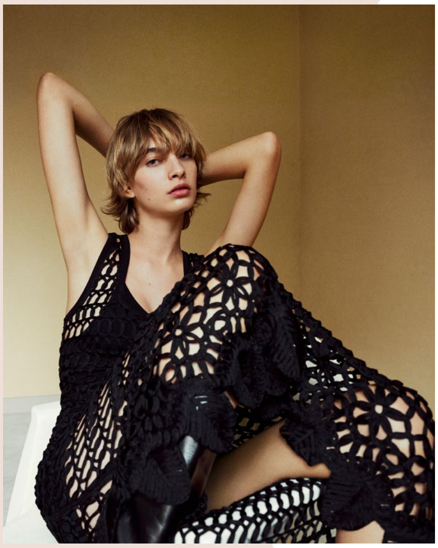
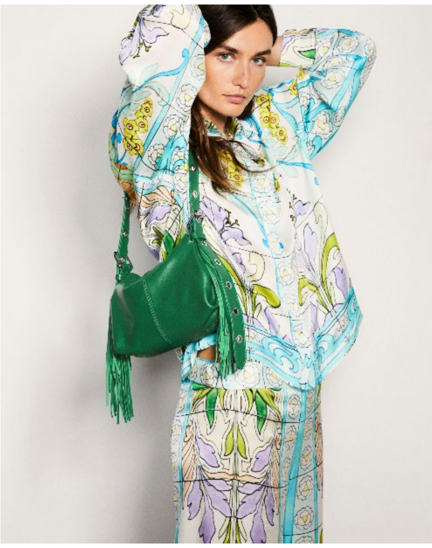
SMCP

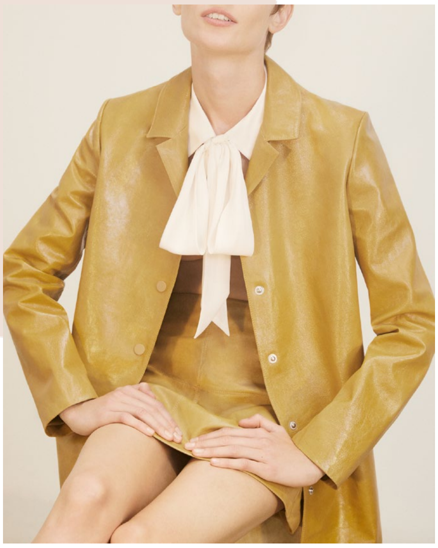
sandro · maje · claudie pierlot · fursac

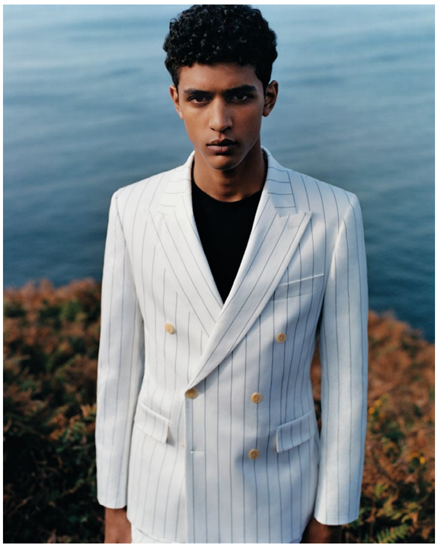
2023

Consolidated financial statements extract
At December, 31 2023









March 8th, 2024

1. Consolidated financial statements extract

1.1 Consolidated financial statements

1.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	12/31/2022	12/31/2023
Revenue	**5.1**	**1,205.8**	**1,230.5**
Cost of sales	5.2	(436.6)	(455.3)
Gross Margin		**769.2**	**775.2**
Other operating income and expenses	5.3	(242.8)	(259.1)
Personnel costs	5.4	(259.8)	(279.7)
Depreciation, amortisation and impairment		(156.1)	(156.9)
Free share plans (LTIP)	5.5	(5.6)	(3.0)
Current operating income		**104.9**	**76.5**
Other income and expenses	5.6	(12.4)	(25.9)
Operating profit		**92.5**	**50.5**
Financial income and expenses		(1.2)	(0.8)
Cost of net debt		(22.6)	(27.1)
Financial income (expense)	**5.7**	**(23.8)**	**(27.9)**
Profit/(loss) before tax		**68.7**	**22.6**
Income tax expense	5.8	(17.4)	(11.4)
Net profit for the period		**51.3**	**11.2**
Net profit for the period - Group share		**51.3**	**11.2**
Basic earnings per share - Group share *(in €)*	5.9	0.68	0.15
Diluted earnings per share - Group share *(in €)*	5.9	0.65	0.14

1.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	12/31/2022	12/31/2023
Net profit for the period	**51.3**	**11.2**
Actuarial losses on defined benefit plans, net of tax	1.1	(0.2)
Items that may not be reclassified to profit or loss	**1.1**	**(0.2)**
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	2.4	(1.2)
Gains/(losses) on exchange differences on translation of foreign operations	2.3	(2.0)
Items that may be reclassified to profit or loss	**4.7**	**(3.2)**
Other comprehensive income/(loss), net of tax	**5.8**	**(3.4)**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**57.1**	**7.8**

1.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(In millions of euros)	Notes	12/31/2022	12/31/2023
Goodwill	6.10	626.3	626.7
Trademarks		663.0	663.0
Other intangible assets	6.3.2	11.4	12.0
Property, plant and equipment	6.11	82.5	83.1
Rights of use	6.11	454.1	445.4
Non-current financial assets	6.12	18.7	18.5
Deferred tax assets	6.13	35.7	32.0
Non-current assets	**5.8.2**	**1,891.7**	**1,880.7**
Inventories		291.6	281.8
Trade and related receivables	6.14	62.9	68.2
Other current assets	6.3.2	61.4	69.2
Cash and cash equivalents	6.11	73.3	50.9
Current assets	**6.12**	**489.2**	**470.1**
TOTAL ASSETS	**6.15**	**2,380.9**	**2,350.8**

EQUITY AND LIABILITIES

(In millions of euros)	Notes	12/31/2022	12/31/2023
Share capital		83.9	83.9
Share premium		949.6	949.5
Reserves and retained earnings		146.3	151.7
Treasury shares		(7.7)	(5.0)
Equity - Group share	**6.10**	**1,172.1**	**1,180.1**
Total equity		**1,172.1**	**1,180.1**
Long-term lease liabilities	6.3.2	302.9	305.7
Long-term financial borrowings	6.11	261.9	223.5
Other non-current liabilities	6.11	0.1	0.1
Non-current provisions	6.12	0.7	0.7
Net employee defined benefit liabilities	6.13	4.2	4.9
Deferred tax liabilities	5.8.2	169.2	166.9
Non-current liabilities		**739.0**	**701.8**
Trade and other payables	6.14	171.8	161.9
Short-term lease liabilities	6.3.2	100.0	106.6
Bank overdrafts and short-term borrowings and debt	6.11	104.2	113.6
Short-term provisions	6.12	1.6	1.3
Other current liabilities	6.15	92.2	85.5
Current liabilities		**469.8**	**468.9**
TOTAL EQUITY AND LIABILITIES		**2,380.9**	**2,350.8**

1.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	Notes	12/31/2022	12/31/2023
Profit/(loss) before tax	6.1.1.1	**68.7**	**22.6**
Depreciation, amortisation and impairment		156.1	156.9
Other non-recurring income and expenses with no cash impact		12.4	25.9
Financial income (expense)		23.8	27.9
Free share plan (LTIP)		5.6	3.0
Sub-total*	**4.2 / 4.3**	**266.6**	**236.4**
(Increase)/decrease in trade and other receivables and prepayments		(5.5)	(2.6)
(Increase)/decrease in net inventories after provisions		(58.0)	9.7
Increase/(decrease) in trade and other payables		18.1	(10.8)
Change in working capital requirement		**(45.4)**	**(3.7)**
Reimbursed/(paid) income tax		(12.2)	(16.9)
Net cash flow from operating activities		**209.0**	**215.8**
Purchases of property, plant and equipment and intangible assets	6.1.2 / 6.2	(45.5)	(54.2)
Sales of property, plant, equipment and intangible assets		0.0	(0.8)
Purchases of financial instruments		(2.7)	(3.5)
Proceeds from sales of financial instruments		3.6	2.9
Acquisitions of subsidiaries net of acquired cash	3	0.0	(6.1)
Net cash flow used in investing activities		**(44.6)**	**(61.7)**
Treasury shares buyback programme		(7.4)	(2.4)
Issuance of financial borrowings	6.11	0.0	32.6
Reimbursement of financial borrowings	6.11	(85.0)	(76.2)
Lease payment reimbursement	6.3	(120.9)	(128.2)
Other financial income and expenses		0.5	(0.8)
Interest paid	5.7	(9.9)	(16.3)
Net cash flow from financing activities		**(222.7)**	**(191.3)**
Net foreign exchange difference		0.2	(0.5)
CHANGE IN NET CASH AND CASH EQUIVALENTS		**(58.1)**	**(37.7)**
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	**6.9**	**129.4**	**71.3**
Cash and cash equivalents at the end of the period		73.3	50.9
Bank credit balances at the end of the period		(2.0)	(17.2)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6.9**	**71.3**	**33.7**

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

1.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions of euros)	Notes	Number of OS	Share capital	Share premium	Treasury shares
BALANCE AT JANUARY 1, 2022		**74,798,149**	**83.3**	**950.1**	**(5.4)**
Net profit at December 31, 2022		-			
Cumulative actuarial losses on defined benefit plans, net of tax		-			
Gains/(losses) on exchange differences on translation of foreign operations		-			
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax		-			
Other comprehensive income/(loss)		-			
Total comprehensive income/(loss)		**-**			
Appropriation of N-1 income		-			
Dividend paid		-			
Capital increase/(decrease)		-	0.0		
Conversion of free shares		-	0.0		
Conversion of class G preferred shares		737,189	0.6	(0.6)	
Free Share Plan (LTIP)		-			5.2
Purchase of treasury shares	5.5	-			(7.5)
Total transactions with shareholders		**737,189**	**0.6**	**(0.6)**	**(2.3)**
BALANCE AT DECEMBER 31, 2022	**6.10.1**	**75,535,338**	**83.9**	**949.6**	**(7.7)**
Net profit at December 31, 2023					
Cumulative actuarial losses on defined benefit plans, net of tax					
Gains/(losses) on exchange differences on translation of foreign operations					
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax					
Other comprehensive income/(loss)					
Total comprehensive income/(loss)					
Appropriation of N-1 income					
Dividend paid					
Capital increase/(decrease)					
Conversion of free shares					
Conversion of class G preferred shares		753,192	0,0	(0,0)	
Free Share Plan (LTIP)					5.1
Purchase of treasury shares					(2.4)
Total transactions with shareholders		**753,192**			**2.7**
BALANCE AT DECEMBER 31, 2023		**76,288,530**	**83.9**	**949.5**	**(5.0)**

Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit for the period - Group Share	Total Group share	Total equity
67.4	**0.5**	**(1.2)**	**(1.4)**	**23.9**	**1,117.2**	**1,117.2**
				51.3	51.3	51.3
	1.1				1.1	1.1
		2.3			2.3	2.3
0.0	0.0	0.0	2.4	0.0	2.4	2.4
	1.1	2.3	2.4	0.0	5.8	5.8
	1.1	**2.3**	**2.4**	**51.3**	**57.1**	**57.1**
23.9				(23.9)	0.0	0.0
					0.0	0.0
					0.0	0.0
					0.0	0.0
					0.0	0.0
0.1					5.3	5.3
					(7.5)	(7.5)
24.0				**(23.9)**	**(2.2)**	**(2.2)**
91.3	**1.6**	**1.1**	**1.0**	**51.3**	**1,172.1**	**1,172.1**
				11.2	11.2	11.2
	(0.3)				(0.3)	(0.3)
		(2.0)			(2.0)	(2.0)
			(1.2)		(1.2)	(1.2)
	(0.3)	(2.0)	(1.2)		(3.4)	(3.4)
	(0.3)	**(2.0)**	**(1.2)**	**11.2**	**7.8**	**7.8**
51.3				(51.3)		
(2.4)					2.7	2.7
					(2.4)	(2.4)
48.9	**-**	**-**	**-**	**(51.3)**	**0.3**	**0.3**
140.2	**1.3**	**(0.9)**	**(0.2)**	**11.2**	**1,180.1**	**1,180.1**

Note 1 General information

The financial statements were approved by the Board of Directors on February 28, 2024 and will be approved by the General Meeting of June 6, 2024.

1.1 PRESENTATION OF THE GROUP

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

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

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

At December 31, 2023, the Group operated 1,730 stores (including 775 Sandro, 640 Maje, 233 Claudie Pierlot and 82 Fursac), of which 1,373 were directly operated (including 591 Sandro, 490 Maje, 210 Claudie Pierlot and 82 Fursac), and 357 were partnered. These brands are present internationally in 47 countries.

1.2 SIGNIFICANT EVENTS

1.2.1 International, macro-economic and geopolitical context

Due to the deterioration of the macro economic context, impacting traffic and consumer purchasing power, SMCP revised its annual financial guidance in September 2023; In January 2024 the guidance was then slightly revised downwards following a deteriorated consumer environement in December.

1.2.2 Shareholding structure

On March 1, 2023, a press release was issued on behalf of bondholders and GLAS (London Branch), announcing the launch of a process to sell the pledged stake of approximately 37% of the share capital held by European TopSoho S.à r.l and GLAS (London Branch). This press release indicated that at this initial stage of the sale process, the timetable for such a sale, its conclusion or not, the identity of any buyer(s) and whether all or part of the pledged shares could be sold to one or more buyers were uncertain and it was therefore not yet possible to assess whether or not the transaction would trigger a subsequent mandatory takeover bid.

1.2.3 Acquisition of Australia/New Zealand network

As part of its Retail distribution policy, on January 1, 2023 SMCP brought in house the point of sale network 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 from the Sandro, Maje and Claudie Pierlot brands. Through this acquisition, SMCP strengthens its position in Asia Pacific, in a profitable and developing market.

1.2.4 Share buyback programme

The Group completed its share buyback announced in October 2023, involving 680,000 SMCP shares purchased over the period from October 9 to November 7, 2023. These share buybacks are intended to cover the free share plan (LTIP).

1.2.5 Evolution of financial liabilities

Compared to December 31, 2022, the Group obtained an extension of its financial liabilities. The amortisable term borrowings and revolving credit facility set up in May 2019 with an initial maturity scheduled for May 2024 were extended until May 2026. In addition, the State-guaranteed loan issued in 2021, with a maturity in 2024, was extended until 2027.

During the 2023 financial year, the Group also repaid, as planned, the third tranche of €55 million of the €265 million amortisable term borrowings as well as the second tranche of €14 million of the State Guaranteed Loan of €140 million (see detail in Note 6.9), and the first tranche of €5.3 million of the State Guaranteed Loan of €53 million.

1.3 BASIC PRINCIPLES AND DECLARATION OF COMPLIANCE

The Group's consolidated financial statements as of December 31, 2023 cover the 2023 calendar year.

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

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS, see Note 2.2) as adopted by the European Union and mandatory as of December 31, 2023, and no standard or interpretation has been subject to early application.

These standards and interpretations are available on the European Union website (see Note 2.2 for details of new texts applied and texts applicable at a later date).

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

Note 2 Accounting rules and policies

2.1 BASIC PRINCIPLES AND STATEMENT OF COMPLIANCE

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of the SMCP Group for the 2023 financial year have been prepared in compliance with the International Financial Reporting Standards as published and approved by the European Union as of December 31, 2023, the application of which is mandatory as of that date.

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

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

2.2 CHANGES IN ACCOUNTING STANDARDS APPLICABLE TO SMCP

The application of the standards, amendments and interpretations that came into force on January 1, 2023 did not have a material impact on the Group's financial statements, including IFRS 17 on insurance contracts.

2.2.1 Amendment to IFRS 16 on rent adjustments

The IASB extended the amendment issued in May 2020 to IFRS 16 relating to the recognition of rent adjustments granted by landlords in connection with the Covid-19 pandemic until June 30, 2022. This amendment simplifies the analysis to be performed by tenants and allows, under certain conditions, the effect of these adjustments to be recognised immediately in the income statement in the form of negative variable rents (see Note 6.3).

2.2.2 Pillar 2

On October 8, 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 December 31, 2023, the estimated impact should be limited.

2.2.3 New standards and amendments

The Group has not early adopted any of the new standards and amendments listed below that could affect it and whose application is not mandatory on January 1, 2023.

- Amendment to IAS 1 - Presentation of financial statements: Classification of liabilities as current or non-current;
- Amendment to IFRS 16 - Lease liabilities in the event of a lease disposal;
- Amendment to IAS 7 and IFRS 7 - Supplier financing arrangements;
- Amendment to IAS 21 - Absence of convertibility

A study of the impacts and practical consequences of applying these standards and amendments is currently underway. These standards and amendments do not contain any provisions that conflict with the Group's current accounting practices.

2.3 LEGISLATIVE CHANGES

On April 14, 2023, France's pension reform law was enacted. The measures resulting from this reform have been taken into account in determining the Group's commitment at December 31, 2023. The impact of this analysis is not material for the Group.

2.4 ACCOUNTING POLICIES

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

2.5 JUDGEMENTS AND ESTIMATES

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

The main estimates and assumptions relate to:

- measurement of intangible assets and goodwill (Note 6.4);
- measurement of deferred tax assets (Note 5.8);
- determination of provisions (Note 6.12) and uncertain tax positions;
- the estimate of lease renewal assumptions and the corresponding valuation of right-of-use assets, as well as their potential residual values, in particular the value of leasehold rights in the French environment (Note 6.3);
- impairment of inventories (Note 6.6);
- IFRS 15 provisions for returns (Note 5.1).

Management reviews these estimates if there are changes in the circumstances on which they were based, if new information comes to light, or based on experience. As a result, the estimates used at December 31, 2023 could be subject to significant changes in the future.

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

2.6 CONSIDERATION OF CLIMATE RISKS

At present, the SMCP group's exposure to the consequences of climate change remains limited, and its impact on the financial statements is considered insignificant.

The Group has been measuring greenhouse gas emissions related to its activity for several years, and is committed to a strategy to reduce its carbon footprint. In this respect, the Group has committed to reducing its direct emissions by 42.5% (mainly on-site energy consumption) in absolute terms between 2021 and 2030, and its indirect emissions related to production and product transportation by 25%. These targets were validated in December 2023 by the Science-Based Targets (SBTi) initiative, a leading international organisation which independently assesses whether companies' carbon trajectories are in line with the targets set by the Paris Climate Agreement.

The strategy will be implemented based on an action plan, which covers:

- Using materials with a lower environmental impact (recycled, organic etc..);
- Improving supplier energy performance;
- Reducing the use of air transport;
- Inventory management based on demand planning;
- Using renewable energy in stores and reducing store energy consumption.

With regard to the impact on business plans, based on which impairment tests of intangible assets with an indefinite useful life are carried out, the execution of this strategy is reflected:

- by certain investments (CAPEX, including for store renovation investments);
- by expenses recorded in the income statement (operating expenses, including freight or raw material costs);
- as well as by taking into account certain assumptions for the construction of business plans (for example, the ratio between the cost of goods of the products paid by SMCP and the selling price to the end customer).

These elements are taken into account in the financial construction of the business plans, particularly in the short term, based on knowledge of current assumptions and the most likely changes in the short term.

In the longer term, the effects of climate change cannot be quantified at this stage.

2.7 CONSOLIDATION PRINCIPLES

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

IFRS 10, which deals with the recognition of consolidated financial statements, presents a single consolidation model that identifies control as the criterion to be met in order to consolidate an entity. An investor controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are all entities controlled by the Group.

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

Intragroup balances and transactions are eliminated.

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

All the subsidiaries owned by the Group are included in the scope of consolidation (Note 8.4).

2.8 TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

2.8.1 Transactions and balances

Foreign currency financial statements of entities consolidated by the Group are translated into euros at the exchange rate applicable as of December 31, 2023. The exchange rate is calculated against the euro, which is the presentation currency of the Group's financial statements.

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

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

Any resulting translation differences thereby stem from the difference between the translation rate used at the end of the previous year or during the year, and the rate used at the end of the following year. They are recognised in consolidated equity in "Other comprehensive income/(loss)".

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

Assets and liabilities were converted at the closing rate in force on 12/31/2023.

2.8.2 Foreign exchange rates applicable at December 31

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

		12/31/2022		12/31/2023	
		Closing	Average 12 months	Closing	Average 12 months
EURO	EUR/EUR	1.0000	1.0000	1.0000	1.0000
SWISS FRANC	EUR/CHF	0.9847	1.0052	0.9260	0.9718
POUND STERLING	EUR/GBP	0.8869	0.8526	0.8691	0.8698
DANISH KRONE	EUR/DKK	7.4365	7.4396	7.4529	7.4509
NORWEGIAN KRONE	EUR/NOK	10.5138	10.1015	11.2405	11.4248
SWEDISH KRONA	EUR/SEK	11.1218	10.6274	11.0960	11.4788
US DOLLAR	EUR/USD	1.0666	1.0539	1.1050	1.0813
CANADIAN DOLLAR	EUR/CAD	1.4441	1.3703	1.4642	1.4595
CHINESE YUAN	EUR/CNY	7.4110	7.0876	7.8725	7.6700
HONG KONG DOLLAR	EUR/HKD	8.3163	8.2512	8.6314	8.4650
SINGAPORE DOLLAR	EUR/SGD	1.4300	1.45200	1.4591	1.4523
MACAU PATACA	EUR/MOP	8.6000	8.4987	8.8795	8.7201
TAIWAN DOLLAR	EUR/TWD	32.7460	31.3456	33.8417	33.7012
JAPANESE YEN	EUR/JPY	140.6600	138.0100	156.3300	151.9900
MALAYSIAN RINGGIT	EUR/MYR	4.6984	4.6292	5.0775	4.9320
AUSTRALIAN DOLLAR	EUR/AUD	1.5693	1.5174	1.6263	1.6288
NEW ZEALAND DOLLAR	EUR/NZD	1.6798	1.6586	1.7504	1.7622

Note 3 Changes in 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.

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

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

(In millions of euros)	01/01/2023 Net
Fixed assets	9.1
Current assets	4.7
Debts and liabilities	(12.3)
TOTAL NET ASSETS TRANSFERRED AT JANUARY 1[1], 2023 (B)	**1.5**
Counterpart transferred (a)	**6.9**
Final goodwill Australia & New Zealand January 2023 = (a) - (b)	**5.4**
Counterpart transferred	6.9
Net cash acquired	0.8
Acquisition net of acquired cash	**6.1**

A residual goodwill of €5.4 million has been recognised, representing in particular the area's capacity for business development in physical stores, in digital and for all four SMCP brands. This goodwill has been allocated to Sandro (2.7 million euros) , Maje (2.3 million euros) and Claudie Pierlot (0.2 million euros).

Note 4 Segment information

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

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

4.1 GROUP OPERATING SEGMENTS

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

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

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

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

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

- their geographic coverage is very similar, with most of their business conducted in France and Europe (>90% of revenue in 2023);
- their logistics resources have been pooled;
- their long-term gross margin and EBITDA margin are similar;
- their respective weight in terms of activity is not significant at the SMCP group level (2023: Claudie Pierlot and Fursac jointly accounted for 13.5% of consolidated revenue).

4.2 FINANCIAL INFORMATION BY OPERATING SEGMENT

The tables below set out financial information by operating segment at December 31, 2023 and December 31, 2022. The concepts of Adjusted EBITDA, Adjusted EBITDA excluding IFRS 16 and Adjusted EBIT are defined on the following page.

(In millions of euros)	Sandro	Maje	Other Brands	Others & Holdings	12/31/2023
Revenue	**601.4**	**462.5**	**166.6**	**-**	**1,230.5**
Adjusted EBITDA	130.0	100.6	5.8	-	236.4
Adjusted EBITDA excluding IFRS 16	65.6	52.9	(10.3)	-	108.2
Depreciation, amortisation and impairment	(79.2)	(57.8)	(19.9)	-	(156.9)
Adjusted EBIT	**50.8**	**42.8**	**(14.1)**	**-**	**79.5**
Goodwill	338.7	239.7	48.3	-	626.7
Rights of use	199.8	142.4	66.6	36.6	445.4
Intangible assets	322.1	228.5	118.7	5.7	675.0
Property, plant and equipment	33.1	25.2	13.0	11.8	83.1
Capital expenditure(1)	22.1	17.2	6.1	12.3	57.7

(1) At December 31, 2023, capital expenditure breaks down as follows: (see Note 1.4 "Consolidated statement of cash flows") and excluding rights of use:
- purchases of property, plant and equipment: €43.9 million;
- purchases of intangible assets: €8.9 million;
- purchases of financial instruments: €3.5 million;
- change in trade payables for non-current assets: €1.4 million.

* *Grouped under "Other Brands".*

(In millions of euros)	Sandro	Maje	Other Brands	Others & Holdings	12/31/2022
Revenue	**582.0**	**467.4**	**156.4**	**-**	**1,205.8**
Adjusted EBITDA	137.5	113.5	15.6	-	266.6
Adjusted EBITDA excluding IFRS 16	78.7	67.8	(0.8)	-	145.7
Depreciation, amortisation and impairment	(76.4)	(57.7)	(22.0)	-	(156.1)
Adjusted EBIT	**61.1**	**55.8**	**(6.4)**	**-**	**110.5**
Goodwill	336.0	237.3	53.0	-	626.3
Rights of use	204.2	134.4	68.0	47.5	454.1
Intangible assets	322.7	228.8	118.6	4.3	674.4
Property, plant and equipment	33.3	25.4	12.5	11.3	82.5
Capital expenditure[1]	21.0	14.0	11.0	2.1	48.1

(1) At December 31, 2022, capital expenditure breaks down as follows: (see Note 1.4 "Consolidated statement of cash flows") and excluding rights of use:
(2) purchases of property, plant and equipment: €38.1 million;
(3) purchases of intangible assets: €18.3 million;
(4) purchases of financial instruments: €2.7 million;
(5) change in trade payables for non-current assets: -€11.0 million.

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

4.3 KEY PERFORMANCE INDICATORS

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

EBITDA is an indicator not defined by IFRS and is defined by the Group as current operating income less depreciation, amortisation and impairment. Adjusted EBITDA is defined by the Group as EBITDA before expenses related to free share awards. Adjusted EBITDA excluding IFRS 16 corresponds to Adjusted EBITDA restated for fixed lease payments.

Adjusted EBIT is an indicator not defined by IFRS and is defined by the Group as current operating income less expenses related to free share plans.

Organic revenue growth, corresponding to revenue growth at constant exchange rates and scope, increased by 3.8% in 2023 compared to 2022.

(In millions of euros)	12/31/2022	12/31/2023
Current operating income	**104.9**	**76.5**
Free share plans (LTIP)	5.6	3.0
Adjusted EBIT	**110.5**	**79.5**
Depreciation, amortisation and impairment	156.1	156.9
Adjusted EBITDA	**266.6**	**236.4**
IFRS 16 impact	(120.9)	(128.2)
ADJUSTED EBITDA EXCLUDING IFRS 16	**145.7**	**108.2**

4.4 BY GEOGRAPHICAL SEGMENT

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

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

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

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

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

(In millions of euros)	**France**	**EMEA**	**America**	**APAC**	**12/31/2023**
Revenue	413.1	388.8	173.4	255.2	1,230.5
Non-current assets	1,573.3	133.7	74.1	99.6	1,880.7

(In millions of euros)	**France**	**EMEA**	**America**	**APAC**	**12/31/2022**
Revenue	413.6	377.0	184.3	230.9	1,205.8
Non-current assets	1,669.0	130.9	5.1	91.4	1,896.4

4.5 INFORMATION BY MAJOR CUSTOMERS

Given the Group's business model, with a very small proportion of sales made to third-party distributors, SMCP is not exposed to a significant concentration of its customers. As a result, the Group did not have any customers that individually accounted for over 10% of its sales in the period ended December 31, 2023.

Note 5 Information on the income statement

5.1 REVENUE

Sales of goods

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

Presentation of Group business activities

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

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

(In millions of euros)	12/31/2022	12/31/2023
Sales of goods	1,205.8	1,230.5
REVENUE	**1,205.8**	**1,230.5**

	Financial year ended 12/31	
	2022	2023
Free-standing stores	371	367
Concessions	359	360
Outlets	148	159
Affiliates	28	27
Internet*	201	216
Partnerships	100	101
TOTAL REVENUE	**1,206**	**1,231**

* These data include the revenue generated on the websites of the Group's brands and the revenue generated on the websites of the department stores in which the Group operates concessions. They do not include online revenue from partnerships. Including online revenue from partnerships, total online revenue was €240 million for 2022 and €258 million for 2023.

5.2 COST OF SALES

Cost of sales

Cost of sales include:

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

(In millions of euros)	**12/31/2022**	**12/31/2023**
Raw materials consumed	(70.3)	(74.7)
Finished products consumed	(132.6)	(160.5)
Subcontracting and purchase-related costs	(99.3)	(86.7)
Commissions	(128.0)	(131.9)
Net foreign exchange gain/(loss) on operating items	(6.4)	(1.4)
COST OF SALES	**(436.6)**	**(455.3)**

5.3 OTHER OPERATING INCOME AND EXPENSES

(In millions of euros)	**12/31/2022**	**12/31/2023**
Other operating income	5.5	18.3
Lease payments[1]	(21.3)	(23.2)
Other external expenses[2]	(130.1)	(151.6)
Fees	(32.3)	(33.2)
Services provided	(34.6)	(36.0)
Purchases of small equipment and supplies not held in inventory	(14.5)	(16.9)
Other taxes	(15.6)	(16.5)
OTHER OPERATING INCOME AND EXPENSES	**(242.8)**	**(259.1)**

(1) The amount of lease payments corresponds to the variable part of lease payments and rental expenses, short-term lease contracts or low-value assets, as well as the reductions in lease payments granted by the landlords in 2023.
(2) "Other external expenses" relate mainly to sales shipment and marketing costs.

5.4 PERSONNEL COSTS

(In millions of euros)	**12/31/2022**	**12/31/2023**
Wages and salaries	(200.3)	(214.6)
Social security expenses	(52.1)	(53.3)
Other personnel costs	(1.1)	(5.7)
Employee profit-sharing	(6.3)	(6.1)
PERSONNEL COSTS	**(259.8)**	**(279.7)**

5.5 SHARE-BASED PAYMENTS

Share-based payments

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

The expense recognised during the financial year for the free share awards totalled €3 million.

Free share plans

	Plan no. 3		Plan no. 4		Plan no. 5		Plan no. 6			Plan no. 7
Free share plan (LTIP)	**January 2020**	**July 2020**	**January 2021**	**July 2021**	**January 2022**	**July 2022**	**December 2022**	**January 2023**	**July 2023**	**January 2024**
Initial allocation date	01/01/2020	07/01/2020	01/01/2021	07/01/2021	01/01/2022	07/01/2022	12/31/2022	01/01/2023	07/01/2023	01/01/2024
Vesting period	2 and 3 years in two transactions	2 and 3 years in two transactions	2 and 3 years in two transactions	2 and 3 years in two transactions	2 and 3 years in two transactions	2 and 3 years in two transactions	1 year in a single transaction	3 years	3 years	3 years
Availability date	03/31/2023	09/30/2023	03/31/2024	09/30/2024	03/31/2025	09/30/2025	12/31/2023	03/31/2026	07/01/2026	03/31/2027
Vesting date	03/31/2022 03/31/2023	09/30/2022 09/30/2023	03/31/2023 03/31/2024	09/30/2023 09/30/2024	03/31/2024 03/31/2025	09/30/2024 09/30/2025	12/31/2023 12/31/2023	01/01/2026	07/01/2026	03/31/2027
Number of beneficiaries	106	6	97	8	102	10	1,018	111	7	114
Number initially granted	870,460	34,256	1,437,494	61,289	987,600	28,780	5,090	1,139,380	22,510	1,475,600
Number in circulation as of 12/31/2022	285,908	10,924	1,019,708	41,929	874,100	24,360	(345)			
Number cancelled over the financial year	(26,743)		(192,328)	(7,778)	(390,616)	(13,527)	(4,745)	(291,646)	(5,252)	
Number exercised over the financial year[1]	(259,165)	(10,924)	(516,490)	(20,965)						
Number of shares transferred during the financial year[2]							5,090	1,139,380	22,510	
Number surrendered over the financial										
Number in circulation as of 12/31/2023			310,890	13,186	483,484	10,833		847,734	17,258	
Number that may be exercised over the financial year										
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Expense for the financial year *(in €M)*		0.0	0.2	0.0	0.7	0.0	0.0	1.8	0.0	-

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

For plan no. 4 and no.5, the performance conditions are based on an external condition (comparison of the performance of the SMCP share price with that of the CAC Mid and Small index between the initial allocation date and the anniversary date two and three years later) for 20%, an internal condition (achievement of an average of two and three years of EBITDA) for 70% and a CSR condition (achievement of an average of two and three years of CSR target) for 10%.

For plan no. 6 and no. 7, the performance conditions are based on an external condition (comparison of the performance of the SMCP share price with that of the CAC Mid and Small index between the initial allocation date and the anniversary date three years later) for 30% and two internal conditions (achievement of an average of three years of EBIT for 30% and an average of three years of revenue for 20%), and CSR condition (achievement of an average of three years of CSR target) for 20%.

Plans no. 4, 5, 6 and 7 also have an employment condition on the anniversary date two or three years later for plan no. 4 and 5 and three years later for plan no. 6 and 7.

SMCP SA acquired 680,000 SMCP shares on the market for €2.4 million between October and November 2023. These acquisitions as well as the balance of 834,590 shares held at December 31, 2022 led to the delivery of 775,655 shares in April 2023, 31,889 shares in September 2023 and 6,745 shares at the end of December 2023. SMCP held 700,301 shares at December 31, 2023.

5.6 OTHER INCOME AND EXPENSES

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

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

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

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

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

(In millions of euros)	**12/31/2022**	**12/31/2023**
Other income	10.3	0.7
Other expenses	(22.7)	(26.6)
OTHER INCOME AND EXPENSES	**(12.4)**	**(25.9)**

Other income and expenses break down as follows:

(In millions of euros)	**12/31/2022**	**12/31/2023**
Impairment of goodwill[1]	-	(5.0)
Impairment of right-of-use and other non-current assets[2]	(9.1)	(19.0)
Other	(3.3)	(2.0)
OTHER INCOME AND EXPENSES	**(12.4)**	**(25.9)**

(1) At December 31, 2023, the Group had performed impairment tests on its non-current assets with an indefinite useful life, resulting in the recognition of an impairment of €5.0 million and relating to the Fursac brand (see Note 6.1.1).

(2) At December 31, 2023, the Group also carried out impairment tests on its right-of-use assets and leasehold rights, resulting in impairments of €3.1 million and €15.9 million respectively (see Notes 6.3.1 & 6.4.1).

5.7 FINANCIAL INCOME AND EXPENSES

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

(In millions of euros)	**12/31/2022**	**12/31/2023**
Interest expenses on borrowings	(22.5)	(27.1)
– RCF & NEU CP	(2.0)	(2.8)
– Term Loan	(5.8)	(6.4)
– Bridge	-	(0.1)
– PGE	(3.7)	(5.6)
– IFRS 16	(10.9)	(11.3)
– Other	(0.1)	(0.9)
Net exchange gain/(loss) on financial items	(1.3)	(0.3)
Other financial expenses	-	(0.5)
FINANCIAL INCOME (EXPENSE)	**(23.8)**	**(27.9)**

The €15.8 million in interest expenses (excluding IFRS 16) consists mainly of paid interest of €16.3 million (see Statement of cash flows in paragraph 4.1.1.4), accrued interest of €0.4 million.

Loans contracted under the Credit Facility will bear interest at an EURIBOR-indexed floating rate for the drawn period, increased by the applicable margin.

The margin is scaled according to the leverage ratio (total net debt/Group consolidated EBITDA). The applicable margin as of the closing of the financial year was 2.3% per annum for the Term Loan A and 1.9% per annum for the Revolving Credit Facility.

Thus, the average interest rate was 3.90% for the 2023 financial year.

5.8 INCOME TAX EXPENSE

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

Current taxes on taxable profit for the period represent the tax expense calculated based on the tax rates enacted as of December 31, 2023, and any adjustments to the tax payables calculated in respect of previous periods.

Deferred tax

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

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

Deferred taxes are determined based on tax rates (and tax laws) that were enacted as of December 31, 2023 and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

5.8.1 Income tax

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

(In millions of euros)	12/31/2022	12/31/2023
Deferred tax	(0.8)	(0.9)
Current tax	(16.6)	(10.5)
INCOME TAX EXPENSE	**(17.4)**	**(11.4)**

5.8.2 Deferred tax position

a) *Deferred taxes at December 31, 2023*

(In millions of euros)	12/31/2022	Change in the income statement	Change in other comprehensive income items	Translation adjustment	Changes in scope	12/31/2023	Deferred tax assets	Deferred tax liabilities
Restatement of pension liabilities	0.8	-	0.1	-	-	0.9	0.9	-
Elimination of internal gains and losses (margin on inventories)	18.4	(4.2)	-	(0.6)	-	13.6	13.6	-
Capitalisation of tax loss carry forwards	2.7	2.2	-	(0.1)	-	4.8	4.8	-
Fair value of brands and leasehold rights	(181.7)	1.8	-	0.1	-	(179.8)	-	(179.8)
Restatement of leases	10.3	(1.2)	-	-	-	9.1	9.1	-
SaaS	1.1	(0.3)	-	-	-	0.7	0.7	-
Other restatements*	14.9	0.8	0.4	(0.4)	-	15.7	2.8	12.9
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(133.5)**	**(0.9)**	**0.5**	**(1.0)**	**-**	**(134.9)**	**32.0**	**(166.9)**

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

(In millions of euros)	12/31/2021	Change in the income statement	Change in other comprehensive income items	Translation adjustment	Other changes	Changes in scope	12/31/2022	Deferred tax assets	Deferred tax liabilities
Restatement of pension liabilities	1.0	0.1	(0.4)	-	-	-	0.8	0.8	-
Elimination of internal gains and losses (margin on inventories)	20.6	(1.7)	-	(0.5)	-	-	18.4	18.4	-
Capitalisation of tax loss carry forwards	4.3	(1.7)	-	0.1	-	-	2.7	2.7	-
Fair value of brands and leasehold rights	(180.6)	(0.9)	-	(0.2)	-	-	(181.7)	-	(181.7)
Restatement of leases	7.7	2.5	-	0.1	-	-	10.3	10.3	-
SaaS	1.8	(0.7)	-	-	-	-	1.1	1.1	-
Other restatements*	13.5	1.5	(0.8)	0.7	-	-	14.9	2.7	12.2
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(131.7)**	**(0.8)**	**(1.2)**	**0.3**	**-**	**-**	**(133.5)**	**36.0**	**(169.5)**

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

b) Analysis of the tax expense

(In millions of euros)	12/31/2022	12/31/2023
Statutory tax rate in France[1]	25.83%	25.83%
Difference in income tax rates applied to earnings in countries other than that of the consolidating entity	0.7%	4.1%
Goodwill impairment	-	5.7%
Impact of share-based payment	(1.3%)	7.3%
Impact of other permanent differences	1.2%	3.4%
Effect of tax credits and reduced-rate taxes	(1.0%)	(2.8%)
Unrecognised deferred tax change	(1.0%)	-
Prior year adjustments	(0.9%)	1.8%
Other changes in deferred tax	(1.1%)	0.6%
Effective corporate income tax rate	**22.4%**	**46.0%**
Other value-added taxes[2]	2.9%	4.5%
EFFECTIVE INCOME TAX RATE	**25.3%**	**50.5%**

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

c) Activation of tax loss carryforwards

The Group capitalises the tax losses of its subsidiaries when the conditions required by IAS 12 "Income tax expense" are met. The tax rate applied is the tax rate in effect as of December 31, 2023. Deferred tax assets are recognised in the balance sheet on the basis of the outlook and business plans prepared for each subsidiary.

As of December 31, 2023, the Group's tax loss carryforwards represent a deferred tax asset of €4.8 million, mainly in France and Asia. Their recovery horizons range from one to five years.

d) Unrecognised deferred tax assets

As of December 31, 2023, there are no unrecognised deferred tax assets.

5.9 EARNINGS PER SHARE

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

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

Earnings per share is calculated as follows:

(In millions of euros)	12/31/2022	12/31/2023
Net profit for the period - Group Share	**51.3**	**11.2**
Basic weighted number of shares	75,087,542	75,059,385
Dilution effect of class G preferred shares	2,791,588	2,735,739
Dilution effect of free share plans	1,351,132	652,365
Average number of shares taken into account for the calculation after dilutive effects	**79,230,262**	**78,447,489**
Basic earnings per share *(in €)*	0.68	0.15
Diluted earnings/(loss) per share *(in €)*	0.65	0.14

Note 6 Notes to the Statement of financial position

6.1 GOODWILL AND INTANGIBLE ASSETS

6.1.1 Goodwill

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

At December 31, 2023, the impairment tests carried out by the Group had led to the recognition of an impairment from goodwill of Fursac CGU combination in the amount of €5.0 million. As a reminder, the test carried out at the end of the period 2022 did not result in any additional impairments being recognised. (see Note 6.4.2).

The acquisition of our Australian and New Zeland partner led to the recognition of a goodwill in the amount of €5.4 million. The net value of goodwill totalled €626.7 million at December 31, 2023 and concerns the Sandro, Maje, Claudie Pierlot and Fursac brands.

The table below illustrates changes over the period presented:

(In millions of euros)	01/01/2023	Changes in scope	Impairment	Translation adjustment	12/31/2023
Goodwill – gross value	683.2	5.4	-	-	688.6
Impairments	(56.9)	-	(5.0)	-	(61.9)
GOODWILL - NET VALUE	**626.3**	**5.4**	**(5.0)**	**-**	**626.7**

(In millions of euros)	01/01/2022	Changes in scope	Impairment	Translation adjustment	12/31/2022
Goodwill – gross value	683.2	-	-	-	683.2
Impairments	(56.9)	-	-	-	(56.9)
GOODWILL - NET VALUE	**626.3**	**-**	**-**	**-**	**626.3**

6.1.2 Other intangible assets

Trademarks

The Sandro, Maje, Claudie Pierlot and Fursac brands are classified as intangible assets with indefinite useful lives and are not therefore amortised, since:

- the brands are proprietary, properly registered and protected pursuant to applicable law, and there is an option to renew the legal protection at a reasonable cost at the end of the registration period, which can be easily exercised without external impediments;
- the goods sold by the Group under these brands are not susceptible to technological obsolescence, which is characteristic of the accessible luxury market in which the Group operates; on the contrary, they are consistently perceived by the market as being innovative in the national and/or international arena in which each brand evolves and has a distinctive market positioning and reputation that ensures they are dominant in their respective market segments due to the fact that they are constantly associated and compared with major leading brands;
- in the relative competitive context, investments made to maintain these brands can be said to be modest with respect to the significant cash flows they are expected to generate;
- brands are measured at cost less impairment in accordance with IAS 38 "Intangible Assets". They are tested within the groups of CGUs described above as part of goodwill impairment tests. Each operating segment includes the stores operating under each brand.

Software

The costs of acquiring software licenses are capitalised based on acquisition and installation costs. These costs are amortised over the estimated useful lives of the software, which range from three to seven years.

Costs associated with maintaining computer software in operating condition are expensed as incurred. Costs that are directly linked to the development of software and which meet all of the criteria set out in IAS 38 are recognised as intangible assets.

Following the IFRS IC decision published in April 2021, SaaS software costs are recognised in the income statement (see Note 2.2.2).

Intangible assets are amortised on a straight-line basis over their estimated useful lives.

The useful lives are as follows:

Type of asset	Period (in years)
Trademarks	Indefinite
Licences, software	3-7

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

(In millions of euros)	01/01/2023	Acquisitions	Disposals	Amortisation	Foreign exchange differences	Other	12/31/2023
Trademarks	663.0	-	-	-	-	-	663.0
Intangible assets in progress	2.6	1.9	-	-	-	(1.7)	2.8
Other intangible assets	49.6	5.8	-	-	(0.5)	1.7	56.6
Intangible assets	**715.2**	**7.7**	**-**	**-**	**(0.5)**	**-**	**722.4**
Amortisation/impairment of other intangible assets	(40.8)	-	-	(6.9)	04	(0.1)	(47.4)
Amortisation/impairment of intangible assets	**(40.8)**	-	-	**(6.9)**	**0.4**	**(0.1)**	**(47.4)**
NET VALUE OF INTANGIBLE ASSETS	**674.4**	**7.7**	**-**	**(6.9)**	**(0.1)**	**(0.1)**	**675.0**

(In millions of euros)	01/01/2022	Acquisitions	Disposals	Amortisation	Foreign exchange differences	Other	12/31/2022
Trademarks	663.0	-	-	-	-	-	663.0
Intangible assets in progress	1.6	7.6	-	-	-	(6.5)	2.6
Other intangible assets	40.7	8.1		-	0.1	0.7	49.6
Intangible assets	**705.3**	**15.7**	**-**	**-**	**0.1**	**(5.8)**	**715.2**
Amortisation/impairment of other intangible assets	(33.5)	-	-	(7.1)	-	(0.2)	(40.8)
Amortisation/impairment of intangible assets	(33.5)	-	-	**(7.1)**	-	**(0.2)**	**(40.8)**
NET VALUE OF INTANGIBLE ASSETS	**671.8**	**15.7**	**-**	**(7.1)**	**0.1**	**(6.0)**	**674.4**

At December 31, 2023, the Group's four trademarks, Sandro, Maje, Claudie Pierlot and Fursac, were valued for a total of €663 million, with respectively €320 million for Sandro, €226 million for Maje, €54 million for Claudie Pierlot and €63 million for the Fursac brand.

In 2023, the acquisition of intangible assets of €7.7 million represented a cash outflow of €8.9 million (see Cash flow statement in paragraph 4.1.1.4 "Acquisition of property, plant and equipment and intangible assets" for €54.2 million).

6.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recognised at acquisition cost less cumulative depreciation and any cumulative impairment losses. The depreciable amount of property, plant and equipment comprises the acquisition cost of components less residual value, which is the estimated disposal price of the assets at the end of their useful lives.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Group has estimated the useful lives of property, plant and equipment at two to ten years, depending on the type of asset. Costs for maintenance and repairs are expensed as incurred.

The main useful lives applied are as follows:

Type of asset	Period (in years)
Plant, equipment and tools	2-5
Miscellaneous fixtures and fittings for points of sale	2-5
Miscellaneous fixtures and fittings for warehouses and head offices	4-10
Office equipment, furniture	2-5

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

(In millions of euros)	01/01/2023	Changes in scope	Acquisitions	Disposals	Amortisation	Impairments	Foreign exchange differences	Other	12/31/2023
Technical fittings, equipment and industrial tools	3.8	-	0.1	-	-	-	-	-	3.9
Property, plant and equipment in progress	7.0	-	3.6	-	-	-	(0.1)	(4.0)	6.5
Advances and down payments on property, plant and equipment	0.1	-	1.8	-	-	-	-	(0.9)	1.0
Other property, plant and equipment	262.7	0.8	38.4	(14.8)	-	-	(5.2)	3.6	285.5
Property, plant and equipment	**273.6**	**0.8**	**43.9**	**(14.8)**	**-**	**-**	**(5.3)**	**(1.3)**	**296.9**
Amortisation/impairment of technical fittings, equipment and industrial tools	(3.3)	-	-	-	(0.2)	-	-	-	(3.5)
Amortisation/impairment of other property, plant and equipment	(187.8)	-	-	12.1	(37.7)	(1.0)	3.9	0.2	(210.3)
Amortisation/impairment of property, plant and equipment	**(191.1)**	**-**	**-**	**12.1**	**(37.9)**	**(1.0)**	**3.9**	**0.2**	**(213.8)**
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT	**82.5**	**0.8**	**43.9**	**(2.7)**	**(37.9)**	**(1.0)**	**(1.4)**	**(1.1)**	**83.1**

(In millions of euros)	01/01/2022	Acquisitions	Disposals	Amortisation	Impairments	Foreign exchange differences	Other	12/31/2022
Technical fittings, equipment and industrial tools	3.8	-	-	-	-	-	-	3.8
Property, plant and equipment in progress	9.0	4.5	-	-	-	(0.1)	(6.4)	7.0
Advances and down payments on property, plant and equipment	0.3	-	-	-	-	-	(0.2)	0.1
Other property, plant and equipment	223.6	33.6	1.3	-	-	0.8	3.4	262.7
Property, plant and equipment	**236.7**	**38.1**	**1.3**	**-**	**-**	**0.7**	**(3.2)**	**273.6**
Amortisation/impairment of technical fittings, equipment and industrial tool	(2.7)	-	-	(0.6)	-	-	-	(3.3)
Amortisation/impairment of other property, plant and equipment	(146.4)	-	(1.5)	(38.5)	(0.7)	(0.9)	0.2	(187.8)
Amortisation/impairment of property, plant and equipment	(149.1)	-	(1.5)	(39.1)	(0.7)	(0.9)	0.2	(191.1)
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT	**87.6**	**38.1**	**(0.2)**	**(39.1)**	**(0.7)**	**(0.2)**	**(3.0)**	**82.5**

Other property, plant and equipment mainly corresponds to fixtures and fittings at points of sale. In 2023, acquisitions of property, plant and equipment of €43.9 million represented a cash outflow of €45.3 million (see Cash flow statement in paragraph 4.1.1.4 "Acquisition of property, plant and equipment and intangible assets" for €54.2 million).

6.3 LEASE AGREEMENTS

Scope of application of IFRS 16

A lease is a contract or part of a contract whereby the right to use an underlying asset is transferred for a given period in return for consideration.

The Group applies the accounting principles defined by IFRS 16 to all of its leases, with the exception of:

- short-term leases with an initial term less than or equal to 12 months;
- leases where the underlying asset is of low value, considering the value of the asset in new condition.

These exempt leases are recognised as rental expenses on a straight-line basis over the term of the lease. When certain contracts contain an explicitly identifiable portion relating to services that do not fall within the definition of a lease, this portion is recognised in current operating expenses in accordance with its cost type.

Accounting for leases in accordance with IFRS 16

The application of IFRS 16 consists of recognising in the balance sheet at the start date of the lease:

- a lease liability, corresponding to the present value of future fixed lease payments relating to the estimated term of the lease. This liability is presented separately for its current portion and its non-current portion. Future fixed rents include any revaluation of rents corresponding to an index or a contractually established growth rate. They may also include the value of a call option or estimated early termination penalties when the Group is reasonably certain to exercise such options. In addition, fixed payments include the deduction of any lease incentives to be received at the start date of the lease ;
- a right of use on leases, corresponding to the value of the lease liability minus the lease incentives received from the landlord, plus prepaid rent, initial direct costs and an estimate of restoration costs when these are subject to contractual obligations.

At each reporting date, the lease liability is remeasured as follows:

- an increase reflecting the discounting charge for the period applying the incremental borrowing rate applied to the lease, offset by an interest charge on leases in the financial income, in the income statement;
- a decrease reflecting the rent payments for the period, offset against the cash and cash equivalents account in the balance sheet;
- an increase reflecting the updating of an index or growth rate of the rent, if applicable, in exchange for the right of use on leases in the balance sheet;
- an increase or decrease reflecting a re-estimate of future fixed rent payments following a change in the estimate in the lease term, against the right of use on leases in the balance sheet.

Similarly, at each reporting date, the right of use on leases is revalued as follows:

- a decrease reflecting straight-line depreciation over the lease term, offset by a charge for depreciation of rights of use on leases within current operating income, in the income statement;
- a decrease reflecting a possible impairment of the right of use on leases, against other non-current operating income and expenses in the income statement;
- an increase reflecting the updating of an index or rent growth rate, if applicable, against the lease liability in the balance sheet;
- an increase or decrease reflecting a re-estimate of future fixed rent payments as a result of a change in the lease term estimate, offset against the lease liability in the balance sheet.

The impact on the income statement of the application of IFRS 16 is reflected as follows:

- the variable portion of rents, as well as short-term or low-value leases, are recognised in current operating income;
- the straight-line depreciation expense corresponding to the right of use on leases is recognised in current operating income;
- the interest expense corresponding to the unwinding of discounting of lease liabilities is recorded in financial income.

Finally, the impact on the cash flow statement of the application of IFRS 16 is reflected as follows:

- in the net cash flows from operating activities: payments relating to the variable portion of rents, rental expenses as well as short-term or low-value leases;
- in the net cash flow from financing activities: the repayment of lease liabilities, for the principal portion, as well as the portion of interest presented on the interest paid and similar line item.

Estimated lease term

The term of a lease is the non-cancellable period during which the tenant has the right to use the underlying asset, adjusted for:

- any period covered by an option to extend the lease that the tenant is reasonably certain to exercise; or on the contrary;
- any period covered by an option to terminate the lease that the tenant is reasonably certain to exercise.

In estimating the duration of its property leases, which is the predominant part of all of its leases, the Group has used:

- for its points of sale (free-standing stores, outlets): the term used corresponds to the initial term of the lease on the date of signature, i.e. without taking into account a possible extension option, considering that acting on location opportunities throughout the contract term is a key element in the management of its store network. During the lease term, the Group reviews its term at the end of each period, taking into account the latest operational decisions that themselves take into account termination options, or extension options if applicable, that had not been considered reasonably certain in previous reporting periods;
- for its head offices and warehouses: the term used corresponds to the initial term of the lease.

Specifically, for commercial leases signed in France (leases 3-6-9), the Group recognises a lease term of nine years, then reviews this period at each subsequent closing date to reduce it, if necessary, to three or six years depending on the profitability of the point of sale. At the end of this initial nine-year period and during the tacit extension period that applies during a renegotiation phase, the Group determines the duration of these leases taking into account the date on which the Group is reasonably certain to continue the lease beyond the contractual term.

Determination of the discount rate for lease liabilities

The discount rate is determined for each contract according to the country of the contracting subsidiary. Considering the organisation of the Group's financing, carried exclusively by SMCP Group SAS, this marginal borrowing rate is actually defined by the sum of the risk-free rates for the contract currency, by reference to its residual duration, and the Group's credit risk for this same currency and duration reference.

Leasehold rights taken into account in the calculation of Right of use on leases

In France, leasehold rights represent the amount that the new tenant pays to the previous tenant in exchange for the right to lease the property and the corresponding legal guarantees. From a legal point of view, leasehold rights include the right to be the tenant of the asset and the right to assign leasehold rights. Leasehold rights are therefore intrinsically linked to the lease itself and constitute an initial direct cost for the tenant which must be taken into account in the initial valuation of the right of use of the asset.

Being transferable, leasehold rights in France constitute the residual value of the right of use (component of the estimated amount that the tenant would obtain from the disposal of the asset). The depreciable amount of the right of use as a whole is therefore determined by deducting this residual value, the latter being revised at least once per financial year.

Outside France, leasehold rights are generally not transferable and are therefore amortised over the term of the lease.

6.3.1 Rights of use

Rights of use break down as follows:

	12/31/2022	12/31/2023		
(In millions of euros)	Net	Gross	Amortisation, depreciation and impairment	Net
Stores	300.4	711.5	(391.9)	319.7
Offices and warehouses	47.1	88.2	(49.1)	39.0
Capitalised fixed rents	**347.5**	**799.7**	**(441.0)**	**358.7**
Leasehold rights	106.6	124.2	(37.5)	86.7
Right of use	**454.1**	**923.9**	**(478.5)**	**445.4**

The change in the net balance of rights of use during 2023 can be explained by the following elements:

Gross value in millions of euros	Capitalised discounted fixed lease payments: Stores	Capitalised discounted fixed lease payments: Offices and warehouses	Capitalised discounted fixed lease payments: Total	Leasehold rights	Total
As of January 1, 2023	**647.9**	**85.8**	**733.7**	**129.4**	**863.1**
Changes in scope	7.5	0.3	7.8	-	7.8
Arrangement of new leases	124.6	3.3	127.9	1.1	129.0
Early terminations and downward revised durations	(59.7)	(0.8)	(60.5)	(6.0)	(66.5)
Other (including foreign exchange difference)	(8.8)	(0.4)	(9.2)	(0.3)	(9.5)
AS OF DECEMBER 31, 2023	**711.5**	**88.2**	**799.7**	**124.2**	**923.9**

Amortisation, depreciation and impairment in millions of euros	Capitalised discounted fixed lease payments: Stores	Capitalised discounted fixed lease payments: Offices and warehouses	Capitalised discounted fixed lease payments: Total	Leasehold rights	Total
As of January 1, 2023	**(347.5)**	**(38.7)**	**(386.2)**	**(22.8)**	**(409.0)**
Depreciation & amortisation	(98.9)	(11.4)	(110.3)	(1.8)	(112.1)
Impairments	(0.6)	-	(0.6)	(18.4)	(19.0)
Early terminations and downward revised durations	50.5	0.8	51.3	5.1	56.4
Other (including foreign exchange difference)	4.6	0.2	4.8	0.4	5.2
AS OF DECEMBER 31, 2023	**(391.9)**	**(49.1)**	**(441.0)**	**(37.5)**	**(478.5)**
NET VALUE AT DECEMBER 31, 2023	**319.6**	**39.1**	**358.7**	**86.7**	**445.4**

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

The change in the net balance of rights of use during 2022 was explained by the following elements:

Gross value in millions of euros	Capitalised discounted fixed lease payments: Stores	Capitalised discounted fixed lease payments: Offices and warehouses	Capitalised discounted fixed lease payments: Total	Leasehold rights	Total
As of January 1, 2022	**597.2**	**71.1**	**668.3**	**125.6**	**793.9**
Arrangement of new leases	101.6	14.2	115.8	2.7	118.5
Early terminations and downward revised durations	(52.7)	-	(52.7)	(0.6)	(53.3)
Other (including foreign exchange difference)	1.8	0.5	2.3	1.7	4.0
AS OF DECEMBER 31, 2022	**647.9**	**85.8**	**733.7**	**129.4**	**863.1**

Amortisation, depreciation and impairment in millions of euros	Capitalised discounted fixed lease payments: Stores	Capitalised discounted fixed lease payments: Offices and warehouses	Capitalised discounted fixed lease payments: Total	Leasehold rights	Total
As of January 1, 2022	**(275.4)**	**(27.6)**	**(303.0)**	**(23.5)**	**(326.5)**
Depreciation & amortisation	(95.9)	(11.0)	(106.9)	(2.6)	(109.5)
Impairments	(13.4)	-	(13.4)	5.1	(8.2)
Early terminations and downward revised durations	38.1	-	38.1	0.6	38.7
Other (including foreign exchange difference)	(0.9)	(0.1)	(1.0)	(2.3)	(3.4)
AS OF DECEMBER 31, 2022	**(347.5)**	**(38.7)**	**(386.2)**	**(22.8)**	**(409.0)**
NET VALUE AT DECEMBER 31, 2022	**300.4**	**47.1**	**347.5**	**106.6**	**454.1**

6.3.2 Lease liabilities

Lease liabilities break down as follows:

(In millions of euros)	12/31/2022	12/31/2023
Lease liabilities at more than 5 years	85.4	75.5
Lease liabilities between 4 and 5 years	40.5	39.8
Lease liabilities between 3 and 4 years	49.3	50.3
Lease liabilities between 2 and 3 years	56.5	65.0
Lease liabilities between 1 and 2 years	71.2	75.1
Lease liabilities at less than 1 year	100.0	106.6
TOTAL	**402.9**	**412.3**

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

(In millions of euros)	Stores	Offices and warehouses	Total
January 1, 2023	**353.0**	**49.9**	**402.9**
Arrangement of new leases	123.5	3.3	126.8
Reimbursement of the nominal	(102.8)	(11.3)	(114.1)
Changes in incurred interests	0.2	-	0.2
Early terminations and downward revised durations	(10.2)	(0.1)	(10.3)
Other (including foreign exchange difference)	6.7	0.1	6.8
AS OF DECEMBER 31, 2023	**370.4**	**41.9**	**412.3**

(In millions of euros)	Stores	Offices and warehouses	Total
As of January 1, 2022	**366.3**	**46.1**	**412.4**
Arrangement of new leases	101.2	14.2	115.4
Reimbursement of the nominal	(102.3)	(10.8)	(113.1)
Changes in incurred interests	0.5	-	0.5
Early terminations and downward revised durations	(14.9)	-	(14.9)
Other (including foreign exchange difference)	2.2	0.4	2.6
AS OF DECEMBER 31, 2022	**353.0**	**49.9**	**402.9**

The amount of fixed lease payments paid in the 2023 financial year is €128.2 million. It was €120.9 million in 2022 (see Cash flow statement in paragraph 4.1.1.4 "Lease payment reimbursement").

The residual rent expense shown in the income statement under operating income and expenses (see Note 5.3) breaks down as follows:

(In millions of euros)	12/31/2022	12/31/2023
Variable lease payments or rents on low-value assets	(8.7)	(8.8)
Rental charges	(14.8)	(14.4)
Rent concessions granted by landlords	2.2	-
TOTAL	**(21.3)**	**(23.2)**

In some countries, store leases include a minimum amount and a variable portion, particularly when the lease contains a clause indexing the rent to sales. In accordance with the provisions of IFRS 16, only the minimum fixed portion is capitalised.

Payments relating to non-capitalised leases (variable rents or lease payments on low-value assets) do not differ much from the expense recognised.

6.4 IMPAIRMENT TESTS

Basic principles

If indications of impairment are identified, such as events or changes in circumstances that may affect the recoverable amount of an asset, IAS 36 "Impairment of Assets" requires companies to perform an impairment test in order to verify that the net carrying amount of property, plant and equipment and intangible assets does not exceed the recoverable amount.

Goodwill, brands and other intangible fixed assets with an indefinite life or which have not yet been put into service must be tested for impairment at least annually or whenever there is an indication that they may be impaired.

The recoverable amount of assets is tested by comparing their net carrying amount with the higher of their fair value less costs to sell and value in use.

The value in use of property, plant and equipment or intangible assets is determined based on the estimated future cash flows expected to result from the use of the asset. These are calculated using a post-tax discount rate and factor in the risks relating to the performance of the asset tested.

If the cash flows generated by a given asset cannot be estimated independently from the cash flows generated by other assets, the Group must identify the cash-generating unit (CGU) to which the asset belongs and with which the future cash flows – calculated objectively and generated independently of the cash flows generated by other assets – can be associated. The identification of cash-generating units was carried out according to the Group's organisational and operational architecture.

If the impairment test reveals that an asset has lost value, its carrying amount is written down to its recoverable amount by recognising an impairment loss in the income statement.

When the reasons for impairment cease to exist, the carrying amount of the asset or cash-generating unit (except goodwill) is increased to the amount resulting from the estimate of its recoverable amount, not to exceed the net carrying amount that would have been reported had the impairment loss not been recognised. The reversal of an impairment loss is recognised in the income statement.

Allocation of assets/liabilities to cash-generating units (CGUs) and estimated values

The Group has defined several types of CGUs in order to test its property, plant and equipment, intangible assets and goodwill for impairment.

Each store is a CGU based on the specific geographic base of its customers and the property, plant and equipment and intangible assets owned by the store, and impairment tests are performed at this level.

Goodwill and brands are subject to an impairment test in a second stage, within the three CGU combinations which also include the assets related to the CGUs described above, i.e. the points of sale operated under each brand, the direct support structure of each brand, and an allocation of head office expenses.

Goodwill comes from the three original brands Sandro, Maje and Claudie Pierlot acquired in October 2016 and the Fursac brand acquired in September 2019.

Goodwill is not amortised but is subject to an impairment test whenever an indication of impairment is identified, and at least once a year. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

When the net carrying amount of the cash-generating unit is greater than its recoverable amount, an impairment loss is recognised first on goodwill, then if necessary on the other elements tested. Impairment losses are recognised in the income statement (under the "Other expenses" heading).

Impairment losses in respect of goodwill may not be reversed.

Judgements and estimates

The main judgements and estimates relating to impairment testing are based on the following assumptions:

- identifying the appropriate CGU level;
- assessing the economic and commercial trends and the competitive environment in order to determine the discount rate and perpetuity growth rate;
- forecasting cash flows.

6.4.1 Points of sale test

The Group defines its directly owned points of sale as CGUs, i.e. the smallest group of assets (including right-of-use assets, property, plant and equipment, intangible assets and the allocation of the brand attached to the point of sale) that can individually generate cash flows. A test of the points of sale must be carried out in the event of any indication of impairment. The impairment criteria used are a decrease in revenue and/or a decrease in profitability and/or a decrease in the marketability of the point of sale.

The recoverable amount of each of these points of sale is determined using the discounted cash flow method (DCF). These DCFs are based on the Budget by point of sale and the Business Plan by CGU combination and CGU (retained for the duration of the contract), approved by the Executive Committee and by the Board of Directors, and are used to calculate the value in use as of December 31, 2023. The growth rates used are those used by management for the Business Plan and take into account the growth outlook specific to each brand and/or market (Sandro Europe, Maje Europe, Claudie Pierlot Europe, Fursac, APAC, North America). At the end of their useful life, points of sale are considered closed and non-amortised assets, such as leasehold rights in France, are sold. To calculate the value in use, future cash flows are discounted using a weighted average cost of capital (WACC), which varies based on the brand operating at that point of sale. When this value in use is lower than the net carrying amount of the assets constituting the CGU, an impairment loss is recorded in the financial statements.

Management has identified and recognised a loss of value of the leasehold rights and/or right-of-use assets in the amount of €19.0 million as at December 31, 2023.

6.4.2 Testing of CGU combinations

IAS 36 requires an impairment test to be performed annually for each CGU or CGU combinations to which the goodwill has been allocated.

As recommended by IAS 36, each CGU or CGU combination to which goodwill is thus allocated must represent, within the entity, the lowest level at which goodwill is monitored for internal management purposes and must not be larger than a segment determined under IFRS 8 "Operating Segments", before consolidation.

The level of analysis at which the SMCP Group assesses the recoverable amount of goodwill corresponds to the brand. The goodwill test level is based on both organisational and strategic criteria.

An impairment test was therefore carried out on each of the four Sandro, Maje, Claudie Pierlot and Fursac brands.

As part of the preparation of its annual strategic plan, the Group reviewed the business outlook for its various segments. This strategic plan served as the basis for the impairment test carried out on each combination of the Group's CGUs as at December 31, 2023. It compares the net carrying amount of each of the four brands (composed of the brand, the portion of the allocated goodwill, the right-of-use assets, the other fixed assets and the working capital requirement) with the higher of the fair value net of asset disposal costs and the value in use of the brands. This is determined using the free cash flow (DCF) method. These DCFs are based on the 2024 Budget and the Business Plan by combination of CGUs determined by the Executive Committee and approved by the Board of Directors. The duration of the Business Plan was differentiated according to the maturity of each brand. Sandro and Maje are mature brands in all their geographical regions and distribution channels, and their business plans are for five years. On the other hand, the Claudie Pierlot and Fursac brands are still in a consolidation phase, and the duration of their business plans has been maintained at eight years.

The Group called upon an independent appraiser to update the discount rate and the long-term growth rate for each of its CGU combinations. This review takes into account differentiated rates by country. The rates applied to each CGU combination result from the weighting of these rates by country, according to the geographical presence of the brands. The following table presents the discount and long-term growth rates used for each CGU combination:

	2022 test discount rate	2022 test long-term growth rate	2023 test discount rate	2023 test long-term growth rate
Sandro	11.2%	1.9%	11.0%	2.0%
Maje	11.3%	1.9%	11.1%	2.0%
Claudie Pierlot	11.0%	1.8%	11.0%	1.9%
Fursac	11.0%	1.8%	10.9%	1.9%

Following the impairment tests carried out in 2023, the Group recognised a partial impairment of goodwill of €5 million for Fursac. For the record, in 2022, the Group did not recognise any additional impairment.

Among the Group's business segments, only Claudie Pierlot have assets with a carrying amount close to their recoverable amount. The amount of assets and the potential impact of changes in the after-tax discount rate or perpetual growth rate are detailed below:

(In millions of euros)	Carrying amount of goodwill and intangible assets with an indefinite useful life at 12/31/2023	Carrying amount of assets in CGU combination affected at 12/31/2023	0.5% increase in the discount rate after taxes	0.5% decrease in the perpetual growth rate	Trigger point for the discount rate	Trigger point for the perpetual growth rate
Sandro	576.1	722.9	-	-	11.9%	n.a
Maje	407.4	522.6	-	-	13.1%	n.a
Claudie Pierlot	81.7	117.7	-	-	12.5%	n.a
Fursac	53.2	65.2	-	-	11.6%	0,7%
TOTAL	**1,118.5**	**1,428.4**				

6.5 NON-CURRENT FINANCIAL ASSETS

Financial assets amounted to €18.5 million at December 31, 2023 and correspond mainly to loans and guarantees.

6.6 INVENTORIES

Raw materials and other supplies are recognised at the lower of purchase cost and their estimated net realisable value.

The cost of finished products and goods (excluding defective goods) is based on purchase price or production cost. The production cost is determined by the integration of all costs directly attributable to products.

The cost of finished products includes the cost of design, raw materials, and direct costs including logistics costs. It does not include borrowing costs.

At the end of the period (annual or interim), the Group recognises an impairment on its inventories for all collections that have already been sold within its outlet network and based on their expected turnover.

The table below illustrates changes in inventories at the end of the period:

	12/31/2023		
(In millions of euros)	Gross value	Impairments	Carrying amount
Raw materials and other supplies	39.3	(6.0)	33.3
Finished products	267.0	(18.5)	248.5
TOTAL INVENTORIES	**306.3**	**(24.5)**	**281.8**

	12/31/2022		
(In millions of euros)	Gross value	Impairments	Carrying amount
Raw materials and other supplies	44.7	(7.5)	37.2
Finished products	274.9	(20.5)	254.4
TOTAL INVENTORIES	**319.6**	**(28.0)**	**291.6**

The impairment of inventories reflects the technical and stylistic obsolescence of the Group's inventories at December 31, 2023.

(In millions of euros)	12/31/2023
Cumulative impairment at the beginning of the period	**(28.0)**
Impairments	(25.2)
Reversals	28.0
Other and foreign exchange differences	0.7
CUMULATIVE IMPAIRMENT AT THE END OF THE PERIOD	**(24.5)**

(In millions of euros)	12/31/2022
Cumulative impairment at the beginning of the period	**(24.7)**
Impairments	(27.0)
Reversals	26.1
Other and foreign exchange differences	(2.3)
CUMULATIVE IMPAIRMENT AT THE END OF THE PERIOD	**(27.9)**

6.7 TRADE AND RELATED RECEIVABLES

Trade and related receivables are initially recognised at fair value. Subsequent measurement takes account of the probability that the receivables will be collected and a specific impairment loss is recorded for any doubtful receivables, as follows:

- disputed receivables are impaired when there is certain and specific evidence showing that the receivables will not be collected;
- the impairment of other doubtful items is recorded to adjust the estimated recoverable amounts on the basis of information available when the financial statements are prepared.

The net carrying amount of assets is reduced through impairment and the loss is recorded in the income statement under "Other operating income and expenses". Irrecoverable receivables are recorded in the income statement and existing impairments are reversed.

The Group's exposure is limited to its wholesale/partnered retail, affiliate and department store sales activities.

Judgements and estimates

Impairment for doubtful receivables represents a reasonable estimate of loss attributable to the specific and general risk of not being able to collect the trade receivables recognised in the financial statements.

(In millions of euros)	01/01/2023	Changes in gross value	Impairments	Reversals	Translation adjustment	Changes in scope	12/31/2023
Trade and related receivables	63.1	6.0	-	-	(0.5)	0.4	69.0
Provisions for impairment	(0.2)	-	(0.5)	-	-	-	(0.8)
TRADE RECEIVABLES, NET	**62.9**	**6.0**	**(0.5)**	**-**	**(0.5)**	**0.4**	**68.2**

(In millions of euros)	01/01/2022	Changes in gross value	Impairments	Reversals	Translation adjustment	Changes in scope	12/31/2022
Trade and related receivables	57.0	6.3	-	-	(0.2)	-	63.1
Provisions for impairment	(0.3)	-	-	0.1		-	(0.2)
TRADE RECEIVABLES, NET	**56.7**	**6.3**	**-**	**0.1**	**(0.2)**	**-**	**62.9**

Department stores are invoiced at the end of the month, for payment the following month. Receivables from local partners are paid between 30 and 45 days. Bank guarantees are set up where appropriate.

The amount of trade receivables is as follows:

(In millions of euros)	12/31/2023
Not past due	46.0
1 to 30 days	2.6
31 to 60 days	1.3
More than 61 days	(1.7)
TOTAL	**48.2**

6.8 OTHER CURRENT ASSETS

Other receivables, for a total amount of €73.6 million at December 31, 2023, mainly include prepaid expenses of €23.1 million, advances and down payments paid to suppliers for €24.1 million, tax receivables for €12.2 million, notably the value added tax recoverable by the Group from the tax authorities of the countries in which it operates, as well as €9.5 million of corporate tax receivables, mainly in France.

6.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of readily available liquid assets and financial investments with a maturity of no more than three months from the date of acquisition. These assets are highly liquid, easily convertible into cash, and subject to a negligible risk of change in value.

Loans and guarantees pledged as collateral are recorded as non-current financial assets.

At December 31, 2023, cash and cash equivalents consisted of cash and cash equivalents (net of current bank overdrafts) for an amount of € 50.9 million:

(In millions of euros)	**12/31/2022**	**12/31/2023**
Cash and cash equivalents	73.3	50.9
Current bank overdrafts	(2.0)	(17.2)
CASH NET OF CURRENT BANK OVERDRAFTS	**71.3**	**33.7**

6.10 EQUITY

6.10.1 Share capital

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

At December 31, 2023, the Company's fully subscribed and paid-up share capital amounted to €83,917,383 and broke down as follows:

- 73,591,187 fully-paid up ordinary shares with a nominal value of one euro and ten cents (€1.10);
- 697,343 class G preferred shares which are the preferred shares within the meaning of Articles L. 228-11 et seq. of the French Commercial Code and with a nominal value of one euro and ten cents (€1.10).

	12/31/2023			
Shareholders	**Number of ordinary shares**	**Number of Class G preferred shares**	**Total number of shares**	**% of share capital**
European TopSoho S.à r.l	6,075,848	-	6,075,848	8.0%
Glas SAS (London Branch)	21,952,315	-	21,952,315	28.8%
Other shareholders	12,106,939	-	12,106,939	15.9%
Founders & Managers	5,316,129	607,258	5,923,387	7.8%
Free Float	29,278,131	90,085	29,368,216	38.5%
Treasury shares	861,825	-	861,825	1.1%
TOTAL	**75,591,187**	**697,343**	**76,288,530**	**100.0%**

	12/31/2022			
Shareholders	**Number of ordinary shares**	**Number of Class G preferred shares**	**Total number of shares**	**% of share capital**
European TopSoho S.à r.l	6,075,848	-	6,075,848	8.0%
Glas SAS (London Branch)	21,952,315	-	21,952,315	28.8%
Other shareholders	12,106,939	-	12,106,939	15.9%
Founders & Managers	5,259,444	622,666	5,882,110	7.7%
Free Float	29,172,984	88,913	29,261,897	38.4%
Treasury shares	967,808	-	967,808	1.2%
TOTAL	**75,535,338**	**711,579**	**76,246,917**	**100%**

6.10.2 Rights attached to shares

Voting rights attached to common shares

Each share is entitled to one vote after its issuance, proportional to the portion of share capital they represent.

Voting rights attached to class G preferred shares

The 697,343 class G preferred shares existing at December 31, 2023 are convertible into 2,735,739 ordinary shares since January 1, 2019. All class G preferred shares which have not been converted will be automatically converted on January 1, 2025. The new ordinary shares issued on the occasion of the conversion of the class G preferred shares will be fully assimilated to the old ordinary shares of the same class after payment, if any, of the dividend relating to the previous financial year. On January 1, 2024, no class G preferred shares had been converted into ordinary shares.

There were four free share plans at December 31, 2023 (see Note 5.5 "Share-based payments").

6.10.3 Treasury shares

Treasury shares are recognised as a deduction from equity at their acquisition cost. Earnings from the disposal or cancellation of shares are recognised directly in equity.

The total amount of treasury shares consists on the one hand of shares purchased under the liquidity agreement of €2.5 million (161,524 shares) and on the other hand of shares repurchased in order to deliver the LTIP plan. At the end of the period, SMCP SA held 700,301 shares for an amount of €2.5 million.

6.11 FINANCIAL LIABILITIES

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

(In millions of euros)	12/31/2022	12/31/2023
Cash and cash equivalents	73.3	50.9
Current bank overdrafts	(2.0)	(17.2)
Cash net of current bank overdrafts	**71.3**	**33.7**
Short-term bank borrowings and debt	(101.0)	(95.7)
Long-term bank borrowings and debt	(262.3)	(221.3)
Deposits and sureties received	(0.1)	(2.7)
Accrued interest on borrowings	(0.9)	(0.3)
NET FINANCIAL LIABILITIES LINKED TO OPERATIONS	**(292.9)**	**(286.3)**

On December 31, 2023, the financial leverage clause (net financial liabilities excluding IFRS 16/EBITDA excluding IFRS) was amended to limit this ratio to 2.8x. This clause was respected at the end of 2023, with leverage standing at 2.55x. The main components of financial liabilities are presented below:

Liabilities in millions of euros	Initial or maximum amount	Capital outstanding at 12/31/2023	Maturity
Term Loan A	265.0	100.0	May 2026
Revolving Credit Facility	200.0	25.0	May 2026
SGLs issued in 2020	140.0	112.0	June 2026
SGLs issued in 2021	53.0	47.7	June 2027
NEU CP	200.0	25.0	illimited
Other of which acquisition financing	5.0	5.0	July 2026

In 2023, the Group repaid a loan of €76 million including the second tranche of €55 million of the Term Loan Agreement, the maturities of the two State-Guaranteed Loans for €19.3 million and €1.6 million of various medium-term borrowings (see Statement of cash flows in paragraph 4.1.1.4 "Repayment of financial liabilities"). In addition, during the year, the Group issued new financial debt for a total of €32.6 million, including a €5 million loan, the partial drawdown of its RCF line for €25 million and the setting up of equipment financing for €2.6 million (see Statement of cash flows in paragraph 4.1.1.4 "Repayment of financial liabilities").

The Group obtained an extension of its financial debt in July 2023 for the maturities of the Term Loan under the Revolving Credit Facility in May 2026 and the PGE 2021 in June 2027 (see significant events of the year in paragraph 1.2.5).

The debt maturity schedule is as follows:

(In millions of euros)	Carrying amount as of December 31, 2023	Contractual cash flows	< 1 year	2 to 5 years	> 5 years
Bank borrowings	**309.5**	**309.4**	**87.9**	**221.5**	
Amortisable term loans (Term Loan A & SGLs)	259.8	259.7	42.7	217.0	
Drawn down credit lines (RCF)	25.0	25.0	25.0		
Other bank borrowings	7.2	7.2	2.7	4.5	
Bank overdrafts	17.2	17.2	17.2		
Interest expenses	0.2	0.3	0.3		
Other loans and borrowings	**27.6**	**27.6**	**25.6**	**2.0**	
Short-term negotiable securities (NEU CP)	25.0	25.0	25.0		
Other debt borrowings	2.7	2.6	0.6	2.0	
FINANCIAL LIABILITIES	**337.1**	**333.8**	**110.2**	**223.6**	

6.12 CURRENT AND NON-CURRENT PROVISIONS

Basic principles

A provision is recognised whenever the Group has an obligation with regard to a third party which is likely to result in an outflow of cash that can be reliably estimated. When execution of this obligation is expected to be deferred by more than one year, the provision is classified within "Non-current liabilities" and the amount is discounted, with the effects of discounting recognised as net financial expense using the effective interest rate method.

Judgements and estimates

The main estimates and judgements relating to provisions for contingent liabilities are based on the following assumptions:

- restructuring costs: number of employees, probable costs per employee;
- disputes and litigation (e.g.: contractual penalties, tax risks): the assumptions underlying the assessment of the legal position and the valuation of risks based on the probability of occurrence.

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

(In millions of euros)	01/01/2023	Additions	Reversals (utilised provisions)	Reversals (N/A)	OCI/ Reclassification	Foreign exchange differences	12/31/2023
Provision for contingencies and charges	0.7	0.4	(0.5)	-	-	-	0.6
Provisions for pension liabilities	4.3	1.0	(0.6)	-	0.3	-	5.0
TOTAL NON-CURRENT PROVISIONS	**5.0**	**1.4**	**(1.1)**	**-**	**0.3**	**-**	**5.6**
Provisions for disputes	1.6	0.7	(1.0)	-	-	-	1.3
TOTAL CURRENT PROVISIONS	**1.6**	**0.7**	**(1.0)**	**-**	**-**	**-**	**1.3**

(In millions of euros)	01/01/2022	Additions	Reversals (utilised provisions)	Reversals (N/A)	OCI/ Reclassification	Foreign exchange differences	12/31/2022
Provision for contingencies and charges	3.4	0.5	(1.7)	(0.5)	(1.2)	0.2	0.7
Provisions for pension liabilities	5.2	1.4	(0.8)	-	(1.5)	-	4.3
TOTAL NON-CURRENT PROVISIONS	**8.6**	**1.8**	**(2.9)**	**-**	**(2.7)**	**0.2**	**5.0**
Provisions for disputes	1.4	0.8	(0.6)	-	-	-	1.6
TOTAL CURRENT PROVISIONS	**1.4**	**0.8**	**(0.6)**	**-**	**-**	**-**	**1.6**

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

6.13 EMPLOYEE BENEFITS

Defined contribution plans

Under defined contribution plans, the Group pays contributions based on salaries to external bodies and has no obligation with regard to the level of benefits paid to the beneficiaries. Expenses are recognised when the contributions become due.

Defined benefit plans

Retirement benefit obligations under defined-benefit plans are recognised at the present value of the obligations arising from these plans as of December 31, 2023. The Group's liability for defined benefit pension plans is calculated annually by independent actuaries, using a discount rate determined on the basis of issuance rates for high-quality private-sector bonds (AA and AAA-rated companies) at December 31, 2023.

The obligation depends on the retirement conditions provided for in the collective agreement and on the length of service of the employees, insofar as it is determined according to their possible retirement date. This commitment takes into account the probability that the employee will leave the Company after having acquired the right to a full pension. All of these costs, including social security contributions, are cumulative and systematically recognised in the income statement for as long as the employee remains in the workforce. The provision for severance packages, under the collective agreements, covers the specific benefits of the French plan. The Group has no commitments of this nature for its employees who are employed in countries other than France. It is estimated on an actuarial basis using the projected unit credit method (method of allocating accrued benefits pro-rated on years of service) in accordance with IAS 19 "Employee Benefits". The IFRIC amendment has no impact on the Company (see accounting rules and policies 2.2.2).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised under "Other comprehensive income" and are not reclassified to profit or loss.

Past service costs are immediately recognised in the income statement.

The provision for pension liabilities only relates to France and takes into account:

- the rights acquired by each employee at the end of each period. The salary revaluation rate (excluding inflation) is estimated at 3.75% for managerial-grade staff and supervisors and 2.75% for blue-collar workers and administrative staff;
- the probability of each employee being with the Group at retirement (and being entitled to a full pension);
- the probability of termination of the employment contract by the employee;
- a discount rate of 3.25%;
- top management is not eligible for pension benefits.

(In millions of euros)	**12/31/2022**	**12/31/2023**
Projected benefit obligation at the beginning of the period	**5.2**	**4.2**
Current service cost	0.5	0.3
Estimated interest cost	-	0.1
Other comprehensive income/(loss)	(1.5)	0.3
Projected benefit obligation at the end of the period	**4.2**	**4.9**
Liability recognised on the statement of financial position	**4.2**	**4.9**
Service cost	**0.5**	**0.3**
Current service cost	0.5	0.3
Net interest cost	-	**0.1**
Interest cost	-	0.1
Net cost for the period	**0.5**	**0.4**

6.14 TRADE AND OTHER PAYABLES

Trade payables, amounting to €161.9 million as of December 31, 2023, include, in particular, €16.3 million of payables related to acquisitions of non-current assets.

The amount of trade payables is as follows:

(In millions of euros)	12/31/2023
Not past due	43.4
1 to 30 days	31.8
31 to 60 days	5.5
More than 61 days	6.2
TOTAL	**86.9**

6.15 OTHER CURRENT LIABILITIES

Other current liabilities amounted to €85.5 million at December 31, 2023 and were mainly composed of taxes, duties and other payroll-related liabilities totalling €54.0 million, and advances and down payments from customers for €16.6 million.

6.16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value measurement

Pursuant to IFRS 13 "Fair Value Measurement", fair value (or market value) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by employing the asset in its highest and best use or by selling it to another market participant that would employ the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy (see below) based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

In "Non-current financial assets" (Note 5.5), the Group measures pledged assets as collateral at fair value on December 31 of each year (Level 2 of the fair value hierarchy).

The fair value of derivative instruments recognised at December 31, 2021 was determined using Level 2 of the fair value hierarchy.

Fair value hedge (FVH):

These changes in the fair value of the hedged assets or liabilities are recorded in the income statement and offset changes in the value of the derivative instrument allocated to the underlying asset. The time value of a purchased option and the forward component (carry forward/discount) of forward contracts are treated as a "cost" related to the hedging. Thus, the change in the time value of the options and the change in the carry forward/discount of forward transactions are recorded in equity during the life of the transactions, and recognised in the income statement symmetrically with the hedged item.

Cash flow hedge (CFH):

The effective portion of changes in the value of the derivative is recorded in other comprehensive income and recognised in the income statement symmetrically with the hedged item. The time value of a purchased option and the forward component (carry forward/discount) of forward contracts are treated as a "cost" related to the hedging. Thus, the change in the time value of the options and the change in the carry forward/discount of forward transactions are recorded in equity during the life of the transactions, and recognised in the income statement symmetrically with the hedged item. The ineffective portion is recognised immediately in the income statement.

The net carrying amounts and fair values of financial assets and liabilities are summarised in the table below:

(In millions of euros)	Notes	Valuation procedures	Fair value hierarchy	12/31/2022 Net carrying amount	12/31/2022 Fair value	12/31/2023 Net carrying amount	12/31/2023 Fair value
Loans and receivables		Loan&Receivable	(1)	18.7	18.7	18.5	18.5
Non-current financial assets	**6.5**			**18.7**	**18.7**	**18.5**	**18.5**
Trade and related receivables	6.7	**Loan&Receivable**	**(1)**	**62.9**	**62.9**	**68.2**	**68.2**
Derivative instruments eligible for hedge accounting[2]		**FV OCI/FV PL**	**(2)**	**1.9**	**1.9**	**0.6**	**0.6**
Cash and cash equivalents	6.9	**Loan&Receivable**	**(1)**	**73.3**	**73.3**	**50.9**	**50.9**
Term Loan		Amortised costs	(1)	100.0	100.9	90.0	90.0
PGE		Amortised costs	(1)	159.7	159.7	126.7	126.7
Other borrowings		Amortised costs	(1)	2.3	2.1	4.4	4.4
Deposits and sureties received		Amortised costs	(1)	0.1	0.1	0.1	0.1
Accrued interest on borrowings		Amortised costs	(1)	0.9	0.9	0.3	0.3
Other financial borrowings		Amortised costs	(1)	-	-	2.0	2.0
Long-term financial borrowings	**6.11**			**263.0**	**262.8**	**223.6**	**223.6**
Trade and other payables	**6.14**	**Amortised costs**	**(1)**	**171.8**	**171.8**	**161.9**	**161.9**
Current bank overdrafts		Amortised costs	(1)	2.0	2.0	17.2	17.2
Term Loan		Amortised costs	(1)	54.2	55.0	8.6	10.0
RCF		Amortised costs	(1)	-	-	25.0	25.0
NEU CP		Amortised costs	(1)	24.9	25.0	25.0	25.0
PGE		Amortised costs	(1)	20.7	19.3	34.5	33.0
Other loans		Amortised costs	(1)	1.6	1.6	2.7	2.7
Other financial borrowings		Amortised costs	(1)	-	-	0.6	0.6
Bank overdrafts and short-term borrowings and debt	**6.9**	**Amortised costs**	**(1)**	**103.4**	**102.9**	**113.6**	**113.5**
Derivative instruments eligible for hedge accounting[2]		**FV OCI/FV PL**	**(2)**	**0.4**	**0.4**	**0.6**	**0.6**

(1) Fair value is not provided since the net carrying amount represents a reasonable estimate of their fair value.
(2) These are forward contracts or options intended to hedge future cash flows denominated in foreign currencies. The application of IFRS 9 has broadened the scope of financial instruments eligible for hedge accounting. Below are the Group's accounting rules for hedge accounting under IAS 39 and then IFRS 9:

At December 31, 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).

FV OCI: Fair value through Other Comprehensive Income

FV PL: Fair value through profit or loss

6.17.3 Interest rate risk

The Group is exposed to the risk of interest rate fluctuations due to some of its debt whose interest rates are indexed to the European Interbank Offered Rate ("EURIBOR"), plus a margin. The table below shows the breakdown of fixed-rate/floating-rate debt at December 31, 2023:

(In millions of euros)	12/31/2022		12/31/2023	
Floating-rate debt	**218.6**	**60%**	**181.8**	**57%**
Amortisable term loan (TLA)	155.0	43%	100.0	32%
RCF lines	-	0%	25.0	8%
Floating-rate PGEs	63.6	17%	56.7	18%
Fixed-rate debt	**144.2**	**40%**	**135.1**	**43%**
Fixed-rate PGE lines	115.5	32%	103.0	32%
Short-term negotiable securities (NEU CP)	25.0	7%	25.0	8%
Other bank borrowings	3.8	1%	7.2	2%
TOTAL	**362.8**	**100%**	**316.9**	**100%**

SCOPE OF CONSOLIDATION

The table below shows the scope of consolidation at December 31, 2023:

	12/31/2022		12/31/2023	
Companies	**% interest***	**Consolidation method**	**% interest***	**Consolidation method**
SMCP	**100.00%**	**Holding**	**100.00%**	**Holding**
SMCP GROUP	100.00%	FC	100.00%	FC
SMCP LOGISTIQUE	100.00%	FC	100.00%	FC
SANDRO ANDY	100.00%	FC	100.00%	FC
SMCP BELGIQUE	100.00%	FC	100.00%	FC
SMCP DEUTSCHLAND	100.00%	FC	100.00%	FC
PAP SANDRO ESPANA	100.00%	FC	100.00%	FC
SMCP ITALIA	100.00%	FC	100.00%	FC
SMCP UK	100.00%	FC	100.00%	FC
SMCP IRELAND	100.00%	FC	100.00%	FC
MAJE	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
CLAUDIE PIERLOT	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
FURSAC	99.97%	FC	99.97%	FC
SMCP AUSTRALIA	0.00%	NC	100.00%	FC
SMCP NEW ZEALAND	0.00%	NC	100.00%	FC
SMCP APAC PTE	0.00%	NC	100.00%	FC
SMCP FASHION LTD	0.00%	NC	100.00%	FC

* % of interest is the same as % of ownership.
Abbreviation used: "FC" = Full consolidation. "NC" = Not Consolidated.

SUBSEQUENT EVENTS

No significant events occured between December 31st, 2023 and the moment the Board validated the consolidated financial statements on February 28th, 2024

DISCLAIMER

Financial statements approved on February 28th, 2024, which have been rewieved by the statutory auditors (Report to be issued).