SMCP S.A.
Société anonyme (a joint-stock company) with a capital of € 83,871,608.70
Registered office: 49, rue Étienne Marcel, 75001 Paris, France
Paris Companies Register no. 819 816 943

2022

INTERIM FINANCIAL REPORT

For the six-month period ended June 30, 2022

This Interim Financial Report is available

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

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1 STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

1.1. Person responsible for the 2022 interim financial report

Isabelle Guichot, Chief Executive Officer of SMCP S.A.

1.2. Declaration by the person responsible for the 2022 interim financial report

“I certify that, to my knowledge, the condensed interim consolidated financial statements, presented in the interim financial report as of June 30, 2022, have been prepared in accordance with applicable accounting standards and provide a faithful representation of the assets, liabilities, financial position and results of SMCP and of all companies within its scope of consolidation, and that the attached interim management report presents a faithful representation of the significant events that occurred in the first six months of the fiscal year, their impact on the condensed interim consolidated financial statements, and the main related party transactions, and it describes the major risks and uncertainties for the remaining six months of the year.”

Paris, August 3rd, 2022 - Chief Executive Officer

Isabelle Guichot

2 INTERIM MANAGEMENT REPORT

Unless otherwise stated:

- All references herein to the "Group," the "Company" or "SMCP," refer to the Company and its consolidated subsidiaries
- All references herein to the "EMEA" region comprise the Group's activities in European countries excluding France (mainly the United Kingdom, Spain, Germany, Switzerland, Italy) as well as the Middle East (including the United Arab Emirates)
- All references to the "Americas" zone comprise activities in the United States, Canada and Mexico
- All references to the "APAC" zone comprise activities in Asia-Pacific (mainly Mainland China, Hong Kong SAR, Macau SAR, South Korea, Singapore, Thailand, Malaysia and Australia)
- All references herein to "Consolidated financial statements", "Notes to the consolidated financial statements" refer to the condensed interim consolidated financial statements for the period ended June 30, 2022
- Amounts are stated in millions of euros and rounded to the first digit after the decimal point. As a result, the sum of rounded amounts may present immaterial discrepancies relative to the reported total. Also, ratios and differences are calculated based on the underlying amounts as opposed to the rounded amounts

SMCP reports on financial indicators that are not defined by IFRS, both internally (among indicators used by the chief operating decision-makers) and externally:

- Number of points of sale;
- Like-for-like[1] sales growth;
- Organic[2] sales growth;
- Adjusted EBITDA[3] and adjusted EBITDA margin;
- Adjusted EBIT[4] and adjusted EBIT margin;
- "Management" gross margin and Retail margin;
- Operational free cash-flow after tax;
- Net financial debt..

[1] On a comparable store basis and at constant exchange rates
[2] At constant scope (consolidation) and exchange rates
[3] EBITDA before charges related to LTIP
[4] EBIT before charges related to LTIP

2.1 H1 2022 business review and 2022 outlook

2.1.1 Key figures as of June 30, 2022

	H1 2021 restated[1]	**H1 2022**	*Evolution (regarding Sales, evolution as reported)*
Points of sale	1,686	1,670	-16
Sales (€m)	**453.3**	**565.4**	+24.7%
Adjusted EBITDA (€m)	98.5	121.8	+23.6%
Adjusted EBIT (€m)	**25.7**	**45.2**	+75.8%
Net income Group Share (€m)	**0.9**	**20.7**	+19.7m
EPS (€)[2]	0.01	0.28	-
Diluted EPS (€)[3]	0.01	0.26	-
FCF (€m)	**20.2**	**4.9**	-15.3m

2.1.2 Consolidated net income review

2.1.2.1 Consolidated sales

Over the first half of 2022, consolidated sales reached €565.4 million, up +24.7% compared to H1 2021, including an organic increase of +21.4% (fully driven by like-for-like growth of +24.5%) and a positive currency impact of +4.2%. SMCP recorded a sharp performance in Europe throughout the semester, a strong momentum in the Americas, partially offset by the significant impact of Covid restrictive measures in APAC.

The Group generated stable digital sales in the first half of the year compared to the first half of 2021, resulting in a digital penetration of 22% (vs. 23% for the full-year 2021), well above pre-pandemic level (15% in 2019).

In line with strategic plan, SMCP continued to make strong progress on full-price strategy, notably through a deliberate reduction of the share of promotional sales, and achieving a decrease in the discount rate, both in B&M and digital, of -6.1pp in H1 2022 vs. H1 2021.

As planned, at the beginning of the year, SMCP finalized its brick-and-mortar network optimization plan, with 14 net closures in H1 (of which -17 in Q1 and +3 in Q2). Among these net closures, the discontinuing of the Suite 341 format in France represented eight closures in the semester. In EMEA, SMCP recorded six POS net closures, mainly from store consolidation (such as Sandro women and Sandro men becoming a unisex store), partly compensated by openings in Belgium, Estonia and Spain. In APAC, SMCP opened two new stores in China and Korea.

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[1] *Including the impacts of the IFRS IC decision on the configuration and customisation costs of software used as a SaaS contract*
[2] *Net Income Group Share divided by the average number of ordinary shares as of June 30th, 2022, minus existing treasury shares held by the Group*
[3] *Net Income Group Share divided by the average number of common shares as of June 30th, 2022, minus the treasury shares held by the company, plus the common shares that may be issued in the future. This includes the conversion of the Class G preferred shares (2,791,588 shares) and the performance bonus shares – LTIP (642,299 shares) which are prorated according to the performance criteria reached as of June 30th, 2022*

Consolidated sales by geographical area and by brand as of June 30, 2022

€m (except %)	**H1 2021**	**H1 2022**	*Organic sales change*	*Change in reported data*
By region				
France	141.9	194.7	+40.8%	+37.2%
EMEA	114.0	173.4	+50.4%	+52.1%
Americas	59.1	83.1	+28.1%	+40.6%
APAC	138.4	114.2	-23.8%	-17.4%
By brand				
Sandro	212.0	266.8	+21.7%	+25.8%
Maje	182.9	223.9	+18.5%	+22.4%
Other brands	58.4	74.7	+29.6%	+27.9%
TOTAL	**453.3**	**565.4**	**+21.4%**	**+24.7%**

Sales by region

In **France**, SMCP recorded sales up +40.8% on an organic basis vs. H1 2021, a sharp improvement fully driven by like-for-like (+44.0%) and leading to a level of sales exceeding 2019 (in Q2: + 8.2% organic vs. 2019) and supported by a meaningful discount rate reduction (throughout the semester, with all brands and channels benefitting from this trend) of more than 10pp. SMCP's network optimization plan (-10 POS in H1, of which -8 Suite 341, mostly in Q1) is finalized.

In **EMEA**, Group sales were up by +50.4% on an organic basis vs. H1 2021, from a like-for-like growth of +68.6%; a strong performance driven by both local demand and progressive recovery of tourism. As well as in France, the second quarter was excellent, exceeding 2019 by +10.6% on an organic basis. In addition, SMCP achieved a material discount rate decrease of six points.

In **APAC**, the intensifying Covid restrictions, first in Hong-Kong SAR and later in Mainland China had a sharp impact on sales, leading to a -23.8% decrease organic vs. H1 2021. These restrictive measures implemented in Mainland China led to (i) long store closures, peaking from March to May, with an average of 25% of our physical stores closed during more than two months (mainly large stores, located in 'Tier 1' cities), (ii) the complete shutdown of our warehouses, (iii) an important traffic drop. Hong-Kong SAR and Macau SAR also suffered from these restrictions leading to a drop in traffic and low tourism.

In the **Americas**, sales increased by +28.1% on an organic basis vs. H1 2021, a substantial growth both vs. 2021 and vs. 2019 (+16.3% on an organic basis), with: (i) a strong performance in all our distribution channels, fully driven by like-for-like growth (+29.8%), (ii) a massive discount rate reduction throughout the semester of 10 pp, coming from both digital and brick-and-mortar. Both the United States and Canada had an excellent semester, driven by high demand.

2.1.2.2 Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA increased, from €98.5 million in H1 2021 to €121.8 million in H1 2022. This resulted from the rise in sales combined with an increase of +2.8pp of the management gross margin (at 74.4%, thanks to our efficient pricing policy and discipline on discount rate), and the continuing strong cost management.
Store costs[1], as a percentage of sales, stood at 41.9%[2], reflecting a slight increase mainly due to the channel mix (less digital this year, due to the store closures in Europe last year), and to a lower extent, due to the sharp restrictions in China.

SG&A[8] were slightly better absorbed, reaching 21.6%[9] of sales.

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[1] *Excluding IFRS 16*

[2] *Excluding one-off traffic marketing reclassification: +1.1% of sales (accounted for in SG&A LY, and in store costs in H1 2022)*

2.1.2.2.1 Adjusted EBITDA by brand

(In €m)	H1 2021	H1 2022
Adjusted EBITDA	**98.5**	**121.8**
Sandro	47.7	61.2
Maje	47.2	55.6
Other brands	3.7	5.0
Adjusted EBITDA margin	***21.7%***	***21.5%***
Sandro	*22.5%*	*22.9%*
Maje	*25.8%*	*24.8%*
Other brands	*6.3%*	*6.7%*

2.1.2.3 Amortization, depreciation and provisions

Amortization, depreciation, and provisions amounted to -€76.7 million in H1 2022, compared with -€72.8 million in H1 2021. Excluding IFRS 16, they represent 4.2% of sales (vs. 5.9% in H1 2021).

2.1.2.4 Adjusted EBIT and adjusted EBIT margin

Adjusted EBIT increased by 75.8% (+€19.5 million), from €25.7 million in H1 2021 to €45.2 million in H1 2022. An excellent performance compared to the sales growth of +24.7%. Adjusted EBIT margin gains +2.3pp at 8.0% (compared to 5.7% in H1 2021.

2.1.2.5 Change from adjusted EBIT to net income Group share

(In €m) – IFRS	H1 2021 restated[1]	H1 2022
Adjusted EBIT	**25.7**	**45.2**
Long-Term Incentive Plan (LTIP)	-4.4	-3.2
EBIT	21.3	42.0
Other non-recurring income and expenses	-4.7	-0.8
Operating profit	**16.6**	**41.2**
Cost of net financial debt	-13.9	-11.4
Other financial income and expenses	-1.3	-0.4
Financial result	**-15.2**	**-11.8**
Profit before tax	1.4	29.4
Income tax	-0.5	-8.7
Net profit for the period	**0.9**	**20.7**
Of which Group share	0.9	20.7
Of which Share of non-controlling interests	-	-

2.1.2.6 Long-Term Incentive Plans (LTIP)

In the first half of 2022, SMCP recorded an expense of -€3.2 million related to the long-term incentive plans. A share buyback programme enabled the delivery of these plans for an amount of €2.4 million.

2.1.2.7 Other non-recurring income and expenses

Other **non-recurring income and expenses** totaled -€0.8 million, decreasing vs last year (-€4.7 million in H1 2021).

2.1.2.8 Financial result

Financial expenses decreased vs. LY to stand at -€11.8 million, compared with -€15.2 million in H1 2021. This amount includes the cost of net debt of "leases" (IFRS 16) for -€5.5 million (vs -€6.6 million in H1 2021). The average cost of debt stood at 1.5% in H1 2022.

2.1.2.9 Profit before tax and income tax

In H1 2022, profit before tax amounted to €29.4 million compared to €1.4 million in H1 2021.

Income tax amounted to -€8.7 million in H1 2022, significantly increasing vs H1 2021 (at -€0.5 million) from the strong increase of profit before tax.

2.1.2.10 Net income – Group share

Resulting from all factors described above, **Net income - Group share** stood at a net profit of €20.7 million in H1 2022 (vs. €0.9 million in H1 2021).

[1] *Including the impacts of the IFRS IC decision on the configuration and customisation costs of software used as a SaaS contract*

2.1.2.11 From Net income – Group share to EPS

	H1 2021 restated[1]	H1 2022
Net profit - Group share (€ million)	**0.9**	**20.7**
Average number of shares		
Before dilution[2]	74,571,845	75,201,786
After dilution[3]	78,673,498	78,635,672
EPS (in euros)		
Before dilution[12]	**0,01**	**0,28**
After dilution[13]	**0,01**	**0,26**

2.1.3 Free cash-flow

The Group maintained a strict control of its **investments** throughout the semester, amounting to €18.7 million (compared with €19.0 million in H1 2021), and representing 3.3% of sales (vs. 4.2% in H1 2021), slightly lower due to a phasing effect.

Working capital increased from €133.6 million in H1 2021, to €160.3 million in H1 2022, remaining stable at 14% as a percentage of last twelve months sales. This increase enables, within the framework of demand planning policy and in the current external environment, to support the significant growth of the activity of our brands.

As a result, the Group generated a moderate **Free-cash-flow** of €4.9 million.

In € million	H1 2021 restated[5]	H1 2022
Adjusted EBIT	**25.7**	**45.2**
Amortization, depreciation and provisions	72.8	76.7
Change in working capital	6.4	-27.7
Income tax	-2.5	-5.4
Net cash flow from operating activities	**102.4**	**88.8**
Capex	-19.0	-18.7
Reimbursement rent lease	-59.1	-59.8
Interest & Other Financial	-4.7	-6.2
Other & FX	0.6	0.8
Free cash flow	**20.2**	**4.9**

[1] *Including the impacts of the IFRS IC decision on the configuration and customisation costs of software used as a SaaS contract*
[2] *Average number of common shares in H1 2021 minus existing treasury shares held by the company.*
[3] *Average number of common shares in H1 2021, minus the treasury shares held by the company, plus the common shares that may be issued in the future. They include the conversion of the Class G preferred shares (3,528,783 common shares) and the long-term incentive plan shares – LTIP (572,870 shares) which are prorated according to the performance criteria reached as of June 30, 2021.*

2.1.4 Net Financial Debt

(In € million)	**As of December 31, 2021**	**As of June 30, 2022**
Non-current financial debt & other financial liabilities	-338.9	-262.9
Bank overdrafts and short-term borrowings and debt	-110.2	-111.2
Cash and cash equivalents	131.3	59.7
Net financial debt	**-317.7**	**-314.4**
Adjusted EBITDA excluding IFRS 16 over the last twelve months	*129.3*	*150.1*
Net financial debt / adjusted EBITDA[1]	**2.5x**	**2.1x**

Net financial debt stood at €314.4 million as of June 30, 2022, a slight decrease vs. €317.7 million at year-end 2021. Significant reimbursements (€74m) were performed during the semester, in line with contractual schedules. **Net financial debt/adjusted EBITDA[2]** ratio decreased from 2.5x at year-end 2021 to 2.1x at the end of S1 2022.

The Group benefits from a strong liquidity headroom including an undrawn RCF of €200 million.

2.1.5 Outlook for 2022

The strong results of SMCP in the first half of 2022, despite adverse external factors (war in Ukraine, continued inflation, Covid resurgences in Asia), demonstrate once again the resilience of the Group and the strength and desirability of its brands portfolio.

Based on this performance, and provided geopolitical situation, macro-economic context and sanitary conditions do not further deteriorate for the rest of the year, **SMCP confirms its 2022 full-year guidance**.

2.1.6 Subsequent events

No major event occurred after the end of the reporting period.

2.1.7 Main risks and uncertainties

The main risks and uncertainties to which SMCP believes it is exposed in 2022 are specified in section 3 "Risk factors and Internal Control" of the 2021 Universal Registration Document.

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

[2] *Excluding IFRS 16*

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3.1 Consolidated income statement

		1st semester 2021 restated[1] *in €m*	1st semester 2022 *in €m*
Sales	**3.9.1**	**453.3**	**565.4**
Cost of sales	3.9.2	(172.4)	(202.1)
Gross margin		**280.9**	**363.3**
Other operating income and expenses		(86.4).	(115.5)
Personnel costs		(96.0)	(125.9)
Depreciation, amortization, and impairment		(72.8)	(76.7)
Share-based Long-Term Incentive Plan		(4.4)	(3.2)
Current operating income		**21.3**	**42.0**
Other non-current income and expenses	3.9.3	(4.7)	(0.8)
Operating profit		**16.6**	**41.2**
Financial income and expenses		(1.3)	(0.4)
Cost of net debt		(13.9)	(11.4)
Financial income	**3.9.4**	**(15.2)**	**(11.8)**
Profit/(loss) before tax		**1.4**	**29.4**
Income tax expense	3.9.5	(0.5)	(8.7)
Net profit for the period		**0.9**	**20.7**
Attributable to owners of the Company		0.9	20.7
Attributable to non-controlling interests		-	-
Net profit/(loss) attributable to owners of the Company		**0.9**	**20.7**
Basic Group share of net earnings per share (EUR)	**3.9.6**	**0.01**	**0.28**
Diluted Group share of net earnings per share (EUR)	**3.9.6**	**0.01**	**0.26**

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

[1] *Including the impact of the IFRS IC decision on the costs of configuration and customization of software used under a SaaS contract (see note 3.7.2.1)*

3.2 Consolidated statement of comprehensive income

	1st semester 2021 restated[1]	1st semester 2022
	in €m	*in €m*
Net profit/(loss) for the period	**0.9**	**20.7**
Revaluation of the net liability for defined benefit plans	-	-
Total other comprehensive income/(loss) that may not be reclassified to profit or loss	**-**	**-**
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	(1.8)	(0.1)
Gains/(losses) on exchange differences on translation of foreign operations	0.7	3.4
Total other comprehensive income/(loss) that may be reclassified to profit or loss	**(1.1)**	**3.3**
Total other comprehensive income/(loss)	**(1.1)**	**3.3**
Total comprehensive income/(loss)	**(0.2)**	**24.0**

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

[1] *Including the impact of the IFRS IC decision on the costs of configuration and customization of software used under a SaaS contract (see note 3.7.2.1)*

3.3 Consolidated statement of financial position

3.3.1 Assets

	Notes	12/31/2021 restated[1] *in €m* Net	6/30/2022 *in €m* Net
Goodwill	3.10.1.1.	626.3	626.3
Trademarks	3.10.1.2	663.0	663.0
Other intangible assets	3.10.1.2	8.7	7.8
Property, plant and equipment	3.10.2	87.6	82.6
Right of use	3.10.3.1	467.5	484.1
Non-current financial assets		19.6	19.9
Deferred tax assets		49.7	48.6
Non-current assets		**1,922.4**	**1,932.3**
Inventories	3.10.5	233.5	262.1
Trade receivables	3.10.6	56.7	56.6
Other receivables	3.10.7	63.7	87.5
Cash and cash equivalents		131.3	59.7
Current assets		**485.2**	**465.9**
Total Assets		**2,407.6**	**2,398.2**

[1] *Including the impact of the IFRS IC decision on the costs of configuration and customization of software used under a SaaS contract (see note 3.7.2.1)*

3.3.2 Equity and liabilities

	Notes	12/31/2021 restated[1] in €m Net	6/30/2022 in €m Net
Share capital		83.3	83.9
Share premium		950.1	949.6
Reserves and retained earnings		89.2	112.9
Treasury shares		(5.4)	(2.7)
Equity attributable to owners of the Company		**1,117.2**	**1,143.7**
Total equity		**1,117.2**	**1,143.7**
Non-current lease liabilities	3.10.3.2	313.2	326.3
Non-current financial debt	3.10.9	338.7	262.8
Other non-current liabilities	3.10.12	0.1	0.1
Non-current provisions	3.10.10	3.4	1.1
Net employee defined benefit liabilities	3.10.10	5.2	5.4
Deferred tax liabilities		181.4	181.7
Non-current liabilities		**842.0**	**777.4**
Trade and other payables		154.7	172.4
Current lease liabilities	3.10.3.2	99.2	103.0
Bank overdrafts and short-term borrowings and debt	3.10.9	110.2	111.2
Short-term provisions	3.10.10	1.4	1.5
Other liabilities	3.10.12	82.9	89.0
Current liabilities		**448.4**	**477.1**
Total equity and liabilities		**2,407.6**	**2,398.2**

[1] *Including the impact of the IFRS IC decision on the costs of configuration and customization of software used under a SaaS contract (see note 3.7.2.1)*

3.4 Consolidated statement of cash flows

	1st semester 2021 restated[1] in €m	1st semester 2022 in €m
Profit/(loss) before tax	**1.4**	**29.4**
Depreciation, amortization and impairment	72.8	76.7
Other income and expenses	4.7	0.8
Financial income	15.2	11.8
Share-based Long-Term Incentive Plan	4.4	3.2
Adjusted EBITDA[2]	**98.5**	**121.8**
(Increase)/decrease in trade and other receivables and prepayments	(18.1)	(19.7)
(Increase)/decrease in net inventories after depreciations	16.7	(24.4)
Increase /(decrease) in trade and other payables	7.8	16.4
Change in working capital	**6.4**	**(27.7)**
Reimbursed (paid) income tax	(2.5)	(5.4)
Net cash flow from operating activities	**102.4**	**88.8**
Purchases of property, plant and equipment and intangible assets	(20.5)	(19.0)
Sales of property, plant, equipment and intangible assets	0.6	-
Purchases of financial instruments	(1.1)	(2.0)
Proceeds from sales of financial instruments	2.0	2.3
Purchases of subsidiaries net of cash acquired	-	-
Net cash flow used in investing activities	**(19.0)**	**(18.7)**
Share repurchased program	(2.3)	(2.4)
Issuance of long-term financial borrowings	-	-
Net reimbursement of short-term financial borrowings[3]	(14.5)	(74.1)
Reimbursement of lease liabilities	(59.1)	(59.8)
Other financial income and expenses	2.0	0.6
Interest paid	(6.7)	(6.8)
Net cash flow from financing activities	**(80.5)**	**(142.5)**
Net foreign exchange difference	0.6	0.8
Change in net cash and cash equivalents	**3.5**	**(71.6)**
Cash and cash equivalents at the beginning of the period	127.1	131.3
Bank credit balances at the beginning of the period	(2.6)	(1.9)
Net cash and cash equivalents at the beginning of the period	**124.5**	**129.4**
Cash and cash equivalents at the end of the period	130.5	59.7
Bank credit balances at the beginning/end of the period	(2.5)	(1.9)
Net cash and cash equivalents at the end of the period	**128.0**	**57.8**

[1] *Including the impact of the IFRS IC decision on the costs of configuration and customization of software used under a SaaS contract (see note 3.7.2.1)*
[2] *Recurring operating income before depreciation, amortization, impairment and before the share-based Long-Term Incentive Plan*
[3] *Includes mainly the €55 million reimbursement of TLA and €14 million reimbursement of state-guaranteed loan*

3.5 Consolidated statement of changes in equity

In €m	Number of OS	Share capital (Note 3.10 8)	Share premium	Treasury shares	Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit attributable to owners of the Company	**Total Group share**	Total equity
Balance as of January 1st, 2022 restated (1)	**74,798,149**	**83.3**	**950.1**	**(5.4)**	**67.4**	**0.5**	**(1.2)**	**(1.4)**	**23.9**	**1,117.2**	**1,117.2**
Net profit as of June 30, 2022	-	-	-	-	-	-	-	-	20.7	20.7	20.7
Exchange differences arising from the translation of foreign operations							3.4			3.4	3.4
Gains/(losses) on exchange differences on translation of foreign operations	-	-	-	-	-	-		(0.1)		(0.1)	(0.1)
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**3.4**	**(0.1)**		**3.3**	**3.3**
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**		**3.4**	**(0.1)**	**20.7**	**24.0**	**24.0**
Appropriation of 2021 net result	-	-	-	-	23.9	-	-	-	(23.9)	-	-
Conversion of class G preferred shares	737,189	0.6	(0.6)								-
Share-based Long-Term Incentive Plan				(2.4)						(2.4)	(2.4)
Purchase of treasury shares				5.1	(0.3)					4.9	4.9
Total transactions with owners	**731, 189**	**0.6**	**(0.6)**	**2.8**	**23.7**				**(23.9)**	**2.5**	**2.5**
Balance as of June 30, 2022	**75,535,338**	**83.9**	**949.6**	**(2.7)**	**91.0**	**0.5**	**2.2**	**(1.5)**	**20.7**	**1,143.7**	**1,143.7**

In €m	Number of OS	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit attributable to owners of the Company	**Total Group share**	Total equity
Balance as of December 31 2020,	**74,117,760**	**82.7**	**950.7**	**(2.7)**	**170.3**	**0.5**	**(4.5)**	**0.4**	**(102.2)**	**1,095.3**	**1,095.3**
Impact of the IFRS IC decision on SaaS contracts					(5.4)					(5.4)	(5.4)
Balance as of January ,1st 2021 restated[1]	**74,117,760**	**82.7**	**950.7**	**(2.7)**	**164.9**	**0.5**	**(4.5)**	**0.4**	**(102.2)**	**1,089.9**	**1,089.9**
Profit/(loss) as of June 30, 2021 restated[1]	-	-	-	-	-	-	-	-	0.9	0.9	0.9
Gains/(Losses) on exchange differences on translation of foreign operations	-	-	-	-	-	-	0.7	-	-	0.7	0.7
Gains/(losses) on derivative financial instruments (cash flow hedges) net of tax								(1.8)		(1.8)	(1.8)
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-0.7**	**(1.8)**	**-**	**(1.1)**	**(1.1)**
Total comprehensive income/(loss) restated[1]	**-**	**-**	**-**	**-**	**-**	**-**	**0.7**	**(1.8)**	**0.9**	**(0.2)**	**(0.2)**
Appropriation of 2020 net result	-	-	-	-	(102.2)	-	-	-	102.2	-	-
Capital increase/(decrease)	80,010	0,1	(0.1)	-	-	-	-	-	-	-	-
Conversion of free shares	-	-	-	(2.3)	-	-	-	-	-	(2.3)	(2.3)
Conversion of class G preferred shares	600,379	0.5	(0.5)	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	2.8	0.6	-	-	-	-	3.4	3.4
Total transactions with owners	**680;389**	**0.6**	**(0.6)**	**0.5**	**(101.6)**	**-**	**-**	**-**	**102.2**	**1.1**	**1.1**
Balance as of June 30, 2021 restated[1]	**74,798,149**	**83.3**	**950.2**	**(2.2)**	**63.3**	**0.5**	**(3.8)**	**(1.4)**	**0.9**	**1,090.8**	**1,090.8**

(1) Including the impact of the IFRS IC decision on the costs of configuration and customization of software used under a SaaS contract (see note 3.7.2.1)

3.6 GENERAL INFORMATION

3.6.1 Presentation of the Group

The consolidated group ("the Group") includes parent company SMCP S.A. and its subsidiaries. The Company's registered office is located at 49 rue Étienne Marcel, 75001 Paris, France. It has been listed on Euronext Paris since October 2017.

SMCP 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'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, while maintaining a strong attention to detail and craftsmanship, providing luxury, high value-added products.

3.6.2 Significant events

Store network

SMCP was affected by the lockdowns of several of its point of sales in Asia across the first semester 2022, mainly in Mainland China, with several cities impacted (including Shanghai and Beijing). Other stores experienced constraints on traffic and opening hours, such as in Hong Kong SAR. The network in Europe and North America remained open during the first half of 2022.

As of June 30, 2022, the Group operated 1,670 stores (including 742 Sandro, 620 Maje, 239 Claudie Pierlot, 2 Suite 341 and 67 Fursac), of which 1,274 were directly operated (free-standing stores, concessions, affiliates, outlets and websites), including 546 Sandro, 453 Maje, 206 Claudie Pierlot, 2 Suite 341 and 67 Fursac, and 396 were managed through partnerships. The network registered 14 net closings of points of sale in the first half, of which -10 in France, -6 in Europe, and +2 in APAC. Brands are present internationally in 44 countries, after the opening of Estonia in the first half of 2022.

Governance and shareholding

During the Ordinary Shareholders' meeting held on January 14th, 2022, the shareholders of the Company approved the dismissal of all board members representing European Top Soho S.à r.l./Shandong Ruyi and the appointment of three new independent Board members. Following this Shareholders' meeting, the Board of Directors appointed Mr Christophe Cuvillier as President of the Board. An Ad-hoc Committee comprising three independent Board members was also set up to steer the review of the recomposition of the share capital of the Company.

Main impacts of the conflict between Russia and Ukraine

Group's sales in Ukraine and Russia are operated by local distributors. In 2021, they represented a marginal part of Revenues (c. 1%). SMCP has no balance sheet exposure in Russia. Deliveries to Russia are suspended. The Group's management, as well as the Board of Directors and Audit Committee, follow closely the evolution of the situation.

Financial debt structure

Since December 31, 2021, the Group has exercised the extension option of the €53 million state-guaranteed-loan for 2 additional years (reimbursement plan scheduled from June 2023 to June 2024), has repaid the second €55 million tranche of the Term Loan and repaid the first tranche of the €140 million PGE (for an amount of €14 million).

3.7 ACCOUNTING PRINCIPLES AND METHODS

3.7.1 Basis of preparation

The Group's consolidated interim financial statements cover a business period of six months, from January 1 to June 30, 2022, and were approved by the Board of Directors on August 1st, 2022. They should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2021 and the consolidated interim financial statements as of June 30, 2021 for a comparative analysis.

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

The Group's scope of consolidation as of June 30, 2022 is identical to the scope of consolidation on December 31, 2021.

3.7.2 Accounting principles and methods

The condensed consolidated interim financial statements for the period ended June 30,2022 have been prepared in accordance with IAS 34 – Interim Financial Reporting and the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and in force on June 30,2022.

These standards and interpretations are applied consistently to the periods presented.
The condensed consolidated interim financial statements have been prepared according to the same accounting policies as those used to prepare the annual financial statements for the period ended December 2021, subject to the following clarifications:

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

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

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

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

At the end of each interim period, income tax expense or income is determined according to the principles defined in IAS 34. The tax is calculated based on the best possible estimate for each taxable entity, of the expected average annual tax rate for the full year, reprocessed for the tax effects generated by the non-recurring items recorded in the period in which they occurred. This estimated tax rate is 29.6%.

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

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

The Group tests the carrying value of non-current assets with indefinite useful life annually. At the end of each interim period, when indicators of impairment are identified (significant deterioration in the legal or economic environment, significant decline in asset performance, etc.), the Group conducts the assessment of such non-current assets (cf note 3.10.4).

- **Post-employment benefits**

Without any material changes in actuarial assumptions, no actuarial assessment was carried out when preparing the interim financial statements. The expense recognized as of June 30, 2022, for post-employment benefits corresponds to the amount calculated for 2021 fiscal year prorated over six months.

3.7.2.1 New standards and interpretations

Interpretation of IAS 38 on SaaS relating costs

In April 2021, IFRS IC released an update resulting in a clarification of the accounting treatment of costs incurred in configuring or customizing application software used in a Software as a Service (SaaS) arrangement, where these are not considered anymore as eligible for capitalization, as per the criteria defined under IAS 38; instead, they are to be fully expensed. In line with IAS 8 "Accounting policies, changes in accounting estimates and errors", this update has been treated as a change in accounting policies, with retrospective application.

Prior periods have been restated accordingly, with a €5.4 million expense adjustment recorded in equity as of January 1, 2021. The impacts of this change in accounting policy on the financial statements as of June 30, 2021 and December 31,2021 are presented below:

	6/30/2021	**12/31/2021**
	in €m	*in €m*
Other Intangibles assets (1)	(6.8)	(6.8)
Deferred tax assets	1.8	1.7
TOTAL ASSETS	**(5.0)**	**(5.1)**
Reserves and retained earnings (2)	(5.0)	(5.1)
TOTAL EQUITY AND LIABILITIES	**(5.0)**	**(5.1)**

(1) including €1.7 million for H1 2021 on row "Purchases of property, plant and equipment and intangible assets" of the statement of cash flows (€4.0 million for FY 2021)

(2) including -€5.4 million as of January 1, 2021; €0.4 million for H1 2021 (€0.5 million on Current operating income and -€0,1 million on Income tax expense); and €0.3 million for FY 2021 (€0.4 million on Current operating income and -€0,1 million on Income tax expense).

3.7.2.2 Exchange rates applicable for the period

Expenses, proceeds, and cash flows for each of the two interim periods were converted using the average rate of the semester.

Assets and liabilities were converted at the closing rate in effect on 6/30/2022.

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

		6/30/2021		6/30/2022	
		Closing	Average	Closing	Average
			6 months		*6 months*
SWISS FRANC	EUR/CHF	1.0331	1.0942	0.9960	1.0320
EURO	EUR/EUR	1.0000	1.0000	1.0000	1.0000
POUND STERLING	EUR/GBP	0.8403	0.8685	0.8582	0.8422
US DOLLAR	EUR/USD	1.1326	1.2056	1.0387	1.0940
CANADIAN DOLLAR	EUR/CAD	1.4393	1.5041	1.3425	1.3905
CHINESE YUAN	EUR/CNY	7.2036	7.7975	7.0021	7.0893
HONG KONG DOLLAR	EUR/HKD	8.8333	9.3570	8.1493	8.5601
SINGAPORE DOLLAR	EUR/SGD	1.5279	1.6060	1.4483	1.4925
DANISH KRONE	EUR/DKK	7.4364	7.4369	7.4392	7.4402
NORWEGIAN KRONE	EUR/NOK	9.9888	10.1789	10.3485	9.9766
SWEDISH KRONA	EUR/SEK	10.2503	10.1296	10.7300	10.4753
MACAU PATACA	EUR/MOP	9.0900	9.6373	8.4412	8.8126
TAIWAN DOLLAR	EUR/TWD	31.3538	33.8016	31.0625	31.3914
JAPANESE YEN	EUR/JPY	130.3800	129.8019	141.5400	134.3000
MALAYSIAN RINGGIT	EUR/MYR	4.7184	4.9382	4.5781	4.6704

3.8 SEGMENT INFORMATION

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

- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
- for which separate financial information is available.

3.8.1 Group Operating Segments

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

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

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

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

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

- their geographic coverage is very similar, with most of their business conducted in France and Europe (>90% of Retail Revenue in 2021),
- their logistics resources have been pooled;
- their long-term Gross margin ratio and EBITDA margin are similar;
- their respective weight in terms of activity is not significant at the SMCP Group level (Claudie Pierlot and Fursac jointly accounted for 13% of Group revenue in 2021).

3.8.2 Financial information by operating segment

The tables below set out the Group's financial information by operating segment as of June 30, 2022 and June 30, 2021:

	Sandro	Maje	Other brands	Holdings	1st semester 2022
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Sales	266.8	223.9	74.7		565.4
Adjusted EBITDA (1)	61.2	55.6	5.0		121.8
Adjusted EBITDA excluding IFRS 16 (2)	31.5	33.4	(2.9)		62.0
Depreciation, amortization, and impairment	(37.9)	(28.2)	(10.6)		(76.7)
Adjusted EBIT (3)	**23.3**	**27.4**	**(5.6)**		**45.2**
Goodwill	336.0	237.3	53.0		626.3
Right of use	219.5	144.8	71.9	47.9	484.1
Intangible assets	322.2	227.9	118.2	2.4	670.8
Property, plant and equipment	32.5	25.6	11.7	12.7	82.6
Capital expenditure (4)	8.9	5.4	3.3	3.4	21.0

	Sandro	Maje	Other brands	Holdings	1st semester 2021 restated
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Sales	212.0	182.9	58.4	-	453.3
Adjusted EBITDA (1)	47.7	47.2	3.7	-	98.5
Adjusted EBITDA excluding IFRS 16 (2)	19.4	25.1	(5.0)	-	39.5
Depreciation, amortization, and impairment	(33.3)	(28.5)	(11.0)	-	(72.8)
Adjusted EBIT (3)	**14.4**	**18.7**	**(7.4)**	**-**	**25.7**
Goodwill	336.0	237.3	58.0	-	631.3
Right of use	207.0	156.7	73.0	48.4	485.1
Intangible assets	321.8	227.6	118.3	5.3	672.9
Property, plant and equipment	34.2	27.4	11.5	11.7	84.8
Capital expenditure (4)	7.6	4.8	3.6	5.6	21.6

(1) Adjusted EBITDA is an indicator not defined by IFRS and is defined by the Group as current operating income less depreciation, amortization and provisions and the free share allocation plan.
(2) Adjusted EBITDA excluding IFRS 16 is an indicator not defined by IFRS and corresponds to adjusted EBITDA restated for fixed rents.
(3) Adjusted EBIT is an indicator not defined by IFRS and is defined by the Group as current operating income less the free share allocation plan.
(4) Capital expenditure breaks down as follows: (see note 3.4. Consolidated cash flow statement) and excluding rights of use:
Purchases of property, plant and equipment: €16.8m at June 30, 2021 and €13.9m at June 30, 2022;
Purchases of intangible assets: €1.6m as of June 30, 2021, and €2.0m as of June 30, 2022;
Purchases of financial instruments: €1.1 million at June 30, 2021 and €2.0 million at June 30, 2022;
Change in payables to suppliers of fixed assets: 2.1 m€ at June 30, 2021 and 3.1 m€ at June 30, 2022.

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

3.8.3 Key performance indicators

	1st semester 2021 restated (1)	1st semester 2022
	in €m	*in €m*
Recurring operating income	**21.3**	**42.0**
Share-based Long-Term Incentive Plan	4.4	3.2
Adjusted EBIT	**25.7**	**45.2**
Depreciation, amortization, and impairment	72.8	76.7
Adjusted EBITDA	**98.5**	**121.8**
IFRS 16 impact	(59.1)	(59.8)
Adjusted EBTDA excluding IFRS 16	**39.5**	**62.0**

(1) including the impact of the IFRS IC decision on configuration and customization costs for software used under a SaaS contract (see note 3.7.2.1)

Among the key performance indicators followed by the Board of Directors, Adjusted EBITDA is not defined by IFRS but is defined by the Group as the recurring operating income before depreciation, amortization, impairment, and impact of share-based Long-Term Incentive Plan. Adjusted EBIT is defined as the recurring operating income before the impact of share-based Long-Term Incentive Plan.

3.8.4 Financial information by geographic segment

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

	France	EMEA	Americas	APAC	6/30/2022
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Net sales	194.7	173.4	83.1	114.2	**565.4**
Non-current assets	1,685.4	149.9	3.6	93.4	**1,932.3**

	France	EMEA	Americas	APAC	6/30/2021
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Net sales	141.9	114.0	59.1	138.4	**453.3**
Non-current assets	1,698.3	155.5	8.4	89.1	**1,951.1**

3.9 NOTES TO THE INCOME STATEMENT

3.9.1 Sales

	1st semester 2021	1st semester 2022
	in €m	*in €m*
Sales of goods	453.3	565.4
Sales	**453.3**	**565.4**

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

	1st semester 2021	1st semester 2022
	in €m	*in €m*
Retail	400.8	517.2
- Directly operated stores	*138.9*	*175.5*
- Concessions ("corners")	*108.5*	*164.1*
- Outlets	*47.0*	*65.1*
- Affiliates	*11.6*	*13.5*
- Online	*94.8*	*99.0*
Partnered retail sales	52.5	48.2
Sales	**453.3**	**565.4**

3.9.2 Cost of sales

Cost of sales includes:

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

	1st semester 2021	1st semester 2022
	in €m	*in €m*
Raw materials consumed	(26.6)	(33.2)
Finished products consumed	(70.7)	(59.5)
Subcontracting and ancillary expenses	(31.1)	(48.8)
Commissions	(43.3)	(58.8)
Net foreign exchange gain/(loss) on operating items	(0.9)	(1.7)
Cost of sales	**(172.4)**	**(202.1)**

3.9.3 Other non-current income and expenses

(in €m)	1st semester 2021	1st semester 2022
Other income	7.7	4.4
Other expenses	(12.4)	(5.2)
Other non-current income and expenses	**(4.7)**	**(0.8)**

As of June 30, 2022, other non-current operating income and expenses represent a net expense of € 0,8 million and mainly relate to the current changes in ownership for 1.2 million €.

As of June 30, 2021, other non-current operating income and expenses represented a net expense of € 4.7 million and mainly related to the closure of point of sales for € 2.8 million, impairment of right of use in France for € 1.0 million and rent renegotiation cost for € 1.1 million.

3.9.4 Financial income and expenses

	1st semester 2021	1st semester 2022
	in €m	*in €m*
Interest expenses on borrowings	(13.9)	(11.4)
- RCF & NEU CP	*(1.1)*	*(0.9)*
- Term Loan	*(4.2)*	*(3.1)*
- Bridge	*(0.4)*	-
- State-guaranteed loan	*(1.5)*	*(1.9)*
- interest on lease debt	*(6.6)*	*(5.4)*
- Others	*(0.1)*	*(0.1)*
Net exchange gain/ (loss)	(0.9)	(0.4)
Other financial expenses	(0.4)	-
Financial income	**(15.2)**	**(11.8)**

3.9.5 Income tax

3.9.5.1 Income tax

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

in €m	1st semester 2021 restated (1)	1st semester 2022
Deferred tax	(1.6)	(3.2)
Current tax	1.1	(5.5)
Income tax expense	**(0.5)**	**(8.7)**

(1) including the impact of the IFRS IC decision on configuration and customization costs for software used under a SaaS contract (see note 3.7.2.1)

For the six-month period ended on June 30, 2022, reconciliation between the theoretical tax expense and the income tax expense as recorded in the P&L was mainly due to:

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

The estimated tax rate used to compute tax expense stood at 29.6%.

For the six-month period ended on June 30, 2021, reconciliation between the theoretical tax expense and the income tax expense as recorded in the P&L was explained by the same factors (CVAE and LTI Plans).

3.9.5.2 Deferred tax position

Deferred taxes liabilities relating to the trademarks and leasehold rights in France were calculated based on a tax rate of 25.83% applicable from 2022.

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

3.9.6 Earnings per share

Earnings per share is calculated as follows:

	1st semester 2021 restated (1)	1st semester 2022
Net profit (group share) in €m	**0.9**	**20.7**
Numbers of shares - before dilution *	74,571,845	75,201,786
Numbers of shares - after dilution	78,673,498	78,635,672
Earnings per share (€)	**0.01**	**0.28**
Diluted earnings/(loss) per share (€)	**0.01**	**0.26**

(1) including the impact of the IFRS IC decision on configuration and customization costs for software used under a SaaS contract (see note 3.7.2.1)

3.10 NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.10.1 Goodwill and intangible assets

3.10.1.1 Goodwill

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

The net value of goodwill as of June 30, 2022 totaled € 626.3 million.

in €m	**1/01/2022**	**Change in scope of consolidation**	**Impairment**	**Translation adjustment**	**6/30/2022**
Goodwill - gross value	683.2	-	-	-	683.2
Impairment	(56.9)	-	-	-	(56.9)
Goodwill - net value	**626.3**	**-**	**-**	**-**	**626.3**

As a reminder, the net value of goodwill as of June 30, 2021 totaled € 631.3 million.

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

3.10.1.2 Intangible assets

The table below illustrates changes over the period presented:

in €m	**1/01/2022**	**Acquisitions**	**Disposals**	**Depreciation & amortization**	**Other**	**6/30/2022**
Trademarks	663.0					663.0
Leasehold rights	1.6	3.7			(0.6)	4.7
Other intangible assets	40.7	(1.7)			1.2	40.2
Intangible assets	**705.3**	**2.0**			**0.6**	**707.9**
Amort. /Impairment of intangible assets	(33.5)			(3.3)	(0.3)	(37.1)
Amort. /Impairment of intangible assets	**(33.5)**			**(3.3)**	**(0.3)**	**(37.1)**
Net value of intangible assets	**671.8**	**2.0**		**(3.3)**	**0.3**	**670.8**

in €m	**1/01/2021 restated (1)**	**Acquisitions**	**Disposals**	**Depreciation & amortization**	**Other**	**6/30/2021 restated (1)**
Trademarks	663.0	-	-	-	-	663.0
Leasehold rights	3.8	1.5	-	-	(2.3)	3.1
Other intangible assets	37.3	(0.4)	(0.2)	-	0.5	37.2
Intangible assets	**704.1**	**1.1**	**(0.2)**		**(1.8)**	**703.3**
Impairment of leasehold rights	-	-	-	-	-	-
Amort. /Impairment of intangible assets	(26.8)	-	-	(3.4)	(0.1)	(30.3)
Amort. /Impairment of intangible assets	**(26.8)**	**-**	**-**	**(3.4)**	**(0.1)**	**(30.3)**
				-		
Net value of intangible assets	**677.3**	**1.1**	**(0.2)**	**(3.4)**	**(1.9)**	**672.9**

(1) including the impact of the IFRS IC decision on configuration and customization costs for software used under a SaaS contract (see note 3.7.2.1)

3.10.2 Property, plant and equipment

The table below illustrates changes over the period presented:

in €m	1/01/2022	Acquisitions	Disposals	Depreciation & amortization	Translation adjustment	Other	6/30/2022
Technical fittings, equipment and industrial tools	3,8						3,8
Property, plant and equipment in progress	9,0	5,6			0,1	(3,1)	11,6
Advances and down payments on property, plant and equipment	0,3	0,1				(0,3)	0,1
Other property, plant and equipment	223,6	8,2			6,6	2,5	240,9
Property, plant and equipment	**236,7**	**13,9**			**6,7**	**(0,9)**	**256,4**
Amort. /Impairment of technical fittings, equipment and industrial tools	(2,7)			(0,3)			(3,0)
Amort. /Impairment of other property, plant and equipment	(146,4)			(19,0)	(5,5)	0,1	(170,8)
Amort. /Impairment of property, plant and equipment	**(149,1)**			**(19,3)**	**(5,5)**	**0,1**	**(173,8)**
Net value of property, plant and equipment	**87,6**	**13,9**		**(19,3)**	**1,2**	**(0,8)**	**82,6**

in €m	1/01/2021	Acquisitions	Disposals	Depreciation & amortization	Translation adjustment	Other	6/30/2021
Technical fittings, equipment and industrial tools	5,7	-	(1,4)	-	-	-	4,3
Property, plant and equipment in progress	9,3	4,0	-	-	0,1	(3,6)	9,8
Advances and down payments on property, plant and equipment	0,4	-	-	-	-	(0,3)	0,1
Other property, plant and equipment	199,7	12,8	(2,4)	-	4,1	4,8	219,0
Property, plant and equipment	**215,1**	**16,8**	**(3,8)**	**-**	**4,2**	**0,9**	**233,2**
Amort. /Impairment of technical fittings, equipment and industrial tools	(3,7)	-	1,4	(0,8)	-	-	(3,1)
Amort. /Impairment of other property, plant and equipment	(124,5)	-	2,3	(20,7)	(3,0)	0,6	(145,3)
Amort. /Impairment of property, plant and equipment	**(128,2)**	**-**	**3,7**	**(21,5)**	**(3,0)**	**0,6**	**(148,4)**
Net value of property, plant and equipment	**86,9**	**16,8**	**(0,1)**	**(21,5)**	**1,2**	**1,5**	**84,8**

3.10.3 Lease agreements

3.10.3.1 Rights of use

Rights of use break down as follows:

in €m	12/31/2021	6/30/2022		
	Net	**Gross**	**Amortization, depreciation, and impairment**	**Net**
Stores	321.8	643.6	(313.2)	330.4
Offices and warehouses	43.5	86.1	(33.2)	52.9
Capitalized fixed rents	**365.3**	**729.7**	**(346.4)**	**383.3**
Leasehold rights	102.2	124.8	(24.0)	100.8
Right of use	**467.5**	**854.5**	**(370.4)**	**484.1**

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

Gross value in €m	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	**Offices and warehouses**	**Total**		
January 1st, 2022	597.2	71.1	668.3	125.6	793.9
Arrangement of new leases	54.9	14.2	69.1	-	69.1
Expirations and early terminations	(20.6)	-	(20.6)	(0.4)	(21.0)
Other (foreign exchange difference)	12.1	0.8	12.9	(0.4)	12.5
As of June 30, 2022	**643.6**	**86.1**	**729.7**	**124.8**	**854.5**

Amortization, depreciation and impairment in m€	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	**Offices and warehouses**	**Total**		
January 1st, 2022	(275.4)	(27.6)	(303.0)	(23.5)	(326.5)
Depreciation	(47.5)	(5.4)	(52.9)	(1.0)	(53.9)
Amortization and impairment	-	-	-	-	-
Expirations and early terminations	17.2	-	17.2	0.4	17.6
Other (exchange rate)	(7.5)	(0.2)	(7.7)	0.1	(7.6)
As of June 30, 2022	**(313.2)**	**(33.2)**	**(346.4)**	**(24.0)**	**(370.4)**
Net value as of June 30, 2022	**330.4**	**52.9**	**383.3**	**100.8**	**484.1**

Gross value in m€	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	**Offices and warehouses**	**Total**		
January 1st, 2021	517.5	69.2	586.7	132.9	719.6
Arrangement of new leases	49.6	3.2	52.8	0.4	53.2
Expirations and early terminations	(12.1)	(1.5)	(13.6)	(4.2)	(17.8)
Reclassification of fixed assets in progress	-	-	-	0.1	0.1
Other (foreign exchange difference)	12.2	(0.1)	12.1	0.7	12.8
As of June 30, 2021	**567.2**	**70.8**	**638.0**	**129.8**	**767.8**

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

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

3.10.3.2 Lease liabilities

Lease liabilities break down as follows:

in €m	12/31/2021	6/30/2022
Lease liabilities - more than 5 years	88.7	92.6
Lease liabilities - between 1 and 5 years	224.5	233.7
Lease liabilities - less than one year	99.2	103.0
Total	**412.4**	**429.3**

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

in €m	Stores	Offices and warehouses	Total
January 1st, 2022	366.3	46.1	412.4
Arrangement of new leases	54.2	14.2	68.4
Reimbursement of the nominal	(50.3)	(5.3)	(55.6)
Changes in incurred interests	0.3	-	0.3
Termination of lease	(3.7)	-	(3.7)
Other	6.9	0.6	7.5
As of June 30, 2022	**373.7**	**55.6**	**429.3**

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

The amount of fixed rent paid in H1 2022 is €60.7 million. It was €59.1 million in H1 2021.

The residual rent expense shown in the income statement under operating income and expenses breaks down as follows:

en m€	1st semester 2021	1st semester 2022
Variable lease payments or rents on low-value assets	(4.4)	(4.8)
Rental charges	(7.6)	(5.4)
Rent reliefs granted by landlords	5.8	-
Total	**(5.4)**	**(10.2)**

3.10.4 Valuation of intangible assets with an indefinite useful life

3.10.4.1 Points of sales valuation

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

A targeted review of the value of the certain or foreseeable points of sales closure has been achieved and the potential impact has been recognized as of June 30, 2022.

3.10.4.2 Goodwill valuation

An impairment test is performed every semester for each brand presenting an impairment indication, and at least once a year for each brand.

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

The value in use of the SMCP group is assessed on the basis of DCFs derived from an 8-year business plan.

The Group uses, for all these CGU groupings, a discount rate of 10% and a long-term growth rate of 2%.

Of all brands, only Claudie Pierlot and Fursac had intangible assets with a carrying amount close to their recoverable amount. The carrying amount for Claudie Pierlot is €114.8 million and the one for Fursac is €69.9 million as of June 30, 2022. It includes the portion of goodwill allocated, the brand name, intangibles and tangibles, as well as working capital.

Impairment tests performed for these two CGU combinations led to no additional impairment as of June 30, 2022. No impairment would result from a 0.5 basis point change in the discount rate after taxes, or a 0.5 basis point change in the growth rate beyond the duration of the plans, or a 1 basis point decrease in average compound sales growth over the duration of the plan compared with rates applied at June 30, 2022.

Sensitivity to changes in the discount rate

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).

The carrying amount of the Claudie Pierlot CGU combination would be higher than the recoverable amount if the discount rate was higher than 11.3% (i.e. discount rate used of 10% increased by 130 basis points).

Sensitivity to perpetual growth rate variations

Assuming a perpetual growth rate of zero, the carrying amount of both the Fursac and Claudie Pierlot CGU combinations would remain below their recoverabl eamount.

Sensitivity to sales growth rates

The carrying amount of the Fursac CGU combination would be higher than the recoverable amount if the decrease of the sales growth rate for each year of the business plan was higher than 1.2%. The carrying amount of the Claudie Pierlot CGU combination would be higher than the recoverable amount if the decrease of the sales growth rate for each year of the business plan was higher than 1.5%

As no impairment indication was observed for Sandro and Maje brands, no impairment test has been performed for them.

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

3.10.5 Inventories

			6/30/2022
in €m	**Gross value**	**Impairment**	**Net value**
Raw materials and other supplies	43.4	(7.8)	35.6
Finished products	245.3	(18.8)	226.5
Total inventories	**288.7**	**(26.6)**	**262.1**

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

3.10.6 Trade receivables

in €m	1/01/2022	Changes in gross value	Impairment	Reversals	Translation adjustment	Change in scope of consolidation	6/30/2022
Trade receivables	**57.0**	(0.8)			(0.7)		**56.9**
Provisions for impairment	**(0.3)**						**(0.3)**
Trade receivables, net	**56.7**	(0.8)			(0.7)		**56.6**

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

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 when appropriate.

7% of trade receivables are overdue as of June 30, 2022.

3.10.7 Other receivables

On June 30, 2022, other receivables totaled € 87.5 million and included prepaid expenses for € 28.3 million, advance payments to suppliers for € 15.7 million, tax receivables for € 14.0 million, particularly VAT recoverable by the Group from the tax authorities in the countries in which it operates and € 5.6 million of income tax receivables, mainly in France and Italy.

3.10.8 Share capital

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

As of June 30, 2022, the Company's fully subscribed and paid-up share capital amounted to € 83,871,608.70. It is divided into 76,246,917 shares as follows:

- 75,535,338 fully paid-up ordinary shares with a value of € 1.10,
- 711,579 class "G" shares (the "ADP G", which are preference shares withing the meaning of Articles L.228-11 et seq of the French Commercial Code and have a value of € 1.10).

3.10.9 Consolidated net debt

The Group calculates on a quarterly basis its consolidated net financial debt, which constitutes an important indicator of its performance, as follows:

en m€	**12/31/2021**	**06/30/2022**
Cash and cash équivalents	131.3	59.7
Current bank overdrafts	(1.9)	(1.9)
Cash and cash equivalents net of current bank overdrafts	**129.4**	**57.8**
Short-term borrowings and debt	(108.3)	(109.3)
Bank borrowings	(337.8)	(262.7)
Deposits and sureties received	(0.1)	(0.1)
Accrued interest on borrowings	(0.9)	(0.1)
Consolidated net debt	**(317.7)**	**(314.4)**

As of June 30, 2022, financial debt is composed of the amortizable term loan (remaining amount €155 million), state-guaranteed loans for 179m€ (after reimbursement of 14m€ in the first semester 2022), NEU CP for €33.7 million and various bank debts for € 5.1 million.

The Group's debt leverage was 2.1 on June 30, 2022, thus meeting the TLA and PGE covenants as of June 30, 2022.

“Cash and cash equivalents” only comprise cash accounts readily available.

3.10.10 Current and non-current provisions

The table below illustrates changes over the period presented:

in €m	1/01/2022	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other comprehensive income	6/30/2022
		-	-	-	-	-
Provisions for risk and charges	3.4			(1.4)	(0.9)	1.1
Provisions for pension liabilities	5.2	0,5	(0,3)			5.4
Total non-current provisions	**8.6**	**0.5**	**(0.3)**	(1.4)	**(0.9)**	**6.6**
Provisions for contingencies	1.4	0.1				1.5
Total current provisions	**1.4**	**0.1**				**1.5**

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

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

3.10.11 Fair value of financial assets and liabilities

Net book value and fair value of financial assets and liabilities are summarized in the table below:

	Notes		Fair value hierarchy	31/12/2021 *en m€* Net book value	Fair value	30/06/2022 *en m€* Net book value	Fair value
Loans and receivables		Amortized cost	(1)	19.6	19.6	19.9	19.9
Non-current financial assets				**19.6**	**19.6**	**19.9**	**19.9**
Trade receivables	**3.10.6**	Amortized cost	**(1)**	**56.7**	**56.7**	**56.6**	**56.6**
Derivative instruments eligible for hedge accounting		FV OCI/ FV P&L	**(2)**	**0.3**	**0.3**	**0.7**	**0.7**
Cash and cash equivalents	**3.10.9**	Amortized cost	**(1)**	**131.3**	**131.3**	**59.7**	**59.7**
Term Loan		Amortized cost	(1)	155.0	155.0	100.0	100.0
State-guaranteed loan		Amortized cost	(1)	179.0	179.0	159.7	159.7
Medium term loan		Amortized cost	(1)	3.8	3.8	2.9	2.9
Deposits and sureties received		Amortized cost	(1)	0,1	0,1	0.1	0.1
Accrued interest on borrowings		Amortized cost	(1)	0.9	0.9	0.1	0.1
Non-current financial debt	**3.10.9**			**338.8**	**338.8**	**262.8**	**262.8**
Trade and other payables		Amortized cost	**(1)**	**154.7**	**154.7**	**172.4**	**172.4**
Bank overdraft		Amortized cost	(1)	1.9	1.9	1.9	1.9
Term Loan		Amortized cost	(1)	53.2	55,0	53.7	55.0
State-guaranteed loan		Amortized cost	(1)	14.4	14.0	19.9	19.3
Medium term loan		Amortized cost	(1)	2.7	2.7	2.1	2.1
NEU CP		Amortized cost	(1)	38.0	38.3	33.5	33.7
Bank overdrafts and short-term borrowings and debt	**3.10.9**			**110.2**	**111.9**	**111.2**	**112.0**
Derivative instruments eligible for hedge accounting		FV OCI/ FV P&L	**(2)**	**2.7**	**2.7**	**4.4**	**4.4**

FV : Fair Value

OCI : Other Comprehensive Income

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

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

Hedge type	Type of impact of IFRS 9
CFH total (Cash flow Hedge)	Other comprehensive income
FVH total (Faire Value Hedge)	P&L impacts
Trading	P&L impacts

On June 30, 2022, 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).

3.10.12 Other liabilities

Other liabilities amounted to € 89 million on June 30, 2022 and were mainly composed of taxes, duties and other payroll-related liabilities totaling € 60.1 million, and advances and prepayments from customers of € 10.4 million.

3.10.13 Liquidity risk

Taking into account the cash at hand or available, the Group is satisfied with its liquidity position (for a total amount of € 224.1 million, including the undrawn RCF), which is in line with its needs.

3.10.14 Capital markets risk management

The Group is exposed to the same risk and uncertainty as set out in note 5.17 “Financial instruments and market risk management” of Consolidated financial statements on December 31, 2021. No additional risk was identified during the first half of 2022.

The fair values of derivatives on June 30, 2022 is as follows:

in €m	**Positive Fair Value**	**Negative Fair Value**	**Net Fair Value**
Terms	0.7	(3.6)	**(2.9)**
Options	-	(0.8)	**(0.8)**
Total	**0.7**	**(4.4)**	**(3.7)**

The fair value of derivatives was as follows on December 31, 2021:

in €m	**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)**

3.11 OTHER INFORMATION

3.11.1 Off-balance sheet commitments

Commitments and contractual obligations received or given are of the same nature as the ones described in the Group’s consolidated financial statements at year-end 2021.

3.11.2 Headcount

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

Operational employees	**6/30/2021**	**6/30/2022**
France	2,408	2,617
Europe (except France)	1,520	1,628
America	525	605
Asia	1,363	1,529
Total headcount	**5,816**	**6,379**

3.11.3 Transactions with associated companies and related parties

The Group's transactions with related parties are mainly linked to:

- compensation and similar benefits granted to members of the Board of Directors or to executive officers;
- transactions with members of the Board of Directors or with executive officers.

Related party transactions are carried out on a market price basis.
During the first half of 2022, there was no significant change.

3.11.4 Scope of consolidation

The scope of consolidation as of June 30, 2022, is the same as the scope as of December 31, 2021.

3.11.5 Subsequent events

No major event occurred after the end of the reporting period.

4 STATUTORY AUDITORS’ REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

Period from January 1, 2022 to June 30, 2022

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

To the Shareholders of SMCP,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of SMCP, for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

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

I – Conclusion on the financial statements

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

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

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

Without qualifying our conclusion, we draw your attention to the matter set out in note 3.7.2.1 « New standards or interpretations » to the condensed half-yearly consolidated financial statements which sets out the change in accounting policy relating to the retrospective application of the IFRS IC decision on IAS 38 "Intangible assets" and relating to the recognition of the costs of configuring and customising software made available in the cloud as part of a Software as a Service (SaaS) contract.

II – Specific verification

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

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine & Paris-La Défense, August 3rd 2022

The Statutory Auditors

French original signed by

Grant Thornton	Deloitte & Associés
Guillaume GINE	Albert AIDAN