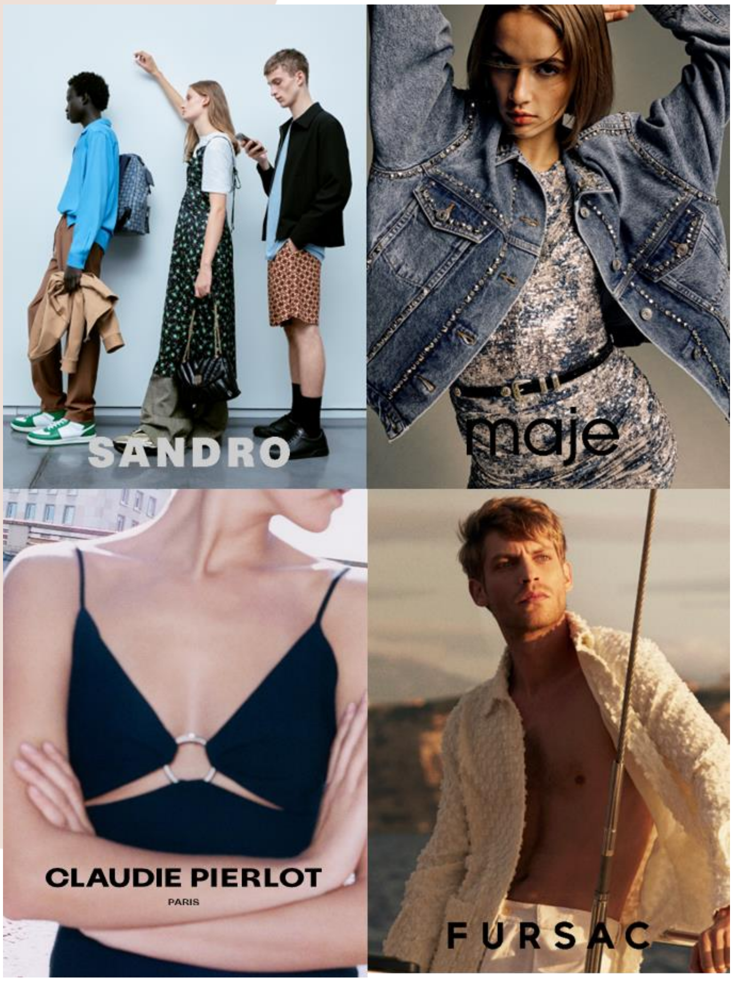
SMCP S.A.
Société anonyme (a joint-stock company) with a capital of € 83,917,383
Registered office: 49, rue Étienne Marcel, 75001 Paris, France
Paris Companies Register no. 819 816 943

2023

INTERIM FINANCIAL REPORT

For the six-month period ended June 30, 2023



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 2023 interim financial report

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

1.2. Declaration by the person responsible for the 2023 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, 2023, 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, July 28th, 2023 - Chief Executive Officer

Isabelle Guichot

2 INTERIM MANAGEMENT REPORT

2.1.1 Introduction

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 "America" 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, 2023
- 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

2.2 First semester 2023 business review and outlook

2.2.1 Key figures as of June 30, 2023

	H1 2022	H1 2023	*Evolution (regarding Sales, evolution as reported)*
Points of sale	1,670	1,658	(12)
Sales (€m)	**565.4**	**609.8**	+7.9%
Adjusted EBITDA (€m)	121.8	115.7	(5.0%)
Adjusted EBIT (€m)	**45.2**	**36.3**	(19.6%)
Net income Group Share (€m)	**20.7**	**14.0**	(32.1%)
EPS (€)[1]	0.28	0.19	(32.9%)
Diluted EPS (€)[2]	0.26	0.18	(31.4%)
FCF (€m)	**4.9**	**(8,7)**	-

2.2.2 Consolidated net income review

2.2.2.1 Consolidated sales

Over the first half of 2023, consolidated sales reached €610 million, a record level for the Group, up +8% organically compared to H1 2022. The currency impact is negative (-1%). The Like-for-like growth is +5%. The Group recorded a good performance in Europe, a strong improvement of the trend in Asia during the semester and a strong resilience of the sales in America after an outstanding performance in 2022.

The growth of digital sales is slightly above average growth, resulting a digital penetration of 23% (vs 22% in H1 2022), confirming a level above pre-pandemic period (15% in 2019).

The network is back to growth with 15 net openings in the first semester (excluding the impact of the closure of 40 POS in Russia, formerly operated by a local partner, and no longer supplied since early 2022).

[1]*Net Income Group Share divided by the average number of ordinary shares as of June 30th, 2023, minus existing treasury shares held by the Group*

[2]*Net Income Group Share divided by the average number of common shares as of June 30th, 2023, 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 (2,735,739 shares) and the performance bonus shares – LTIP (598,699 shares) which are prorated according to the performance criteria reached as of June 30th, 2023*

Consolidated sales by geographical area and by brand as of June 30, 2023

€m (except %)	H1 2022	H1 2023	*Organic sales change*	*Change in reported data*
By region				
France	194.7	203.9	+4.7%	+4.7%
EMEA	173.4	189.1	+9.4%	+9.1%
America	83.1	80.3	(3.7)%	(3.4)%
APAC	114.2	136.5	+19.0%	+19.5%
By brand				
Sandro	266.8	295.9	+10.6%	+10.8%
Maje	223.9	228.5	+1.9%	+2.0%
Other brands	74.7	85.9	+14.9%	+14.9%
TOTAL	**565.4**	**609.8**	**+7.7%**	**+7.9%**

Sales by region

In **France**, sales grow by +5% organic compared to S1 2022. The good performance is driven by Sandro and the "Other brands" division. Digital sales are growing strongly. The second quarter has been impacted by a challenging economic and social environment. Strikes, social tensions and persistent inflation were not encouraging tourism flow and consumption. The network is growing with three net openings in the semester.

The **EMEA** region recorded the strongest growth of the Group with an organic increase of 9% compared to S1 2022 an excellent performance driven by both local demand and tourism flow. The growth is driven by the largest markets such as the Germany, Spain, Italy, and Middle East except the UK impacted by challenging economic environment. The growth is mainly driven by like-for-like (B&M and digital) but also by network expansion. Excluding the closing of Russia 40 points of sales in the first quarter, the first semester recorded eight net openings.

In **America**, after outstanding performance two years in a row, sales decrease slightly by 4% organically compared to S1 2022. This slowdown is particularly due to Canada's slow post-Covid recovery accentuated by the rebuilding of the retail market and the lack of tourism from China.
In the US, sales are holding up well et are close to 2022 level, despite a challenging and promotional environment. The network recorded two net openings.

In **APAC**, H1 sales reached €137m, +19% organic vs H1 2022. The trend is strongly improving during the semester with +3% organic in the first quarter and +43% in the second quarter. Mainland China is back to growth in the second quarter (+53%), resulting in a double-digit growth in H1.
Excluding Mainland China, the region also recorded a particularly good performance notably in Hong-Kong, Macau, Singapore, and Malaysia, with good touristic flows.
In the APAC region, the network registers two net additions during the first semester.

2.2.2.2 Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA went from €122 million in H1 2022 to €116 million in H1 2023. The decrease of EBITDA margin as a percentage of sales is due to both management gross margin and operating expenses.
Management gross margin (73%) decreased by one point due to a bigger part of liquidation of previous years' collections (especially in China for 2022 collections, impacted by local sanitary situation, and at Claudie Pierlot), and a competitive and more promotional environment, especially in the US and at Maje.
Total operating expenses (store costs and general and administrative expenses) as a percentage of sales increased by one point, due to the impact of inflation on rents and wages, and the pursuit of investment in infrastructure and IT systems.

2.2.2.2.1 Adjusted EBITDA by brand

(In €m)	H1 2022	H1 2023
Adjusted EBITDA	**121.8**	**115.7**
Sandro	61.2	62.0
Maje	55.6	48.6
Other brands	5.0	5.1
Adjusted EBITDA margin	***21.5%***	***19.0%***
Sandro	*22.9%*	*21.0%*
Maje	*24.8%*	*21.3%*
Other brands	*6.7%*	*5.9%*

2.2.2.3 Amortization, depreciation, and provisions

Amortization, depreciation, and provisions increased slightly, to -€79 million in H1 2023, compared with -€77 million in H1 2022. Excluding IFRS 16, they are nearly stable in percentage of revenue, at 4% of sales, vs. 4.2% in H1 2022.

2.2.2.4 Adjusted EBIT and adjusted EBIT margin

Adjusted EBIT comes from €45 million in H1 2022 to €36 million in H1 2023. The adjusted EBIT margin is 6% in H1 2023 (8% in H1 2022).

2.2.2.5 Change from adjusted EBIT to net income Group share

(In €m) – IFRS	H1 2022	H1 2023
Adjusted EBIT	**45.2**	**36.3**
Long-Term Incentive Plan (LTIP)	(3.2)	(3.5)
EBIT	42.0	32.8
Other non-recurring income and expenses	(0.8)	(0.9)
Operating profit	**41.2**	**31.9**
Cost of net financial debt	(11.4)	(12.4)
Other financial income and expenses	(0.4)	(0.3)
Financial result	**(11.8)**	**(12.7)**
Profit before tax	29.4	19.2
Income tax	(8.7)	(5.2)
Net profit for the period	**20.7**	**14.0**
Of which Group share	20.7	14.0
Of which Share of non-controlling interests	-	-

2.2.2.6 Long-Term Incentive Plans (LTIP)

In the first half of 2023, SMCP recorded an expense of -€3.5 million related to the long-term incentive plans, very similar to the expense booked in the first semester 2022.

2.2.2.7 Other non-recurring income and expenses

Other **non-recurring income and expenses** totalled -€1 million in S1 2023, same amount as in the first semester 2022.

2.2.2.8 Financial result

Financial expenses went from -€12 million in S1 2022 to -€13 million in H1 2023 (including c. -€5 million of cost of net debt of "leases" IFRS16 both in H1 2022 and H1 2023). Interest on financial debt is slightly increasing (-€7m in H1 2023, compared with -€6m in H1 2022). The significant rise in interest rates is mitigated by the fact that part of the debt is at fixed rates and by the reduction in the average amount of gross debt outstanding.

2.2.2.9 Profit before tax and income tax

In H1 2023, profit before tax amounted to €19 million compared to €29 million in H1 2022.

Income tax amounted to -€5 million in H1 2023, vs -€9 million H1 2022.

2.2.2.10 Net income – Group share

Resulting from all factors described above, **Net income - Group share** stood at a net profit of €14million in H1 2023 (vs. €21 million in H1 2022).

2.2.2.11 From Net income – Group share to EPS

	H1 2022	H1 2023
Net profit - Group share (€ million)	**20.7**	**14.0**
Average number of shares		
Before dilution[1]	75,201,786	75,202,313
After dilution[2]	78,635,672	78,536,750
EPS (in euros)		
Before dilution[7]	**0,28**	**0,19**
After dilution[8]	**0,26**	**0,18**

2.2.3 Free cash-flow

The Group maintained a strict control of its operating **investments** throughout the semester, amounting to €24 million (compared with €19 million in H1 2022), and representing 3.9% of sales in line with its strategy.

Working capital increased from €178 million in H1 2022, to €195 million in H1 2023, the phasing effect of supplier payments offsetting inventories decrease that began in the first half after the rise observed in 2022.

As a result, the **Free-cash-flow** for the semester represents a slight consumption of €9 million.

[1] *Average number of common shares in H1 2023 minus existing treasury shares held by the company.*
[2] *Average number of common shares in H1 2023, 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 (2,735,739 common shares) and the long-term incentive plan shares – LTIP (598,699 shares) which are prorated according to the performance criteria reached as of June 30, 2023.*

In € million	H1 2022	H1 2023
Adjusted EBIT	**45.2**	**36.3**
Amortization, depreciation, and provisions	76.7	79.4
Change in working capital	(27.7)	(11.4)
Income tax	(5.4)	(13.3)
Net cash flow from operating activities	**88.8**	**91.0**
Capex	(18.7)	(24.0)
Reimbursement rent lease	(59.8)	(65.3)
Interest & Other Financial	(6.2)	(9.9)
Other & FX	0.8	(0.5)
Free cash flow	**4.9**	**(8.7)**

2.2.4 Net Financial Debt

(In € million)	As of December 31, 2022	As of June 30, 2023
Non-current financial debt & other financial liabilities	(262.0)	(84.5)
Bank overdrafts and short-term borrowings and debt	(104.2)	(255.2)
Cash and cash equivalents	73.3	33.8
Net financial debt	**(292.9)**	**(306.0)**
Adjusted EBITDA excluding IFRS 16 over the last twelve months	*151.3*	*139.5*
Net financial debt / adjusted EBITDA[1]	**1.9x**	**2.2x**

Net financial debt stood at €306 million as of June 30th, 2023, a slight increase vs. €293 million at year-end 2022, but a decrease vs €314,4 million as of June 30th, 2022. Significant reimbursements (€74m) were performed during the semester, in line with contractual schedules.

The Group benefits from a strong liquidity headroom including a Revolving Credit Facility of €200 million, undrawn at closing date.

2.2.5 Outlook for 2023

After a good performance in the first semester in terms of growth, and a resilient profitability in a challenging macro-economic and social environment, SMCP defined a roadmap around 4 pillars for the second semester:

- Pursuit of full-price strategy;
- Costs discipline;
- Prioritization of infrastructure investments while continuing network expansion;
- Improved productivity.

In addition, the second semester, traditionally more profitable than the first semester, will also benefit from:

- The normalization (vs Q4 2022) of the situation in Greater China, a key market for the Group both in terms of sales and profitability;
- And from a more homogeneous performance by brand, notably at Maje, the most profitable brand of the Group.

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

Based on these elements and provided geopolitical situation and macro-economic/social context do not deteriorate during the rest of the year, SMCP confirms its 2023 full-year guidance.

2.2.6 Subsequent events

Extension of SMCP's financial liabilities (Term Loan A et State-guaranteed loan)

In July 2023, SMCP Group obtained the agreement of its banking pool to extend some of its main financing lines:

- The **Term Loan A**, with an initial maturity in May 2024, has been extended to May 2026. The outstanding principal of €100m will be repaid as follows: €10m in 2024, €15m in 2025 and €75m in 2026. The €200m Revolving Credit Facility has also been extended to 2026.
- The **second State-guaranteed loan**, for an original amount of €53m, with an initial maturity in June 2024, has been extended to June 2027. The outstanding capital of €48m will be repaid as follows: €5m in 2024, €5m in 2025, €5m in 2026 and €33m in 2027.

The **first State-guaranteed loan**, for an initial amount of €140m and with a principal outstanding of €112m, remains unchanged. It will be repaid progressively until June 2026.

This extension enables SMCP to secure its mid-term financing to pursue its development.

2.2.7 Main risks and uncertainties

The main risks and uncertainties to which SMCP believes it is exposed in 2023 are specified in section 3 "Risk factors and Internal Control" of the 2022 Universal Registration Document.

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3.1 Consolidated income statement

		1st semester 2022	1st semester 2023
		in €m	*in €m*
Sales	**3.10.1**	**565.4**	**609.8**
Cost of sales	3.10.2	(202.1)	(225.5)
Gross margin		**363.3**	**384.3**
Other operating income and expenses		(115.5)	(126.1)
Personnel costs		(125.9)	(142.5)
Depreciation, amortization, and impairment		(76.7)	(79.4)
Share-based Long-Term Incentive Plan		(3.2)	(3.5)
Current operating income		**42.0**	**32.8**
Other non-current income and expenses	3.10.3	(0.8)	(0.9)
Operating profit		**41.2**	**31.9**
Financial income and expenses		(0.4)	(0.3)
Cost of net debt		(11.4)	(12.4)
Financial income	**3.10.4**	**(11.8)**	**(12.7)**
Profit/(loss) before tax		**29.4**	**19.2**
Income tax expense	3.10.5	(8.7)	(5.2)
Net profit for the period		**20.7**	**14.0**
Attributable to owners of the Company		20.7	14.0
Attributable to non-controlling interests		-	-
Net profit/(loss) attributable to owners of the Company		**20.7**	**14.0**
Basic Group share of net earnings per share (EUR)	**3.10.6**	**0.28**	**0.19**
Diluted Group share of net earnings per share (EUR)	**3.10.6**	**0.26**	**0.18**

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

3.2 Consolidated statement of comprehensive income

	1st semester 2022 *in €m*	1st semester 2023 *in €m*
Net profit/(loss) for the period	**20.7**	**14.0**
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	(0.1)	(1.2)
Gains/(losses) on exchange differences on translation of foreign operations	3.4	(1.6)
Total other comprehensive income/(loss) that may be reclassified to profit or loss	**3.3**	**(2.8)**
Total other comprehensive income/(loss)	**3.3**	**(2.8)**
Total comprehensive income/(loss)	**24.0**	**11.2**

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

3.3 Consolidated statement of financial position

3.3.1 Assets

	Notes	12/31/2022 *in €m* **Net**	6/30/2023 *in €m* **Net**
Goodwill	3.11.1.1	626.3	631.3
Trademarks	3.11.1.2	663.0	663.0
Right of use	3.11.3.1	454.1	444.9
Other intangible assets	3.11.1.2	11.4	9.1
Property, plant and equipment	3.11.2	82.5	76.3
Non-current financial assets		18.7	18.6
Deferred tax assets		35.7	36.3
Non-current assets		**1,891.7**	**1,879.5**
Inventories	3.11.5	291.6	278.1
Trade receivables	3.11.6	62.9	65.5
Other receivables	3.11.7	61.4	86.7
Cash and cash equivalents		73.3	33.8
Current assets		**489.2**	**464.1**
Total Assets		**2,380.9**	**2,343.6**

3.3.2 Equity and liabilities

	Notes	12/31/2022 *in €m* **Net**	6/30/2023 *in €m* **Net**
Share capital	3.11.8	83.9	83.9
Share premium		949.6	949.5
Reserves		138.6	158.2
Equity attributable to owners of the Company		**1,172.1**	**1,191.6**
Total equity		**1,172.1**	**1,191.6**
Non-current lease liabilities	3.11.3.2	302.9	295.5
Non-current financial debt	3.11.9	261.9	84.4
Other non-current liabilities	3.11.9	0.1	0.2
Non-current provisions	3.11.10	0.7	0.5
Net employee defined benefit liabilities	3.11.10	4.2	4.5
Deferred tax liabilities		169.2	176.5
Non-current liabilities		**739.0**	**561.6**
Trade and other payables		171.8	158.3
Current lease liabilities	3.11.3.2	100.0	94.8
Bank overdrafts and short-term borrowings and debt	3.11.9	104.2	255.2
Short-term provisions	3.11.10	1.6	1.6
Other liabilities	3.11.12	92.2	80.5
Current liabilities		**469.8**	**590.4**
Total equity and liabilities		**2,380.9**	**2,343.6**

3.4 Consolidated statement of cash flows

	1st semester 2022 *in €m*	1st semester 2023 *in €m*
Profit/(loss) before tax	**29.4**	**19.2**
Depreciation, amortization and impairment	76.7	79.4
Other income and expenses	0.8	0.9
Financial income	11.8	12.7
Share-based Long-Term Incentive Plan	3.2	3.5
Adjusted EBITDA[1]	**121.8**	**115.7**
(Increase)/decrease in trade and other receivables and prepayments	(19.7)	(18.8)
(Increase)/decrease in net inventories after depreciations	(24.4)	13.6
Increase /(decrease) in trade and other payables	16.4	(6.2)
Change in working capital	**(27.7)**	**(11.4)**
Reimbursed (paid) income tax	(5.4)	(13.3)
Net cash flow from operating activities	**88.8**	**91.0**
Purchases of property, plant and equipment and intangible assets	(19.0)	(23.7)
Sales of property, plant, equipment and intangible assets	-	-
Purchases of financial instruments	(2.0)	(1.8)
Proceeds from sales of financial instruments	2.3	1.5
Purchases of subsidiaries net of cash acquired	-	(6.1)
Net cash flow used in investing activities	**(18.7)**	**(30.1)**
Share repurchased program	(2.4)	-
Issuance of long-term financial borrowings	-	-
Net reimbursement of short-term financial borrowings[2]	(74.1)	(73.0)
Reimbursement of lease liabilities	(59.8)	(65.3)
Other financial income and expenses	0.6	(0.9)
Interest paid	(6.8)	(9.0)
Net cash flow from financing activities	**(142.5)**	**(148.2)**
Net foreign exchange difference	0.8	(0.5)
Change in net cash and cash equivalents	**(71.6)**	**(87.8)**
Cash and cash equivalents at the beginning of the period	131.3	73.3
Bank credit balances at the beginning of the period	(1.9)	(2.0)
Net cash and cash equivalents at the beginning of the period	**129.4**	**(71.3)**
Cash and cash equivalents at the end of the period	59.7	33.8
Bank credit balances at the beginning/end of the period	(1.9)	(50.3)
Net cash and cash equivalents at the end of the period	**57.8**	**(16.5)**

[1] *Recurring operating income before depreciation, amortization, impairment and before the share-based Long-Term Incentive Plan*

[2] *Includes mainly the €55 million reimbursement of TLA, €14 million reimbursement of state-guaranteed loan 1 and €5.3 million reimbursement of state-guaranteed loan 2*

3.5 Consolidated statement of changes in equity

In €m	Number of OS	Share capital (Note 3.11 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, 2023	**75,535,338**	**83.9**	**949.6**	**(7.7)**	**91.3**	**1.6**	**1.1**	**1.0**	**51.3**	**1,172.1**	**1,172.1**
Net profit as of June 30, 2023	-	-	-	-	-	-	-	-	14.0	14.0	14.0
Exchange differences arising from the translation of foreign operations							(1.6)			(1.6)	(1.6)
Gains/(losses) on exchange differences on translation of foreign operations	-	-	-	-	-	-		(1.2)		(1.2)	(1.2)
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(1.6)**	**(1.2)**		**(2.8)**	**(2.8)**
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**		**(1.6)**	**(1.2)**	**14.0**	**11.2**	**11.2**
Appropriation of 2022 net result	-	-	-	-	51.3	-	-	-	(51.3)	-	-
Conversion of class G preferred shares	753,192										-
Share-based Long-Term Incentive Plan											
Purchase of treasury shares				4.8	3.6					8.4	8.4
Total transactions with owners	**753, 192**			**4.8**	**54.9**				**(51.3)**	**8.4**	**8.4**
Balance as of June 30, 2023	**76,288,530**	**83.9**	**949.5**	**(2.9)**	**146.2**	**1.7**	**(0.6)**	**(0.2)**	**14.0**	**1,191.5**	**1,191.5**

Balance as of January 1st, 2022	**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**

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.

At the end of June 2023, the Group is present in 46 countries through 1,658 points of sale (of which 744 Sandro, 615 Maje, 227 Claudie Pierlot and 72 Fursac), including 1,330 directly operated (free-standing stores, concessions, affiliates, outlets and websites) of which 575 Sandro, 477 Maje, 206 Claudie Pierlot and 72 Fursac, and 328 operated by partners. Excluding the closure of Russia points of sale, formerly operated by a local distributor, 15 net openings of points of sale were registered during the first semester. Compared to the end of S1 2022, the network decreased by 12 units.

3.6.2 Significant events

Shareholding change

On March 1, 2023, a press release was issued by the receivers, on behalf of the bondholders and Glas SAS, announcing the launch of a process of selling the pledged stake of approximately 37% of SMCP's share capital held by Glas SAS and European TopSoho S.à r.l.

Acquisition of the activity in Australia and New Zealand

As part of its Retail distribution policy, SMCP acquired in January 2023 the network of points of sale previously operated by a local partner in Australia and New Zealand. These two countries represent around 40 physical and e-commerce points of sale, distributing the products of the Sandro, Maje and Claudie Pierlot brands. Through this acquisition, SMCP strengthens its position in Asia Pacific, in a profitable and developing market. The points of sale, which were considered as POS, are now part of the DOS network.

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, 2023, and were approved by the Board of Directors on July 27st, 2023. They should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2022 and the consolidated interim financial statements as of June 30, 2022 for a comparative analysis. All amounts are expressed in millions of euros unless stated otherwise.

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 26.74%.

- **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. No impairment indicators were identified over the six months period (cf note 3.11.4).

- **Post-employment benefits**

The impact of the pension reform in France has been modelled for the entire French employees as of June 30, 2023, the stakes are negligible. The expense recognized as of June 30, 2023, for post-employment benefits corresponds to the amount calculated for 2022 fiscal year prorated over six months.

3.7.2.1 New standards and interpretations

Pillar 2

On 8 October 2021, the OECD/G20 Inclusive Framework approved a two-pillar solution to reform the international tax system and respond to the tax challenges arising from the digitalisation of the economy. The first pillar ("Pillar One") aims to introduce new rules to reallocate certain amounts of taxable income to market jurisdictions, while the second pillar ("Pillar Two") aims to introduce a minimum effective tax rate of 15%.
Although the Group does not fall within the scope of Pillar One, it meets the threshold criteria for the application of Pillar Two. The SMCP Group monitors the implementation of these rules in the national legislation of the jurisdictions in which the Group operates. Based on the texts available to date and the work carried out by the Group as at 30 June 2023, the estimated impact should be limited.

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 6/30/2023. The table below shows the main exchange rates applied to the operations:

		31/30/2022	6/30/2022	6/30/2023	
		Closing	**Average**	**Closing**	**Average**
			6 months		*6 months*
SWISS FRANC	EUR/CHF	0,9847	1,0320	0,9788	0,9856
EURO	EUR/EUR	1,0000	1,0000	1,0000	1,0000
POUND STERLING	EUR/GBP	0,8869	0,8422	0,8583	0,8764
US DOLLAR	EUR/USD	1,0666	1,0940	1,0866	1,0807
CANADIAN DOLLAR	EUR/CAD	1,4440	1,3905	1,4415	1,4565
CHINESE YUAN	EUR/CNY	7,4110	7,0893	7,9297	7,5017
HONG KONG DOLLAR	EUR/HKD	8,3163	8,5601	8,5157	8,4709
SINGAPORE DOLLAR	EUR/SGD	1,4300	1,4925	1,4732	1,4440
DANISH KRONE	EUR/DKK	7,4365	7,4402	7,4474	7,4462
NORWEGIAN KRONE	EUR/NOK	10,5138	9,9766	11,7040	11,3195
SWEDISH KRONA	EUR/SEK	11,1218	10,4753	11,8055	11,3329
MACAU PATACA	EUR/MOP	8,6000	8,8126	8,8069	8,7238
TAIWAN DOLLAR	EUR/TWD	32,7460	31,3914	33,8194	33,0512
JAPANESE YEN	EUR/JPY	140,6600	134,3000	157,1600	145,7600
MALAYSIAN RINGGIT	EUR/MYR	4,6984	4,6704	5,0717	4,8188
AUSTRALIAN DOLLAR	EUR/AUD	1,5693	1,5174	1,6398	1,5989
NEW ZEALAND DOLLAR	EUR/NZD	1,6798	1,6586	1,7858	1,7318

3.8 Change of scope

On January 23, 2023, the Group acquired 100% of its partner IFB, located in Australia and New Zealand. This company was previously owned by its founder. The consideration paid in cash amounted to 6.9 million euros.

In accordance with IFRS 3, "Business combinations", the identifiable assets acquired, and liabilities assumed of these two companies were recognized at fair value at the acquisition date.

The purchase price allocation of the consideration transferred for these two companies is as follows:

	01/01/2023 *en m€*
	Net
fixed assets	9.1
current assets	4.7
debts and liabilities	**(12.0)**
Total net assets transferred at January 1, 2023 (b)	**1.8**
Counterpart transferred (a)	**6.9**
Final goodwill Australia & New Zealand January 2023 = (a) - (b)	**5.1**

	01/01/2023 *en m€*
Counterpart transferred (a)	**6.9**
Net cash acquired	**0.8**
Acquisitions of AUSTRALIA & New Zealand net of cash acquired	**(6.0)**

A residual goodwill of 5.1 million euro has been recognized, representing in particular the area's capacity for business development in physical stores, in digital and for all four SMCP brands.

3.9 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.

3.9.1 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 2023),

- their logistics resources have been pooled;
- their long-term Gross margin ratio and EBITDA margin are similar;
- their respective weight is not significant at the SMCP Group level (Claudie Pierlot and Fursac jointly accounted for 14% of Group revenue in 2023).

3.9.2 Financial information by operating segment

The tables below set out the Group's financial information by operating segment as of June 30, 2023 and June 30, 2022:

	Sandro	Maje	Other brands	Holdings	1st semester 2023
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Sales	295.5	228.5	85.8	-	609.8
Adjusted EBITDA (1)	61.9	48.5	5.3	-	115.7
Adjusted EBITDA excluding IFRS 16 (2)	28.8	24.4	(2.8)	-	50.4
Depreciation, amortization, and impairment	(40.5)	(29.0)	(9.9)	-	(79.4)
Adjusted EBIT (3)	**21.4**	**19.5**	**(4.8)**	**-**	**36.3**
Goodwill	338.7	239.0	53.6	-	631.3
Right of use	201.4	136.8	65.3	41.4	444.9
Intangible assets	322.3	228.4	118.5	2.9	672.1
Property, plant and equipment	29.6	22.0	15.1	9.7	76.3
Capital expenditure (4)	10.4	6.8	3.8	4.4	25.4

(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: €13.9m at June 30, 2022 and €14.3m at June 30, 2023;
Purchases of intangible assets: €2.0m as of June 30, 2022, and €3.0m as of June 30, 2023;
Purchases of financial instruments: €2.0 million at June 30, 2022 and €1.8 million at June 30, 2023;
Change in payables to suppliers of fixed assets: 3.1 m€ at June 30, 2022 and 6.3 m€ at June 30, 2023.

	Sandro	Maje	Other brands	Holdings	1st semester 2023
	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

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

3.9.3 Key performance indicators

	1st semester 2022	1st semester 2023
	in €m	*in €m*
Recurring operating income	**42.0**	**32.8**
Share-based Long-Term Incentive Plan	3.2	3.5
Adjusted EBIT	**45.2**	**36.3**
Depreciation, amortization, and impairment	76.7	79.4
Adjusted EBITDA	**121.8**	**115.7**
IFRS 16 impact	(59.8)	(65.3)
Adjusted EBTDA excluding IFRS 16	**62.0**	**50.4**

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.

3.9.4 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	America	APAC	6/30/2023
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Net sales	203.9	189.1	80.3	136.5	**609.8**
Non-current assets	1 585.0	139.8	61.0	93.6	**1 879.5**

	France	EMEA	America	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**

3.10 NOTES TO THE INCOME STATEMENT

3.10.1 Sales

	1st semester 2022	1st semester 2023
	in €m	*in €m*
Sales of goods	565.4	609.8
Sales	**565.4**	**609.8**

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

	1st semester 2022	1st semester 2023
	in €m	*in €m*
Retail	517.2	554.3
- Directly operated stores	*175.5*	*183.0*
- Concessions ("corners")	*164.1*	*172.7*
- Outlets	*65.1*	*76.9*
- Affiliates	*13.5*	*13.2*
- Online	*99.0*	*108.5*
Partnered retail sales	48.2	55.5
Sales	**565.4**	**609.8**

3.10.2 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 2022	1st semester 2023
	in €m	*in €m*
Raw materials consumed	(33.2)	(37.2)
Finished products consumed	(59.5)	(82.5)
Subcontracting and ancillary expenses	(48.8)	(41.6)
Commissions	(58.8)	(62.3)
Net foreign exchange gain/(loss) on operating items	(1.7)	(1.9)
Cost of sales	**(202.1)**	**(225.5)**

3.10.3 Other non-current income and expenses

(in €m)	1st semester 2022	1st semester 2023
Other income	4.4	0.5
Other expenses	(5.2)	(1.4)
Other non-current income and expenses	**(0.8)**	**(0.9)**

As of June 30, 2023, other non-current operating income and expenses represent a net expense of € 0,9 million (€ 0.8 million as of June 30, 2022) related mainly to change of shareholders.

3.10.4 Financial income and expenses

	1st semester 2022	1st semester 2023
	in €m	*in €m*
Interest expenses on borrowings	(11.4)	(12.4)
- RCF & NEU CP	*(0.9)*	*(1.2)*
- Term Loan	*(3.1)*	*(3.6)*
- State-guaranteed loan	*(1.9)*	*(2.5)*
- interest on lease debt	*(5.4)*	*(5.1)*
- Others	*(0.1)*	-
Net exchange gain/ (loss)	(0.4)	(0.3)
Financial income	**(11.8)**	**(12.7)**

3.10.5 Income tax

3.10.5.1 Income tax

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

For the period ended 30 June 2023, the reconciliation between the theoretical tax charge and the effective tax charge is mainly due to:

- Other taxes based on income and added value (including CVAE in France, IRAP in Italy, Trade Tax in Germany and State Tax in the United States);

- Differences in tax rates of foreign subsidiaries.

The effective tax rate used at 30 June is based on a projection of the estimated effective rate for the financial year. As a result, at 30 June 2023 the Group's effective tax rate was 26.74%, down 2.83 points compared with the first half of 2022, mainly due to the reduction of the CVAE tax rate, the increase of the impact of differences in tax rates with foreign subsidiaries and the absence of any impact from the non-deductibility of part of the expense relating to the allocation of bonus shares.

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 explained by the same factors (CVAE and LTI Plans).

3.10.5.2 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 2023.

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.

3.10.6 Earnings per share

Earnings per share is calculated as follows:

	1st semester 2022	1st semester 2023
Net profit (group share) in €m	**20.7**	**14.0**
Numbers of shares - before dilution *	75,201,786	75 202 313
Numbers of shares - after dilution	78,635,672	78 536 750
Earnings per share (€)	**0.28**	**0.19**
Diluted earnings/(loss) per share (€)	**0.26**	**0.18**

3.11 NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.11.1 Goodwill and intangible assets

3.11.1.1 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, 2023 totalled € 631.3 million.

in €m	**1/01/2023**	**Change in scope of consolidation(1)**	**Impairment**	**Translation adjustment**	**6/30/2023**
Goodwill - gross value	683.2	5.1	-	-	**688.2**
Impairment	(56.9)	-	-	-	(56.9)
Goodwill - net value	**626.3**	**5.1**	**-**	**-**	**631.3**

(1) Acquisition of Australia & New-Zealand partner

As a reminder, the net value of goodwill as of June 30, 2022 was as follows:

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**

3.11.1.2 Intangible assets

The table below illustrates changes over the period presented:

in €m	**1/01/2023**	**Acquisitions**	**Disposals**	**Depreciation & amortization**	**Other**	**6/30/2023**
Trademarks	663.0					663.0
Leasehold rights	2.6	0.1			(1.7)	1.0
Other intangible assets	49.6	2.1	(0.1)		1.3	52.9
Intangible assets	**715.2**	**2.2**	**(0.1)**		**(0.4)**	**716.9**
Amort. /Impairment of intangible assets	(40.8)		0.1	(4.4)	0.3	(44.8)
Amort. /Impairment of intangible assets	**(40.8)**		**0.1**	**(4.4)**	**0.3**	**(44.8)**
Net value of intangible assets	**674.4**	**2.2**	**-**	**(4.4)**	**(0.1)**	**672.1**

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**

3.11.2 Property, plant and equipment

The table below illustrates changes over the period presented:

in €m	1/01/2023	Change in scope	Acquisitions	Disposals	Depreciation & amortization	Translation adjustment	Other	6/30/2023
Technical fittings, equipment and industrial tools	3.8							3.8
Property, plant and equipment in progress	7.0		1.4			(0.1)	(4.4)	3.9
Advances and down payments on property, plant and equipment	0.1		0.2				(0.3)	-
Other property, plant and equipment	262.7	3.7	12.6	(2.1)		(5.1)	3.4	275.2
Property, plant and equipment	**273.6**	**3.7**	**14.2**	**(2.1)**		(5.2)	**(1.4)**	**282.9**
Amort. /Impairment of technical fittings, equipment and industrial tools	(3.3)				(0.1)			(3.4)
Amort. /Impairment of other property, plant and equipment	(187.8)	(2.8)		2.1	(18.7)	3.9	0.1	(203.2)
Amort. /Impairment of property, plant and equipment	**(191.1)**	**(2.8)**		**2.1**	**(18.8)**	**3.9**	**0.1**	**(206.6)**
Net value of property, plant and equipment	**82.5**	**0.9**	**14.2**	**-**	**(18.8)**	**(1.3)**	**(1.3)**	**76.3**

in €m	1/01/2022	Change in scope	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**

3.11.3 Lease agreements

3.11.3.1 Rights of use

Rights of use break down as follows:

in €m	12/31/2022	6/30/2023		
	Net	**Gross**	**Amortization, depreciation, and impairment**	**Net**
Stores	300.4	681.9	(386.6)	295.3
Offices and warehouses	47.1	86.8	(44.0)	42.8
Capitalized fixed rents	**347.5**	**768.7**	**(430.6)**	**338.1**
Leasehold rights	106.6	127.3	(20.5)	106.8
Right of use	**454.1**	**896.0**	**(451.1)**	**444.9**

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, 2023	647.9	85.8	**733.7**	129.4	863.1
Changes in scope	18.0	0.4	**18.4**	-	18.4
Arrangement of new leases	41.8	3.0	**44.8**	0.8	45.6
Expirations and early terminations	(19.1)	(2.1)	**(21.2)**	(3.2)	(24.4)
Other (foreign exchange difference)	(6.7)	(0.4)	**(7.1)**	0.4	(6.7)
As of June 30, 2023	**681.9**	**86.7**	**768.6**	**127.4**	**896.0**

Amortization, depreciation and impairment in m€	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	**Offices and warehouses**	**Total**		
January 1st, 2023	(347.5)	(38.6)	(386.1)	(22.8)	(408.9)
Amortization and impairment	(59.9)	(5.5)	(65.4)	(0.8)	(66.2)
Depreciation	-	-	-	(0.2)	(0.2)
Expirations and early terminations	16.6	-	16.6	3.4	20.0
Other (exchange rate)	4.3	0.1	4.4	(0.2)	4.2
As of June 30, 2023	**(386.5)**	**(44.0)**	**(430.5)**	**(20.6)**	**(451.1)**
Net value as of June 30, 2023	**295.4**	**42.7**	**338.1**	**106.8**	**444.9**

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)
Amortization and impairment	(47.5)	(5.4)	(52.9)	(1.0)	(53.9)
Depreciation	-	-	-	-	-
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**

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

3.11.3.2 Lease liabilities

Lease liabilities break down as follows:

in €m	**12/31/2022**	**6/30/2023**
Lease liabilities - more than 5 years	85.4	77.4
Lease liabilities - between 1 and 5 years	217.5	218.1
Lease liabilities - less than one year	100.0	94.8
Total	**402.9**	**390.3**

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, 2023	353.0	49.9	402.9
Arrangement of new leases	39.9	3.0	42.9
Reimbursement of the nominal	(53.2)	(5.3)	(58.5)
Changes in incurred interests	0.1	-	0.1
Termination of lease	(3.3)	(2.1)	(5.4)
Other	7.9	0.3	8.3
As of June 30, 2023	**344.4**	**45.9**	**390.3**

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 (incl. FX)	6.9	0.6	7.5
As of June 30, 2022	**373.7**	**55.6**	**429.3**

The amount of fixed rent paid in H1 2023 is €64.4 million. It was €60.7 million in H1 2022.

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

en m€	1st semester 2022	1st semester 2023
Variable lease payments or rents on low-value assets	(4.8)	(6.1)
Rental charges	(5.4)	(3.4)
Total	**(10.2)**	**(9.6)**

3.11.4 Valuation of intangible assets with an indefinite useful life

3.11.4.1 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, 2023.

3.11.4.2 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 Group has verified that rising interest rates have no impact on the conclusion of impairment tests. The discount rates used by the Group are at the lower end of the range.

As no evidence of impairment was found, the business segments were not tested on June 30, 2023.

3.11.5 Inventories

in €m	Gross value	Impairment	6/30/2023 Net value
Raw materials and other supplies	44.9	(6.8)	38.1
Finished products	260.1	(20.1)	240.0
Total inventories	**305.0**	**(26.9)**	**278.1**

in €m	Gross value	Impairment	6/30/2022 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**

3.11.6 Trade receivables

in €m	1/01/2023	Changes in gross value	Impairment	Reversals	Translation adjustment	Change in scope of consolidation	6/30/2023
Trade receivables	**63.1**	3.3			(0.7)	0.5	**66.2**
Depreciation	(0.2)		(0.5)				**(0.7)**
Trade receivables, net	**62.9**	**3.3**	**(0.5)**		**(0.7)**	**0.5**	**65.5**

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**

Amounts owed by department stores are invoiced at the end of the month, for a payment in the course of the following month. Amounts owed by local partners are paid between 30 and 45 days. Bank guarantees are set up when appropriate.

4% of trade receivables are overdue as of June 30, 2023.

3.11.7 Other receivables

On June 30, 2023, other receivables totalled € 86.7 million and included prepaid expenses for € 28.9 million, advance payments to suppliers for € 25.0 million, tax receivables for € 15.8 million, particularly VAT recoverable by the Group from the tax authorities in the countries in which it operates and € 11.3 million of income tax receivables, mainly in France and Italy.

3.11.8 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, 2023, the Company's fully subscribed and paid-up share capital amounted to € 83,917,383. It is divided into 76,288,530 shares as follows:

- 75,591,187 fully paid-up ordinary shares with a value of € 1.10,
- 697,343 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).

3.11.9 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€	**12/31/2022**	**06/30/2023**
Cash and cash équivalents	73.3	33.8
Current bank overdrafts	(2.0)	(50.3)
Cash and cash equivalents net of current bank overdrafts	**71.3**	**(16.5)**
Short-term borrowings and debt	(101.0)	(203.7)
Bank borrowings	(262.3)	(86.5)
Deposits and sureties received	(0.1)	(0.1)
Accrued interest on borrowings	(0.9)	0.8
Consolidated net debt	**(292.9)**	**(306.0)**

As of June 30, 2023, financial debt is composed of the amortizable term loan (remaining amount €100 million, after reimbursement of €55 million in S1 2023), state-guaranteed loans for 159.7m€ (after reimbursement of 19.3m€ in the first semester 2023), NEU CP for €27 million and various bank debts.

The Group's debt leverage was 2.2 on June 30, 2023, thus meeting the TLA and PGE covenants.

"Cash and cash equivalents" only comprise cash accounts readily available.

Regarding the maturity of financial debt, refer to 3.12.5 Subsequent events.

3.11.10 Current and non-current provisions

The table below illustrates changes over the period presented:

in €m	**1/01/2023**	**Additions**	**Reversals (utilized provisions)**	**Reversals (surplus provisions)**	**Other comprehensive income**	**6/30/2023**
		-	-	-	-	-
Provisions for risk and charges	0.7			(0.2)		0.5
Provisions for pension liabilities	4.2	0.5	(0.1)			4.6
Total non-current provisions	**4.9**	**0.5**	**(0.1)**	**(0.2)**		**5.1**
Provisions for contingencies	1.6	0.7	(0.7)			1.6
Total current provisions	**1.6**	**0.7**	**(0.7)**			**1.6**

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**

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

3.11.11 Fair value of financial assets and liabilities

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

				31/12/2022		30/06/2023	
				en m€		*en m€*	
	Notes		**Fair value hierarchy**	**Net book value**	**Fair value**	**Net book value**	**Fair value**
Loans and receivables		Amortized cost	(1)	18.7	18.7	18.6	18.6
Non-current financial assets				**18.7**	**18.7**	**18.6**	**18.6**
Trade receivables	**3.11.6**	Amortized cost	**(1)**	**62.9**	**62.9**	**65.5**	**65.5**
Derivative instruments eligible for hedge accounting		FV OCI/ FV P&L	**(2)**	**1.9**	**1.9**	**0.9**	**0.9**
Cash and cash equivalents	**3.11.9**	Amortized cost	**(1)**	**73.3**	**73.3**	**33.8**	**33.8**
Term Loan		Amortized cost	(1)	100.0	100.9	-	-
State-guaranteed loan		Amortized cost	(1)	159.7	159.7	84.1	84.1
Other loans		Amortized cost	(1)	2.3	2.1	1.2	1.2
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	(0.8)	(0.8)
Non-current financial debt	**3.11.9**			**263.0**	**262.8**	**84.6**	**84.6**
Trade and other payables		Amortized cost	**(1)**	**171.8**	**171.8**	**158.3**	**158.3**
Bank overdraft		Amortized cost	(1)	2.0	2.0	50.3	50.3
Term Loan		Amortized cost	(1)	54.2	55.0	99.2	100.0
State-guaranteed loan		Amortized cost	(1)	20.7	19.3	77.1	75.7
Other loans		Amortized cost	(1)	1.6	1.6	0.5	0.5
NEU CP		Amortized cost	(1)	24.9	25.0	26.9	26.9
Bank overdrafts and short-term borrowings and debt	**3.11.9**			**103.4**	**102.9**	**254.0**	**253.4**
Derivative instruments eligible for hedge accounting		FV OCI/ FV P&L	**(2)**	**0.4**	**0.4**	**0.5**	**0.5**

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	P&L impacts
Trading	P&L impacts

On June 30, 2023, 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)

3.11.12 Other liabilities

Other liabilities amounted to € 80.4 million on June 30, 2023, and were mainly composed of taxes, duties and other payroll-related liabilities for € 63.6 million, and advances and prepayments from customers for € 15.4 million.

3.11.13 Liquidity risk

Taking into account the cash at hand or available, the Group is satisfied with its liquidity position (for a total amount of € 200.0 million, including the undrawn RCF), which is in line with its needs.

The Group also reinforced its financial flexibility by extending the maturity of its financial debts (cf. 3.12.5 Subsequent events).

3.11.14 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, 2022. During the first half of 2023, new exposures in AUD and NZD were identified following the acquisition and integration of the activity in Australia and New Zealand.

The fair values of derivatives on June 30, 2023 is as follows:

in €m	**Positive Fair Value**	**Negative Fair Value**	**Net Fair Value**
Terms	0.7	(0.4)	**0.3**
Options	0.2	(0.1)	**0.1**
Total	**0.9**	**(0.5)**	**0.4**

The fair value of derivatives was as follows on December 31, 2022:

in €m	**Positive Fair Value**	**Negative Fair Value**	**Net Fair Value**
Terms	1.6	(0.3)	**(1.3)**
Options	0.3	(0.1)	**(0.2)**
Total	**1.9**	**(0.4)**	**(1.5)**

3.12 OTHER INFORMATION

3.12.1 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 2022.

3.12.2 Headcount

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

Operational employees	6/30/2022	6/30/2023
France	2,617	2,770
Europe (except France)	1,628	1,798
America	605	631
Asia	1,529	1,589
Total headcount	**6,379**	**6,788**

3.12.3 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 2023, there was no significant change.

3.12.4 Scope of consolidation

The scope of consolidation as of June 30, 2023, is presented in the table below:

Société	12/31/2022		06/30/2023	
	% interest*	Closing Method	% interest	Closing Method
SMCP	**100,00 %**	**Holding**	**100,00 %**	**Holding**
SMCP GROUP	100,00 %	FC	100,00 %	FC
SANDRO ANDY	100,00 %	FC	100,00 %	FC
MAJE	100,00 %	FC	100,00 %	FC
CLAUDIE PIERLOT	100,00 %	FC	100,00 %	FC
DE FURSAC	99,97 %	FC	99,97 %	FC
SMCP LOGISTIQUE	100,00 %	FC	100,00 %	FC
341 SMCP	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
SMCP IRELAND	100,00 %	FC	100,00 %	FC
SMCP LUXEMBOURG	100,00 %	FC	100,00 %	FC
MAJE SPAIN	100,00 %	FC	100,00 %	FC
MAJE STORES	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	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
SMCP APAC	0%	NC	100,00 %	FC
SMCP AUSTRALIA	0%	NC	100,00 %	FC
SMCP NEW ZEALAND	0%	NC	100,00 %	FC

* % of interest is the same as % of ownership.
« FC » = Fully consolidated. « NC » = Not Consolidated.

3.12.5 Subsequent events

Extension of SMCP's financial debts (Term Loan A et State-guaranteed loan)

In July 2023, SMCP Group obtained the agreement of its banking pool to extend some of its main financing lines:

- The **Term Loan A**, with an initial maturity in May 2024, has been extended to May 2026. The outstanding principal of €100m will be repaid as follows: €10m in 2024, €15m in 2025 and €75m in 2026. The €200m Revolving Credit Facility has also been extended to 2026;
- The **second State-guaranteed loan**, for an original amount of €53m, with an initial maturity in June 2024, has been extended to June 2027. The outstanding capital of €48m will be repaid as follows: €5m in 2024, €5m in 2025, €5m in 2026 and €33m in 2027.

The **first State-guaranteed loan**, for an initial amount of €140m and with a principal outstanding of €112m, remains unchanged. It will be repaid progressively until June 2026.

This extension enables SMCP to secure its mid-term financing to pursue its development.

4 STATUTORY AUDITORS REPORT ON INTERIM FINANCIAL INFORMATION

For the period from January 1st to June 30th, 2023

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 1st to June 30th, 2023,
- 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.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.
A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical 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.

2. 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 consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine et Paris-La Défense, July 28th 2023

The Statutory Auditors - French original signed by

Grant Thornton	Deloitte & Associés
Guillaume GINÉ	Benedicte SABADIE