith Milgrom, Ms Orla Noonan, Mr Dajun Yang, Ms Lauren Cohen, Ms Marina Dithurbide, Mr Christophe Chenut, Ms Natalia Nicolaidis and Mr Xavier Véret. Mr Yafu Qiu, Ms Weiying Sun, Ms Chenran Qiu, Ms Xiao Su and Mr Kelvin Ho were dismissed as directors of the Company by the General Meeting of January 14, 2022. The same meeting appointed Mr Christophe Chenut, Ms Natalia Nicolaidis and Mr Xavier Véret as independent directors. Mr Xiao Wang resigned from his term of office as independent director for personal reasons on March 4, 2022. The Board co-opted Isabelle Guichot as a new director at its meeting of August 1, 2021. The General Meeting, which will be convened on June 9, 2022, will vote on the ratification of this cooptation, In addition, Mr Ilan Chétrite was re-appointed non-voting Board member of the Company by the Board of Directors at its meeting of April 28, 2021, for a renewable term of four years.

The composition of the Board as of the date of this universal registration document complies with the recommendation of the Afep-MEDEF Code, which recommends that at least half of the proportion of independent directors be in companies without controlling shareholders. The composition of the Board of Directors on the date of this universal registration document also complies with the recommendation of the AMF on the diversification of directors in terms of international experience; one third of the Board members are foreign nationals.

Pursuant to Article L. 225-27-1 of the French Commercial Code, and insofar as the Board of Directors consists of more than eight directors, the Board of Directors must include at least two directors representing employees, appointed by the Group's Works Council. Lauren Cohen was appointed as director representing the employees by the Works Council on October 16, 2018, Marina Dithurbide was appointed director representing the employees by the Works Council on November 19, 2020.

CHANGES TO THE BOARD FOLLOWING THE JUNE 9, 2022 GENERAL MEETING

At the General Meeting which will be convened for June 9, 2022, the Company's shareholders will be asked to vote on the ratification of the cooptation of Ms Isabelle Guichot as a new director decided by the Board at its meeting of August 1, 2021:

FIFTH RESOLUTION
(Ratification of the cooptation of Ms Isabelle Guichot as a director)

The General Meeting, deliberating under the conditions of quorum and majority required for Ordinary General Meetings, on the proposal of the Board of Directors, ratifies the cooptation of Ms Isabelle Guichot as a director as of August 2, 2021, decided by the Board of Directors on August 1, 2021, to replace Mr Daniel Lalonde, who resigned, for the remainder of his term of office.

(b) Activities of the Board of Directors during the financial year ended December 31, 2021

The Board of Directors met six (6) times in 2021. The attendance rate for all directors was 90%.

The following table presents each director's attendance rate at Board of Directors' meetings:

Director	Presence at meetings	Total number of meetings	Individual attendance rate
Yafu Qiu	6	6	100%
Daniel Lalonde	3	3	100%
Évelyne Chétrite	6	6	100%
Judith Milgrom	5	6	83%
Weiying Sun	2	6	33%
Chenran Qiu	6	6	100%
Xiao Su	6	6	100%
Kelvin Ho	6	6	100%
Orla Noonan	6	6	100%
Fanny Moizant*	-	-	-
Patrizio di Marco*	1	2	50%
Dajun Yang	6	6	100%
Lauren Cohen	6	6	100%
Marina Dithurbide	6	6	100%
Xiao Wang**	2	4	50%
Christophe Cuvillier**	4	4	100%

* Ms Fanny Moizant resigned from her position as director of the Company with effect from February 15, 2021. The term of office of Mr Patrizio di Marco ended at the end of the General Meeting of June 17, 2021.

** Mr Xiao Wang was co-opted as director by the Board on April 28, 2021. This cooptation was ratified by the General Meeting of June 17, 2021. Mr Wang resigned from his position as independent director for personal reasons on March 4, 2022. Mr Christophe Cuvillier was appointed as a director by the General Meeting of June 17, 2021.

On **March 23**, 2021, the Board of Directors held a meeting that was attended by 13 members. The Board examined the following points in particular:

- 2020 financial results;
- 2020 bonuses and 2021 salaries;
- the composition of the Board;
- delivery of free shares.

On **April 28**, 2021, the Board of Directors held a meeting that was attended by 12 members. The Board examined the following points in particular:

- 2020 universal registration document; report of the Chairman of the Board of Directors on corporate governance;
- 2020 consolidated Statement of Non-Financial Performance;
- revenue for the first quarter 2021;
- invitation to the Ordinary Shareholders' General Meeting (June 17, 2021).
- cooptation of Mr Xiao Wang as an independent director;
- free share award.

On **August 1**, 2021, the Board of Directors held a meeting that was attended by 12 members. In particular, the Board took note of the resignation of Mr Daniel Lalonde from his duties as Chief Executive Officer and director of the Company and decided that Ms Isabelle Guichot was appointed as the new Chief Executive Officer of the Company and co-opted as a new director, replacing Mr Lalonde as from August 2, 2021.

On **September 2**, 2021, the Board of Directors held a meeting that was attended by 12 members. The Board examined the following points in particular:

- Business Plan;
- 2021 first half results;
- share buyback programme.

On **November 17**, 2021, the Board of Directors held a meeting that was attended by 13 members. The Board examined the following points in particular:

- Examination of the request by Glas SAS (London branch) to convene a General Meeting.

On **December 14**, 2021, the Board of Directors held a meeting that was attended by 12 members. The Board examined the following points in particular:

- 2022 budget;
- free share award.

(c) Description of the diversity policy for the Board of Directors as defined by Article L. 22-10-10 2° of the French Commercial Code

The Board monitors the balance of its members and the balance on the committees it creates, specifically in terms of diversity (international experience, expertise, etc.). Based on recommendations made by the Nominations and Compensation Committee, directors are appointed on the basis of their qualifications, their professional skills and independent mindset at General Meeting or through cooptation.

The directors of the Company come from different backgrounds and have a variety of experience and skills and thus reflect the objectives of the Board.

The presentation of each director's profile in Section 7.1.2.1 of the Company's universal registration document sheds further light on this diversity and complementary skill sets.

(d) Information on balanced gender representation on the Board of Directors

As of December 31, 2021, the Board of Directors had seven women: Ms Isabelle Guichot, Ms Évelyne Chétrite, Ms Judith Milgrom, Ms Weiying Sun, Ms Chenran Qiu, Ms Xiao Su and Ms Orla Noonan, representing 58% of the directors. As of the date of this universal registration document, following the re-composition of the Board at the General Meeting of January 14, 2022 and the resignation of Mr Wang on March 4, 2022, the Board of Directors has five women (Ms Isabelle Guichot, Ms Évelyne Chétrite, Ms Judith Milgrom, Ms Orla Noonan and Ms Natalia Nicolaidis), representing 56% of the directors.

The Board thus is in compliance with the provisions of Law no. 2011-103 of January 27, 2011 on the balanced representation of men and women on Boards of Directors and Supervisory Boards and equal opportunity in business, and the proportion of female directors is greater than 40% as required by Article L. 225-18-1 and et L. 22-10-3 of the French Commercial Code.

Ms Lauren Cohen and Ms Marina Dithurbide, employee-representative directors, are not included in the calculation of the proportion of directors of each gender pursuant to the provisions of Article L. 225-27-1 of the French Commercial Code.

(e) Annual assessment of the Board of Directors

The internal rules of the Board of Directors stipulate the conditions under which the Board must evaluate its ability to respond to the expectations of shareholders by periodically analysing its composition, organisation and functions. For this purpose, once a year, the Board, on the report of the Nominations and Compensation Committee, must devote one item on its agenda to an evaluation of its operating conditions and procedures, a verification that important questions are properly prepared and discussed within the Board of Directors, and an assessment of the actual contribution of each member to the work of the Board on the basis of the member's expertise and participation in deliberations. This evaluation is performed on the basis of answers to an individual, anonymous questionnaire sent to each member of the Board of Directors once a year.

The Board of Directors assessed its composition, organisation and functioning, as well as that of its committees, by means of a questionnaire and discussion during the Board of Directors' meetings of March 24 and April 21, 2020. The directors considered these items to be satisfactory and raised some points for improvement. The Board of Directors assessed its composition in the context of the end of the term of office of most of its members at its meeting of April 28, 2021. It will carry out a new assessment of its composition, organisation and functioning in 2022.

Directors' compensation

Under Article 6 of its internal rules, the Board of Directors, on the recommendation of the Nominations and Compensation Committee, freely distributes among its independent members the directors' compensation set by the Shareholders' General Meeting, by taking into account the actual participation of directors on the Board of Directors and on specialised committees. A share fixed by the Board, and taken from this compensation is paid to the independent members of the specialised committees, also taking into consideration the effective participation of those members in the meetings of said specialised committees.

The criteria for the distribution of directors' compensation are presented in Section 7.2.1.3 "Directors' compensation" in this universal registration document.

Non-voting Board member

Under Article 16 of the articles of association, the Board of Directors may appoint one or more non-voting Board members up to a maximum of three. The non-voting Board members are natural or legal persons, selected from among the shareholders or otherwise. The term of office of non-voting Board members is four years, except in the event of resignation or early termination of office as decided by the Board of Directors. The arrangements for performance of the non-voting Board members' task, including any compensation, are decided by the Board of Directors. Non-voting Board members may be re-elected. They are invited to meetings of the Board of Directors and take part in the deliberations in an advisory capacity. The obligations set out in the internal rules of the Board of Directors of the Company applicable to directors and relating to the prevention of conflicts of interest apply, *mutatis mutandis,* to the non-voting Board members.

By a decision of the Board on April 28, 2021, Mr Ilan Chétrite, Deputy General Manager, was re-appointed as a non-voting Board member for a term of four years, ending at the end of the Ordinary General Meeting called to approve the financial statements for the financial year ended December 31, 2024, in accordance with Article 16 of the Company articles of association.

7.1.4 Committees

Introduction: specialised committees of the Board of Directors

At its meeting of October 23, 2017, the Board of Directors of the Company decided to form two Board committees: an Audit Committee and a Nominations and Compensation Committee to assist it in some of its missions and to contribute effectively to the preparation of certain specific issues submitted for its approval. Each of these committees has internal rules (attached to the internal rules of the Board of Directors).

At its meeting of January 25, 2022, the Company's Board of Directors decided to create an *ad hoc* Committee to oversee a review of the recomposition of its share capital with a view to stabilising and consolidating its shareholding structure, in strict compliance with the interests of the Company, its employees and all of its shareholders.

The meetings of the specialised committees of the Board of Directors are regularly reported to the Board of Directors. The composition of these specialised committees, detailed below, complies with the recommendations of the Afep-MEDEF Code.

7.1.4.1 AUDIT COMMITTEE

(a) Composition of the Audit Committee on December 31, 2021

Under the terms of Article 2 of its internal rules, the Audit Committee is composed of three or four members, at least two thirds of whom are appointed from among the independent members of the Board of Directors on the recommendation of the Nominations and Compensation Committee. The composition of the Audit Committee may be amended by the Board of Directors and, in any event, must be modified in the event of any change in the general composition of the Board of Directors. In particular, pursuant to the applicable legal provisions, members of the committee must have specific expertise in financial and/or accounting matters. The term of office of the members of the Audit Committee coincides with their terms on the Board of Directors. It may be renewed at the same time as their term on the Board of Directors.

After careful consideration, the Chairman of the Audit Committee is appointed by the Board of Directors from among the independent members, on the recommendation of the Nominations and Compensation Committee. The Audit Committee may not include executive corporate officers. The Audit Committee is chaired by an independent director.

At December 31, 2021, the Audit Committee was made up of three members: Ms Orla Noonan (Chairman and independent director), Mr Dajun Yang (independent director) and Ms Xiao Su (director).

As of the date of this universal registration document, it is composed of the following three members: Ms Orla Noonan (Chairman and independent director), Mr Dajun Yang (independent director) and Mr Xavier Véret (independent director), who was appointed to the Audit Committee by the Board of Directors on January 19, 2022, following the dismissal of Ms Xiao Su from her position as director by the General Meeting of January 14, 2022.

(b) Missions of the Audit Committee

Under the terms of Article 1 of the internal rules of the Audit Committee, the committee is tasked with following up on matters relating to the preparation and audit of accounting and financial information, to ensure the effectiveness of the risk monitoring and operational internal control process, and assist Board of Directors in its mission of control and verification in this area.

In this context, the Audit Committee performs the following primary duties:

- monitor the process for preparing financial information;
- monitor the effectiveness of the systems for internal control, internal audit and risk management relating to financial and accounting information;
- monitor the legal audit of the individual and consolidated financial statements by the Company's Statutory Auditors; and
- monitor the independence of the Statutory Auditors.

As required by its internal rules, the Audit Committee reports regularly to the Board of Directors on the performance of its missions and informs the Board promptly of any difficulties encountered.

(c) Meetings and work of the Audit Committee during the financial year ended December 31, 2021

As required by its internal rules, the Audit Committee meets at least twice a year when the annual and half-year financial statements are prepared.

The Audit Committee met three (3) times in 2021.

The attendance rate at these meetings for all directors was 89%.

The following table presents each director's attendance rate at Audit Committee meetings:

Director	Presence at meetings	Total number of meetings	Individual attendance rate
Orla Noonan	3	3	100%
Dajun Yang	2	3	66%
Xiao Su	3	3	100%

On **March 18**, 2021, the Audit Committee held a meeting that was attended by three members. The Committee examined the following points in particular:

- presentation of the financial statements for the 2020 financial year;
- Statutory Auditors' report on the financial statements for the 2020 financial year;
- review of the statement of main accounting principles.
- presentation of the 2021 audit plan.

On **August 31**, 2021, the Audit Committee held a meeting that was attended by two members. The Committee examined the following points in particular:

- presentation of 2021 first half results;
- Statutory Auditors' report on the financial statements for the first half of 2021.

On **December 10**, 2021, the Audit Committee held a meeting that was attended by three members. The committee notably examined the status of the 2021 audit plan.

7.1.4.2 NOMINATIONS AND COMPENSATION COMMITTEE

(a) Composition of the Nominations and Compensation Committee as of December 31, 2021

Under the terms of Article 2 of its internal rules, the Nominations and Compensation Committee is composed of three or four members, over half of whom are independent members of the Board. They are appointed by the Board of Directors from its members and in consideration of their independence and expertise in the selection and compensation of executive corporate officers of listed companies. The composition of the committee may be modified by the Board of Directors and, in any event, must be modified in the event of any change in the general composition of the Board of Directors. The term of office of the members of the Nominations and Compensation Committee coincides with their term on the Board of Directors. It may be renewed at the same time as their term on the Board of Directors.

As of December 31, 2021, the Nominations and Compensation Committee had four members, two of whom were independent: Mr Christophe Cuvillier (Chairman and independent director), Mr Xiao Wang (independent director), Ms Chenran Qiu and Ms Évelyne Chétrite.

It should be noted that Ms Chétrite, who was a member of the Nominations and Compensation Committee until April 6, 2022, did not take part in the Committee's deliberations or vote on resolutions when she was concerned by these resolutions.

Mr Xiao Wang was co-opted by the Board of Directors on April 28, 2021 to replace Ms Moizant, who resigned from her position as a director of the Company with effect from February 15, 2021. Mr Wang resigned as a director of the Company on March 4, 2022.

As of the date of this universal registration document, the Nominations and Compensation Committee is composed of the following three members: Mr Christophe Cuvillier (Chairman and independent director), Mr Christophe Chenut (independent director), who was appointed to the Nominations and Compensation Committee by the Board of Directors on January 19, 2022, following the dismissal of Ms Chenran Qiu from her position as director by the General Meeting of January 14, 2022, and Ms Natalia Nicolaidis (independent director) who was appointed to the Nominations and Compensation Committee by the Board of Directors on April 6, 2022, following the resignation of Ms Évelyne Chétrite from her position as member of the Nominations and Compensation Committee on April 6, 2022.

(b) Missions of the Nominations and Compensation Committee

Under the terms of Article 1 of its internal rules, the Nominations and Compensation Committee is a specialised committee of the Board of Directors with the principal mission to assist the Board in (i) the composition of the management bodies of the Company and its Group and (ii) to determine and regularly assess all compensation and benefits packages for executive corporate officers or executives of the Group, including all deferred benefits and/or Group voluntary or compulsory severance packages. In the context of its nominations role, the committee performs the following tasks:

- recommends nominations for members of the Board of Directors, Executive Management and Board committees; and
- conducts an annual review of the independence of members of the Board of Directors.

In the context of its role relating to compensation, it performs the following tasks:

- reviews and recommends to the Board of Directors all aspects of the components and conditions of compensation for the Group's key executives;
- reviews and recommends to the Board of Directors the method for apportioning directors' compensation; and
- consults for recommendation to the Board of Directors on all other exceptional compensation for special assignments which the Board of Directors may assign, if necessary, to certain of its members.

(c) Activities and work of the Nominations and Compensation Committee during the financial year ended December 31, 2021

Under its internal rules, the Nominations and Compensation Committee meets as often as necessary and, in any event, at least once a year, prior to the Board of Directors' meeting to decide on the situation of the members of the Board in terms of the independence criteria adopted by the Company and, in any event, prior to any meeting of the Board of Directors to set the compensation of the executive corporate officers and on the distribution of directors' compensation.

In 2021, the Nominations and Compensation Committee held four (4) meetings.

The attendance rate at these meetings for all directors was 86%.

The following table presents each director's attendance rate at Nominations and Compensation Committee meetings:

Director	Presence at meetings	Total number of meetings	Individual attendance rate
Patrizio di Marco	2	2	100%
Christophe Cuvillier	2	2	100%
Xiao Wang	0	2	0%
Chenran Qiu	4	4	100%
Évelyne Chétrite	4	4	100%

On **March 18, 2021** the Nominations and Compensation Committee held a meeting that was attended by three members. The committee examined the following points in particular:

- achievement of the criteria for the 2020 bonuses;
- salary increase in 2021;
- delivery of free shares.

On **April 19, 2021**, the Nominations and Compensation Committee held a meeting that was attended by three members. The committee examined the following points in particular:

- 2021 bonus allocation criterion;
- free share award;
- composition and organisation of the Board;
- independence of directors.

On **August 31, 2021**, the Nominations and Compensation Committee held a meeting that was attended by three members. In particular, the committee examined the term and compensation of Isabelle Guichot as Chief Executive Officer of the Company.

On **December 8, 2021**, the Nominations and Compensation Committee held a meeting that was attended by three members. The committee examined the following points in particular:

- CSR objectives for 2022;
- salary increase in 2022;
- free share award;
- delivery of free shares.

7.1.4.3 *AD HOC* COMMITTEE

Following the default of European TopSoho S.à r.l. on its exchangeable bonds and the taking of possession by Glas SAS (London Branch), as Trustee in respect of these bonds, of a portion of the shares pledged in this respect, an *ad hoc* Committee was created by decision of the Company's Board of Directors on January 25, 2022 to lead a reflection on the recomposition of its share capital in order to stabilise and consolidate its shareholding structure, in strict compliance with the interests of the Company, its employees and all its shareholders. This Committee is made up of Ms Orla Noonan, Ms Natalia Nicolaidis and Mr Christophe Cuvillier, all independent directors within the meaning of the Afep-MEDEF Code. It is chaired by Ms Orla Noonan.

7.1.5 Declarations relating to members of the administrative and management bodies and conflicts of interest

DECLARATIONS RELATING TO ADMINISTRATIVE BODIES

Ms Évelyne Chétrite, Deputy General Manager and director, is the sister of Ms Judith Milgrom, also Deputy General Manager and director; Ms Évelyne Chétrite is also the mother of Mr Ilan Chétrite, non-voting Board member and Deputy General Manager of the Company. Ms Chenran Qiu, director until January 14, 2022, is the daughter of Mr Yafu Qiu, who was Chairman of the Board of Directors of the Company until January 14, 2022. Other than these circumstances, there are, as far as the Company is aware, no other family relationships between the members of the Board of Directors, the Chief Executive Officer and the Deputy General Managers.

In addition, to the Company's knowledge, over the last five years: (i) no convictions for fraud have been handed down against any member of the Board of Directors, Chief Executive Officer or Deputy General Managers; (ii) there have been no official implications of, and/or no official public sanctions handed down against, any member of the Board of Directors, Chief Executive Officer or Deputy General Managers by statutory or regulatory authorities (including designated professional bodies); and (iii) no member of the Board of Directors, Chief Executive Officer or Deputy General Managers has been prohibited by a court from acting as a member of an administrative body, a Board of Directors or a Supervisory Board of an issuer, or from involvement in the management or conduct of an issuer's business. Dajun Yang is an independent director and member of the audit committee of Trinity Limited, a company incorporated in the Bermuda listed on the Hong Kong Stock Exchange, which went into liquidation in 2021 and whose share trading has been suspended since April 1, 2021. With this exception, none of the members of the Board of Directors, the Chief Executive Officer and the Deputy General Managers has been associated with a bankruptcy, receivership or liquidation or placing of companies under receivership.

CONFLICTS OF INTEREST

To the Company's knowledge, on the date of registration of this universal registration document, there are no potential conflicts of interest between the corporate obligations of the members of the Company's Board of Directors, Chief Executive Officer and Deputy General Managers, and their private interests and/or other duties.

INFORMATION ON AGREEMENTS OR ARRANGEMENTS BETWEEN THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OR ANY OF ITS SUBSIDIARIES

To the best of the Company's knowledge, as of the date of this universal registration document, there is no such arrangement or agreement entered into with the main shareholders or with customers, suppliers or others, under which one of the members of the Board of Directors, the Chief Executive Officer or one of the Deputy General Managers has been selected as a member of an administrative, management or supervisory body or as a member of Executive Management.

SHARES HELD BY DIRECTORS

Under the terms of Article 16 of the articles of association, each member of the Board of Directors (with the exception of directors representing employees) must own at least 100 shares in the Company throughout their term of office and, in any event, within six (6) months of their appointment at the latest. Share loans by the Company to the members of the Board of Directors are not permitted in order to meet this obligation. At the time of taking up their duties, members of the Board of Directors must register the securities they hold. The same applies to any securities subsequently acquired.

Details of the number of shares held by the directors are given in Section 8.1.6 of the universal registration document.

7.2 Compensation and benefits

7.2.1 Compensation policy for corporate officers for 2022

The following items below make up the compensation policy of the Company's corporate officers for 2022. They describe the components of fixed and variable compensation and explain the decision-making process used to calculate, revise, and implement it.

Pursuant to Article L. 22-10-8 of the French Commercial Code, the compensation policy presented below is subject to the approval of the Combined General Meeting which will be convened for June 9, 2022.

It is recalled that the last annual approval of the compensation policy for the Company's executive corporate officers took place at the Combined General Meeting on June 17, 2021.

7.2.1.1 BASIC PRINCIPLES

Principles and decision-making processes followed to determine, revise, and implement the Group's compensation policy

The Group's compensation policy, in accordance with the corporate interest of the Company and market and industry practices, aims to guarantee competitive compensation levels while ensuring that strong ties are kept with the Company's performance and maintaining a balance between short-term and medium/long-term performance, to support the Group's commercial strategy and permanence.

The Group's compensation policy, including the compensation of the Company's executive corporate officers, i.e. at the date of this report, Mr Christophe Cuvillier as Chairman of the Board of Directors, Ms Isabelle Guichot, as Chief Executive Officer, Ms Évelyne Chétrite and Ms Judith Milgrom, as well as Mr Ilan Chétrite, as Deputy General Managers, is approved by the Board of Directors after review and an opinion from the Nominations and Compensation Committee. The Board of Directors applies the recommendations of the Afep-MEDEF Code, amended in January 2020, relating to the compensation of executive corporate officers of listed companies.

In this context, the Board of Directors defines the principles for determining the compensation of the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy General Managers and the directors of the Company, by ensuring respect for the following principles in particular:

- principle of balance and measurement: the Board ensures that each component of the compensation of the Chairman of the Board of Directors, the Chief Executive Officer, and the Deputy General Managers is clearly explained and that none of these components is disproportionate;
- principle of competitiveness: the Board ensures that the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy General Managers is competitive, primarily through sector compensation surveys;
- principle of alignment of interests: the compensation policy is both a management tool designed to attract, motivate and retain the talent necessary to the enterprise, but is also a response to the expectations of the shareholders and other stakeholders of the enterprise, particularly in terms of the relation to performance;
- principle of performance: the compensation of the Chief Executive Officer and the Deputy General Managers is closely tied to the Group's performance, primarily using a variable compensation measured every year. The payment of this variable portion depends on the achievement of one or more demanding objectives (both economic and personal), which are simple and measurable and closely tied to the objectives of the Group and regularly communicated to the shareholders. It is specified that these variable annual elements result in no minimum guaranteed payment and in 2022 are based, subject to the approval by the Shareholders' General Meeting which will be convened for June 9, 2021, on one or more operational performance criteria that are clear and stringent (fixed on (i) the Group's target EBIT for the Chief Executive Officer (taking into account the performance of each of the Group's brands) and (ii) the target EBIT of the Group and of one of the Group's brands for the Deputy General Managers). Until 2020, the operational performance criteria were set on EBITDA. As part of the application of IFRS 16, the cancellation of rents in EBITDA weakened the economic relevance of this indicator. EBIT has therefore become a more appropriate indicator, since it includes the recognition of amortisation of rights-of-use assets as a counterparty. CSR targets has been added to these operational performance criteria since 2020. Each year, they result from the Group's CSR strategy aimed, on the one hand, at increasing the proportion of eco-responsible products in the collections, with sustainably and ethically sourced materials from suppliers, and on the other, at reducing the Group's carbon footprint in order to limit its environmental impact (in particular through "green" store openings and renovations), and, lastly, to develop the Group's talent, promote inclusion, diversity and a qualitative working environment, with varied development programmes and career opportunities, supported by a dynamic internal mobility policy.

The compensation of the Chief Executive Officer and the Deputy General Managers in 2022 is composed of a fixed portion and a variable portion on the basis of one or more objectives defined on an annual basis. At the end of each financial year, on the recommendation of the Nominations and Compensation Committee, the Board of Directors sets the amount of the gross fixed annual compensation of the Chief Executive Officer and the Deputy General Managers for the following year and, if applicable, the cap on their annual variable compensation for the following year, and the quantitative criterion or criteria on the basis of which this variable portion will be calculated. At the beginning of each financial year, the Board of Directors, on the recommendation of the Nominations and Compensation Committee, determines the amount of the variable annual compensation of the Chief Executive Officer and the Deputy General Managers owed for the previous financial year, on the basis of the results of the previous financial year and the achievement of the quantitative applicable objective(s).

The Group also aims to fully involve its employees in its development by giving them a stake in the Company's share capital. The employee shareholding policy is a strategic priority for supporting the Group's profitable and sustainable growth that the Group intends to actively pursue. In addition, in order to associate the Chief Executive Officer and the Deputy General Managers in the long-term performance, a portion of their compensation consists of free performance shares. This component of compensation is directly related to the Group's performance, since the number of shares vested by the Chief Executive Officer and the Deputy General Managers at the end of the vesting period is a function of the Group's performance in consolidated EBIT or EBITDA, a target for Total shareholders return (TSR) and CSR targets (these objectives, the quantitative or qualitative elements of which are set each year by the Board of Directors, are based on the three strategic focuses SMCProduct, SMCPlanet and SMCPeople detailed in Section 6.1.2 of this universal registration document, which guide the Group in building its CSR strategy).

Lastly, as part of say on pay, the Company's corporate officer compensation policy, as well as the components of compensation and benefits granted to corporate officers in the past financial year, described in Chapter 7, are submitted every year to the Company's Shareholders' General Meeting for approval, as required by the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code.

As indicated above, Article L. 22-10-34 I. of the French Commercial Code provides for a shareholder vote on the information mentioned in I. of Article L. 22-10-9 of the French Commercial Code relating to all compensation paid or allocated during the previous financial year to corporate officers in respect of their term of office. If this resolution is rejected by the General Meeting, the Board of Directors submits a revised compensation policy, taking into account the shareholders' vote, for approval at the next General Meeting. The payment of the sum allocated to the directors and corporate officers for the current financial year is suspended until the approval of the revised compensation policy. If the General Meeting does not approve the draft resolution presenting the revised compensation policy, the suspended amount cannot be paid, and the same effects as those associated with the non-approval of the draft resolution mentioned above apply.

Accordingly, the information mentioned in this Section 7.2 will be submitted to the shareholders' vote in accordance with Article L. 22–10–34 I of the French Commercial Code for approval of the information mentioned in Section I of Article L. 22-10-9 of the French Commercial Code ("global *ex post* say on pay"). For the executive corporate officers, the information concerning them will also be submitted to the shareholders' vote in accordance with Article L. 22–10–34 II of the French Commercial Code ("individual *ex post* say on pay").

The Board of Directors may, after consulting the Nominations and Compensation Committee, temporarily depart from the compensation policy for the Chief Executive Officer and/or the Deputy General Managers of the Company in the event of exceptional circumstances beyond the control of General Management described below having a significant impact on the achievement of one or more performance criteria and insofar as the changes made are in line with the Company's interest. The Board of Directors, in such an exceptional context, may use its discretion to depart from the principles governing annual variable compensation as well as the elements of long-term compensation (in particular the allocation of free shares), which may consist of a change in the compensation concerned or the conditions for awarding the elements of long-term compensation. The events that may give rise to the use of this option to depart from the compensation policy include in particular a significant change in the Group's scope or a major economic or health crisis impacting the Group's business sector (with, for example, the closure of the physical points of sale in the countries where the Group operates, as was the case during the Covid-19 crisis). This derogation option granted to the Board of Directors will enable it to ensure that the implementation of the compensation policy for the Chief Executive Officer and/or Deputy General Managers of the Company is in line with their performance. The Board will justify the use of this derogation, which will be communicated to the shareholders and submitted to them for a binding vote at the Company's next Annual General Meeting.

In accordance with the terms of the plans regulations, the SMCP Board of Directors may adjust the performances conditions in exceptional circumstances justifying such a modification, including in the event of economic crises or geopolitical events which have a significant impact on the Group's sector of activity, or any other circumstances justifying such an adjustment, in order to neutralise, as far as is possible, the consequences of these modifications on the target set during the initial allocation (mainly due to the Covid-19 pandemic on the 2020 financial statements).

For the financial year ended December 31, 2021, the Board of Directors, at its meeting of March 9, 2022, on the recommendation of the Nominations and Compensation Committee, decided not to modify the fixed and variable compensation of the Chief Executive Officer and the Deputy General Managers of the Company.

Significant changes to the compensation policy compared with that approved by the General Meeting of June 17, 2021

Changes implemented by the Board of Directors to the policy approved by the General Meeting of June 17, 2021 are as follows:

- The terms of the long-term compensation that would be granted from the date of the General Meeting approving the financial statements for the financial year ended on December 31, 2021 to the Deputy General Managers (notably in the form of free performance shares) will involve, in the event of forced or voluntary departure linked a change in control of the Company, a mechanism to accelerate the definitive allocation of said shares and to maintain all the rights by deeming that all the conditions for award are satisfied (including any condition of presence and/or performance).

Exceptional circumstances: taking into account the impact of the Covid-19 pandemic

Given the exceptional context linked to the Covid-19 health crisis, the impact of the public policies put in place (lockdown, closure of clothing stores, drastic reduction in tourist flows on a local and global scale, etc.) and the structure of the long-term compensation plans (internal performance conditions (EBITDA target), external performance plans (target return on the SMCP TSR compared to the return on the median TSR of a panel of comparable companies) and CSR performance plans, measured over several financial years, and the very significant weighting (70%) of the EBITDA condition), the decrease in EBITDA in 2020 due to the scale of the Covid-19 pandemic would produce a very significant impact on the long-term compensation plans put in place in 2017, 2018 and 2019.

This decrease, which is the immediate result of the unpredictable circumstance of the Covid-19 pandemic, could not be anticipated and included in the EBITDA targets when the long-term compensation plans were put in place or when the targets were set for variable compensation.

Given the SMCP Group's policy of providing long-term compensation plans to a large part of the Group's workforce (approximately 100 corporate officers and employees), this negative impact linked to the Covid-19 pandemic had an immediate impact on the compensation of this entire population, particularly as these plans are, for some, a significant portion of their compensation. Therefore, a low level of compensation for the annual variable compensation and these plans would have greatly undermined the objective of retention and attractiveness and consequently would have compromised the long-term viability of the Company, in a context of significant competition between the companies in the luxury goods sector. Especially since the Board of Directors meeting of June 2, 2020 had capped the amount of the annual variable compensation due.

The Board of Directors on March 23, 2021, after consulting the Nominations and Compensation Committee, took the exceptional decision to neutralise, to a certain extent, the significant impact of the Covid-19 pandemic in order to ensure retaining and motivating beneficiaries of impacted plans and maintaining the alignment of interests between beneficiaries and shareholders who are responsible for the implementation of these plans. Given the need to send a positive message to all beneficiaries without altering the main characteristic of these compensation components, namely the quest for performance over the remaining period, the Board of Directors deemed it necessary to make this decision.

It is in this unpredictable context that the Board of Directors decided to note, during its meetings of December 17, 2020 and March 23, 2021, that there was a significant departure from the assumptions under which the EBITDA targets had been constructed, triggered by the pandemic, and to adjust the calculation of the achievement of these EBITDA targets for the annual variable compensation and the free performance share plans in order, on a special, exceptional and temporary basis, to take this difference into account and thus neutralise certain effects of the Covid-19 pandemic.

7.2.1.2 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

Components of executive corporate officers' compensation

Compensation of executive corporate officers includes:

(a) Fixed compensation

The Board of Directors, on the recommendation of the Nominations and Compensation Committee, determines the fixed annual compensation of the Chairman of the Board, the Chief Executive Officer and the Deputy General Managers with respect in particular to a detailed study of the fixed and variable compensations of the executives of comparable companies performed by the Company.

Mr Yafu Qiu, Chairman of the Board of Directors until January 14, 2022, did not receive any compensation for his office. Mr Christophe Cuvillier (independent director), Chairman of the Board of Directors as of January 17, 2022, receives gross annual fixed compensation of €150,000 for this office, in accordance with the decision of the Board of Directors of March 9, 2022.

The gross annual fixed portion of the compensation of the Chief Executive Officer and of the Deputy General Managers for 2022 was set by the written decision of the Board of Directors on July 13, 2021 and by the Board meeting of September 2, 2021 as follows:

- €800,000 for Ms Isabelle Guichot as Chief Executive Officer of SMCP SA, from August 2, 2021;
- €995,000 for Ms Évelyne Chétrite, in respect of her corporate offices (i) as Deputy General Manager of SMCP SA and (ii) of Évelyne Chétrite SASU as Chairman of Sandro Andy SAS;
- €995,000 for Ms Judith Milgrom in respect of her corporate offices (i) as Deputy General Manager of SMCP SA and (ii) Judith Milgrom SASU as Chairman of Maje SAS;
- €650,000 for Mr Ilan Chétrite, (i) as the Deputy General Manager of SMCP SA and (ii) as the Chief Executive Officer of Sandro Andy SAS.

(b) Variable compensation

The Chairman of the Board of Directors does not receive any variable compensation in respect of his office.

The Board of Directors, on the recommendation of the Nominations and Compensation Committee, uses quantitative criterion or criteria to determine the variable annual compensation of the Chief Executive Officer and of the Deputy General Managers. For the 2022 financial year, the Board of Directors, through a written decision of July 13, 2021 and during its meeting of September 2, 2021, at the proposal of the Nominations and Compensation Committee, decided to submit to the approval of the Shareholders' General Meeting which will be convened for June 9, 2022, the criteria for determining and awarding the variable compensation under the financial year ended December 31, 2022 as follows:

Ms Isabelle Guichot, Chief Executive Officer:

- Ms Isabelle Guichot will receive variable annual compensation of which 75% is subject to a performance condition assessed at the rate of the achievement of Group EBIT provided for in the budget, and up to 25% subject to the achievement of CSR objectives defined by the Board of Directors on December 14, 2021, of a maximum of €800,000. If the performance condition is significantly exceeded (particularly the achievement of a pre-defined threshold exceeding the target EBIT), this variable compensation shall be proportionally increased up to a maximum amount of €1,200,000 (the condition of achieving the CSR targets does not apply to this outperformance bonus). In the event of non-achievement of the performance condition, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the financial year ended December 31, 2022 and paid, if applicable, after the General Meeting has voted on the payment of this compensation. The variable compensation of Ms Guichot is also subject to a presence condition at December 31 of each year.

Ms Évelyne Chétrite, Deputy General Manager:

- Ms Évelyne Chétrite will receive variable compensation paid for the management positions of Ms Évelyne Chétrite as Deputy General Manager of SMCP SA and for Évelyne Chétrite SASU as Chairman of the company Sandro Andy SAS, subject to performance conditions. The variable compensation paid for management positions amounts to a maximum of €995,000, if the objectives are reached. In view of the role played by Ms Évelyne Chétrite both in the management of the Sandro brand and as Deputy General Manager of the Group, the objectives are up to 25% linked to the achievement of the Sandro brand EBIT, up to 50% to the achievement of the Group's EBIT forecast in the annual budget, and up to 25% to the meeting of CSR objectives defined by the Board of Directors on December 14, 2021. In case of significant outperformance, the bonus can be doubled (which is, on the basis of the 2022 compensation, a maximum of €1,990,000 gross; the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the financial year ended December 31, 2022 and paid, if applicable, after the General Meeting has voted on the payment of this compensation. The variable compensation of Ms Chétrite is also subject to a presence condition at December 31 of each year.

Ms Judith Milgrom, Deputy General Manager:

- Ms Judith Milgrom will receive variable compensation paid for the management positions of Ms Judith Milgrom as Deputy General Manager of SMCP SA and Judith Milgrom SASU as Chairman of the company Maje SAS, subject to performance conditions. The variable compensation paid for management positions amounts to a maximum of €995,000, if the objectives are reached. In view of the role played by Ms Judith Milgrom both in the management of the Maje brand and as Deputy General Manager of the Group, the objectives are up to 25% linked to the achievement of the EBIT of the Maje brand, up to 50% to achievement of the Group's EBIT forecast in the annual budget and up to 25% to the meeting of CSR objectives defined by the Board of Directors on December 14, 2021. In case of significant outperformance, the bonus can be doubled (which is, on the basis of the 2022 compensation, a maximum of €1,990,000 gross; the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the financial year ended December 31, 2022 and paid, if applicable, after the General Meeting has voted on the payment of this compensation. The variable compensation of Ms Milgrom is also subject to a presence condition at December 31 of each year.

Mr Ilan Chétrite:

- Mr Ilan Chétrite's annual compensation includes compensation paid for his management position as Deputy General Manager of SMCP SA and as General Manager of the company Sandro Andy SAS, subject to performance conditions. Mr Ilan Chétrite's annual variable compensation amounts to a maximum of €650,000, if the objectives are reached. The objectives are linked up to 25% to the achievement of the EBIT of the Sandro Men brand, up to 50% to the achievement of the Group's EBIT set in the annual budget and up to 25% to a condition for achieving the CSR objectives defined by the Board of Directors on December 14, 2021. In case of significant outperformance, the bonus can be doubled (which is, on the basis of proposed 2022 compensation, a maximum of €1,300,000 gross; the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the financial year ended December 31, 2022 and paid, if applicable, after the General Meeting has voted on the payment of this compensation. The variable compensation of Mr Chétrite is also subject to a condition of presence at December 31 of each year.

(c) Free share plan

Since its IPO on the Euronext Paris market in October 2017, the Group implements a compensation policy aimed at retaining and motivating the Group's talents and associating executives and employees in its performances, particularly through the free allocation of shares linked to the Group's long-term strategy. The Group awards free performance shares to executive corporate officers and to executives, and to senior executives, expatriates and employees to reward their performance and commitment.

The Chairman of the Board of Directors does not receive any free shares.

With regard to the Chief Executive Officer and the Deputy General Managers, in accordance with Article L. 225-197-1 of the French Commercial Code, the Board of Directors decided that 25% of the ordinary shares from which they could benefit in the event of the fulfilment of the conditions provided for in the various free share plans must be held in registered form until the termination of their positions as Chief Executive Officer or Deputy General Managers within the Company.

The number of free shares awarded to each executive corporate officer is detailed in Section 8.1.6 of this universal registration document.

For the Deputy General Managers, the plans regulations for the allocation of free performance shares implemented as from the General Meeting of June 17, 2021 (*i.e.* as of the date of this universal registration document, Plan no. 7 set up by the Board of Directors on December 14, 2021) provide, in the event of a forced or voluntary departure following a change in control, for maintaining all their rights to the allocation of free performance shares, by deeming that all the allocation conditions (including any presence and/or performance conditions) have been met at the end of the applicable vesting period.

This provision was introduced in order to take into account the Company's current shareholding situation, which could favour, in particular in the event of a proposed public offer by a third party for all of the Company's shares, the occurrence of a change in control of the Company (see also "Risk related to the Company's shareholding structure" in Section 3.1.2. of this universal registration document).

This provision was not applied to the resignation of Mr Daniel Lalonde from his duties as Chief Executive Officer on August 2, 2021, due to the voluntary nature of this departure, not linked to a change in control. In addition, Mr Lalonde was granted free performance shares in November 2017, January 2020 and January 2021 (in respect of Plans that did not otherwise include the aforementioned provision, because they were put in place before the General Meeting of June 17, 2021), some of which were still being vested at the time of his departure. These will not be delivered to him, as they are subject to presence conditions which will not be met.

DESCRIPTION OF THE MARCH 2019 PLAN (PLAN NO. 3) (FREE PERFORMANCE SHARES) SET UP BY THE BOARD OF DIRECTORS ON MARCH 20, 2019

At its meeting on March 20, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting on June 18, 2018 (Plan no. 3), established a free share plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

Vesting of shares was subject to conditions of employment (for the entire duration of the period in question indicated below) and conditions of internal performance (70%) (achievement of a level of EBITDA) and external performance (30%) (depending on a target TSR compared to the median TSR of the companies included in the SBF 120 index).

The shares acquired in accordance with the level of achievement of the performance conditions contained in the plan were delivered on April 17, 2021 to the beneficiaries, including Mr Daniel Lalonde, who was Chief Executive Officer until August 1, 2021, and Mr Ilan Chétrite, Deputy General Manager.

DESCRIPTION OF THE JANUARY 2020 PLAN (PLAN NO. 4) (FREE PERFORMANCE SHARES) SET UP BY THE BOARD OF DIRECTORS ON DECEMBER 5, 2019

At its meeting on December 5, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting on June 7, 2019 (Plan no. 4), established a free performance share plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

Under this program, the Company decided to award 870,460 free performance shares to certain executive corporate officers and employees of the Group. Vesting of shares is subject to conditions of employment (for the entire duration of the period in question indicated below) and conditions of internal performance (70%) (achievement of a level of EBITDA) and external performance (20%) (dependent on a TSR target compared to the median TSR of the companies included in the CAC Mid and Small index) as well as CSR objectives (10%).

The free performance shares will be fully vested for beneficiaries (subject to meeting the employment and performance conditions) by half, at the end of two vesting periods of two and three years that begin on the award date, therefore:

- half of the awarded shares was fully vested and delivered to beneficiaries on March 31, 2022;
- half of the awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2023, subject to meeting presence and performance conditions.

Under the January 2020 Plan, 110,040 free performance shares were granted to Mr Daniel Lalonde, who was Chief Executive Officer until August 1, 2021, 110,773 to Ms Évelyne Chétrite, 110,773 to Ms Judith Milgrom, and 69,962 to Mr Ilan Chétrite, Deputy General Managers.

DESCRIPTION OF THE JANUARY 2021 PLAN (PLAN NO. 5) (FREE PERFORMANCE SHARES) SET UP BY THE BOARD OF DIRECTORS ON DECEMBER 17, 2020

At its meeting on December 17, 2020, the Board of Directors, on the basis of the authority granted by the General Meeting on June 4, 2020 (Plan no. 5), established a free performance share plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

In this context, the Company decided to award 1,437,694 free performance shares to certain executive corporate officers and employees of the Group. The vesting of these shares is 70% subject to presence conditions (throughout the relevant period indicated below) and internal performance conditions (the achievement of an EBIT level), 20% subject to external performance conditions (dependent on a TSR target compared to the median TSR of companies in the CAC Mid and Small index) as well as 10% subject to CSR targets.

The free performance shares will be fully vested for beneficiaries (subject to meeting the employment and performance conditions) by half, at the end of two vesting periods of two and three years that begin on the award date, therefore:

- half of the free awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2023, subject to meeting presence and performance conditions;
- half of the free awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2024, subject to meeting presence and performance conditions.

Under the January 2021 Plan, 180,806 free performance shares were granted to Mr Daniel Lalonde, who was Chief Executive Officer until August 1, 2021, 180,806 to Ms Évelyne Chétrite, 180,806 to Ms Judith Milgrom, and 118,115 to Mr Ilan Chétrite, Deputy General Managers.

DESCRIPTION OF THE FIRST JANUARY 2022 PLAN (PLAN NO. 6) (FREE PERFORMANCE SHARES) SET UP BY THE BOARD OF DIRECTORS ON DECEMBER 14, 2021

At its meeting on December 14, 2021, the Board of Directors, on the basis of the authority granted by the General Meeting on June 17, 2021 (Plan no. 6), established a free performance share plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

In this context, the Company decided to award 663,900 free performance shares to certain executive corporate officers and employees of the Group. The vesting of these shares is 70% subject to presence conditions (throughout the relevant period indicated below) and internal performance conditions (the achievement of an EBIT level), 20% subject to external performance conditions (dependent on a TSR target compared to the median TSR of companies in the CAC Mid and Small index) as well as 10% subject to CSR targets.

The free performance shares will be fully vested for beneficiaries (subject to meeting the employment and performance conditions) by half, at the end of two vesting periods of two and three years that begin on the allocation date, therefore:

- half of the free awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2024, subject to meeting presence and performance conditions; and
- half of the free awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2025, subject to meeting presence and performance conditions.

Under the First January 2022 Plan, 98,100 free performance shares were granted to Ms Isabelle Guichot, Chief Executive Officer.

DESCRIPTION OF THE SECOND JANUARY 2022 PLAN (PLAN NO. 7) (FREE PERFORMANCE SHARES) SET UP BY THE BOARD OF DIRECTORS ON DECEMBER 14, 2021

At its meeting on December 14, 2021, the Board of Directors, on the basis of the authority granted by the General Meeting on June 17, 2021 (Plan no. 7), established a free performance share plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

In this context, the Company decided to allocate 323,700 free performance shares to certain executive corporate officers and employees of the Group. The vesting of these shares is 70% subject to presence conditions (throughout the relevant period indicated below) and internal performance conditions (the achievement of an EBIT level), 20% subject to external performance conditions (dependent on a TSR target compared to the median TSR of companies in the CAC Mid and Small index) as well as 10% subject to CSR targets.

The free performance shares will be fully vested for beneficiaries (subject to meeting the employment and performance conditions) by half, at the end of two vesting periods of two and three years that begin on the award date, therefore:

- half of the free awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2024, subject to meeting presence and performance conditions; and
- half of the free awarded shares shall be fully vested and delivered to beneficiaries on March 31, 2025, subject to meeting presence and performance conditions.

Under the Second January 2022 Plan, 122,000 free performance shares were granted to Ms Évelyne Chétrite, 122,000 to Ms Judith Milgrom, and 79,700 to Mr Ilan Chétrite, Deputy General Managers.

(d) Benefits in kind

Ms Isabelle Guichot benefits from a company car. Ms Isabelle Guichot also benefits from unemployment insurance for executive corporate officers ("GSC").

Ms Évelyne Chétrite benefits from a company car.

Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite can also be covered by the executive corporate officers' unemployment insurance plan ("GSC"), that they did not use in the 2021 financial year and which they waived for the 2022 financial year.

(e) Pension scheme

Executive corporate officers are not covered by a supplementary pension scheme.

(f) Severance package and no-compete indemnity

SEVERANCE PACKAGE

Ms Isabelle Guichot benefits from a severance package for a gross amount equal to a maximum 100% of the sum of the gross annual fixed compensation over the last 12 months preceding the end of her appointment and the variable compensation paid for the financial year preceding the end of her appointment. This package would be due in the event of termination of her appointment as Chief Executive Officer, unless she were dismissed for negligence or resigns for a reason other than a forced departure.

Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months.

Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite benefit from a severance payment for a gross amount equal to 200% of the fixed and variable compensation received by these parties during the 12 months prior the end of their appointments and the variable compensation paid for the financial year preceding the end of their appointments. This package would be due in the event of termination of their positions as Deputy General Managers and/or, in any of their roles performed individually or through any entity they may control (this currently includes Évelyne Chétrite SASU and Judith Milgrom SASU), within the SMCP Group, as part of a corporate office, unless they were dismissed for negligence or resign for a reason other than a forced departure. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months.

COMPENSATION RELATING TO A NON-COMPETE CLAUSE

Ms Isabelle Guichot is also bound by a non-compete commitment for a period of one year and, for this commitment, would receive a gross monthly fixed indemnity equal to 70% of her monthly compensation calculated on the average of her gross compensation (fixed and variable) received during the 12 months prior to her departure date and for the effective duration of the non-compete commitment.

Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite are bound to the companies of the Group by a non-compete commitment for a period of one year from the date of termination of their management duties within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package described above and the non-compete indemnity, the total of these two items must not exceed two years of the compensation (fixed and theoretical variable received during the last 12 months prior to the date of departure).

(g) Shares held by executive corporate officers

Shares held by executive corporate officers are detailed in Section 8.1.1. of the universal registration document.

TABLE SUMMARISING THE FIXED AND VARIABLE COMPONENTS OF TOTAL COMPENSATION OF THE CHIEF EXECUTIVE OFFICER AND DEPUTY GENERAL MANAGERSS

Elements of compensation	Principle	Determination criteria
Fixed compensation	The Chief Executive Officer and the Deputy General Managers receive a fixed compensation in twelve monthly instalments.	For the 2022 financial year, the gross annual amount is fixed at: Ms Isabelle Guichot, Chief Executive Officer: €800,000 Ms Évelyne Chétrite, Deputy General Manager of SMCP SA and Évelyne Chétrite SASU, Chairman of Sandro Andy SAS: €995,000 Ms Judith Milgrom, Deputy General Manager of SMCP SA and Judith Milgrom SASU, Chairman of Maje SAS: €995,000 Mr Ilan Chétrite, Deputy General Manager of SMCP SA and Chairman of Sandro Andy SAS: €650,000
Variable compensation	The Chief Executive Officer and the Deputy General Managers receive variable compensation based on the Group's performance. This compensation is paid during the financial year following the one under which the performances were recorded. Pursuant to Article L. 22-10-8 of the French Commercial Code, the payment of the variable compensation is contingent on the approval by an Ordinary General Meeting of the compensation of the Chief Executive Officer and the Deputy General Managers under the conditions specified in Articles L. 22-10-34 and L. 22-10-9 of the French Commercial Code.	For the 2022 financial year, for Ms Isabelle Guichot: This component of the compensation is directly linked, up to 75%, to the performance of the Group (achievement of the target Group EBIT), and up to 25%, to the achievement of the CSR objectives defined by the Board of Directors' meeting of December 14, 2021, for a maximum amount of €800,000. If the performance condition is significantly exceeded, this variable compensation shall be proportionally increased up to a maximum amount of €1,200,000 (the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. The variable compensation of Ms Guichot is also subject to a presence condition as of December 31, 2022. For the 2022 financial year, for Ms Évelyne Chétrite: This component of the compensation, for a maximum gross amount of €995,000, may be allocated, subject to the achievement of objectives linked to a target Group EBIT (up to 50%), a target EBIT for the Sandro brand (up to 25%) and CSR objectives defined by the Board of Directors on December 14, 2021 (up to 25%). If the performance target is exceeded, the supplementary compensation of Ms Évelyne Chétrite and of Évelyne Chétrite SASU is raised proportionally, up to an amount of €1,990,000 (the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. The variable compensation of Ms Chétrite is also subject to a presence condition as of December 31, 2022. For the 2022 financial year, for Ms Judith Milgrom: This component of the compensation, for a maximum gross amount of €995,000, may be allocated, subject to the achievement of objectives linked to a target Group EBIT (up to 50%), a target EBIT for the Maje brand (up to 25%) and CSR objectives defined by the Board of Directors on December 14, 2021 (up to 25%). If the performance target is exceeded, the supplementary compensation of Ms Judith Milgrom and Judith Milgrom SASU is raised proportionally, up to an amount of €1,990,000 (the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. The variable compensation of Ms Milgrom is also subject to a presence condition at December 31, 2022.

Elements of compensation	Principle	Determination criteria
Variable compensation		For the 2022 financial year, for Mr Ilan Chétrite: This component of the compensation of a maximum gross amount of €650,000 may be allocated, subject to the achievement of objectives relating to Group EBIT (up to 50%), the target EBIT of Sandro Men (25%) and CSR objectives defined by the Board of Directors on December 14, 2021 (up to 25%). If the performance target is exceeded, the supplementary compensation of Mr Ilan Chétrite is raised proportionally, up to an amount of €1,300,000. The condition of achieving the CSR objectives does not apply to this outperformance bonus. In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. The variable compensation of Mr Chétrite is also subject to a condition of presence at December 31, 2022.
Long-term compensation (performance shares)	The Chief Executive Officer and the Deputy General Managers receive a conditional allocation of the Company's shares.	The number of free shares awarded transferred in full ownership to each beneficiary at the end of the vesting period varies depending on the achievement level of the objectives detailed in Section 7.2.1.2 (c) above*. The terms of the long-term compensation that would be granted from the date of the General Meeting approving the financial statements for the financial year ended on December 31, 2021 to the Deputy General Managers (notably in the form of free performance shares) will involve, in the event of forced or voluntary departure due to a change of control of the Company, a mechanism to accelerate the definitive award of said shares and to maintain all the rights by deeming that all the conditions for the award (including any condition of presence and/or performance). The Chief Executive Officer does not benefit from this acceleration mechanism.
Long-term compensation (stock options or share purchase options)	N/A	N/A
Pension scheme	N/A	N/A
Severance package and non-compete indemnity	The Chief Executive Officer and the Deputy General Managers receive a severance package in the event of termination of their positions and an indemnity to compensate their non-compete commitment.	Ms Isabelle Guichot benefits from a severance package for a gross amount equal to a maximum 100 % of the sum of the gross annual fixed compensation over the last 12 months preceding the end of her appointment and the variable compensation paid for the financial year preceding the end of her appointment. It would be due in the event of revocation of her office as Chief Executive Officer, except in the event of dismissal for gross negligence or in the event of resignation from this office for a reason other than in the event of forced departure. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months. Ms Isabelle Guichot is bound by a non-compete commitment for a period of one year and, for this commitment, would receive a gross monthly fixed indemnity equal to 70% of her monthly compensation calculated on the average of her gross contractual compensation (fixed and variable) received during the 12 months prior to her departure date and for the effective duration of the non-compete commitment.

Elements of compensation	Principle	Determination criteria
		Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite benefit from severance package for a gross amount equal to 200% of the sum of the gross fixed annual compensation over the last 12 months preceding the end of their appointment and the variable compensation paid for the financial year preceding the end of their appointment. It would be due in the event of revocation of their office as Deputy General Managers and/or any of their duties performed individually or through any entity that they may control (this currently includes Évelyne Chétrite SASU and Judith Milgrom SASU), within the SMCP Group, in the context of a management position, except in the event of dismissal for gross negligence or in the event of resignation from this office for a reason other than in the event of a forced departure. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months. Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite are bound to the companies of the Group by a non-compete commitment for a period of one year from the date of termination of their management duties within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package described above and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of departure).
Benefits in kind	The Chief Executive Officer benefits from a company car and from the executive corporate officers' insurance policy ("GSC"). Ms Évelyne Chétrite as Deputy General Manager, benefits from a company car.	N/A

* Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite also benefit from the allotment of class G preferred shares carried out prior to the Company's IPO; these preferred shares have been convertible into the Company's ordinary shares since January 1, 2019 (see Section 7.2.1.2 (c) of this report).

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 22-10-8 of the French Commercial Code subject to a Combined General Meeting of June 9, 2022

TWELFTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Yafu Qiu, in his capacity as Chairman of the Board of Directors (for the period from January 1, 2022 to January 14, 2022))

The General Meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for Ordinary General Meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Mr Yafu Qiu, Chairman of the Board of Directors, as presented in the aforesaid report.

THIRTEENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Christophe Cuvillier in his capacity as Chairman of the Board of Directors (from January 17, 2022))

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Mr Christophe Cuvillier, Chairman of the Board of Directors, as presented in the aforesaid report.

FOURTEENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Ms Isabelle Guichot in her capacity as Chief Executive Officer)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Ms Isabelle Guichot, Chief Executive Officer, as presented in the aforesaid report.

FIFTEENTH RESOLUTION

(Approval, in accordance with Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Ms Évelyne Chétrite in her capacity as Deputy General Manager)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Ms Évelyne Chétrite, Deputy General Manager, as presented in the aforesaid report.

SIXTEENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy of Ms Judith Milgrom in her capacity as Deputy General Manager)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy of Ms Judith Milgrom, Deputy General Manager, as presented in the aforesaid report.

SEVENTEENTH RESOLUTION

(Approval, in accordance with Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Mr Ilan Chétrite in his capacity as Deputy General Manager)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy of Mr Ilan Chétrite, Deputy General Manager, as presented in the aforesaid report.

7.2.1.3 DIRECTORS' COMPENSATION

Components of directors' compensation

As recommended by the Nominations and Compensation Committee, the Board of Directors distributes the compensation set by the Shareholders' General Meeting to its independent members, taking into account actual attendance at Board and Committee meetings. A portion fixed by the Board and taken from this compensation is paid to the members of the committees, also taking into consideration the effective participation of those members in said committees.

In response to comments raised by the main proxy advisory agencies at the annual General Meeting of June 17, 2021, and in line with the best practices followed by a certain number of listed companies, SMCP decided to modify the compensation of its independent directors by reducing the annual fixed compensation allocated to them for the Board and the Committees and by increasing the variable compensation so that the effective participation in the Board and its committees constitutes a greater part of their compensation. SMCP directors who are not independent are not remunerated.

The Board of Directors has set a maximum amount of €650,000 for the compensation that may be paid to independent directors for the 2022 financial year.

For their participation on the Board, a fixed annual compensation of €20,000 is allocated to each independent director as compensation for their duties. In addition to this fixed compensation, a variable amount of €4,000 is payable for each Board meeting attended by the independent director concerned.

For their participation in Board Committees:

(i) with regard to the Audit Committee, a fixed annual compensation of €4,500 (increased to €7,000 for the Chairman of the Audit Committee) is awarded to each independent director as compensation for their duties. In addition to this fixed compensation, a variable amount of €2,000 (increased to €3,500 for the Chairman of the Audit Committee) is payable for each Audit Committee meeting attended by the independent director concerned.

(ii) with regard to the Nominations and Compensation Committee, a annual fixed compensation of €2,000 (increased to €4,000 for the Chairman of the Nominations and Compensation Committee) is awarded to each independent director as compensation for their duties. In addition to this fixed compensation, a variable amount of €2,000 (increased to €3,500 for the Chairman of the Nominations and Compensation Committee) is payable for each Nominations and Compensation meeting attended by the independent director concerned.

(iii) concerning the *ad hoc* Committee, a maximum total fixed compensation of €21,000 (increased to €30,000 for the Chairman of the *ad hoc* Committee), payable by thirds as and when the steps related to the recomposition of its share capital in order to stabilise and consolidate its shareholding structure are completed, is allocated to each independent director as compensation for their duties.

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 22-10-34 of the French Commercial Code and submitted to the Combined General Meeting on June 9, 2021

NINETEENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for directors)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for directors, as presented in the aforesaid report.

7.2.2 Compensation of corporate officers in 2021

In accordance with Article L. 225-100 of the French Commercial Code, the annual General Meeting will vote on a draft resolution concerning the information mentioned in sub-section I of Article L. 22-10-9 of the French Commercial Code, which must be included in the corporate governance report and includes the components of compensation paid in respect of the term of office for the past financial year or awarded in respect of the term of office held for the same year, *i.e.* the financial year ended on December 31, 2021. These components are presented in Sections 7.2.2.1 and 7.2.2.2 below for executive corporate officers and directors.

Furthermore, pursuant to Articles L. 22-10-34 and L. 22-10-8 of the French Commercial Code, the annual General Meeting decides on the fixed, variable and exceptional components of the total compensation and benefits of any kind due or awarded for the prior financial year. These components are presented in Section 7.2.2.1 below for the Company's Chief Executive Officer and the Deputy General Managers.

The Combined General Meeting which will be convened for June 9, 2022 will be asked to approve, under separate resolutions, the information mentioned in sub-section I of Article L. 22-10-9 of the French Commercial Code, including the components presented in Sections 7.2.2.1 and 7.2.2.2 below, and the components of compensation paid or awarded under the financial year ended December 31, 2021 to the Chief Executive Officer and Deputy General Managers, pursuant to the principles and criteria for compensation approved by the shareholders' Combined General Meeting of June 17, 2021, as presented in Section 7.2.2.1 below.

7.2.2.1 CHIEF EXECUTIVE OFFICER AND DEPUTY GENERAL MANAGERS

Components of the compensation paid or awarded in respect of the financial year ended December 31, 2021 to Mr Daniel Lalonde, Chief Executive Officer (until August 1, 2021)

Fixed compensation	€747,855 [1]
Variable compensation	€0 [2]
Exceptional compensation	€121,568[3]
Compensation as director	None
Free shares – Preferred shares	None
Pension scheme	None
Non-compete indemnity	None
Termination indemnities	None
Benefits in kind	€13,736[4]

(1) In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, Mr Lalonde's fixed compensation was reduced in 2021.
(2) As the condition of presence at December 31 2021 was not met, the variable compensation will not be paid.
(3) The exceptional compensation corresponds to a compensation paid in 2021 by the Group relating to (i) contributions and employment expenses paid by Mr Lalonde on the benefit in kind provided by the GSC insurance for 2020 and 2021 and (ii) the financial coverage of the income tax expense paid by Mr Lalonde due to the Group's coverage of the school costs for his children.
(4) Mr Lalonde had a company car and was covered by unemployment insurance as a corporate officer ("GSC").

Components of the compensation paid or awarded in respect of the financial year ended December 31, 2021 to Ms Isabelle Guichot, Chief Executive Officer (from August 2, 2021)

Fixed compensation	€333,333
Variable compensation	€333,150 (1)
Exceptional compensation	€0
Compensation as director	None
Free shares – Preferred shares	None
Pension scheme	None
Free shares – Preferred shares	98,100 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target Total shareholders return (20%), and CSR objectives (10%).
Non-compete indemnity	A non-compete commitment for a period of one year, receiving a gross monthly fixed severance package equal to 70% of her monthly compensation calculated on the average of her gross contractual compensation (fixed and variable) received during the 12 months prior to her departure date and for the effective duration of the non-compete commitment.
Termination indemnities	A severance package for a gross amount equal to a maximum 100% of the sum of the gross annual fixed compensation over the last 12 months preceding the end of her appointment and the variable compensation paid for the financial year preceding the end of her appointment. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months.
Benefits in kind	€933

(1) For the period as Chief Executive Officer, for 2021, the achievement of the objectives is 127.1% on the Group EBIT and 100% on the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Ms Guichot will therefore receive only 67% of the variable compensation that she would have received if the Board of Directors had not capped her variable compensation.

(2) Ms Guichot had a company car in 2021.

Components of the compensation paid or awarded in respect of the financial year ended December 31, 2021 to Ms Évelyne Chétrite, Deputy General Manager

Fixed compensation	€992,523[1]
Variable compensation	€995,000[2]
Exceptional compensation	None
Compensation as director	None
Free shares – Preferred shares	122,000 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target Total shareholders return (20%), and CSR objectives (10%). This Plan provides, in the event of forced or voluntary departure following a change of control, that all rights to the allocation of free performance shares be maintained, by deeming that all the allocation conditions (including any presence and/or performance condition) have been met.
Pension scheme	None
Non-compete indemnity	Non-compete commitment for a period of one year after the termination of management functions within the Company. This commitment will be compensated at 70% of the gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure).
Termination indemnities	Indemnity for a gross amount equal to 200% of the fixed compensation received in the last 12 months preceding the termination of the corporate office and the variable compensation paid in respect of the financial year preceding the end of the corporate office. It would be payable in the event of termination of the position as Deputy General Manager and/or any of the positions held as an individual or through any entity that she may control (this currently includes Évelyne Chétrite SASU), within SMCP Group, in the context of a management position, except in the event of dismissal for gross negligence or in the event of resignation from this office for a reason other than in the event of forced departure. The payment of this severance payment would be subject to the fulfilment of certain performance conditions linked to the Group's EBIT.
Benefits in kind	€6,007[3].

(1) In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, Ms Chétrite's fixed compensation was reduced in 2021.
(2) For 2021, the achievement of the objectives is 127.1% on the Group EBIT, 122.7% on the Sandro EBIT and 100% on the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Ms Chétrite will therefore receive only 50% of the variable compensation that she would have received if the Board of Directors had not capped her variable compensation.
(3) In 2021, Mrs Chétrite had a company car.

Components of the compensation paid or awarded in respect of the financial year ended December 31, 2021 to Ms Judith Milgrom, Deputy General Manager

Fixed compensation	€992,518[1]
Variable compensation	€995,000[2]
Exceptional compensation	None
Compensation as director	None
Free shares – Preferred shares	122,000 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target Total shareholders return (20%), and CSR objectives (10%). This Plan provides, in the event of forced or voluntary departure following a change of control, that all rights to the allocation of free performance shares be maintained, by deeming that all the allocation conditions (including any presence and/or performance condition) have been met.
Pension scheme	None
Non-compete indemnity	Non-compete commitment for a period of one year after the termination of management functions within the Company. This commitment will be compensated at 70% of the gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure).
Termination indemnities	Indemnity for a gross amount equal to 200% of the fixed compensation received in the last 12 months preceding the termination of the corporate office and the variable compensation paid in respect of the financial year preceding the end of the corporate office. It would be payable in the event of termination of the position as Deputy General Manager and/or any of the positions held as an individual or through any entity that she may control (this currently includes Judith Milgrom SASU), within SMCP Group, in the context of a management position, except in the event of dismissal for gross negligence or in the event of resignation from this office for a reason other than in the event of forced departure. The payment of this severance payment would be subject to the fulfilment of certain performance conditions linked to the Group's EBIT.
Benefits in kind	None

(1) In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, Ms Milgrom's fixed compensation was reduced in 2021.

(2) For 2021, the achievement of the objectives is 127.1% on the Group EBIT, 129.6% on the Maje EBIT and 100% on the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Ms Milgrom will therefore receive only 50% of the variable compensation that she would have received if the Board of Directors had not capped her variable compensation.

Components of the compensation paid or awarded in respect of the financial year ended December 31, 2021 to Mr Ilan Chétrite, Deputy General Manager

Fixed compensation	€648,478[1]
Variable compensation	€650,000[2]
Exceptional compensation	None
Compensation as director	None
Free shares – Preferred shares	79,700 performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target Total shareholders return (20%), and CSR objectives (10%). This Plan provides, in the event of forced or voluntary departure following a change of control, that all rights to the allocation of free performance shares be maintained, by deeming that all the allocation conditions (including any presence and/or performance condition) have been met.
Pension scheme	None
Non-compete indemnity	Non-compete commitment for a period of one year after the termination of management functions within the Company. This commitment will be compensated at 70% of the gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure).
Termination indemnities	Indemnity for a gross amount equal to 200% of the fixed compensation over the last 12 months preceding the termination of the corporate office and the variable compensation paid in respect of the financial year preceding the end of the corporate office. It would be payable in the event of termination of the position as Deputy General Manager and/or Chief Executive Officer of Sandro Andy SAS, except in the event of dismissal for gross negligence or in the event of resignation from this office for a reason other than in the event of forced departure. The payment of this severance payment would be subject to the fulfilment of certain performance conditions linked to the Group's EBIT.
Benefits in kind	None

(1) In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, the fixed compensation of Mr Ilan Chétrite was reduced in 2021.

(2) For 2021, the achievement of the objectives is 127.1% for the Group's EBIT, 185.4% for the Sandro Men's EBIT and 100% for the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Mr Chétrite will therefore receive only 50% of the variable compensation that he would have received if the Board of Directors had not capped his variable compensation.

Table 1 AMF nomenclature

Summary table of compensation and shares and options awarded to each executive corporate officer (in euros):

SUMMARY TABLE OF COMPENSATION AND SHARES AND OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Amount in euros)	2020 financial year	2021 financial year
Yafu Qiu, Chairman of the Board of Directors		
Compensation due for the financial year *(detailed in Table 2)*	None	None
Valuation of multi-year variable compensation paid during the year	None	None
Valuation of the options awarded during the financial year *(detailed in Table 4)*	None	None
Valuation of the free shares awarded *(detailed in Table 6)*	None	None
TOTAL	**0**	**0**

SUMMARY TABLE OF COMPENSATION AND SHARES AND OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Amount in euros)	2020 financial year	2021 financial year
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)		
Compensation due for the financial year *(detailed in Table 2)*	€1,398,221	€883,158
Valuation of multi-year variable compensation paid during the year	0	€0
Valuation of the options awarded during the financial year *(detailed in Table 4)*	None	None
Valuation of the free shares awarded *(detailed in Table 6)*	€902,222	€0
TOTAL	**€2,300,442**	**€883,158**

SUMMARY TABLE OF COMPENSATION AND SHARES AND OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Amount in euros)	2020 financial year	2021 financial year
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)		
Compensation due for the financial year *(detailed in Table 2)*	NA	€667,417
Valuation of multi-year variable compensation paid during the year	NA	€0
Valuation of the options awarded during the financial year *(detailed in Table 4)*	NA	None
Valuation of the free shares awarded *(detailed in Table 6)*	NA	€650,323
TOTAL	**NA**	**€1,317,739**

SUMMARY TABLE OF COMPENSATION AND SHARES AND OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Amount in euros)	2020 financial year	2021 financial year
Évelyne Chétrite, Deputy General Manager Compensation due for the financial year *(detailed in Table 2)*	€1,525,671	€1,993,530
Valuation of multi-year variable compensation paid during the year	0	€0
Valuation of the options awarded during the financial year *(detailed in Table 4)*	None	None
Valuation of the free shares awarded *(detailed in Table 6)*	€902,222	€808,760
TOTAL	**€2,427,893**	**€2,802,290**

SUMMARY TABLE OF COMPENSATION AND SHARES AND OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Amount in euros)	2020 financial year	2021 financial year
Judith Milgrom, Deputy General Manager Compensation due for the financial year *(detailed in Table 2)*	€1,520,161	€1,978,518
Valuation of multi-year variable compensation paid during the year	0	0
Valuation of the options awarded during the financial year *(detailed in Table 4)*	None	None
Valuation of the free shares awarded *(detailed in Table 6)*	€902,222	€808,760
TOTAL	**€2,422,383**	**€2,796,278**

SUMMARY TABLE OF COMPENSATION AND SHARES AND OPTIONS AWARDED TO EACH EXECUTIVE CORPORATE OFFICER

(Amount in euros)	2020 financial year	2021 financial year
Ilan Chétrite, Deputy General Manager Compensation due for the financial year *(detailed in Table 2)*	€994,110	€1,298,478
Valuation of multi-year variable compensation paid during the year	0	€0
Valuation of the options awarded during the fnancial year *(detailed in Table 4)*	None	None
Valuation of the free shares awarded *(detailed in Table 6)*	€589,394	€528,346
TOTAL	**€1,583,504**	**€1,826,824**

Table 2 AMF nomenclature

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2020 financial year		2021 financial year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Yafu Qiu, Chairman of the Board of Directors				
Fixed compensation	None	None	None	None
Annual variable compensation	None	None	None	None
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Benefits in kind	None	None	None	None
TOTAL	**0**	**0**	**0**	**0**

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2020 financial year		2021 financial year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)				
Fixed compensation[1]	€828,900	€828,900	€747,855	€747,855
Annual variable compensation[2]	€540,090	€144,000	€0	€540,090
Multi-year variable compensation	None	None	None	None
Exceptional compensation [3]	€15,000	€15,000	€121,568	€121,568
Benefits in kind [4]	€14,231	€14,231	€13,736	€13,736
TOTAL	**€1,398,221**	**€1,002,131**	**€883,158**	**€1,423,248**

(1) The fixed annual compensation of Mr Daniel Lalonde was set at €900,000 for 2021. In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, Mr Lalonde's fixed compensation was reduced in 2021.

(2) The annual variable compensation of Mr Daniel Lalonde is €900,000 if the performance targets are met. In 2021, 75% of the objectives are linked to the achievement of the Group's EBIT provided for in the annual budget, as well as 25% to the achievement of the CSR objectives defined by the Board of Directors on December 17, 2020. In case of significant overachievement of the objective (notably by reaching a predefined threshold beyond a target EBIT), the bonus is increased proportionally and can be doubled (*i.e.* a maximum of €1,800,000 gross). In the event of non-achievement of the performance condition, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each financial year and the variable compensation for year N is paid in year N+1. For the 2020 financial year, the performance conditions were not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance. For the 2021 financial year, as the condition of presence at December 31, 2021 was not met, the variable compensation was not payable.

(3) The exceptional compensation corresponds to a compensation paid in 2021 by the Group relating to (i) contributions and employment expenses paid by Mr Lalonde on the benefit in kind provided by the GSC insurance for 2020 and 2021 and (ii) the financial coverage of the income tax expense paid by Mr Lalonde due to the Group's coverage of the school costs for his children.

(4) This amount includes a company car.

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2020 financial year		2021 financial year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)				
Fixed compensation[1]			€333,333	€333,333
Annual variable compensation[2]			€333,151	None
Multi-year variable compensation			None	None
Exceptional compensation			None	None
Benefits in kind[3]			€933	€933
TOTAL			**€667,417**	**€334,266**

(1) The annual fixed compensation of Ms Isabelle Guichot was set at €800,000 for 2021 in respect of her office as Chief Executive Officer of SMCP SA.
(2) The annual variable compensation of Ms Isabelle Guichot includes compensation paid for the corporate office of Ms Isabelle Guichot as Chief Executive Officer of SMCP SA from August 2, 2021. Variable compensation remains subject to performance conditions. The variable compensation paid in respect of her office as Chief Executive Officer of SMCP SA is €800,000 if the performance objectives are met. With regard to the role played by Ms Isabelle Guichot as Chief Executive Officer, the objectives for 2021 are linked for 75% to the achievement of the Group's EBIT provided for in the annual budget and 25% to the achievement of the CSR objectives defined by the Board of Directors on December 17, 2020. If the objectives are significantly exceeded, the bonus may be 150% (*i.e.* a maximum gross amount of €1,200,000). If the performance conditions are not met, this variable compensation is not paid; in the event of partial achievement, it is paid in proportion to its achievement. The achievement of these performance conditions is reviewed and recorded at the end of each financial year and the variable compensation for year N is paid in year N + 1. For 2021, the achievement of the objectives is 127.1% on the Group's EBIT and 100% on the CSR objectives. As the Board of Directors decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Ms Guichot will therefore receive only 67% of the variable compensation that she would have received if the Board of Directors had not capped her variable compensation.
(3) This amount includes a company car.

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2020 financial year		2021 financial year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Évelyne Chétrite, Deputy General Manager				
Fixed compensation[1]	€920,375	€920,375	€992,523	€992,523
Annual variable compensation[2]	€599,289	€159,200	€995,000	€599,288
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Benefits in kind[3]	€6,007	€6,007	€6,007	€6,007
TOTAL	**€1,525,671**	**€1,085,582**	**€1,993,530**	**€1,597,818**

(1) The fixed compensation includes fixed compensation paid in respect of the corporate offices of (i) Ms Évelyne Chétrite as Deputy General Manager of SMCP SA and (ii) Évelyne Chétrite SASU as Chairman of Sandro Andy. The fixed annual compensation of Ms Évelyne Chétrite was set at €995,000 for 2021. In the same way as the effort made by the other members of the Executive Committee in the context of the Covid-19 pandemic, the fixed compensation of Ms Evelyne Chétrite was reduced in 2021.
(2) The annual variable compensation for Ms Évelyne Chétrite includes compensation paid for the management positions of Ms Évelyne Chétrite as Deputy General Manager of SMCP SA and for Évelyne Chétrite SASU as President of the company Sandro Andy, subject to performance conditions. The variable compensation paid in respect of corporate offices amounts to €995,000, if the performance objectives are met. Given the role played by Ms Évelyne Chétrite in both the management of the Sandro brand and as a Deputy General Manager of the Group, up to 25% of the objectives for 2021 relate to achievement of the EBIT of Sandro brand, up to 50% to the attainment of the Group EBIT set out in the annual budget and up to 25% to the attainment of CSR targets set by the Board of Directors on December 17, 2020. If the targets are significantly exceeded, the bonus can be doubled (i.e. a maximum gross amount of €1,990,000). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each financial year and the variable compensation for year N is paid in year N+1. For the 2020 financial, the performance condition was not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance. For 2021, the achievement of the objectives is 127.1% for the Group's EBIT, 122.7% for the Sandro's EBIT and 100% for the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Ms Chétrite will therefore receive only 50% of the variable compensation that she would have received if the Board of Directors had not capped her variable compensation.
(3) This amount includes a company car.

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SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2020 financial year		2021 financial year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Judith Milgrom, Deputy General Manager				
Fixed compensation[1]	€920,375	€920,375	€992,518	€992,518
Annual variable compensation[2]	€599,786	€323,375	€995,000	€599,786
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Benefits in kind	None	None	None	None
TOTAL	**€1,520,161**	**€1,243,750**	**€1,978,518**	**€1,592,304**

(1) The fixed compensation includes fixed compensation paid in respect of the corporate offices of (i) Ms Judith Milgrom as Deputy General Manager of SMCP SA and (ii) Judith Milgrom SASU as Chairman of Maje. The fixed annual compensation of Ms Judith Milgrom was set at €995,000 for 2021. In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, Ms Milgrom's fixed compensation was reduced in 2021.

(2) The variable annual compensation of Ms Judith Milgrom includes compensation paid for the management positions of Ms Judith Milgrom as Deputy General Manager of SMCP SA and Judith Milgrom SASU as Chairman of the company Maje, subject to performance conditions. The variable compensation paid in respect of corporate offices amounts to €995,000, if the performance objectives are met. Given the role played by Ms Judith Milgrom in both the management of the Maje brand and as a Deputy General Manager of the Group, the targets are up to 25% linked to the achievement of the EBIT of the Maje brand, up to 50% to the achievement of the Group EBIT target in the annual budget and up to 25% to the attainment of CSR targets defined by the Board of Directors on December 17, 2020. If the targets are significantly exceeded, the bonus can be doubled (*i.e.* a maximum gross amount of €1,990,000). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each financial year and the variable compensation for year N is paid in year N+1. For the 2020 financial year, the performance conditions were not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance. For 2021, the achievement of the objectives is 127.1% on the Group EBIT, 129.6% on the Maje EBIT and 100% on the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Ms Milgrom will therefore receive only 50% of the variable compensation that she would have received if the Board of Directors had not capped her variable compensation.

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2020 financial year		2021 financial year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Ilan Chétrite, Deputy General Manager				
Fixed compensation[1]	€650,000	€650,000	€648,478	€648,478
Annual variable compensation[2]	€72,800	€323,050	€650,000	€395,460
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Benefits in kind	None	None	None	None
TOTAL	**€722,800**	**€973,050**	**€1,298,478**	**€1,043,938**

(1) The fixed compensation includes the fixed compensation paid in respect of the corporate offices of Mr Ilan Chétrite as (i) Deputy General Manager of SMCP SA and (ii) Sandro Andy SAS as President. The annual fixed compensation of Mr Ilan Chétrite was set at €650,000 for 2021. In the same way as the effort made by the members of the Executive Committee in the context of the Covid-19 pandemic, Mr Chétrite's fixed compensation was reduced in 2021.

(2) Mr Ilan Chétrite's annual compensation includes compensation paid for his management position as Deputy General Manager of SMCP SA and as Chairman of the company Sandro Andy SAS, subject to performance conditions. The variable compensation paid in respect of corporate offices amounts to €650,000, if the objectives are met. The performance objectives for 2021 are up to 25% linked to the achievement of the EBIT of the Sandro Men brand, they are up to 50% linked to the achievement of the Group EBIT figure in the annual budget and up to 25% to the achievement of the CSR objectives defined by the Board of Directors on December 17, 2020. If the targets are significantly exceeded, the bonus can be doubled (*i.e.* a maximum gross amount of €1,300,000). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each financial year and the variable compensation for year N is paid in year N+1. For the 2020 financial year, the performance condition was not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance. For 2021, the achievement of the objectives is 127.1% for the Group's EBIT, 185.7% for the Sandro Men's EBIT and 100% for the CSR objectives. As the Board of Directors had decided to cap the variable compensation at 100% in the context of the Covid-19 pandemic, no overperformance bonus will be paid. Mr Chétrite will therefore receive only 50% of the variable compensation that he would have received if the Board of Directors had not capped his variable compensation.

Table 3 AMF nomenclature

TABLE OF COMPENSATION RECEIVED BY MEMBERS OF THE BOARD OF DIRECTORS

	2020 financial year		2021 financial year	
Members of the Board of Directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Yafu Qiu	None	None	None	None
Daniel Lalonde*	None	None	None	None
Isabelle Guichot	None	None	None	None
Évelyne Chétrite	None	None	None	None
Judith Milgrom	None	None	None	None
Weiying Sun	None	None	None	None
Chenran Qiu	None	None	None	None
Xiao Su	None	None	None	None
Kelvin Ho	None	None	None	None
Orla Noonan	€53,200	€57,200	€58,000	€28,000
Fanny Moizant*	€38,925	€41,925	€4,159	€0
Patrizio di Marco**	€38,700	€36,700	€22,570	€38,700
Dajun Yang	€46,263	€49,263	€50,500	€22,012
Christophe Cuvillier***	None	None	€31,529	None
Xiao Wang***	None	None	€26,422	None
Lauren Cohen	None	None	None	None
Marina Dithurbide	N/A	None	None	None
TOTAL	**€177,088**	**€185,088**	**€193,180**	**€88,712**

* Ms Fanny Moizant stepped down from her position as director of the Company with effect from February 15, 2021. Mr Daniel Lalonde stepped down from his position as a Company director with effect from August 1, 2021.

** The term of office as a director of Mr Patrizio di Marco expired after the General Meeting of June 17, 2021.

*** Mr Xiao Wang was co-opted as a director by the Board of Directors on April 21, 2021, which was ratified by the General Meeting of June 17, 2021. Mr Xiao Wang resigned from his position as director for personal reasons on March 4, 2022. Mr Christophe Cuvillier was appointed director by the General Meeting of June 17, 2021.

Table 4 AMF nomenclature

SHARE SUBSCRIPTION AND SHARE PURCHASE OPTIONS AWARDED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP

Name of the executive corporate officer	No. and date of plan	Type of option (new or existing shares)	Valuation of options according to the method used in the consolidated financial statements	Number of options allocated during the financial year	Exercise price	Exercise period
Yafu Qiu, Chairman of the Board of Directors	None					
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)	None					
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)	None					
Évelyne Chétrite, Deputy General Manager	None					
Judith Milgrom, Deputy General Manager	None					
Ilan Chétrite, Deputy General Manager	None					

Table 5 AMF nomenclature

SHARE SUBSCRIPTION AND SHARE PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER

Name of the executive corporate officer	No. and date of plan	Number of options exercised during the financial year	Exercise price
Yafu Qiu, Chairman of the Board of Directors			None
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)			None
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)			None
Évelyne Chétrite, Deputy General Manager			None
Judith Milgrom, Deputy General Manager			None
Ilan Chétrite, Deputy General Manager			None

Table 6 AMF nomenclature

Performance shares allocated during the financial year to each executive corporate officer by the issuer and any Group company (named list)	No. and date of plan	Number of shares awarded during financial year	Valuation of shares according to method used for consolidated financial statements	Acquisition date	Availability date	Performance conditions
Yafu Qiu, Chairman of the Board of Directors		None	None	None	None	None
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)	-	None	None	None	None	None
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)	Plan no. 6 12/14/2021	98,100	€650,323	03/31/2024 03/31/2025	03/31/2024 03/31/2025	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)
Évelyne Chétrite, Deputy General Manager	Plan no. 7 12/14/2021	122,000	€808,760	03/31/2024 03/31/2025	03/31/2024 03/31/2025	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)
Judith Milgrom, Deputy General Manager	Plan no. 7 12/14/2021	122,000	€808,760	03/31/2024 03/31/2025	03/31/2024 03/31/2025	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)
Ilan Chétrite, Deputy General Manager	Plan no. 7 12/14/2021	79,700	€528,346	03/31/2024 03/31/2025	03/31/2024 03/31/2025	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)

* Total shareholders return.

Table 7 AMF nomenclature

Free shares made available for each executive corporate officers	No. and date of plan	Number of shares becoming available during the financial year
Yafu Qiu, Chairman of the Board of Directors	None	0
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)[1][6]	Plan no. 2 of 11/23/2017	53,896
	Plan no. 3 of 03/20/2019	19,335
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)[2][6]	Plan no. 2 of 11/23/2017	18,221
	Plan no. 3 of 03/20/2019	16,668
Évelyne Chétrite, Deputy General Manager[3][6]	Plan no. 2 of 11/23/2017	67,341
Judith Milgrom, Deputy General Manager[4][6]	Plan no. 2 of 11/23/2017	67,341
Ilan Chétrite, Deputy General Manager[5][6]	Plan no. 2 of 11/23/2017	43,136
	Plan no. 3 of 03/20/2019	4,001

(1) The EBITDA adjustment impacted the delivery of 40,695 shares for Mr Daniel Lalonde.
(2) The EBITDA adjustment impacted the delivery of 21,228 shares for Ms Isabelle Guichot.
(3) The EBITDA adjustment impacted the delivery of 33,034shares for Ms Evelyne Chétrite.
(4) The EBITDA adjustment impacted the delivery of 33,034 shares for Ms Judith Milgrom.
(5) The EBIDTA adjustment impacted the delivery of 24,110 shares to Mr Ilan Chétrite.
(6) EBITDA for 2019 and 2020 have been adjusted to neutralise, to a certain extent, the impact of the closures of the Group's stores linked to the yellow vest crisis in France, the political situation in Hong Kong and the Covid-19 pandemic. These neutralisations have an impact on the number of shares to be delivered under some of the above plans.

Table 8 AMF nomenclature

History of allocation of stock options or share purchase options				
Information on stock options or share purchase options				
Date of General Meeting	**Plan no. 1**	**Plan no. 2**	**Plan no. 3**	**Etc.**
Date of the Board of Directors				
Total number of shares which may be subscribed or purchased, including the number which may be subscribed or purchased by:				
Starting point for exercise of options				
Expiration date				
Subscription or purchase price	None			
Option exercise procedures (if the plan incorporates several tranches)				
Number of shares subscribed on [...] (most recent date)				
Cumulative number of share subscription or purchase options cancelled or expired				
Options for subscription or purchase of shares and award of bonus shares at the end of the financial year				

Table 9 AMF nomenclature

Stock options for new or existing shares awarded to the top ten employees who are not executive corporate officers and options exercised by these employees	Total number of options awarded/shares subscribed or purchased	Weighted average price	Plan no. 1	Plan no. 2
Options granted during the financial year by the issuer and any other company included in the scope of allocation of options, to the ten employees of the issuer and any company included in said scope, to whom the greatest number of options is granted (global information)	None			
Options held in the issuer and the aforementioned companies and exercised, during the financial year, by the ten employees of the issuer and said companies, who have purchased or subscribed the greatest number of options (global information)				

Table 10 AMF nomenclature

History of free share awards

Information on free shares awarded

Free share plan	**Plan no. 1 (first tranche)**	**Plan no. 1 (second tranche)**	**Plan no. 1 (third tranche)**	**Plan no. 2**	**Plan no. 3**	**Plan no. 4**	**Plan no. 5**	**Plan no. 6**	**Plan no. 7**
Date of General Meeting	10/10/2016	10/10/2016	10/10/2016	10/05/2017	06/18/2018	06/07/2019	06/04/2020	06/17/2021	06/17/2021
Date of Chairman's decision	10/10/2016	12/14/2016	02/27/2017	11/23/2017	03/20/2019	12/05/2019	12/17/2020	12/14/2021	12/14/2021
Total number of free shares awarded including the number awarded to:	12,768,753	1,520,100	393,000	2,038,324	132,000	870,460	1,437,694	663,900	323,700
Executive corporate officers:	6,855,000	None	None	1,040,498	35,000	401,548	660,533	98,100	323,700
Yafu Qiu, Chairman of the Board of Directors	None	None	None	None	None	None	None	None	None
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)	1,605,000 [1]	None	None	242,018	29,000	110,040	180,806	None	None
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)	None	None	None	81,818	25,000	28,400	58,000	98,100	None
Évelyne Chétrite, Deputy General Manager	1,750,000 [2]	None	None	302,390	None	110,773	180,806	None	122,000
Judith Milgrom, Deputy General Manager	1,750,000 [3]	None	None	302,390	None	110,773	180,806	None	122,000
Ilan Chétrite, Deputy General Manager	1,750,000 [4]	None	None	193,700	6,000	69,962	118,115	None	79,700
Date of acquisition of shares	10/10/2017	12/14/2017	02/27/2018	03/31/2020 03/31/2021 03/31/2022	04/17/2021	03/31/2022 03/31/2023	03/31/2023 03/31/2024	03/31/2024 03/31/2025	03/31/2024 03/31/2025
Date of end of holding period	10/10/2018	12/14/2018	02/27/2019	03/31/2020 03/31/2021 03/31/2022	04/17/2021	03/31/2022 03/31/2023	03/31/2023 03/31/2024	03/31/2024 03/31/2025	03/31/2024 03/31/2025
Number of shares subscribed	None	None	None	None	None	None	None	None	None
Cumulative number of shares cancelled or expired	307,178	150,600	0	360,017	12,000	257,216	318,485	6,000	0
Free shares remaining at the end of the financial year	12,461,575	1,369,500	393,000	1,678,308	120,000	613,244	1,19,009	657,900	421,800

(1) Following the June 2018 reverse stock split (see Section 8.1.5), the number of shares held by Mr Daniel Lalonde is 145,909 class G preferred shares, which were converted into 572,411 ordinary shares on January 1, 2022.
(2) Following the June 2018 reverse stock split (see Section 8.1.5), the number of shares held by Ms Évelyne Chétrite is 159,090 class G preferred shares, which may be converted into 624,121 ordinary shares. The next possible conversion date will be on January 1, 2023.
(3) Following the June 2018 reverse stock split (see Section 8.1.5), the number of shares held by Ms Judith Milgrom is 159,090 Class G preferred shares, which may be converted into 624,121 ordinary shares. The next possible conversion date will be on January 1, 2023.
(4) Following the June 2018 reverse stock split (see Section 8.1.5), the number of shares held by Mr Ilan Chétrite is 159,090 Class G preferred shares, which may be converted into 624,297 ordinary shares. The next possible conversion date will be on January 1, 2023.

EBITDA for 2019 and 2020 were adjusted to neutralise, to a certain extent, the impact of the closure of the Group's stores linked to the yellow vests (*gilets jaunes*) crisis in France and the political situation in Hong Kong and the Covid-19 pandemic. These neutralisations have an impact on the number of shares to be delivered under some of the above plans.

Table 11 AMF nomenclature

Executive corporate officers	Employment contract		Supplementary pension scheme		Severance or benefits due or which may be due on termination of or a change of post		Severance under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Yafu Qiu, Chairman of the Board of Directors		X		X		X		X
Daniel Lalonde, Chief Executive Officer (until August 1, 2021)		X		X	X		X	
Isabelle Guichot, Chief Executive Officer (from August 2, 2021)		X		X	X		X	
Évelyne Chétrite, Deputy General Manager		X		X	X		X	
Judith Milgrom, Deputy General Manager		X		X	X		X	
Ilan Chétrite, Deputy General Manager		X		X	X		X	

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 22-10-34 of the French Commercial Code subject to a Combined General Meeting of June 9, 2022

SIXTH RESOLUTION

(Approval, pursuant to Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the financial year ended December 31, 2021 or awarded for the same period to Mr Yafu Qiu, in his capacity as Chairman of the Board of Directors)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22–10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the financial year ended December 31, 2021 to Mr Yafu Qiu, Chairman of the Board of Directors, as detailed in the aforesaid report.

SEVENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the financial year ended December 31, 2021 or awarded for the same period to Mr Daniel Lalonde, in his capacity as Chief Executive Officer for the period from January 1, 2021 to August 1, 2021)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22–10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the financial year ended December 31, 2021 to Mr Daniel Lalonde, Chief Executive Officer, as detailed in the aforementioned report.

EIGHTH RESOLUTION

(Approval, pursuant to Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the financial year ended December 31, 2021 or awarded in respect of the same financial year to Ms Isabelle Guichot, in her capacity as Chief Executive Officer (for the period from August 2, 2021 to December 31, 2021))

The General Meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for Ordinary General Meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or awarded for the financial year ended December 31, 2021 to Ms Isabelle Guichot, Chief Executive Officer, as detailed in the aforementioned report.

NINTH RESOLUTION

(Approval, pursuant to Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the financial year ended December 31, 2021 or awarded for the same period to Ms Évelyne Chétrite, in her capacity as Deputy General Manager)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the financial year ended December 31, 2021 to Ms Évelyne Chétrite, Deputy General Manager, as detailed in the aforesaid report.

TENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the financial year ended December 31, 2021 or awarded for the same period to Ms Judith Milgrom, in her capacity as Deputy General Manager)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the financial year ended December 31, 2021 to Ms Judith Milgrom, Deputy General Manager, as detailed in the aforementioned report.

ELEVENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the financial year ended December 31, 2021 or awarded for the same period to Mr Ilan Chétrite, in his capacity as Deputy General Manager)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the financial year ended December 31, 2021 to Mr Ilan Chétrite, Deputy General Manager, as detailed in the aforementioned report.

7.2.2.2 DIRECTORS

The table below shows the compensation received by members of the Board of Directors for the 2020 and 2021 financial years:

Table 3 AMF nomenclature

TABLE OF COMPENSATION RECEIVED BY MEMBERS OF THE BOARD OF DIRECTORS

	2020 financial year		2021 financial year	
Members of the Board of Directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Yafu Qiu	None	None	None	None
Daniel Lalonde*	None	None	None	None
Évelyne Chétrite	None	None	None	None
Judith Milgrom	None	None	None	None
Weiying Sun	None	None	None	None
Chenran Qiu	None	None	None	None
Xiao Su	None	None	None	None
Kelvin Ho	None	None	None	None
Orla Noonan	€53,200	€57,200	€58,000	€28,000
Fanny Moizant*	€38,925	€41,925	€4,159	€0
Patrizio di Marco**	€38,700	€36,700	€22,570	€38,700
Christophe Cuvillier***	None	None	€31,529	None
Xiao Wang***	None	None	€26,422	None
Dajun Yang	€46,263	€49,263	€50,500	€22,012
Lauren Cohen	None	None	None	None
Marina Dithurbide	None	None	None	None
TOTAL	**€177,088**	**€185,088**	**€193,180**	**€88,712**

* Ms Fanny Moizant stepped down from her position as director of the Company with effect from February 15, 2021. Mr Daniel Lalonde resigned as director of the Company with effect from August 1, 2021.

** Mr Patrizio di Marco's term of office as director ended at the end of the General Meeting of June 17, 2021.

*** Mr Xiao Wang was co-opted as a director by the Board of Directors on April 21, 2021, which was ratified by the General Meeting of June 17, 2021. Mr Wang resigned from his position as director for personal reasons on March 4, 2022. Mr Christophe Cuvillier was appointed director by the General Meeting of June 17, 2021.

Draft resolution drawn up by the Board of Directors pursuant to Article L. 22-10-8 II of the French Commercial Code and submitted to the Combined General Meeting on June 9, 2022

NINETEENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for directors)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for directors, as presented in the aforesaid report.

7.2.2.3 LEVEL OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS IN RELATION TO THE COMPENSATION OF THE COMPANY EMPLOYEES

Ratio between the compensation level of the Chief Executive Officer and Deputy General Managers and the average and median compensation of the Company's employees

To calculate the ratios presented below in accordance with Article L. 22-10-9 I 6° of the French Commercial Code, the Company referred to the guidelines of the Afep-MEDEF Code dated January 2020.

In particular:

- the ratios below were calculated on the basis of the fixed and variable compensation paid during the financial years mentioned as well as the free performance shares awarded during the same periods and valued at their carrying amount at the time they were awarded;
- for employees, the compensation used in the calculation is the full-time equivalent compensation (FTE);
- Company employees (not including the leader) were included in the calculation of the equity ratios, this change of methodology was applied in order to comply with the Afep recommendations of January 2020;
- adjusted EBITDA is a performance indicator regularly monitored by the Group to analyse and evaluate its businesses and their trends, measure their performance, prepare earnings forecasts and make strategic decisions.

COMPARISON OF THE LEVEL OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS IN RELATION TO THE COMPANY'S EMPLOYEES

	2019 financial year		2020 financial year		2021 financial year	
Corporate executive officer	Ratio of average compensation	Ratio of median compensation	Ratio of average compensation	Ratio of median compensation	Ratio of average compensation	Ratio of median compensation
Mr Yafu Qiu	N/A	N/A	N/A	N/A	N/A	N/A
Mr Daniel Lalonde	30.43	47.64	17.13	25.34	11.99 (1)	20.33 (1)
Ms Isabelle Guichot	NA	NA	NA	NA	8.29 (2)	14.06 (2)
Ms Évelyne Chétrite	25.38	39.75	17.89	26.45	20.27	34.37
Ms Judith Milgrom	26.71	41.82	19.31	28.55	20.22	34.30
Mr Ilan Chétrite	17.23	26.97	11.34	16.78	13.24	22.46
Ms Chenran Qiu	N/A	N/A	N/A	N/A	N/A	N/A

(1) From January 1, 2021 to August 1, 2021.
(2) From August 2, 2021 to December 31, 2021.

ANNUAL CHANGES IN THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS AND EMPLOYEES IN RELATION TO THE COMPANY'S PERFORMANCE

	2019 financial year	2020 financial year	2021 financial year
Compensation for Yafu Qiu, Chairman of the Board of Directors *(in euros)*	None	None	None
Compensation for Daniel Lalonde, Chief Executive Officer *(in euros)*	3,020,235	1,904,352	1,423,248
Compensation of Isabelle Guichot, Chief Executive Officer *(in euros)*	NA	NA	984,589
Compensation for Évelyne Chétrite, Deputy General Manager *(in euros)*	2,519,728	1,987,804	2,406,579
Compensation for Judith Milgrom, Deputy General Manager *(in euros)*	2,650,983	2,145,972	2,401,064
Compensation for Ilan Chétrite, Deputy General Manager *(in euros)*	1,709,888	1,260,844	1,572,284
Compensation for Chenran Qiu, Deputy General Manager *(in euros)*	None	None	None
Adjusted EBITDA *(excluding IFRS, in thousands of euros)*	171,510	53,989	129,314
Average compensation of employees on an FTE basis *(in euros)*	99,261	111,142	118,718.98

7.2.3 Draft resolutions submitted to the General Meeting of June 9, 2022

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 225-100 II of the French Commercial Code and submitted to the Combined General Meeting on June 9, 2022

EIGHTEENTH RESOLUTION
(Approval of the information mentioned in I of Article L. 22-10-9 of the French Commercial Code)

The General Meeting, after acknowledging the Board of Directors' corporate governance report drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2021 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information mentioned in Article L. 22-10-9 I of the French Commercial Code as presented in the aforesaid report.

7.3 Commitments with related parties and Agreements

7.3.1 Transactions with related parties

The Group's related parties include the shareholders of the Company, companies with a controlling interest in the Group and the main members of the Group's management and supervisory bodies (and their immediate family members).

Quantified data detailing relationships with these related parties is provided in Note 7.3 to the consolidated financial statements for the financial year ended December 31, 2021, presented in Section 5.1.2 of this universal registration document.

During the 2022 financial year, the Board of Directors will meet to set up a procedure for the annual assessment of agreements concerning current arm's length transactions. As part of this assessment, the Board of Directors, which meets to review the annual financial statements, will review the criteria for determining whether current agreements have been entered into at arm's length to ensure that they are still suitable and comply with market practices and will analyse more specifically whether the financial conditions of the agreements includes in its assessment are normal. The agreements that no longer meet said criteria will be subsequently reclassified as regulated agreements and will then be subject to the authorisation of the Board of Directors.

7.3.1.1 AGREEMENTS AUTHORISED AND CONCLUDED DURING THE PAST FINANCIAL YEAR

No new agreement or commitment was authorised and concluded during the past financial year, pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

7.3.1.2 PREVIOUSLY APPROVED AGREEMENTS THAT REMAINED IN FORCE DURING THE PAST FINANCIAL YEAR

The General Meeting of June 17, 2021 already approved the following agreements and commitments, which remained in force during the past financial year.

Compensation of Ms Évelyne Chétrite, member of the Board of Directors

Ms Évelyne Chétrite's compensation in her capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Ms Chétrite's annual variable compensation is subject to attainment of the EBIT target for the Sandro brand (25%), of the Group's EBIT in the annual budget (50%) and CSR targets (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). To these performance conditions is added a condition of presence on December 31 of the year concerned.

Ms Évelyne Chétrite was paid total compensation of €313,391 during the financial year ended December 31, 2021 in respect of her function as Deputy General Manager of SMCP SA.

The said commitment will be submitted to the Shareholders' General Meeting which will be convened for June 9, 2022 for approval.

Compensation of Ms Judith Milgrom, member of the Board of Directors

Ms Judith Milgrom's compensation in her capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Ms Milgrom's annual variable compensation is subject to attainment of the EBIT target for the Maje brand (25%), of the Group's EBIT in the annual budget (50%) and CSR targets (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). To these conditions is added a condition of presence on December 31 of the year concerned.

Ms Judith Milgrom was paid total compensation of €307,505 during the financial year ended December 31, 2021 in respect of her function as Deputy General Manager of SMCP SA.

The said commitment will be submitted to the Shareholders' General Meeting which will be convened for June 9, 2022 for approval.

Compensation of Mr Daniel Lalonde, member of the Board of Directors until August 1, 2021

Mr Daniel Lalonde's compensation in his capacity as Chief Executive Officer of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €900,000 and a variable component of €900,000 if objectives are attained. Mr Lalonde's variable compensation is subject to a performance condition assessed at the level of the target Group EBIT provided in the budget (75%), and the achievement of CSR objectives (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). To these conditions is added a condition of presence on December 31 of the year concerned.

Mr Daniel Lalonde was paid total compensation of €1,423,248 during the financial year ended December 31, 2021 in respect of his function of Chief Executive Officer of SMCP SA.

The said commitment will be submitted to the Shareholders' General Meeting which will be convened for June 9, 2022 for approval.

Compensation of Mr Ilan Chétrite, member of the Board of Directors (non-voting director)

Mr Ilan Chétrite's compensation in his capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €650,000 and a variable component of €650,000 if objectives are attained. Mr Chétrite's annual variable compensation is subject to attainment of the EBIT target for the Sandro Men brand (25%), of the Group's EBIT in the annual budget (50%) and CSR targets (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). To these conditions is added a condition of presence on December 31 of the year concerned.

Mr Ilan Chétrite was paid total compensation of €1,021,491 during the financial year ended December 31, 2021 in respect of his function as Deputy General Manager of SMCP SA.

The said commitment will be submitted to the Shareholders' General Meeting which will be convened for June 9, 2022 for approval.

7.3.2 Statutory Auditors' special report on regulated agreements

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

To the SMCP S.A. General Meeting,

In our capacity as Statutory Auditors of your company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past financial year of agreements previously approved by the General Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements subject to approval by the General Meeting

Please note that we were not advised of any agreement authorised and entered into during the past financial year to be submitted to the General Meeting for approval as required by the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

Previously approved agreements that remained in force during the past financial year

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed that the performance of the following agreements, already approved by the General Meeting in prior years, continued in the financial year ended.

Compensation of Ms. Évelyne Chétrite, member of the Board of Directors

EVELYNE CHÉTRITE

Ms. Évelyne Chétrite's compensation in his capacity as Deputy General Manager of SMCP S.A. was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Ms. Chétrite's annual variable compensation is subject to attainment of the EBIT target for the Sandro brand (25%), of the Group's EBIT in the annual budget (50%) and CSR targets (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). A condition of presence at December 31 of the concerned year is added to these performance conditions.

Ms. Évelyne Chétrite was paid total compensation of €313,391 during the financial year ended December 31, 2021.

Compensation of Ms. Judith Milgrom, member of the Board of Directors

JUDITH MILGROM

Ms. Judith Milgrom's compensation in her capacity as Deputy General Manager of SMCP S.A. was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Ms. Milgrom's annual variable compensation is subject to attainment of the EBIT target for the Maje brand (25%), of the Group's EBIT in the annual budget (50%) and CSR targets (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). A condition of presence at December 31 of the concerned year is added to these performance conditions.

Ms. Judith Milgrom was paid total compensation of €307,505 during the financial year ended December 31, 2021.

Compensation of Mr Daniel Lalonde, member of the Board of Directors until August 1, 2021

DANIEL LALONDE

Mr. Daniel Lalonde's compensation in his capacity as Chief Executive Officer of SMCP S.A. was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €900,000 and a variable component of €900,000 if objectives are attained. Mr Lalonde's annual variable compensation is subject to a performance condition assessed at the level of the target Group EBIT provided for in the budget (75%), and the achievement of CSR objectives (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). A condition of presence at December 31 of the concerned year is added to these performance conditions.

Mr. Daniel Lalonde was paid total compensation of €1,423,248 during the financial year ended December 31, 2021.

Compensation of Ilan Chétrite, member of the Board of Directors

ILAN CHÉTRITE

Mr. Ilan Chétrite's compensation in his capacity as Deputy General Manager of SMCP S.A. was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €650,000 and a variable component of €650,000 if objectives are attained. Mr Chétrite's annual variable compensation is subject to the achievement of the EBIT of the Sandro Men brand (25%), the achievement of the Group's EBIT provided for in the budget (50%) and CSR targets (25%). In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus). A condition of presence at December 31 of the concerned year is added to these performance conditions.

Mr. Ilan Chétrite was paid total compensation of €1,021,491 during the financial year ended December 31, 2021.

Paris La Défense, April 19, 2022

The Statutory Auditors

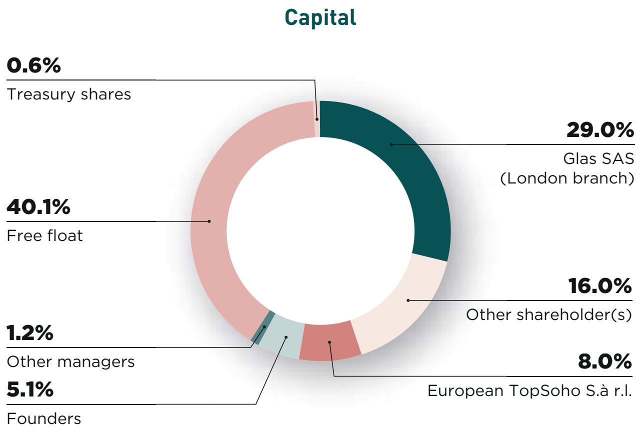
KPMG S.A.		Deloitte & Associés
Valéry FOUSSE	Alphonse DELAROQUE	Albert AIDAN
Partner	*Partner*	*Partner*

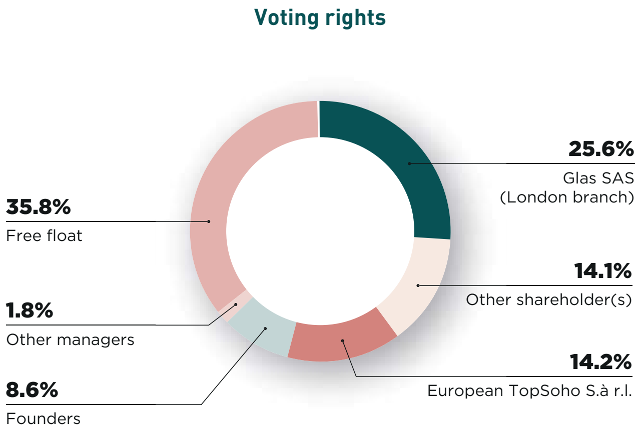
8

Share capital and shareholders

8.1 Shareholders

8.1.1 Breakdown of share capital and voting rights





SHAREHOLDING STRUCTURE

The following table shows the shareholding structure of the Company as of December 31, 2021:

Shareholders	Number of ordinary shares	Number of Class G preferred shares[6]	Total number of voting rights	% share capital	% of voting rights
Glas SAS (London branch)[1]	21,952,315	0	21,952,315	29.0%	25.6%
European TopSoho S.à r.l.[2]	6,075,848	0	12,151,696	8.0%	14.2%
Founders (Évelyne Chétrite and Sivan[3], Judith Milgrom and Judor [4], Ilan Chétrite)	3,357,058	477,315	7,337,080	5.1%	8.6%
Other managers	736,990	180,099	1,557,331	1.2%	1.8%
Other shareholder(s)[5]	12,106,939	0	12,106,939	16.0%	14.1%
Free float	30,081,961	242,077	30,667,434	40.1%	35.8%
Treasury shares	487,038	0	0	0.6%	0
TOTAL	**74,798,149**	**899,491**	**85,772,795**	**100%**	**100%**

(1) As Trustee in respect of the exchangeable bonds issued in 2018 by European TopSoho S.à r.l. (the "Bonds"), having taken possession of 21,952,315 SMCP shares pledged in respect of the Bonds following the default of European TopSoho S.à r.l.
(2) Entity 51.8% held indirectly by Shandong Ruyi Technology Group and 48.2% by Yinchuan WeiXin Industry Funds Ltd Partnership. Yinchuan WeiXin Industry Funds Ltd Partnership is indirectly and majority-owned by investment funds of the Popular Republic of China.
(3) Entity held by Ms Évelyne Chétrite.
(4) Entity held by Ms Judith Milgrom.
(5) To date, the Company has not been informed of the identity of the current holder(s) of the 12,106,939 shares transferred by European TopSoho S.à r.l., no declaration of threshold crossing (statutory or legal), have been made to the Company or the AMF and these shares are in bearer form. Glas SAS (London branch) nevertheless indicated in a communication dated December 8, 2021 that it had obtained a freezing order against European TopSoho S.à r.l. and Dynamic Treasure Group Ltd, the initial transferee, prohibiting any new transfer of these shares.
(6) The terms and conditions of the G preferred shares are detailed in Section 8.1.5 of this universal registration document.

Glas SAS (London branch)

The composition of the Company's shareholding structure underwent significant changes at the end of the 2021 financial year, marked notably by the temporary takeover by Glas SAS (London branch) ("GLAS"), in its capacity as Trustee of the €250 million bonds exchangeable into shares issued in 2018 by European TopSoho S.à r.l. ("ETS"), a subsidiary of Shandong Ruyi, corresponding to part of the SMCP shares pledged in respect of these bonds (21,952,315 SMCP shares representing 37% of the share capital), following the default by ETS in respect of these bonds. As at the date of this universal registration document, GLAS thus holds 29% of the Company's share capital (*i.e.* 25.6% of the voting rights). In its threshold crossing declarations dated October 29, 2021 and November 10, 2021, GLAS indicated that it had appointed a receiver (a professional representative under English law) responsible for selling all the pledged shares to a third party, ideally by block and with the non-pledged shares, in which case said third party would be required to file a draft mandatory public offer for all of the Company's shares. GLAS also indicated in the aforementioned threshold crossing declaration of October 29, 2021 that as long as an agreement has not been reached with a buyer, ETS remains entitled to repay the sums due in respect of the exchangeable bonds, which would entail an interruption in the process of enforcement of the collateral and therefore recovery by ETS of the underlying shares of the Company. If the process of enforcement of the collateral is interrupted as mentioned above, the composition of the shareholding structure could change significantly.

European TopSoho S.à r.l./Shandong Ruyi

Founded in 1972, Shandong Ruyi is one of the leading textile manufacturers in China. It holds the majority of the share capital of European TopSoho S.à r.l. ("ETS").

Until October 29, 2021, the Shandong Ruyi group held, through its subsidy ETS, 40,135,102 SMCP shares. Following the default of ETS for the exchangeable bonds issued in 2018, 21,952,315 SMCP shares, corresponding to part of the SMCP shares pledged in respect of these bonds (it being specified that all pledged shares represent 37% of the capital), was temporarily taken over by GLAS, acting as Trustee for these bonds. Out of the 18,182,787 SMCP shares it still held, ETS sold 12,106,939 shares to Dynamic Treasure Group Ltd, presented by ETS as the initial transferee. As of the date of this universal registration document, the Company has not been informed of the identity of the current holder(s) of these 12,106,939 shares, as no declaration of threshold crossing (statutory or legal) has been made to the Company or the AMF and these shares are in bearer form. GLAS nevertheless indicated in a communication dated December 8, 2021 that it had obtained a freezing order against ETS. and Dynamic Treasure Group Ltd, the initial transferee, prohibiting any new transfer of these shares. As of the date of this universal registration document, the final transferee of these 12,106,939 shares held 16% of the share capital (*i.e.* 14.1% of the voting rights) of the Company. ETS holds 6,075,848 SMCP shares, which corresponds to 8% of the share capital (*i.e.* 14.2% of the voting rights) of the Company.

Shareholding of the founding family

As at December 31, 2021, Ms Évelyne Chétrite, founder of Sandro, and Ms Judith Milgrom, founder of Maje, each hold, in their own right and respectively through the companies Sivan and Judor, 2.3% and 2.1% of the capital and 3.9% and 3.6% of the voting rights of the Company.

Mr Ilan Chétrite, founder of Sandro Men is a shareholder of the Company. As at December 31, 2021, he held 0.7% of the share capital and 1.1% of the voting rights of the Company.

Shareholding managers

Certain managers, current executives and key employees, *i.e.* 109 people to date, have become shareholders of the Company in the context of the acquisition of the Group by Shandong Ruyi and/or through the allocation of free shares. As at December 31, 2021, together they hold 1.2% of the share capital and 1.8% of the voting rights of the Company.

STATEMENT ON THE CONTROL OF THE COMPANY

After the temporary possession of 21,952,315 SMCP shares at the end of 2021, by Glas SAS (London Branch), as Trustee of €250 million in exchangeable bonds issued in 2018 by European TopSoho S.à r.l., a subsidiary of the Shandong Ruyi group, corresponding to a portion of the SMCP shares pledged in respect of these bonds, following a default by European TopSoho S.à r.l. in respect of these bonds, SMCP no longer has a controlling shareholder.

8.1.2 Threshold crossing

For as long as the Company's shares are admitted to trading on a regulated market, besides the declarations on crossing of thresholds expressly provided for by the laws and regulations in force, any natural or legal persons finding themselves, directly or indirectly, alone or jointly, in possession of a portion of the capital or voting rights (calculated in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the general regulations of the French Financial Markets Authority), equal to or greater than 1% of the capital or voting rights, or any multiple thereof, including beyond the thresholds set by the legal and regulatory framework, must inform the Company of the total number (i) of shares and voting rights they own, directly or indirectly, alone or jointly; (ii) of the securities granting future access to the Company capital that they own, directly or indirectly, alone or jointly, and the voting rights potentially attached thereto; and (iii) of the shares already issued which those persons may acquire under an agreement or a financial instrument mentioned in Article L. 211-1 of the French Monetary and Financial Code. Such notification must be given, by registered letter with acknowledgment of receipt, within a period of four business days as from the crossing of the threshold concerned.

The obligation to inform the Company also applies, within the same periods and under the same conditions, when the shareholder's interest in the capital, or voting rights, falls below one of the aforesaid thresholds.

In the event of failure to comply with the obligation to make the aforementioned declaration of crossing of thresholds and at the request, recorded in the minutes of the General Meeting, of one or more shareholders representing at least 5% of the Company's capital or voting rights, those shares exceeding the portion that should have been declared will be deprived of voting rights up until the expiry of a period of two years following the date of that the situation with regard to notification was rectified.

The Company reserves the right to inform the public and the shareholders either of the information notified to it or of failure to meet the aforesaid obligation by the person concerned.

On January 6, 2021, SMCP indicated that it had taken note of the declaration of crossing of the threshold published with the French Financial Markets Authority by Glas SAS (London branch)("GLAS"), in its capacity as Trustee for the bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l. ("ETS"), main shareholder of SMCP (the "Bonds"). In the context of this declaration, GLAS indicated that there had been a notification of default on this bond, and therefore that it was now entitled to instruct 34,792,512 corresponding voting rights of the Company corresponding to 29% of the voting rights of the Company attached to the shares underlying these Bonds (it being specified that the total number of SMCP shares underlying these Bonds represents 37% of the share capital of the Company and that the ownership of these shares was not transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. ETS published a press release on January 18, 2021 indicating that it disputed the reality of the alleged default, as agreements had been reached by the guarantor concerning the receivables at stake before the latter was notified, and that it had written to GLAS to inform them.

On March 8, 2021, the Company also took note of the press release of ETS indicating that an agreement in principle had been reached between it and a group of Bondholders representing more than 75% of the exchangeable Bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction would nevertheless be subject to the conclusion of a final documentation and the agreement of the bondholders by means of a consent process. ETS subsequently indicated in a press release dated June 17, 2021 that a transaction, the terms of which differed in certain respects from that envisaged on March 8, 2021, had taken place with the aforementioned group of Bondholders, under the terms of which, in particular, the latter waive any claim of default and the validity of the appointment of GLAS as Trustee is recognised by ETS.

On October 6, 2021, SMCP announced that it had been informed that GLAS, in its capacity as Trustee for the Bonds, has notified ETS of the occurrence of an event of default in respect of the €250 million bond exchangeable into SMCP shares, due to the absence of repayment of this loan at its maturity on September 21, 2021 and the expiry of the grace period that ran until September 30, 2021 (included) to remedy this default. To the best of SMCP's knowledge, the total number of SMCP shares underlying these Bonds and pledged represented 37% of the capital and this pledge could be made from October 19, 2021.

In addition, SMCP has indicated that it has taken note of the threshold crossing declaration published with the AMF by GLAS, in its capacity as Trustee in respect of the Bonds. As part of this declaration, GLAS indicated, following the aforementioned notification of default, that it was now entitled to instruct 34,938,220 voting rights of the Company corresponding to 29% of the voting rights of the Company attached to a portion of the pledged shares (it being specified that the ownership of these shares had not been transferred to GLAS). GLAS also indicated that it intended to pledge the SMCP shares from October 19, 2021, which would result in (i) the Trustee temporarily taking possession of the pledged shares up to 29% of the share capital. and (ii) the appointment of a *receiver* (professional representative under English law) responsible for selling the pledged shares to a third party. GLAS indicated that in the event of the pledge, it planned to request the appointment of three directors to the Board of Directors of SMCP. SMCP specified that ETS had initiated an action against GLAS, in its capacity as Trustee in respect of the Bonds, and indicated that it was examining its options in the context of this situation.

On October 29, 2021, SMCP announced that it had taken note of the threshold crossing declaration published with the AMF by GLAS, in its capacity as Trustee in respect of the Bonds. In the context of this declaration, GLAS indicated, following the occurrence of a default in respect of these Bonds due to the absence of repayment of this loan at its maturity on September 21, 2021, that it had taken possession of a portion of the underlying SMCP shares representing 29% of the share capital and 22.3% of the voting rights of SMCP. GLAS also indicated that, as a result of the enforcement of this pledge, a receiver (a professional representative under English law) had been appointed, responsible for selling all the pledged shares to a third party.

On January 7, 2022, the Company took note of the declaration of threshold crossing published by ETS with the AMF, declaring, as an adjustment, that on October 27, 2021, it had fallen below the thresholds of 2/3 of voting rights and 50% of the Company's share capital and, as of that date, held 28,028,163 SMCP shares representing 56,056,326 voting rights, *i.e.* 37.03% of the Company's share capital and 51.79% of the voting rights. ETS specified in this declaration that the threshold crossing was the result of an off-market sale of 12,106,939 SMCP shares to Dynamic Treasure Group Limited (BVI) in execution of a commitment made by ETS. In the same declaration, ETS also declared that it had fallen below the thresholds of 50% of the voting rights, 1/3, 30%, 25%, 20%, 15% of the share capital and voting rights, and 10% of the Company's share capital on October 28, 2021 and, at that date, held 6,075,848 SMCP shares representing 12,151,696 voting rights, *i.e.* 8.03% of the Company's share capital and 14.08% of the voting rights. ETS specified in this declaration that this threshold crossing results from the appropriation of 21,952,315 SMCP shares by GLAS on October 28, 2021, in its capacity as Trustee under the terms of the Bonds. The declarant has also specified that it intends to challenge the appointment of GLAS as Trustee before the English courts and that in the event that this challenge is successful, all the measures taken by GLAS as Trustee, in including the appropriation of the 21,952,315 SMCP shares it held, could be cancelled.

As of the date of this universal registration document, the Company had not been notified of any threshold crossing as stipulated by the legal provisions since the end of the 2021 financial year.

8.1.3 Changes in the distribution of share capital and voting rights over the last three financial years

Change in the distribution of the Company's share capital over the last three financial years:

	2019			2020			2021		
Shareholders	**Number of ordinary shares**	**Number of Class G preferred shares[6]**	**Total number of shares**	**Number of ordinary shares**	**Number of Class G preferred shares[6]**	**Total number of shares**	**Number of ordinary shares**	**Number of Class G preferred shares[6]**	**Total number of shares**
Glas SAS (London branch) [1]	0	0	0	0	0	0	21,952,315	0	21,952,315
European TopSoho S.à r.l.[2]	40,135,102	0	40,135,102	40,135,102	0	40,135,102	6,075,848	0	6,075,848
Founders (Évelyne Chétrite and Sivan[3], Judith Milgrom and Judor[4], Ilan Chétrite)	3,025,392	477,315	3,502,707	3,175,239	477,315	3,652,554	3,357,058	477,315	3,834,373
Other managers	800,503	564,861	1,365,364	877,441	438,156	1,315,597	736,990	180,099	917,089
Other shareholder(s)[5]	0	0	0	0	0	0	12,106,939	0	12,106,939
Free float	29,095,306	155,063	29,250,369	29,770,987	137,059	29,908,046	30,081,961	242,077	30,324,038
Treasury shares	493,765	0	493,765	158,991	0	158,991	487,038	0	487,038
TOTAL	**73,550,068**	**1,197,239**	**74,747,307**	**74,117,760**	**1,052,530**	**75,170,290**	**74,798,149**	**899,491**	**75,697,640**

(1) As Trustee in respect of the exchangeable bonds issued in 2018 by European TopSoho S.à r.l. (the "Bonds"), having taken possession of 21,952,315 SMCP shares pledged in respect of the Bonds following the default of European TopSoho S.à r.l.
(2) Entity 51.8% held indirectly by Shandong Ruyi Technology Group and 48.2% by Yinchuan WeiXin Industry Funds Ltd Partnership. Yinchuan WeiXin Industry Funds Ltd Partnership is indirectly and majority-owned by investment funds of the Popular Republic of China.
(3) Entity held by Ms Évelyne Chétrite.
(4) Entity held by Ms Judith Milgrom.
(5) To date, the Company has not been informed of the identity of the current holder(s) of these 12,106,939 shares transferred by European TopSoho S.à r.l., as no declaration of threshold crossing (statutory or legal) has been made to the Company or the AMF and these shares are in bearer form. Glas SAS (London branch) nevertheless indicated in a communication dated December 8, 2021 that it had obtained a freezing order against European TopSoho S.à r.l. and Dynamic Treasure Group Ltd, initial transferee, prohibiting any new transfer of these shares.
(6) The terms and conditions of the G preferred shares are detailed in Section 8.1.5 of the universal registration document.

Change in distribution of the Company's capital over the last three financial years:

	2019		2020		2021	
Shareholders	Total number of voting rights	% of voting rights	Total number of voting rights	% of voting rights	Total number of voting rights	% of voting rights
Glas SAS (London branch)[1]	0	0%	0	0%	21,952,315	25.6%
European TopSoho S.à r.l.[2]	80,270,204	67.38%	80,270,204	67.06%	12,151,696	14.2%
Founders (Évelyne Chétrite and Sivan[3], Judith Milgrom and Judor[4], Ilan Chétrite)	7,005,414	5.88%	7,155,261	5.98%	7,337,080	8.6%
Other managers	2,455,202	2.06%	2,230,093	1.86%	1,557,331	1.8%
Other shareholder(s)[5]	0	0%	0	0%	12,106,939	14.1%
Free float	29,393,842	24.67%	30,045,105	25.10%	30,667,434	35.8%
TOTAL	**119,124,662**	**100%**	**119,700,663**	**100%**	**85,772,795**	**100%**

(1) As Trustee in respect of the exchangeable bonds issued in 2018 by European TopSoho S.à r.l. (the "Bonds"), having taken possession of 21,952,315 SMCP shares pledged in respect of the Bonds following the default of European TopSoho S.à r.l.
(2) Entity 51.8% held indirectly by Shandong Ruyi Technology Group and 48.2% by Yinchuan WeiXin Industry Funds Ltd Partnership. Yinchuan WeiXin Industry Funds Ltd Partnership is indirectly and majority-owned by investment funds of the Popular Republic of China.
(3) Entity held by Ms Évelyne Chétrite.
(4) Entity held by Ms Judith Milgrom.
(5) To date, the Company has not been informed of the identity of the current holder(s) of these 12,106,939 shares transferred by European TopSoho S.à r.l., as no declaration of threshold crossing (statutory or legal) has been made to the Company or the AMF and these shares are in bearer form. Glas nevertheless indicated in a communication dated December 8, 2021 that it had obtained a freezing order against European TopSoho S.à r.l. and Dynamic Treasure Group Ltd, the initial transferee, prohibiting any new transfer of these shares.

8.1.4 Profit-sharing agreements and incentive schemes

PROFIT-SHARING AGREEMENTS

In France, the employees of certain Group companies (Sandro Andy SAS, Maje SAS, Claudie Pierlot SAS and SMCP Logistique SAS) are entitled to profit sharing under a collective agreement concluded on September 1, 2012. Under this agreement, the special reserve for profit sharing is indexed to the earnings of the companies included in the scope of the agreement in the form of deferred financial profit-sharing entitlements calculated on the basis of the relevant companies' net profit. To be entitled to distribution of the special reserve, employees must be able to demonstrate at least three months' service in one or more companies that are signatories to the agreement. The special profit-sharing reserve is calculated pursuant to applicable legal provisions (Article L. 3324-1 of the Labour Code) and the amounts are distributed in proportion to the gross salary received in the reference year.

For 2020, this amount was zero.

In 2021, the amount was approximately 0.37 months of gross salary (before CSG/CRDS) for an employee present all year round.

At Fursac, employees benefit from profit sharing under a collective agreement signed in 2002. The special profit-sharing reserve is calculated pursuant to applicable legal provisions (Article L. 3324-1 of the Labour Code) and the amounts are distributed in proportion to the gross salary received in the reference year. For 2020 and 2021, the amount of the special profit-sharing reserve is nil.

INCENTIVE SCHEMES

None.

COMPANY SAVINGS SCHEMES AND SIMILAR PLANS

The Group has a Company savings scheme with five funds of different types offering varying degrees of risk and performance outlook (monetary, bonds, shares etc.). Fursac has a Company savings scheme which can receive payments of the amounts received under the profit-sharing plan.

8.1.5 Employee shareholding

Certain executives and employees of the Group are shareholders of the Company (see Section 8.1.1 of this universal registration document).

CLASS G PREFERRED SHARES

Between 2016 and 2017, as part of the acquisition of the Group by Shandong Ruyi, the Group granted, on an exceptional basis, 14,224,075 class G preferred shares ("G PS") to certain Group executives (including Daniel Lalonde, Ilan Chétrite, Évelyne Chétrite and Judith Milgrom). In June 2018, a reverse split of the G PS was completed, under which 11 old G PS, each with a par value of €0.10, was exchanged for one new G PS, with a par value of €1.10. At the end of this reverse split, the total number of G PS was 1,293,098 with a par value of €1.10. These G PS were convertible into 5,072,914 ordinary shares on January 1 of each year from January 1, 2019. On January 1, 2019, 95,859 G PS were converted into ordinary shares by 17 managers of the Company, and 376,053 newly created ordinary shares were issued. At the beginning of January 2020, 144,709 G PS were converted into ordinary shares by 26 managers of the Company, and 567,692 newly created ordinary shares were issued. On January 1, 2021, 153,039 G PS were converted into ordinary shares by nine managers of the Company and 600,379 newly created ordinary shares were issued. On January 1, 2022, 187,912 G PS were converted into ordinary shares by eight managers of the Company and 737,189 newly created ordinary shares were issued. As of the date of this universal registration document, 711,579 G PS remain convertible between January 1, 2023 and January 1, 2025, for a total of 2,791,601 ordinary shares. All class G preferred shares that have not been converted will be automatically converted on January 1, 2025.

The class G preferred shares are in mandatory registered form. As for ordinary shares, the voting rights attached to the G PS are proportional to the percentage of capital that they represent and each G PS gives the right to at least one vote. A double voting right is introduced for G PS that have been held continuously by the same holder for a minimum period of at least two years. Holders of G PS do not benefit from any financial rights until they have been converted into ordinary shares. The new ordinary shares issued on conversion of the class G preferred shares will carry the same rights as existing ordinary shares of the same category after the payment, where applicable, of a dividend in respect of the previous financial year.

FREE SHARES

The Board of Directors meeting of November 23, 2017, on the basis of the authorisation granted by the General Meeting held on October 5, 2017 (Plan no. 2), set up:

- a free share plan reserved for certain salaried employees of the Company and its subsidiaries (the "First November 2017 Plan"). Within this framework, the Company decided on the bonus award of 3,992 shares to certain employees of the Group. The vesting date for these shares is November 23, 2018; and
- a free performance share plan for corporate officers and members of the salaried employees of the Company and its subsidiaries (the "Second November 2017 Plan"). Within this framework, the Company decided on the bonus award of 2,038,324 free performance shares to certain executive corporate officers and employees of the Group. The vesting date for the last third of these free performance shares is November 23, 2021.

Meeting on April 25, 2018, the Board of Directors, on the basis of the authority granted by the General Meeting of October 5, 2017 (Plan no. 2), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "April 2018 Plan"). Within this framework, the Company decided on the award of 25,709 free performance shares to certain employees of the Group. The vesting date for the last third of these free performance shares is March 31, 2022.

Meeting on August 30 and 31, 2018, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "August 2018 Plan"). Within this framework, the Company decided on the award of 98,171 free performance shares to certain employees of the Group. The vesting date for the last half of these free performance shares is November 23, 2021.

Meeting on November 20, 2018, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "November 2018 Plan"). Within this framework, the Company decided on the award of 57,694 free performance shares to certain employees of the Group. The vesting date for the last half of these free performance shares is November 23, 2021.

Meeting on March 20, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "March 2019 Plan"). Within this framework, the Company decided on the award of 132,000 free performance shares to certain employees of the Group. The vesting date for these free performance shares was April 17, 2021.

Meeting on April 17, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "April 2019 Plan"). Within this framework, the Company decided on the award of 30,000 free performance shares to certain employees of the Group. The vesting date for these free performance shares was April 17, 2021.

Meeting on November 21, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 7, 2019 (Plan no. 4), established a free share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "December 2019 Plan"). Within this framework, the Company decided on the bonus award of 4,064 shares to certain employees of the Group. The vesting date for these free shares was December 31, 2020.

Meeting on December 5, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 7, 2019 (Plan no. 4), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "January 2020 Plan"). Within this framework, the Company decided on the award of 870,460 free performance shares to certain employees of the Group. The vesting date for the last half of these free performance shares is March 31, 2023.

Meeting on March 24, 2020, the Board of Directors, on the basis of the authority granted by the General Meeting of June 7, 2019 (Plan no. 4), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "July 2020 Plan"). Within this framework, the Company decided on the award of 34,256 free performance shares to certain employees of the Group. The vesting date for the last half of these free performance shares is September 30, 2023.

The Board of Directors meeting of December 17, 2020, on the basis of the authorisation granted by the General Meeting held on June 4, 2020 (Plan no. 5), set up:

- a free share plan reserved for certain salaried employees of the Company and its subsidiaries (the "December 2020 Plan"). Within this framework, the Company decided on the bonus award of 8,632 shares to certain employees of the Group. The vesting date for these free shares is December 31, 2021; and
- a free performance share plan for corporate officers and salaried employees of the Company and its subsidiaries (the "January 2021 Plan"). Within this framework, the Company decided on the award of 1,437,694 free performance shares to certain executive corporate officers and employees of the Group. The vesting date for the last half of these free performance shares is March 31, 2024.

Meeting on April 28, 2021, the Board of Directors, on the basis of the authority granted by the General Meeting of June 4, 2020 (Plan no. 5), established a free performance share plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "April 2021 Plan"). Within this framework, the Company decided on the award of 61,289 free performance shares to certain employees of the Group. The vesting date for the last half of these free performance shares is September 30, 2024.

The Board of Directors meeting of December 14, 2021, on the basis of the authorisation granted by the General Meeting held on June 17, 2021, set up:

- a free share plan reserved for certain salaried employees of the Company and its subsidiaries (the "December 2021 Plan"). Within this framework, the Company decided on the bonus award of 5,110 shares to certain employees of the Group. The vesting date for these free shares is December 31, 2022; and
- a free performance share plan for corporate officers and employees of the Company and its subsidiaries (Plan no. 6 - the "First Plan of January 2022"). Within this framework, the Company decided on the award of 663,900 free performance shares to certain executive corporate officers and employees of the Group. The vesting date for the last half of these free performance shares is March 31, 2025.
- a free performance share plan for certain executive corporate officers (Plan no. 7 - the "Second Plan of January 2022"). In this context, the Company decided on the award of 323,700 free performance shares to certain executive corporate officers. The vesting date for the last half of these free performance shares is March 31, 2025.

8.1.6 Equity interest and stock options held by members of the Board of Directors and Executive Management

INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Ms Isabelle Guichot, director and Chief Executive Officer of the Company since August 2, 2021, is a shareholder of the Company. Mr Daniel Lalonde, director and Chief Executive Officer of the Company until August 1, 2021, was a shareholder of the Company.

Ms Évelyne Chétrite, Director and Deputy General Manager of the Company, and Ms Judith Milgrom, Director and Deputy General Manager of the Company, are direct shareholders of the Company and indirect shareholders of the Company through the intermediary of Sivan and Judor. Mr Ilan Chétrite, non-voting Board member and Deputy General Manager of the Company, is a direct shareholder of the Company.

None of the members of the General Management sold Company shares during the 2021 financial year.

The number of Company shares held by directors (other than directors representing employees) is detailed below:

Director	Number of Company shares held
Christophe Cuvillier	3,000
Isabelle Guichot	72,802
Évelyne Chétrite/Sivan	1,860,552
Judith Milgrom/Judor	1,725,506
Ilan Chétrite	592,641
Orla Noonan	2,200
Dajun Yang	100
Christophe Chenu	1,000
Natalia Nicolaidis	0
Xavier Véret	100

Mr Yafu Qiu, who was director and Chairman of the Board of Directors of the Company until January 14, 2022, Ms Chenran Qiu, Ms Weiying Sun, Ms Xiao Su, and Mr Kelvin Ho, who were directors of the Company until January 14, 2022, are members of the management team of the Shandong Ruyi Group, the majority shareholder of European TopSoho S.à r.l. (see Section 8.1.1 of this universal registration document).

OPTIONS FOR SUBSCRIPTION OR PURCHASE OF SHARES AND FREE AWARD OF SHARES

Between 2016 and 2017, the Group awarded 14,224,075 category G preference shares to certain senior executives of the Group (including Messrs Daniel Lalonde and Ilan Chétrite and Mses Évelyne Chétrite and Judith Milgrom). On November 23, 2017, the Group allocated 2,038,324 free performance shares to certain corporate officers of the Group (including Messrs Daniel Lalonde and Ilan Chétrite and Mses Évelyne Chétrite and Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

In June 2018, a reverse split of the G PS was completed, under which 11 old G PS, each with a nominal value of €0.10, was exchanged for one new G PS, with a nominal value of €1.10. At the end of this reverse split, the total number of G PS was 1,293,098 with a nominal value of €1.10.

As of January 1, 2019, 95,859 class G preferred shares had been converted into ordinary shares by 17 managers of the Company. Consequently, 376,053 new ordinary shares were issued and the Company's articles of association were modified accordingly.

On March 20, 2019, the Group awarded 132,000 free performance shares to certain corporate officers of the Group (including Messrs Daniel Lalonde and Ilan Chétrite) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

On December 5, 2019, the Group awarded 870,460 free performance shares to certain executive officers of the Group (including Mr Daniel Lalonde, Mr Ilan Chétrite, Ms Évelyne Chétrite and Ms Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

As of January 1, 2020, 143,809 G PS had been converted into ordinary shares by 25 managers of the Company. Consequently, 564,162 new ordinary shares were issued and the Company's articles of association were modified accordingly. On January 2, 2020, it was noted that the conversion of 900 class G preferred shares into 3,530 ordinary shares by one Company manager had been omitted by mistake during the conversion on January 1. Consequently, the Group proceeded to the issue of these additional 3,530 newly-created ordinary shares and the Company's articles of association were amended accordingly.

On December 17, 2020, the Group allocated 1,437,694 free performance shares to certain executive officers of the Group (including Mr Daniel Lalonde, Mr Ilan Chétrite, Ms Évelyne Chétrite and Ms Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

As of January 1, 2021, 153,039 class G preferred shares had been converted into ordinary shares by 9 managers of the Company. Consequently, 600,379 new ordinary shares were issued and the Company's articles of association were modified accordingly.

On December 14, 2021, the Group awarded 987,600 bonus performance shares to certain executive officers of the Group (including Mr Ilan Chétrite, Ms Isabelle Guichot, Ms Évelyne Chétrite and Ms Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

As of January 1, 2022, 187,912 class G preferred share had been converted into ordinary shares by 8 Company managers. Consequently, 737,189 new ordinary shares were issued and the Company's articles of association were modified accordingly.

8.2 Dividends

No dividend was distributed by the Company during the financial year ended December 31, 2021.

The Company does not intend to pay dividends in 2022. The Group's available cash will be allocated primarily to the financing of its operating activities and the repayment of financial debt.

8.3 General Meeting and voting rights

Procedures for shareholders to attend General Meetings

NOTICE TO ATTEND AND PARTICIPATE IN GENERAL MEETINGS

Shareholders' decisions are taken at General Meetings. The ordinary General Meeting is the meeting called to take all decisions that do not amend the articles of association. It takes place at least once a year, within six months of the end of each financial year, to rule on the financial statements for that year and on the consolidated financial statements.

The Extraordinary General Meeting alone is authorised to amend all the provisions of the articles of association.

General Meetings are convened by the Board of Directors under the conditions and within the periods stipulated by law. The General Meetings are held at the registered office or at any other place indicated in the notice of meeting.

Any shareholder may participate in meetings, either personally or through a representative, under the conditions laid down by the regulations in force, subject to providing proof of their identity and ownership of their securities in the form of accounting registration of their securities under the conditions provided for by the laws and regulations in force. Any shareholder may vote remotely or confer power of attorney in accordance with the regulations in force.

Meetings are chaired by the Chairman of the Board of Directors or, in their absence or otherwise failing this, by the member of the Board delegated director for such purpose by the Board of Directors. Failing that, the meeting elects its Chairman itself.

The duties of tellers are performed by the two members of the meeting, present and accepting such duties, holding the highest number of votes, either themselves or as representatives.

The officers appoint the secretary, who need not be a shareholder.

EXERCISE OF VOTING RIGHTS, DOUBLE VOTING RIGHTS, LIMITATIONS TO VOTING RIGHTS

Each ordinary share grants the right to a share in the Company's profits and assets, in proportion to the amount of capital it represents. Each ordinary share also grants the right to vote and be represented at General Meetings, under the statutory conditions and the conditions of the articles of association.

A voting right is awarded to every share in the Company.

A double voting right is introduced for fully paid-up ordinary shares that have been held continuously as registered shares by the same holder for a minimum period of at least two (2) years.

In accordance with Article L. 225-123, Section 2 of the French Commercial Code, in the event of an increase in capital through the incorporation of reserves, profits or issue premiums, the double voting right is granted to the new ordinary shares awarded free of charge to a shareholder as from the issue thereof, on the basis of the former ordinary shares for which they are already entitled to this right.

This double voting right may be exercised at any meeting.

The double voting right ceases automatically when the ordinary share is converted to a bearer share or ownership is transferred.

As for ordinary shares, the voting rights attached to the G PS are proportional to the percentage of capital that they represent and each G PS gives the right to at least one vote. A double voting right is introduced for G PS that have been held continuously by the same holder for a minimum period of at least two years. The category G preferred shares are in mandatory registered form.

8.4 Elements likely to have an impact in the event of a public offering

The elements that could have an impact in the event of a public offering are described below.

8.4.1 Structure of the Company's capital

See Sections 8.1.1, 8.1.2 & 8.1.3.

8.4.2 Restrictions defined by the articles of association on the exercise of voting rights and stock transfers, or clauses of agreements of which the Company has been informed pursuant to Article L. 233-11 of the French Commercial Code

The restrictions defined by the articles of association on the exercise of voting rights and stock transfers, or the clauses of agreements of which the Company has been informed pursuant to Article L. 233-11 of the French Commercial Code, as well as the rules governing the nomination and replacement of members of the Board of Directors, and the agreements among shareholders of the Company known by the Company which may result in restrictions on stock transfers and the exercise of voting rights are described in Sections 7.1.2.2, 7.1.3 and 8.4.5 in the universal registration document. The powers of the Board of Directors, particularly the issuance and purchase of shares, and the agreements signed by the Company that have been amended or end if control of the Company changes, are described in Sections 8.4.6 and 8.4.7 respectively of the universal registration document.

8.4.3 Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code

Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are described in the investors table above (see Section 8.1.1 of the universal registration document).

8.4.4 List of persons holding any security with special control rights and a description of those rights or control mechanisms stipulated in a potential employee shareholding system, when the control rights are not exercised by employees

There are no persons holding any security that carries special control rights or control mechanisms stipulated in a potential employee shareholding system, when the control rights are not exercised by employees.

8.4.5 Shareholders agreements of which the Company is aware and which could result in restrictions on the transfer of shares and the exercise of voting rights

At the Company's initial public offering, Ms Évelyne Chétrite, Ms Judith Milgrom, Mr Ilan Chétrite, Sivan S.à r.l. (company held by Ms Évelyne Chétrite) and Judor S.à r.l. (company held by Ms Judith Milgrom), and European TopSoho S.à r.l., established the principal terms of a shareholders' agreement which was entered into for a period expiring on June 30, 2020. No new shareholders' agreement was signed.

8.4.6 Powers of the Board of Directors for capital increase and share buyback

Information relating to the powers of the Board of Directors to increase the share capital is detailed in the Company's Articles of Association and in Section 8.6.1 of this universal registration document, which describes the financial delegations for capital increases in force and those whose adoption will be proposed to the Shareholders' General Meeting of the Company which will be convened for June 9, 2022. It is specified that the Board of Directors may not use these delegations, without the prior authorisation of the Shareholders' General Meeting, as from the filing by a third party of a public offer for the Company's shares and until the end of the offer period.

SHARE BUYBACK PROGRAMME

The Shareholders' General Meeting of June 17, 2021 authorised the Board of Directors, for a period of 18 months from the date of the meeting, with the option of sub-delegation in accordance with laws and regulations and pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase on one or more occasions at the times it shall establish, a number of shares of the Company that may not exceed 10% of the total number of shares composing the share capital, at any time, or 5% of the total number of shares composing the share capital for shares acquired by the Company in order to retain them and subsequently remit such shares as payment or exchange within a merger, demerger or spin-off transaction; it is specified that the number of shares held by the Company may not under any circumstances result in the Company holding at any time more than 10% of the shares composing its share capital.

The shares may be acquired, by resolution of the Board of Directors, in order to:

- ensure liquidity and stimulate the Company securities market through an investment service provider acting independently under a liquidity agreement in accordance with the Code of Ethics recognised by the AMF;
- award shares to members of the Company's personnel, particularly in respect of (i) Company profit-sharing; (ii) any Company share purchase option plan, under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code; or (iii) any savings plan pursuant to Articles L. 3331-1 *et seq.* of the French Labour Code or any free award of shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hand over the Company shares at the time of exercise of the rights attached to securities granting the right, by repayment, conversion, exchange, presentation of a note or in any other way, to the award of shares of the Company under the regulations in force, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hold the Company shares and remit them at a later date for payment or exchange in connections any external growth transactions;
- cancel the shares of the Company in connection with a reduction in share capital;
- implement any market practice that may be accepted by the AMF and, more generally, perform any transactions complying with the regulations in force.

The maximum unit purchase price, excluding fees, may not be greater than €44.

In the event of transactions in the Company's capital, particularly a change in the nominal value of the share, an increase in capital through the incorporation of reserves followed by the creation and the free award of shares, or the division or grouping of securities, the Board of Directors may adjust the aforementioned maximum purchase price, however, in order to account for the effect of these transactions on the Company's share value.

These shares may be acquired, disposed of or transferred and paid for by any means authorised by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internaliser or over the counter, particularly through the acquisition or transfer of blocks of shares, the use of options or other derivative financial instruments, or notes or, more generally, to securities granting the right to shares of the Company, at times determined by the Board of Directors, excluding public offer periods involving the Company's securities.

The Board of Directors will have all powers, with the option of sub-delegation under the statutory and regulatory conditions, to effect the permitted reallocations of shares bought back with a view to one of the objectives of the programme or to one or more of its other objectives, or to transfer them, on or off the market, in adherence to the relevant statutory and regulatory provisions.

The Board of Directors will inform the General Meeting of the transactions performed, under the statutory conditions.

The Board of Directors may not, without the prior authorisation of the General Meeting, make use of this authorisation as from the filing by a third party of a public offer proposal for the Company's shares, until the end of the offer period.

At its meeting on December 17, 2020, the Board of Directors approved the implementation of a 415,000 share buyback programme to be completed before April 2, 2021. The programme was approved on February 2, 2021. Under this programme, as of April 2, 2021, SMCP SA had repurchased 415,000 shares.

At its meeting on September 2, 2021, the Board of Directors approved the implementation of a 670,000 share buyback programme. The programme was implemented on two occasions. In this respect, on November 5, 2021, SMCP launched a share buyback programme covering 335,000 shares (purchased over a period until November 23, 2021) and on January 20, 2022, another programme also for 335,000 shares (purchased over a period until February 2, 2022). Under this programme, as of April 15, 2022, SMCP SA had repurchased 670,000 shares.

LIQUIDITY AGREEMENT

A liquidity agreement was signed with Exane BNP Paribas to stimulate the shares of the Company. The contract came into effect on November 28, 2017 and expired on December 31, 2021, and may be renewed tacitly for one-year periods.

As of December 31, 2021, pursuant to its liquidity agreement, the Company held 123,700 treasury shares in addition to €514,941 in cash.

8.4.7 Agreements signed by the Company that have been amended or end if control of the Company changes

The agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company are detailed in paragraphs 4.4.2.2 "Financial liabilities" and 4.4.2.6 "Voluntary early repayment" of the universal registration document.

8.4.8 Agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are dismissed without real and serious cause, or if their employment ends because of a public offering

The Group has established agreements that stipulated severance packages for the termination of the Chief Executive Officer and for Ms Évelyne Chétrite, Ms Judith Milgrom and Mr Ilan Chétrite in their capacity as Deputy General Managers. Detailed information is presented in Section 7.2.1.2 of the universal registration document. It should also be noted that, for the Deputy General Managers, the regulations for the allocation of free performance share plans implemented as from the General Meeting of June 17, 2021 (*i.e.* as of the date of this universal registration document, Plan no. 7 set up by the Board of Directors on December 14, 2021), provide, in the event of a forced or voluntary departure following a change in control of the Company, for maintaining all of their rights to the allocation of free performance shares, by deeming that all the allocation conditions (including any presence and/or performance conditions) have been met at the end of the applicable vesting period.

8.4.9 Statement summarising the transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code during the 2021 financial year

No transaction mentioned in Article L. 621-18-2 of the French Monetary and Financial Code was made during the 2021 financial year.

8.5 Change of control

As at the date of registration of this universal registration document, there are no agreements which, if implemented, could result in a change of control of the Company. However, it should be noted that Glas SAS (London Branch), in its threshold crossing declarations dated October 29, 2021 and November 10, 2021, indicated in particular that it had appointed a receiver (a professional representative under English law) responsible for selling to a third party all of the shares pledged under the €250 million in exchangeable bonds issued in 2018 by European TopSoho S.à r.l., ideally together and with the non-pledged shares, in which case the said third party should be required to file a proposed mandatory public offer on all of the Company's shares (see paragraph 3.1.2 "Risks related to the strategy and organisation of the Group - Risk related to the Company's shareholding structure" of this universal registration document).

8.6 Information on share capital

8.6.1 Share capital subscribed and share capital authorised but not issued

On the date of this universal registration document, the Company's capital totalled €83,871,608.70, divided as follows:

- 74,798,149 ordinary shares with a nominal value of €1.10; and
- 711,579 class G preferred shares with a nominal value of €1.10 (the "G PS") (also see Section "Significant events after the reporting period" of this universal registration document).

The ordinary shares and the class G preferred shares are issued and fully paid up.

The Company Shareholders' General Meeting held on June 17, 2021 approved the following capital increase financial delegations:

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)	Utilisation in the 2021 financial year
31st resolution	Authorisation for operations on the Company's shares (share buyback programme)	18 months	Subject to a limit of 10% of the total number of shares forming the share capital or 5% of the total number of shares with a view to their retention and subsequent remittance for payment or exchange in connection with external growth transactions Maximum purchase price: €44	Liquidity agreement with Exane BNP Paribas to stimulate the shares of the Company. The agreement came into effect on November 28, 2017 and expires on December 31, 2018, and may be renewed tacitly for one-year periods. At December 31, 2021, 123,700 SMCP SA shares were reported as contract assets.
32nd resolution	Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Subject to a limit of 10% of the share capital every 24 months	None.
33rd resolution	Delegation of authority to the Board of Directors to increase the share capital through the capitalisation of reserves, profits or premiums or any other sum that may be capitalised	26 months	€16 million (Approximately 20% of the capital)	None.

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)	Utilisation in the 2021 financial year
34th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, maintaining preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued	26 months	For capital increases: €32 million (Approximately 40% of the capital[1]) For issues of debt securities: €500 million[2]	None.
35th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings other than those described in Article L. 411-2 of the French Monetary and Financial Code[5]	26 months	For capital increases: €8 million (*i.e.* 10% of the capital[2]) For issues of debt securities: €500 million[3]	None.
36th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings described in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code[1]	26 months	For capital increases: €8 million (*i.e.* 10% of the capital[2]) For issues of debt securities: €500 million[3]	None.
37th resolution	Authorisation to the Board of Directors in case of issue with elimination of preemptive subscription right, by public offerings in order to set the issue price in line with the conditions set by the General Meeting within the limit of 10% of the capital per year	26 months	For capital increases: €8 million (*i.e.* 10% of the capital[1] per year) For issues of debt securities: €500 million[3]	None.
38th resolution	Authority given to the Board of Directors to increase the amount of issues with or without preemptive subscription rights	26 months	Limit laid down by the applicable regulations (currently 15% of the initial issue)[1]	None.

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Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)	Utilisation in the 2021 financial year
39th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in consideration for in-kind contributions up to a limit of 10% of the share capital	26 months	For capital increases: €8 million (*i.e.* 10% of the capital(1)) For issues of debt securities: €500 million(3)	None.
40th resolution	Delegation of authority to the Board of Directors to increase share capital, eliminating preemptive subscription rights, through the issuance of shares of the Company reserved for the participants in a company savings plan	26 months	3% of the capital(1)(4)	None.
41st resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance of shares, eliminating preemptive subscription rights, to a defined category of beneficiaries	18 months	3% of the capital(1)(4)	None.
42nd resolution	Authority given to the Board of Directors to allot existing or new free shares to the employees and officers of the Company and affiliated companies, with removal of the shareholders' preemptive subscription right	38 months	3% of the capital(1)(4)	Board of Directors meeting of December 14, 2021
43rd resolution	Authority given to the Board of Directors to award stock options to eligible employees and executive corporate officers of the Group	38 months	3% of the capital(1)(4)	None.

(1) Delegation subject to the total ceiling of €32 million for capital increases (40% of the share capital).
(2) Delegation subject to the total ceiling of €32 million for capital increases (40% of the share capital).
(3) Delegation subject to the total ceiling of €500 million for issues of debt securities.
(4) The maximum total of the capital increases that may be executed under this authority is charged against the total ceiling for operations reserved for employees that is set at €2.4million.
(5) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).

The table below shows the financial resolutions relating to a capital increase to be recommended for adoption to the Company Shareholders' General Meeting that will be called on June 9, 2022. These resolutions may not, without the prior authorisation of the General Meeting, be implemented as from the filing by a third party of a public offer proposal for the Company's shares, until the end of the offer period.

In response to questions raised during the dialogue with its shareholders and comments made by the main proxy advisory agencies at the annual General Meeting of June 17, 2021, in particular, and in line with the best practices followed by a certain number of listed companies, SMCP decided to introduce a common sub-ceiling corresponding to 10% of the share capital for all delegations of capital increases without preferential subscription rights (including capital increases in consideration for contributions in kind).

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)
21st resolution	Authorisation for operations on the Company's shares (share buyback programme)	18 months	Subject to a limit of 10% of the total number of shares forming the share capital or 5% of the total number of shares with a view to their retention and subsequent remittance for payment or exchange in connection with external growth transactions Maximum purchase price: €44
22nd resolution	Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Subject to a limit of 10% of the share capital every 24 months
23rd resolution	Delegation of authority to the Board of Directors to increase the share capital through the capitalisation of reserves, profits or premiums or any other sum that may be capitalised	26 months	€16 million (Approximately 20% of the capital)
24th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, maintaining preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued	26 months	For capital increases: €32 million (Approximately 40% of the capital[1]) For issues of debt securities: €500 million[2]
25th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings other than those described in Article L. 411-2 of the French Monetary and Financial Code [5]	26 months	For capital increases: €8 million (*i.e.* around 10% of the capital[2]) For issues of debt securities: €500 million[3]
26th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings described in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code[1]	26 months	For capital increases: €8 million (*i.e.* around 10% of the capital[2]) For issues of debt securities: €500 million[3]
27th resolution	Authorisation to the Board of Directors in case of issue with elimination of preemptive subscription right, by public offerings in order to set the issue price in line with the conditions set by the General Meeting within the limit of 10% of the capital per year	26 months	For capital increases: €8 million (*i.e.* around 10% of the capital[1][2] per year) For issues of debt securities: €500 million[3]

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)
28th resolution	Authority given to the Board of Directors to increase the amount of issues with or without preemptive subscription rights	26 months	Limit laid down by the applicable regulations (currently 15% of the initial issue)[1][2]
29th resolution	Delegation of authority to the Board of Directors to increase capital through the issuance of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in consideration for in-kind contributions up to a limit of 10% of the share capital	26 months	For capital increases: €8 million (*i.e.* around 10% of the capital[1][2]) For issues of debt securities: €500 million[3]
30th resolution	Delegation of authority to the Board of Directors to increase share capital, eliminating preemptive subscription rights, through the issuance of shares of the Company reserved for the participants in a company savings plan	26 months	3% of the capital[1][4]
31st resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance of shares, eliminating preemptive subscription rights, to a defined category of beneficiaries	18 months	3% of the capital[1][4]
32nd resolution	Authority given to the Board of Directors to allot existing or new free shares to the employees and officers of the Company and affiliated companies, with removal of the shareholders' preemptive subscription right	38 months	2% of the capital[1]

(1) Delegation subject to the total ceiling of €32 million for capital increases (40% of the share capital).
(2) Delegation subject to the sub-ceiling applicable for capital increases with cancellation of preferential subscription rights set at €8 million (around 10% of the share capital).
(3) Delegation subject to the total ceiling of €500 million for issues of debt securities.
(4) The maximum total of the capital increases that may be executed under this authority is charged against the total ceiling for operations reserved for employees that is set at €2.4 million.
(5) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).

8.6.2 Financial instruments not representing capital

As of the date of this universal registration document, the Company has not issued any non-equity securities.

8.6.3 Shares held by the Company or on its own behalf

As of December 31, 2021, pursuant to its liquidity agreement signed with Exane BNP Paribas, the Company held 123,700 treasury shares (nominal value of €1.10; for the carrying amount of these shares, see Section 5.2.2 of this universal registration document) in addition to €514,941 in cash.

The Shareholders' General Meeting of June 17, 2021 authorised the Board of Directors, for a period of 18 months from the date of the meeting, with the option of sub-delegation in accordance with laws and regulations and pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase on one or more occasions at the times it shall establish, a number of shares of the Company that may not exceed 10% of the total number of shares composing the share capital, at any time, or 5% of the total number of shares composing the share capital for shares acquired by the Company in order to retain them and subsequently remit such shares as payment or exchange within a merger, demerger or spin-off transaction; it is specified that the number of shares held by the Company may not under any circumstances result in the Company holding at any time more than 10% of the shares composing its share capital.

The shares may be acquired, by resolution of the Board of Directors, in order to:

- ensure liquidity and stimulate the Company securities market through an investment service provider acting independently under a liquidity agreement in accordance with the Code of Ethics recognised by the AMF;
- award shares to members of the Company's personnel, particularly in respect of (i) Company profit-sharing; (ii) any Company share purchase option plan, under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code; or (iii) any savings plan pursuant to Articles L. 3331-1 *et seq.* of the French Labour Code or any free award of shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hand over the Company shares at the time of exercise of the rights attached to securities granting the right, by repayment, conversion, exchange, presentation of a note or in any other way, to the award of shares of the Company under the regulations in force, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hold the Company shares and remit them at a later date for payment or exchange in connections any external growth transactions;
- cancel the shares of the Company in connection with a reduction in share capital;
- implement any market practice that may be accepted by the AMF and, more generally, perform any transactions complying with the regulations in force.

The maximum unit purchase price, excluding fees, may not be greater than €44.

In the event of transactions in the Company's capital, particularly a change in the nominal value of the share, an increase in capital through the incorporation of reserves followed by the creation and the free award of shares, or the division or grouping of securities, the Board of Directors may adjust the aforementioned maximum purchase price, however, in order to account for the effect of these transactions on the Company's share value.

These shares may be acquired, disposed of or transferred and paid for by any means authorised by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internaliser or over the counter, particularly through the acquisition or transfer of blocks of shares, the use of options or other derivative financial instruments, or notes or, more generally, to securities granting the right to shares of the Company, at times determined by the Board of Directors, excluding public offer periods involving the Company's securities.

The Board of Directors will have all powers, with the option of sub-delegation under the statutory and regulatory conditions, to effect the permitted reallocations of shares bought back with a view to one of the objectives of the program or to one or more of its other objectives, or to transfer them, on or off the market, in adherence to the relevant statutory and regulatory provisions.

The Board of Directors may not, without the prior authorisation of the General Meeting, make use of this authorisation as from the filing by a third party of a public offer proposal for the Company's shares, until the end of the offer period.

The Board of Directors will inform the General Meeting of the transactions performed, under the statutory conditions.

At its meeting on September 2, 2021, the Board of Directors approved the implementation of a 670,000 share buyback programme. The programme was implemented on two occasions. In this respect, on November 5, 2021, SMCP launched a share buyback programme covering 335,000 shares (purchased over a period until November 23, 2021) and on January 20, 2022, another programme also for 335,000 shares (purchased over a period until February 2, 2022). Under this programme, as of April 15, 2022, SMCP SA had repurchased 670,000 shares.

8.6.4 Other securities giving access to share capital

As of the date of this universal registration document, the Company had not issued any securities giving rights to capital other than ordinary shares, the Class G preferred shares, and the free performance shares described in Section 8.1.6 of this universal registration document.

8.6.5 Change in the Company's capital over the last three financial years

(In euros)	Nature of the transaction	Capital before the transaction	Number of shares before the transaction
September 13, 2017	Capital increase	58,168,480.20	581,684,802 shares divided between: 575,671,600 ordinary shares 6 013 202 class 1 preferred shares
October 19, 2017	Capital increase (issue of class G preferred shares, reverse stock split of ordinary shares and conversion of class 1 preferred shares into ordinary shares)	58,168,480.70	581,684,807 shares divided between: 575,671,602 ordinary shares 6,013,205 class 1 preferred shares
December 14, 2017	Capital increase	81,733,182.80	85,631,598 shares divided between: 73,170,023 ordinary shares 12,461,575 class G preferred shares
February 27, 2018	Capital increase	81,870,132.80	87,001,098 shares divided between: 73,170,023 ordinary shares 13,831,075 class G preferred shares
March 20, 2018	Capital increase	81,909,432.80	87,394,098 shares divided between: 73,170,023 ordinary shares 14,224,075 class G preferred shares
June 6, 2018	Grouping of class G preference shares	81,909,433.10	87,394,101 shares divided between: 73,170,023 ordinary shares 14,224,078 class G preferred shares
November 23, 2018	Capital increase	81,909,433.10	74,463,121 shares divided between: 73,170,023 ordinary shares 1,293,098 class G preferred shares
January 1, 2019	Capital increase	81,913,824.30	74,467,113 shares divided between: 73,174,015 ordinary shares 1,293,098 class G preferred shares
January 1, 2020	Capital increase	82,222,037.60	74,747,307 shares divided between: 73,550,068 ordinary shares 1,197,239 class G preferred shares
January 2, 2020	Capital increase	82,684,426	75,167,660 shares divided between: 74,114,230 ordinary shares 1,053,430 class G preferred shares
January 1, 2021	Capital increase	82,687,319	75,170,290 shares divided between: 74,117,760 ordinary shares 1,052,530 class G preferred shares
April 17, 2021	Capital increase	83,179,393	75,617,630 shares divided between: 74,718,139 ordinary shares 899,491 class G preferred shares
January 1, 2022	Capital increase	83,267,404	75,697,640 shares divided between: 74,798,149 ordinary shares 899,491 class G preferred shares

Number of shares after the transaction	Unit price per share *(in €)*	Nominal value *(in €)*	Capital after operation *(in €)*
581,684,807 shares divided between: 575,671,602 ordinary shares 6,013,205 class 1 preferred shares	0.10	0.10	58,168,480.70
85,631,598 shares divided between: 73,170,023 ordinary shares 12,461,575 class G preferred shares	Ordinary shares: 22 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,733,182.80
87,001,098 shares divided between: 73,170,023 ordinary shares 13,831,075 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,870,132.80
87,394,098 shares divided between: 73,170,023 ordinary shares 14,224,075 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,909,432.80
87,394,101 shares divided between: 73,170,023 ordinary shares 14,224,078 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,909,433.10
74,463,121 shares divided between: 73,170,023 ordinary shares 1,293,098 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	81,909,433.10
74,467,113 shares divided between: 73,174,015 ordinary shares 1,293,098 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	81,913,824.30
74,747,307 shares divided between: 73,550,068 ordinary shares 1,197,239 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	82,222,037.70
75,167,660 shares divided between: 74,114,230 ordinary shares 1,053,430 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	82,684,426
75,170,290 shares divided between: 74,117,760 ordinary shares 1,052,530 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	82,687,319
75,617,630 shares divided between: 74,718,139 ordinary shares 899,491 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	83,179,393
75,697,640 shares divided between: 74,798,149 ordinary shares 899,491 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	83,267,404
76,246,917 shares divided between: 75,535,338 ordinary shares 711,579 class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	83,871,608.70

Universal registration document cross reference table

Information required by Annexes 1 and 2 of the Delegated Regulation (EC) no. 2019/980 of March 14, 2019 in accordance with the universal registration document scheme.

Management report cross-reference table

Headings	Reference texts	Pages	Chapters
1. Company situation and activity			
Company situation and objective and exhaustive analysis of the evolution of the business, the results and the financial situation of the Company, in particular its debt position in view of the volume and complexity of its business	Articles L. 225-100-1, I.,1°, L. 232-1, II., L. 233-6 and L. 233-26 of the French Commercial Code	73 *et seq.*	4
Financial key performance indicators	Article L. 225-100-1, I., 2 ° of the French Commercial Code	112 *et seq.*	5
Non-financial key performance indicators related to the specific business activity of the Company	Article L. 225-100-1, I., 2 ° of the French Commercial Code	169 *et seq.*; 198 *et seq.*; 209 *et seq.*	6
Significant events occurring between the reporting date of the financial year and the date on which the management report was prepared	Article L. 232-1, II and L. 233-26 of the French Commercial Code	75; 96; 106; 148 *et seq.*	4; 5
Existing free-standing stores	Article L. 232-1, II of the French Commercial Code	24 *et seq.*; 94 *et seq.*	2; 4
Equity investment in a Company with its registered office in France on French territory	Article L. 233-6 par. 1 of the French Commercial Code	42; 160	2; 5
Disposal of cross-holdings	Articles L. 233-29, Articles L. 233-30-30 and R. 233-19 of the French Commercial Code	N/A	N/A
Foreseeable development of the Company's situation and future outlook	Article L. 232-1, II and L. 233-26 of the French Commercial Code	9; 73 *et seq.*	1; 4
Research and development activities	Article L. 232-1, II and L. 233-26 of the French Commercial Code	67 *et seq.*	4
Table showing the Company's results for each of the last five financial years	Article R. 225-102 of the French Commercial Code	167	5
Information on payment terms for suppliers and customers	Article D. 441-4 of the French Commercial Code	89	4
Amount of inter-company loans granted and statutory auditor's statement	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	N/A	N/A
2. Internal control and risk management			
Main risks and uncertainties facing the Company	Article L. 225-100-1, I., 3 ° of the French Commercial Code	49 *et seq.*; 163 *et seq.*; 172 *et seq.*	3; 5; 6
Financial risks related to the effects of climate change and presentation of measures taken to reduce them	Article L. 22-35-10-1 ° of the French Commercial Code	172 *et seq.*	6
Main characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2 ° of the French Commercial Code	69 *et seq.*	3
Objectives and hedging policy for each category of transaction and the Company's exposure to price, credit, liquidity and cash risks. The indications include the use by the Company of financial instruments	Article L. 225-100-1, I., 4 ° of the French Commercial Code	63 *et seq.*; 68; 142 *et seq.*; 140	3; 5
Anti-corruption system	So-called "Sapin 2" Law no. 2016-1691 of December 9, 2016	71 *et seq.*; 174; 178; 192	3; 6
Vigilance plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	N/A	N/A
3. Share capital and shareholding strcuture			
Structure, change in the Company's capital and crossing of thresholds	Article L. 233-13 of the French Commercial Code	40; 56; 74; 96 *et seq.*; 106; 133; 155; 271 *et seq.*; 281 *et seq.*	2; 3; 4; 5; 8

Headings	Reference texts	Pages	Chapters
Acquisition and disposal by the Company of its treasury shares	Article L. 225-111 of the French Commercial Code	272	8
Employee profit-sharing status	Article L. 225-102 paragraph 1 of the French Commercial Code	277 *et seq.*	8
Statement of any adjustments for securities giving access to the share capital in the event of share buybacks or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	N/A	N/A
Information on transactions by Executive Management and related persons on the Company's shares	Article L. 621-18-2 of the French Monetary and Financial Code	234; 279	7; 8
Amount of dividends distributed over the last three financial years	Article 243 *bis* of the French General Tax Code	93; 104; 161; 280	4; 5; 8
4. Statement of Non-Financial Performance (SNFP)			
Business model	Articles L. 225-102-1 and R. 225-105 of the French Commercial Code	175 *et seq.*	6
Description of the main risks related to the Company's activity	Articles L. 225-102-1 and R. 225-105, I.1 ° of the French Commercial Code	172 *et seq.*	6
Information on the way in which the Company takes into account the social and environmental consequences of its activity, as well as the effects of this activity on respect for human rights and the fight against corruption	Art. L. 225-102-1, III, R. 225-104 and R. 225-105, I, 2 ° of the French Commercial Code.	176 *et seq.*	6
Results of policies applied by the Company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I.3 ° of the French Commercial Code	198 *et seq.*	6
Social information (employment, work organisation, health and safety, labour relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II, A, 1 ° of the French Commercial Code	184 *et seq.*	6
Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II, A, 2 ° of the French Commercial Code	181 *et seq.*	6
Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II, A, 3 ° of the French Commercial Code	176 *et seq.*	6
Information on the fight against corruption	Articles L. 225-102-1 and R. 225-105, II, B, 1 ° of the French Commercial Code	174; 178 *et seq.*; 192	6
Information on actions in favour of human rights	Articles L. 225-102-1 and R. 225-105, II, B, 2 ° of the French Commercial Code	52; 173	3; 6
Specific information on SEVESO facilities	Article L. 225-102-2 of the French Commercial Code	N/A	NA
Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	42; 188; 276	2; 6; 8
Certification of the independent third party on the presence of the indicators in the SNFP	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	207 *et seq.*	6
5. Additional information required for the preparation of the management report			
Additional tax information	Articles 223 *quater* and 223 *quinquies* of the French General Tax Code	66; 174; 192	3; 6
Financial injunctions or sanctions for anti-competitive practices	Article L. 464-2 of the French Commercial Code	N/A	N/A
Any changes in the presentation of the annual financial statements	Article L. 232-6 of the French Commercial Code	N/A	N/A

Cross-reference table for the corporate governance report

Headings	Reference texts	Pages	Chapters
1. Compensation information			
Corporate officer compensation policy	Article L. 22-10-8, I., paragraph 2 of the French Commercial Code	235 *et seq.*	7
Total compensation and benefits of any kind paid during the financial year or awarded in respect of the financial year to each corporate officer	Article L. 22-10-9, I., 1 ° of the French Commercial Code	245 *et seq.*	7
Relative proportion of fixed and variable compensation	Article L. 22-10-9, I., 2 ° of the French Commercial Code	237; 241 *et seq.*	7
Use of the option to request the return of variable compensation	Article L. 22-10-9, I., 3 ° of the French Commercial Code	N/A	N/A
Commitments of any kind made by the Company for the benefit of its corporate officers	Article L. 22-10-9, I., 4 ° of the French Commercial Code	115 *et seq.*; 144 *et seq.*; 156 *et seq.*; 237 *et seq.*	5; 7
Compensation paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I., 5 ° of the French Commercial Code	N/A	N/A
Ratios between the level of compensation of each corporate officer and the **average** and **median** compensation of the Company's employees	Article L. 22-10-9, I., 6 ° of the French Commercial Code	263 *et seq.*	7
Annual change in compensation, the Company's performance, the average compensation of the Company's employees and the aforementioned ratios over the five most recent financial years	Article L. 22-10-9, I., 7 ° of the French Commercial Code	263	7
Explanation of how the total compensation complies with the adopted compensation policy, including how it contributes to the long-term performance of the Company and how the performance criteria were applied	Article L. 22-10-9, I., 8 ° of the French Commercial Code	234 *et seq.*; 246 *et seq.*; 252 *et seq.*	7
The way in which the vote of the last Ordinary General Meeting provided for in II of Article L. 225-100 (until December 31, 2020) then in I of Article L. 22-10- 34 (from January 1, 2021)	Article L. 22-10-9, I., 9 ° of the French Commercial Code	244; 264	7
Deviation from the procedure for implementing the compensation policy and any exceptions	Article L. 22-10-9, I., 10 ° of the French Commercial Code	236 *et seq.*	7
Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code	Article L. 22-10-9, I., 11 ° of the French Commercial Code	N/A	N/A
Allocation and retention of options by corporate officers	Article L. 225-185 of the French Commercial Code	277 *et seq.*	8
Allocation and retention of free shares to corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	115 *et seq.*; 156 *et seq.*; 238 *et seq.*; 250 *et seq.*; 257; 259; 277 *et seq.*	5; 7; 8
2. Governance information			
List of all terms of office and duties exercised in any company by each corporate officer during the financial year	Article L. 225-37-1, 4 ° of the French Commercial Code	215 *et seq.*	7
Agreements entered into between Executive Management or a significant shareholder and a subsidiary	Article L. 225-37-2, 4 ° of the French Commercial Code	234; 265 *et seq.*	7
Summary table of current delegations of authority granted by the Shareholders' General Meeting to increase the share capital	Article L. 225-37-3, 4 ° of the French Commercial Code	284 *et seq.*	8
Executive Management procedures	Article L. 225-37-4, 4 ° of the French Commercial Code	213 *et seq.*	7
Composition, preparation and organisation of the work of the Board	Article L. 22-10-10-1 ° of the French Commercial Code	214 *et seq.*; 225 *et seq.*	7
Application of the principle of balanced representation of women and men on the Board	Article L. 22-10-10-2 ° of the French Commercial Code	224; 228	7

Headings	Reference texts	Pages	Chapters
Any limitations that the Board of Directors places on the powers of the Chief Executive Officer	Article L. 22-10-10-3 ° of the French Commercial Code	213 *et seq.*	7
Reference to a corporate governance code and application of the "comply or explain" principle	Article L. 22-10-10-4 ° of the French Commercial Code	212	7
Specific procedures for the participation of shareholders in the general meeting	Article L. 22-10-10-5 ° of the French Commercial Code	280	8
Procedure for assessing current agreements and its implementation	Article L. 22-10-10-6 ° of the French Commercial Code	265	7
3. Information likely to have an impact in the event of a public offering or exchange offer	Article L. 22-10-11 of the French Commercial Code		
Structure of the Company's capital		272 *et seq.*; 281; 290	8
Restrictions defined by the articles of association on the exercise of voting rights and stock transfers, or clauses of agreements of which the Company has been informed pursuant to Article L. 233-11 of the French Commercial Code		281; 283	8
Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code		279; 281	8
List of holders of any securities with special rights and a description of these rights		281	8
Shareholders agreements of which the Company is aware and which could result in restrictions on the transfer of shares and the exercise of voting rights		234; 282	8
Rules applicable to the nomination and replacement of members of the Board of Directors and the amendment of the Company's articles of association		213; 225 *et seq.*; 280	7; 8
Powers of the Board of Directors, in particular with regard to the issue or buyback of shares		282 *et seq.*	8
Agreements entered into by the Company that are amended or terminate in the event of a change of control of the Company, unless such disclosure, except in the case of a legal obligation to disclose, would seriously harm its interests		283; 284	8
Agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are dismissed without real and serious cause, or if their employment ends because of a public offering		240 *et seq.*; 245 *et seq.* . 283	7; 8

Cross-reference table of the annual financial report

Headings	Texts	Pages	Chapters
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1. Annual financial statements		152 *et seq.*	5
2. Consolidated financial statements		100 *et seq.*	5
3. Management report		See above	
4. Corporate governance report		See above	
5. Statement by persons responsible for the annual financial report		10	1
6. Statutory auditors' reports on the individual and consolidated financial statements		148; 163	5

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