SMCP

sandro · maje · claudie pierlot · de fursac

2020

Universal registration document

Annual financial report

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The universal registration document was filed with the Autorité des Marchés Financiers, the AMF, on April 30, 2021, in its capacity as the competent authority according to Regulation (EU) 2017/1129, without prior approval as allowed by Article 9 of the said regulation.

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

Copies of this Universal registration document are available at no cost from the SMCP, 49, rue Etienne Marcel, 75001 Paris, France. It can also be downloaded from the SMsCP website (www.smcp.com) or from the AMF website (wwwHYPERLINK "http://www.amf-france.org" .amf-france.org).

DANIEL LALONDE
CEO SMCP SA

Building on a strong entrepreneurial and family heritage, our Group has developed over time, driven by a search for *desirability* in its Brands and collections, and *excellence* in its quality of service.

Almost 6,000 *passionate entrepreneurs* are driving our ambition, *unique* positioning in accessible luxury and desirable brands and our *unique* business model.

In October 2020 we presented our strategic plan for the coming years, based on a new roadmap, adapted to the *new world* and new consumer trends.

SMCP opens a new *chapter* of its history, with *Global*, *Responsible and Phy-Gital Brands*. Our business model aims to be more robust, agile, fast and efficient.

To support this *ambition* we have developed a *CSR Strategy* which is based on three pillars: *SMCProduct, SMCPlanet & SMCPeople*, allowing us to fully integrate this dimension at the heart of our actions.

Around these strong, structural values, *ethics* is at the heart of our activities, firmly anchored in our roots and our DNA.

We are *passionate entrepreneurs* committed to writing the book that others will read one day.

1

Presentation of the issuer and information on the universal registration document

1.1 Presentation of the issuer

Company name: SMCP SA

Company purpose:

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

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

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

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

Legal entity identifier (LEI): 96950034TTGHHKKEN547

Share capital: €83,267,404

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

Date of commencement of the financial year: January 1

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

Website: www.smcp.com

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

1.2 Information about the Statutory Auditors

Statutory Auditors

KPMG SA
2, avenue Gambetta
92066 Paris La Défense, France

Represented by Valéry Foussé

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

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

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

Represented by Albert Aidan

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

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

Alternative Statutory Auditors

Salustro Reydel

2, avenue Gambetta
92066 Paris La Défense, France

Represented by Isabelle Goalec

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

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

BEAS

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

Represented by Joel Assayah

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

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

1.3 Information on the universal registration document

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

The financial information presented is taken from Chapter 4 "Activities of SMCP in 2020 and 2021 prospects" and from the SMCP consolidated financial statements of the 2020 fiscal year prepared in accordance with IFRS, presented with their Appendices in Chapter 5 "Financial Statements".

References and definitions

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

- the terms **"Group"**, *term not used*, **"Company"** or **"SMCP"** concern the Company and its subsidiaries and equity interests;
- all references to **"EMEA"** cover the Group's activities in European countries excluding France (mainly the United Kingdom, Spain, Germany, Switzerland, Italy and Russia) as well as the Middle East (particularly the United Arab Emirates);
- the **"Americas"** covers the Group's activities in the United States, Canada and Mexico;
- **"APAC"** covers activities in Asia-Pacific (particularly in mainland China, Hong Kong, Taiwan, South Korea, Singapore, Thailand and Australia);
- data relating to **openings of points of sale** by the Group in a given period are presented net of closures over the same period;
- the data relating to **online sales** includes the sales generated by partners.

Incorporation by reference

The Company's consolidated financial statements for the fiscal year ended December 31, 2020 have been audited by the Statutory Auditors. The reports of the Statutory Auditors are in Sections 5.1.3 and 5.2.3 of this universal registration document.

Pursuant to Article 19 of Regulation (EU) 2017/1129 of June 14, 2017, the following elements have been incorporated by reference in the Universal Registration Document for 2020:

- the consolidated financial statements for the year ended December 31, 2019 and the report of our statutory auditors, presented respectively in Sections 18.1.1.1 and 18.1.1.2 of Universal Registration Document no. D.20-0432 filed with the Autorité des Marchés Financiers (the French markets regulator) on April 30, 2020 (https://www.smcp.com/app/uploads/2020/04/smcp-document-denregistrement-universel-2019-en-version-finale.pdf);
- Chapter 8 "Group cash and capital" of Universal Registration Document No. D.20-0432 filed with the Autorité des Marchés Financiers on April 30, 2020 (https://www.smcp.com/app/uploads/2020/04/smcp-document-denregistrement-universel-2019-en-version-finale.pdf);
- the consolidated financial statements for the year ended December 31, 2018 and the report of our statutory auditors, presented respectively in Sections 20.1.1.1 and 20.1.1.2 of Registration Document No. R.19-012 registered by the Autorité des Marchés Financiers on April 26, 2019 (https://www.smcp.com/app/uploads/2019/04/smcp-2018-regsitration-document-2.pdf);
- Chapter 10 "Group cash and capital" of Registration Document No. R.19-012 registered with the Autorité des Marchés Financiers on April 26, 2019 (https://www.smcp.com/app/uploads/2019/04/smcp-2018-regsitration-document-2.pdf).

Forward-looking information

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

Information from third parties, expert statements and declarations of interest

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

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

1.4 Person responsible for the universal registration document

1.4.1 Person responsible

Daniel Lalonde, Chief Executive Officer of SMCP SA.

1.4.2 Statement by the person responsible

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

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and present a fair picture of the holdings, financial position and results of the Company and of all the companies included in the consolidation, and that the management report, for which the cross-reference table appears on page 273 of this universal registration document, presents a fair picture of the changes in the business, results and financial position of the Company and of all the companies included in the consolidation, as well as a description of the principal risks and uncertainties facing the companies".

April 30, 2021

Daniel Lalonde

Chief Executive Officer of SMCP SA

1.5 Documents available to the public

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

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

2

The Group and its activities

2.1 History

Chapter 1

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

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

Chapter 2

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

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

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

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

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

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

Chapter 3

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

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

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

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

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

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

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

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

On **September 5, 2019,** SMCP acquired the De Fursac brand, one of the French leaders in accessible luxury goods for men. The Group believes that there is additional growth potential in the menswear market, which is registering strong growth. Thanks to this acquisition, SMCP strengthens and completes its presence in the men's segment and targets new customers. De Fursac is positioned in a different segment from that of Sandro Men (urban chic). This segment is modern tailoring, which combines the codes of tailoring and casual style.

Chapter 4

Since 2020: Creating global, sustainable and phy-gital brands

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

2.2 Activities

2.2.1 Group brands and products

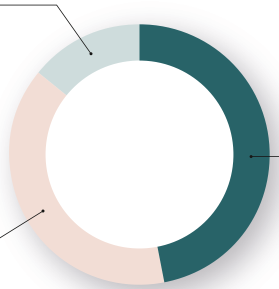
SMCP is an international retailer of ready-to-wear and accessories. The Group markets its collections through a network of physical points of sale and websites.

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

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

The Group is organised around three divisions:

- **Sandro:** 47% of sales in 2020;
- **Maje:** 39% of sales in 2020;
- the **"Other Brands"** division, which combines the brands **Claudie Pierlot** and **De Fursac** (14% of sales in 2020).



The Group's collections are made up of high-quality fashionable clothing and accessories for women and men, and offer more affordable prices than those charged by luxury brands.

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

The Group's creative approach is focused on capturing fashion trends and consumer preferences and interpreting them into high-quality, affordable apparel and accessories with strong appeal while maintaining a strong attention to detail and craftsmanship, providing luxury, high value-added products.

2.2.1.1 SANDRO

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

Style and target profile

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

Product offering

Sandro's iconic products are sophisticated woven dresses, tops in silk, lacy clothes, suits and coats for women, and suits and outdoor clothing for men. For its women customers, the Sandro brand offers all types of womenswear (coats, blazers, jackets, dresses, blouses, trousers, skirts, shorts, jeans, t-shirts, pullovers and cardigans) as well as footwear, bags and other accessories. For its male customers, Sandro Men also offers all types of menswear (blazers, jackets, trench coats, overcoats, leatherwear, suits and tuxedos, trousers and shorts, shirts, jeans, t-shirts, polo shirts, pullovers and cardigans), footwear and accessories (including bags, ties, bow ties, gloves and hats).

In addition to its two main annual collections, the brand also offers "capsule"[1] collections to diversify its product range (for Christmas/ New Year or the Spring/Summer pre-collection, for example). As an illustration, the Sandro brand launched a limited edition in 2020 in collaboration with the singer, Clara Luciani.

Geographic locations

The first Sandro store opened in 2004 in the Marais quarter of Paris. As at December 31, 2020, the brand had 730 points of sale[2] in 41 countries, of which 173 were located in France and 557 were international. In total, 372 points of sale were for womenswear, 130 for menswear ("Sandro Men" points of sale) and 228 were for unisex (Sandro and Sandro Men). The points of sale are located in the capitals and major cities of the countries where the brand is present (Paris and the other main French cities, London, Madrid, Barcelona, Berlin, Rome, Milan, Zurich, Geneva, New York, Shanghai, Beijing, Hong Kong, Dubai, Seoul, Moscow and Sydney).

Sandro points of sale are characterised by a limestone facade incorporating the brand name in black letters. The interior is furnished with parquet floors, Carrara marble, embedded lighting and vintage furniture.

(1) The capsule collections comprise a limited number of products marketed over a shorter period than the seasonal collections.
(2) The brand's points of sale include directly-operated and partner-operated stores, concessions, outlets and e-commerce platforms.

The following table shows the breakdown of Sandro points of sale by country as at December 31, 2020:

Country	Total number of points of sale	of which Sandro Women	of which Sandro Men	of which mixed*
France	**173**	**84**	**47**	**42**
Spain	36	20	5	11
Germany	31	15	9	7
United Kingdom	30	16	6	8
Switzerland	25	14	6	5
Italy	21	12	3	6
Russia	16	11	2	3
Netherlands	15	8	4	3
Turkey	10	7	2	1
United Arab Emirates	8	4	-	4
Belgium	6	2	-	4
Ireland	6	4	-	2
Lebanon	6	3	2	1
Portugal	5	2	1	2
Ukraine	5	1	6	4
Sweden	3	2	1	-
Luxembourg	3	1	1	1
Denmark	3	1	1	1
Norway	2	2	-	-
Austria	2	1	1	-
Kazakhstan	2	2	-	-
Kuwait	2	2	-	-
Saudi Arabia	2	2	-	-
Qatar	2	1	-	1
Latvia	1	1	-	-
Lithuania	1	1	-	-
Bahrain	1	-	-	1
Greece	1	-	-	1
Website available for consultation in several European countries	1	-	-	1
Total EMEA	**246**	**135**	**44**	**66**
Mainland China	85	22	2	61
South Korea	66	44	13	9
Australia	18	18	-	-
Hong Kong SAR	13	4	-	9
Taiwan	5	4	1	-
Thailand	4	4	-	-
Singapore	3	2	-	1
Macao SAR	3	-	-	-
New Zealand	2	2	-	-
Vietnam	2	1	-	1
Total APAC	**201**	**101**	**16**	**83**
United States	84	40	18	26
Canada	15	6	3	6
Mexico	11	6	2	3
Total Americas	**110**	**52**	**23**	**35**
TOTAL	**730**	**372**	**130**	**228**

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

2.2.1.2 MAJE

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

Style and target profile

The products of the Maje brand focus on trendy pieces with subtle, unique and offbeat details for a very feminine silhouette that is both sober and glamorous. The brand expresses itself through its own unique identity: here and away, feminine, free & emotional. Maje products are for women who like to be on-trend.

Product offering

The Maje brand's iconic products are lacy clothes and embroidery, products in innovative materials, imaginative knitted and leather articles. More generally, the Maje brand offers all types of clothing (coats, jackets, jumpers and cardigans, t-shirts, dresses, pants, skirts, shorts, etc.) as well as shoes, bags, jewellery, scarves and scarves, belts and other accessories.

Like Sandro, for some of its products, Maje collaborates on capsule collections with other well-known third-party brands for the design and sale of footwear and other accessories. Since 2019, its capsules have highlighted its eco-responsible productions such as First Stone in 2019 or Remade with Love in 2020, its first 100% eco-friendly capsule made from fabrics from past seasons.

Geographic locations

The first Maje store opened in 2003 on Rue du Four in Paris. As at December 31, 2020, the brand had 596 points of sale[1] in 41 countries, of which 134 were located in France and 462 were international. As for Sandro, the Maje points of sale are located in the capitals and major cities of the various countries where the brand is present (for example, Paris, Berlin, Madrid, Rome, Chicago, Vancouver, New York, Milan, London, Dubai, Hong Kong, Shanghai and Beijing).

The Maje brand points of sale are characterised by a white facade with the name of the brand in gold letters. The interior consists of wooden floors and marble.

The following table shows the breakdown of Maje brand points of sale by country as at December 31, 2020:

Country	Total number of points of sale
France	**134**
Spain	35
United Kingdom	25
Switzerland	18
Germany	16
Italy	15
Russia	15
Netherlands	11
Turkey	8
United Arab Emirates	8
Belgium	7
Ireland	7
Portugal	5
Lebanon	4
Ukraine	4
Norway	2
Sweden	2
Kazakhstan	2
Kuwait	2
Saudi Arabia	2
Qatar	2
Luxembourg	1
Denmark	1

Country	Total number of points of sale
Austria	1
Andorra	1
Latvia	1
Lithuania	1
Greece	1
Website available for consultation in several European countries	1
Total EMEA	**198**
Mainland China	80
South Korea	52
Australia	18
Hong Kong SAR	13
Taiwan	4
Thailand	4
Singapore	3
Macao SAR	3
New Zealand	2
Total APAC	**181**
United States	64
Canada	12
Mexico	7
Total Americas	**83**
TOTAL	**596**

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

2.2.1.3 CLAUDIE PIERLOT

Claudie Pierlot created the eponymous brand in 1984 after working as a designer at various design houses. The Claudie Pierlot business was acquired in 2009 from Claudie Pierlot, Barbara Maynial and René Derhy Import Export. Vanessa Raveau is currently the Artistic Director of the brand, under the supervision of Évelyne Chétrite and Judith Milgrom.

Style and target profile

Claudie Pierlot is aimed at young women seeking to create an independent natural allure, attracted by fashion without feeling chained to codes and trends. Claudie Pierlot offers offbeat, timeless pieces inspired by travel.

Product offering

Each season, Claudie Pierlot reinvents her timeless pieces to offer a modern wardrobe. The flagship products offered by Claudie Pierlot are the tailoring, the dresses, striped sweaters or sweatshirts. More generally, the Claudie Pierlot brand offers all types of clothing (coats, jackets, dresses, skirts and shorts, pants and jeans, shirts, knits, etc.), as well as shoes, bags and other accessories.

In addition to its collections, the brand also produces capsule collections such as the "#riseupwithclaudie" capsule in 2019 (t-shirts made from organic cotton, part of the funds collected from which was donated to the Group's organisation UNESCO to support the Keystone Foundation) or its collaboration in 2020 with the Streetwear brand Andrea Crews around an eco-responsible capsule.

Geographic locations

As at December 31, 2020, the brand had 249 points of sale [1] in 19 countries, of which 115 were located in France and 134 were international. As for the Sandro and Maje brands, the Claudie Pierlot points of sale are present in the capitals and major cities of the various countries where the brand is present (for example, Paris, Berlin, Brussels, Madrid, Dublin, Barcelona and Hong Kong).

The Claudie Pierlot brand points of sale are characterised by a navy-blue shop facade incorporating the brand name in gold letters. The Haussmannian interior includes alcoves for displaying accessories.

The following table shows the breakdown of Claudie Pierlot brand points of sale by country as at December 31, 2020:

Country	Total number of points of sale
France	**115**
United Kingdom	18
Spain	17
Germany	13
Switzerland	11
Italy	9
Netherlands	6
Belgium	4
Ireland	4
Russia	4
Portugal	3
Luxembourg	2
Lebanon	2
United Arab Emirates	2
Website available for consultation in several European countries	1
Total EMEA	**97**
Mainland China	15
South Korea	13
Australia	5
Hong Kong SAR	4
Total APAC	**37**
TOTAL	**249**

2.2.1.4 DE FURSAC

Created in 1973 by the Laufer brothers, who installed their first workshops at Saint-Pierre-de-Fursac, the brand expanded in the early 1980s and launched its first major advertising campaigns under the name of Monsieur De Fursac. In 1990, the Group was acquired by Edmond Cohen, which opened its first Parisian shop at 112 rue de Richelieu in the 2nd arrondissement in 1992. The brand fine-tuned, modernised and shortened its name a decade later in 2003. The De Fursac brand, acquired by SMCP in September 2019, is now a French leader in accessible luxury goods for men. Gautier Borsarello has been the Artistic Director of the brand since January 2021.

Medium-term future of the brand

The integration of the De Fursac brand into the SMCP Group is facilitated by the similarity of their business model based on a pure player retail profile and an alliance of luxury and fast fashion codes. The prestigious locations of De Fursac's network, its personalised shopping experience, and its fast and agile production cycle and sourcing capabilities, make it a perfect match for SMCP.

SMCP's objective is to leverage its know-how and all of its internal resources to accelerate the growth of the De Fursac brand. SMCP will accelerate the geographical development of the brand in Europe and then in Greater China[2]. At the same time, the Group will support De Fursac in its digital transformation. Lastly, SMCP will step up the development of its "Casual" line.

Style and target profile

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

(1) The brand's points of sale include directly-operated and partner-operated stores, concessions, outlets and online platforms.
(2) Greater China includes mainland China, Hong Kong, Macao and Taiwan.

Product offering

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

Geographic locations

As at December 31, 2020, the brand had 64 points of sale[1] in four countries, of which 59 are located in France and five in Europe (Switzerland, Luxembourg and the United Kingdom).

The points of sale of the De Fursac brand are characterised by a concept in which the midnight blue colour dominates the interior of the points of sale and is combined with black lacquer furniture finished with brass angles and white niches designed for the suspension.

The following table shows the breakdown of De Fursac brand points of sale by country as at December 31, 2020:

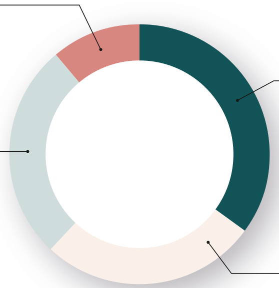
Country	Total number of points of sale
France	**59**
United Kingdom	1
Switzerland	2
Luxembourg	2
Total EMEA	**5**
Total APAC	**-**
Total Americas	**-**
TOTAL	**64**

2

2.2.2 Geographic footprint

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

- **APAC** (27% of 2020 sales): The Group has 419 points of sale as at December 31, 2020, notably in mainland China (180 points of sale as at December 31, 2020) where the Group has been present since 2013. In 2020, the Group opened 33 points of sale (including partnerships), of which 11 net openings in mainland China, 10 net openings in South Korea, 6 net openings in Australia, 4 in Vietnam and four in Taiwan;
- **EMEA** (27% of 2020 sales): The Group, which has 546 points of sale at December 31, 2020 (including partnerships), has successfully conquered new markets in recent years. In 2020, the Group opened 11 points of sale, notably in Germany (5 net openings), in Russia (5 net openings) and set up in Greece (2 net openings);
- the Group has also extended its presence *via* a more selective approach, in the **Americas region** (11% of sales in 2020) where it has been present since 2011 (193 points of sale as at December 31, 2020, including partnerships). In 2020, the Group opened 4 points of sale.



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

Between 2015 and 2019, the Group extended its points of sale network rapidly and efficiently with 120 net store openings *per annum*, on average, excluding De Fursac and including partner points of sale. In 2020, in a context marked by the Covid-19 pandemic, the Group decided to reduce its investments, particularly by limiting its openings, with just 39 net openings. For the coming years, the Group intends to adopt a selective and phy-gital approach, focusing in particular on the Asian market. More generally, the Group maintains strong discipline in the expansion of its network by imposing strict return on investment requirements for the new points of sale. To guarantee the flexibility and scalability of its retail model, the Group has developed a standardised model of points of sale for each brand, used primarily for directly-operated free-standing stores and concessions in department stores. From time to time, the Group relies on strategic partnerships for the successful roll-out of its brands in new markets, while ensuring an identity that is consistent with the rest of its network (see Section 2.2.5.7 of this universal registration document).

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

2.2.3 Product development

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

In general, a product becomes available for sale in a Group point of sale within 100 to 120 days after it has been designed. The design process begins with a drawing (manual, then electronic) of the models. The teams then choose the materials for products (which must be aligned with the margin objectives set for each collection) and create the patterns and prototypes when the product characteristics have been finalised.

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

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

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

Purchasing and work on the structure of the collections

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

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

Sourcing

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

The Group's supply network includes strategically located suppliers in close geographical proximity and relies on a diverse and responsive supplier base. The Group's shared services platform contributes to economies of scale, particularly in the areas of real estate, store planning and architecture, finance, logistics, IT and human resources, for the benefit of all of its brands and regions worldwide.

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

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

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

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

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

The Group has established a short cycle between design and production, ranging on average from 100 to 120 days, according to the type of product and the country of manufacture. The Group orders an appropriately limited number of each product at the start of the season when launching the collection to limit the risk of excess inventory. The Group then places orders with its suppliers according to actual customer demand.

The Group's IT systems allow it to track the performance of a collection in real time and re-order only the top-selling items, with a view to

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

maximising sales. The Group "pre-books" supplier capacity to ensure that they can rapidly fulfil new orders for top-selling items. This "pre-booking" system also means the Group can determine what needs to be manufactured just prior to launch of the collections, taking account of anticipated demand and developing trends. The short production cycle means the Group can respond rapidly to changing trends and consumer preferences and to initial sales results.

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

Quality control

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

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

2.2.4 Brand image, communication and marketing

2.2.4.1 A LUXURY PRODUCT MARKETING STRATEGY

The image of the Group's brands is primarily maintained by its points of sale. Their location, the ambiance created notably by the attention paid to decor and furnishings, and the expertise of the sales assistants contribute to creating a unique image specific to the luxury sector (see Sections 2.2.5 and 2.2.6 of this universal registration document). In addition, the luxury image of the Group's products is also highlighted by high-end marketing campaigns with photographs and videos made by renowned photographers (such as, for example, Drew Vickers for the Spring/Summer 2020 Sandro collection, Tim Elkaim for the spring/summer 2021 Maje collection and Laura Coulson for the spring/summer 2020 Claudie Pierlot collection).

2.2.4.2 360-DEGREE COMMUNICATION CAMPAIGNS

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

The Group's communication strategy is primarily digital. The Group uses social networks (in particular Instagram, Facebook, WeChat) and its presence on the Internet (in particular through its online sales sites) to disseminate its advertising campaigns in various formats.

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

Teams in charge of communication and marketing

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

2.2.4.3 CRM AND CUSTOMER PROXIMITY

The Group also seeks to ensure a real proximity to customers by leveraging its advanced customer relationship management (CRM[1]) system. These tools contributed to the constitution of a multi-channel client data base unique to all of the Group's brands (excluding De Fursac) of approximately 7.9 million customers in 2020 and a strong growth of 15%. This enables the Group to launch targeted and regular communication campaigns through postal channel, e-mail or mobile phone in order to increase the loyalty of its clients. The Group sets up an efficient and targeted communication strategy by using clients' segmentation. Customers receive newsletters, private sales and pre-premiers, so that they can regularly catch up with news on the brand, receive invitations for exclusive offers or events.

The Group segments its customers according to the amount and frequency of purchases for each of the brands. The Group's communication with its customers aims to become increasingly targeted and effective through the use of these tools.

(1) CRM or "Customer Relationship Management".

2.2.5 Distribution

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

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

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

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

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

2.2.5.1 FREE-STANDING STORES

As at December 31, 2020, the Group had 506 directly-operated free-standing stores (excluding Suite 341), (*i.e.* 8 more compared with 2019), including 131 in the EMEA region, 199 in France, 49 in the Americas and 126 in Asia. For the year ended December 31, 2020, 29.7% of the Group's sales were generated through directly-operated free-standing stores. In 2020, the Group opened free-standing stores in mainland China.

Description of a typical store

The average size of a Group store is approximately 80 to 100 square meters. Sandro stores are generally larger than Maje and Claudie Pierlot stores. This can be explained by the Group's historic strategy of using larger mixed stores to display Sandro menswear and womenswear collections. Claudie Pierlot stores are generally smaller than Sandro and Maje, since the brand has only an average of about 320 to 420 SKUs in its collection plans compared to approximately 450-580 respectively for Maje and Sandro Women and therefore, the linear surface requirement for presenting the full collection in a store is smaller.

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

In its stores, the Group seeks to recreate characteristics associated with the luxury sector for customers, by offering high-quality products, strategic locations, attractive fittings and a high level of customer service. The Group has established a fully-assisted sales model, with personalised service that provides a shopping experience for customers comparable to that of luxury brands.

As at the date of this universal registration document, the store concept developed by each brand has not yet been fully rolled out to all stores in the network; however, the Group's stores are gradually being refurbished so that they all comply.

Main characteristics of leases

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

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

2

The following table shows the breakdown of free-standing stores by brand and by country as at December 31, 2020:

	Sandro	Maje	Claudie Pierlot	De Fursac	Total
Total France	**68**	**61**	**50**	**20**	**199**
United Kingdom	11	11	8	1	31
Spain	10	13	4		27
Belgium	5	6	3		14
Switzerland	5	4	3		12
Italy	7	5	4		16
Germany	6	4	2		12
Luxembourg	1	1	1	1	4
Portugal	2	3	1		6
Norway	1	1	-		2
Sweden	1	1	-		2
Denmark	1	-	-		1
Netherlands	2	2	-		4
Total EMEA	**52**	**51**	**26**	**2**	**131**
Mainland China	43	43	6		92
Hong Kong SAR	9	9	3		21
Macao SAR	3	3	-		6
Taiwan	-	1	-		1
Singapore	3	3	-		6
Total APAC	**58**	**59**	**9**		**126**
United States	21	20	-		41
Canada	4	4	-		8
Total Americas	**25**	**24**	**-**		**49**
TOTAL	**203**	**195**	**85**	**22**	**505**

2.2.5.2 CONCESSIONS

As at December 31, 2020, the Group had 578 directly-operated concessions (an increase of 341 concessions compared with 2019), including 201 in the EMEA region, 209 in France, 100 in the Americas and 68 in Asia. These correspond to the Group's concessions in department stores (the average size of the concession is approximately 45 to 55 square meters).

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

As with the location of the Group's free-standing stores, the cities where concessions are located are generally recognised as dynamic and attractive fashion centres. For the year ended December 31, 2020, 27.5% of the Group's sales were generated through concessions.

In 2020, the Group opened new concessions in Italy, mainland China, the United States, Sweden and Taiwan.

Description of a typical concession

The average size of a concession in a department store is approximately 45 to 55 square meters, with a sales force calibrated for each concession according to its surface area and significance. The concessions are generally located in department stores offering luxury ready-to-wear apparel and benefit from a strong flow of occasional customers, particularly tourists. As with its free-standing stores, the Group maintains full control over its concessions, particularly with regard to staff recruitment (the sales force is employed by the Group and not by the department store), and the choice of decor and furnishings to create an ambiance similar to that in Sandro, Maje and Claudie Pierlot free-standing stores.

Operation of concessions

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

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

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

The sale of products through concessions offers high operating flexibility for the Group, particularly in view of the limited operating costs and the concession fees, which vary according to the contracts concluded.

The following table shows the breakdown of the Group's concessions by brand and by country as at December 31, 2020:

	Sandro	Maje	Claudie Pierlot	De Fursac	Total
France	**81**	**48**	**49**	**31**	**209**
Spain	20	14	10		44
Germany	16	7	7		30
Switzerland	15	10	5	2	32
United Kingdom	10	7	5		22
Ireland	4	4	3		11
Netherlands	10	7	4		21
Italy	10	7	4		21
Portugal	3	2	2		7
Norway	1	1	-		2
Denmark	2	1	-		3
Luxembourg	2		1	1	4
Sweden	2	1	1		4
Total EMEA	**95**	**61**	**42**	**3**	**201**
Mainland China	28	25	5		58
Hong Kong SAR	1	1	-		2
Taiwan	5	3	-		8
Total APAC	**34**	**29**	**5**		**68**
United States	52	35	-		87
Canada	8	5	-		13
Total Americas	**60**	**40**	**-**		**100**
TOTAL	**270**	**178**	**96**	**34**	**578**

2.2.5.3 SUITE 341

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

As at December 31, 2020, the Group had 38 Suite 341 points of sale, mainly including affiliates (see Section 2.2.5.5 of this document) and concessions.

Faced with the strong acceleration of e-commerce and as part of the strategic directions taken by SMCP, in particular to reinforce the unique identity and desirability of each of its brands, the Group decided to put an end to this format, which no longer met the requirements of the Group ambitions. This decision will result in the closure of these points of sale by the end of 2022 and will enable the Group's brands to fully express their own identity, reinforce their desirability and consequently strengthen their like-for-like growth.

2.2.5.4 E-COMMERCE PLATFORMS

E-commerce represents an increasing proportion of the Group's sales and a marketing tool to develop awareness of its brands in France and internationally. In 2020, in a context marked by the Covid-19 pandemic and the temporary closure of numerous points of sale worldwide, the Group recorded a strong rise in its online sales, representing 25.9% of its sales or €215.2 million. As at December 31, 2020, pro forma, Group products were being sold *via* 70 directly-operated online platforms and 47 platforms operated by partners.

For its online distribution channel, Group products are distributed mainly through directly-operated e-shops and, to a lesser extent, *via* third-party e-commerce platforms, including department store websites. As at December 31, 2020, 53% of e-commerce sales was generated by its own websites, 33% *via* e-concessions and 14% *via* wholesale (pure players or partners).

The Group's e-shops (brand websites)

The Group operates websites dedicated to each of its brands. The Sandro brand has dedicated websites in France, the United Kingdom, Spain, Italy, Germany, Switzerland, the United States, China and Hong Kong, and the Claudie Pierlot brand has websites in France, the United Kingdom, Spain, Germany, Belgium, Switzerland and China. Finally, the De Fursac brand has a website in France. The Group also continues to enhance the customer experience in e-shops, notably through new services, such as the instant chat with a consultant, mobile phone access to e-shops, improvement of the payment process and a pre-ordering system. In a context marked by the Covid-19 pandemic, SMCP continued to develop new omnichannel services in 2020 such as ship-from-store in France for Sandro and Maje or virtual shopping and call & collect in Europe.

Third-party e-commerce platforms

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

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

For most agreements concluded with the Group, the sale prices on e-commerce platforms are generally consistent with the Group's pricing policy in the country where an online presence has been requested. Payment for products is collected by the third-party online platform on behalf of the Group. The e-commerce platform charges commissions for its services. Some contracts also provide for additional contributions for the promotion of the Group's brands or marketing investment.

2.2.5.5 AFFILIATES

Affiliates form part of the Group's distribution network in France and are mainly located in medium-sized French towns where the Group does not have free-standing stores or concessions (such as Mulhouse, Poitiers, Ajaccio, Chartres, Valenciennes, Le Touquet and Saint-Étienne). The Group also makes use of affiliates in Spain and Italy. As at December 31, 2020, the Group operated through 63 affiliates.

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

Agreements concluded by the Group with its affiliates provide for commission payments to affiliates based on a percentage of sales, excluding tax. Sales are transferred from the affiliates bank account twice a month, net of commission. From time to time, the Group may decide to acquire a store managed by one of its affiliates. For the year ended December 31, 2020, 2.6% of the Group's sales were generated with affiliates.

2.2.5.6 THE OUTLETS

In addition to its free-standing stores, concessions, online sales and sales *via* its affiliates, the Group also sells off unsold stock in a limited number of outlet stores (103 outlets as at December 31, 2020) situated in premium sales locations, in particular in France, Spain, Switzerland, Italy and the United States. For the year ended December 31, 2020, 9.9% of the Group's sales were generated with outlets.

2.2.5.7 PARTNER POINTS OF SALE ("PARTNERED RETAIL")

The Group also has a "partnered retail" distribution channel (partner-operated stores) for specific regions. For the year ended December 31, 2020, this distribution channel accounted for 9.3% of Group sales, of which 39.2% was generated through online platforms operated by partners. The partnered retail channel allows the Group to gain access with limited risk to new markets and countries where the size of the market does not justify the presence of a directly-operated point of sale. In addition, it also allows for the sale of products in a country where it would otherwise be impossible, difficult, less efficient or less profitable to manage a directly-operated distribution network under local law.

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

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

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

As at the date of this universal registration document, the Group's products are distributed through "partnered retail" in particular in South Korea (partnership since 2009 for Maje and 2013 for Sandro and Claudie Pierlot), Russia, Turkey, the Middle East (including the United Arab Emirates since 2015 for Sandro, Maje and Claudie Pierlot, Kuwait since 2015 for Sandro and Maje, and Saudi Arabia since 2016 for Sandro, Maje and Claudie Pierlot), Australia (since 2015), Lebanon, Mexico, Lithuania (since 2018) and in New Zealand since 2019. In 2020, SMCP signed a new partnership for Sandro and Maje in Vietnam and Greece.

In 2020, 25 partner-operated stores were opened worldwide, mainly in South Korea (10), Russia (5), Australia (6), Vietnam (4) and Mexico (3).

The following table shows the breakdown of the Group's partnered retail points of sale by brand and by country as at December 31, 2020:

	Sandro	Maje	Claudie Pierlot	De Fursac	Total
Russia	16	15	4		35
United Arab Emirates	8	8	2		18
Turkey	10	8	-		18
Lebanon	6	4	2		12
Saudi Arabia	2	2	-		4
Kazakhstan	2	2	-		4
United Kingdom	2	2	1		5
Austria	2	1	-		3
Ukraine	5	4	-		9
Andorra	-	1	-		1
Kuwait	2	2	-		4
Latvia	1	1	-		2
Lithuania	1	1	-		2
Germany	3	2	2		7
Qatar	2	2	-		4
Greece	1	1	-		2
Bahrain	1	-	-		1
Total EMEA	**64**	**56**	**11**	**-**	**131**
South Korea	66	52	13		131
Australia	18	18	5		41
Thailand	4	4	-		8
New Zealand	2	2	-		4
Vietnam	2	2	-		4
Total APAC	**92**	**78**	**18**	**-**	**188**
Mexico	11	7	-		18
United States	3	3	-		6
Total Americas	**14**	**10**	**-**		**24**
TOTAL	**170**	**144**	**29**	**-**	**343**

2.2.6 Sales force

The Group pays particular attention to the know-how of its sales assistants. It has introduced within each brand, and also within its free-standing stores located in Asia and North America, a local sales management structure supported by regional directors, each with responsibility for up to 15 points of sale, sometimes assisted by back-up organisers. This organisation allows for more frequent visits and more time spent in these points of sale. In addition, since 2013, the Group has implemented a training program for the integration of its sales teams, as well as for the development of talent and the creation of new brand ambassadors. This two-week program for new sales assistants aims to train staff in sales techniques, customer assistance and to improve the financial results of the points of sale. The Group estimates that in 2020, more than 3,000 sales people benefited from this newly coupled integration program with an online integration program. In 2020, the e-learning platform was used to train 97% of SMCP employees worldwide with more than 13 hours of training per person per year, *i.e.* 82,210 connections this year.

2.2.7 Logistics organisation

2.2.7.1 IT SYSTEM

The Group has set up an IT architecture that is adapted to the management of an integrated network of stores and covers all of its points of sale, including e-commerce and international activities.

This system is based on Group Retail ERP (Enterprise Resource Planning) software, common to all brands and all geographical areas in which the Group operates, providing a single point of sale solution, a single e-commerce-development platform and a central logistic management solution. The Group has an IT team of approximately 50 people, located at the Group's headquarters and internationally, in charge of managing projects and ensuring the development and maintenance of its applications and IT infrastructure. In 2020, SMCP reduced its investments due to the difficult context related to Covid-19. The investments made include rolling out a new Finance tool with Oracle Financial Cloud in Europe, mainland China and Hong Kong SAR, implementing an OMS (Order Management System) to strengthen omnichannel operations (including the roll-out of the ship-from-store functions), the launch of the Demand Planning project and the alignment of De Fursac's main information systems with those of the Group.

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

2.2.7.2 IN-HOUSE LOGISTICS

The Group's principal logistics centre is used by all three brands Sandro, Maje and Claudie Pierlot and serves all points of sale, directly or indirectly, *via* satellite logistics centres located in the United States and mainland China. A team of approximately 140 employees is dedicated to the logistics and supply of the Group's distribution network. Since November 2015, the Group's central storage complex for France and internationally has two main sites, managed directly and close to Roissy-Charles De Gaulle airport:

- 10,000 square meters in Marly-la-Ville;
- 24,000 square meters in Vémars.

The Marly-la-Ville site was completed in 2020 with the construction of a warehouse of 30,000 square meters, intended to handle some of the current collections.

Since September 2018, the Group has also had another site in Vatry (Paris region) with an area of 17,000 square meters and dedicated to finished products. It is managed by a logistics specialist who deals with former collections. This new site creates additional storage capacity and allows the two current sites to be dedicated to the management of current collections and e-commerce. In addition to gaining additional surface area necessary for the Group's growth in the coming years, this organisation ensures an optimised customer service quality, especially for omnichannel sales, and provides additional available sites in case of force majeure.

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

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

The De Fursac brand has its own logistics centre in France. This 2,084-square-meter warehouse serves the entire French market, European countries where the brand is sold, and is also used for e-commerce.

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

2.2.7.3 EXTERNAL SERVICE PROVIDERS

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

2.2.8 A unique in-store customer experience

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

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

2.3 The ready-to-wear market and accessories

2.3.1 A large global market(1)

SMCP has a real ability to attract consumers across all segments of the ready-to-wear and accessories market. The Group's positioning between luxury and fast fashion makes it possible to capture the customer base from each of these markets. By combining the codes of both luxury and fast fashion, the Group is able to respond to the new consumer trends that characterise the ready-to-wear clothes and accessories market.

The global accessible luxury market (ready-to-wear and accessories) is an important market that has experienced continuous growth for more than ten years (including +4% CAGR between 2016 and 2019). In 2019, this market represented €117 billion, an increase of +4.5% compared to 2018.

Ready-to-wear represented around €66 billion in 2019 (56% of the global accessible luxury market) and accessories accounted for around €51 billion, *i.e.* 44% of the global accessible luxury market.

It covers both mature and emerging economies, with key markets such as the Americas (31% of the global market in 2019), Western Europe (30% of the global market in 2019) and Asia-Pacific (35% of the global market in 2019).

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

In 2020, the Covid-19 pandemic significantly impacted the global luxury and accessible luxury goods market, causing the sharpest contraction ever recorded in the last 30 years. In 2020, the total sales of the luxury market is expected to decline for the first time since 2009 by -23% to €217 billion and that of the accessible luxury market by-23/24% to €89. It is also anticipated the start of a recovery in the luxury goods market in 2021 with growth of between +10% and +20%, thanks to regional tourist flows such as between mainland China and South Korea or Japan. Finally, activity should return to the levels of 2019 in the second half of 2022 thanks in particular to the recovery of the global economy and tourist flows.

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

2.3.2 Growth supported by structural trends

2.3.2.1 MACRO-ECONOMIC FACTORS CROISSANCE

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

Consumers allocating more to apparel and accessories

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

Emerging urban middle class

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

The growth of international tourism

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

2.3.2.2 A MARKET INFLUENCED BY FUNDAMENTAL CHANGES IN CONSUMERS BEHAVIORS

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

2.3.2.3 PROFOUND UPHEAVALS CAUSED BY THE COVID-19 PANDEMIC

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

- **digital acceleration** with a growing contribution from online shopping, increasingly influencing the act of purchasing;
- **the weight of mainland China** this year, which posted the strongest growth worldwide since its exit from the health crisis thanks to strong local demand. The market benefited from the dynamism of local consumption in the absence of international travel. Chinese consumption should continue to grow and this nationality should represent half of the global market in 2025[1];
- **the emergence of a new generation of buyers,** which will radically condition the luxury and accessible luxury goods market in the coming years.

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

2.4 Group strengths and competitive advantages

2.4.1 A portfolio of complementary and desirable brands

2.4.1.1 COMPLEMENTARY BRANDS, OFFERING A STRONG AND DISTINCT DNA

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

Each of the brands has a strong history (47 years for De Fursac, 36 years for Claudie Pierlot and Sandro; 22 years for Maje), based on distinct values and codes as well as a unique expression and identity: chic, elegant and relaxed for Sandro; from here and elsewhere, feminine, free & emotional for Maje; timeless, quirky pieces with a fashion twist inspired by travel for Claudie Pierlot; the "panache" of French spirit for De Fursac.

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

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

The Group has dedicated in-house design teams for each of its brands, who design all of the products the Group sells in its stores, under the supervision of their respective Artistic Directors. These design teams identify the latest market trends and "l'air du temps" and interpret them through the codes and identity of each brand: Homewear collection, twisted suit, or creative capsule with renowned artists for Sandro; lace and embroidery, innovative technical materials, knitting and leather for Maje; printed matter, tailoring, dresses, striped sweater or sweatshirts for Claudie Pierlot; sharp silhouettes at the crossroads between yesterday's elegance and modern chic for Fursac. In addition to the iconic product categories that are specific to each brand, the Group also aims to consistently imbue novelties in its collections, thereby adding an element of discovery to the shopping experience.

The Group also offers "capsule" collections in limited editions such as the "First Stone" or "Remade with Love" eco-friendly denim capsules by Maje and has set up exclusive collaborations, such as the limited edition "Clara Luciani". By Sandro or the collaboration with the Streetwear brand Andrea Crews by Claudie Pierlot.

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

2.4.1.3 GLOBAL APPEAL SUPPORTED BY LEADING PRESENCE IN FASHION CAPITALS

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

The Group is firmly established in the major capitals' cities. It generated 65.0% of its sales out of France for the year ended December 31, 2020 compared with 66.0% in 2019. It intends to further increase its international presence over the next few years, with the aim of becoming one of the leaders in the ready-to-wear and accessories market in the affordable luxury segment. Abroad, the Group enjoys a very positive image.

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

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

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

- the luxury segment with groups such as LVMH, Kering, Burberry, and Moncler;
- the fast fashion segment with players such as Zara or H&M; and
- the accessible luxury segment. Among the global players present in this segment are the Americans Tory Burch, Theory, Tapestry (Coach and Kate Spade), Capri (Michael Kors) and Marc Jacobs, and the Italian Max&Co.

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

2.4.3 A unique and proven business model

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

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

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

2.4.3.1 THE GROUP FOLLOWS THE CODES OF THE LUXURY INDUSTRY

In-house creative studios fully internalised for every brand

The Group's in-house creative capabilities are led by independent Artistic Directors for each brand and are supported by talented, experienced teams of designers and model-makers based in their own studios located in Paris. As a result, each brand has its own creative team with a deep bench of creative talent composed of designers, stylists and modelers.

The Group's creative process captures the "air du temps", incorporating travel references, trends, colours, and the techniques and synthesis of the latest fashion shows articulated through brand-specific mood boards.

A high-end image through a dedicated communication strategy

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

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

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

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

The Group has a global network of 1,677 points of sale located in major fashion capitals (including Paris, Los Angeles, London, New York, Shanghai, Dubai and Milan). The Group's retail stores are often located in premium high-street locations such as Rue Saint Honoré or Avenue des Champs-Élysées in Paris and in commercial thoroughfares such as Le Marais in Paris, Soho in New York, Chelsea or Regent Street in London, Paseo de Gracia in Barcelona and *via* Manzoni in Milan, and leading positions in prestigious department stores such as Galeries Lafayette, Printemps and Le Bon Marché in France, Selfridges and Harrods in the United Kingdom, Bloomingdale's and Saks Fifth Avenue in the United States, El Corte Inglés in Spain, La Rinascente in Italy, and in reputable shopping malls such as Finance Center and Harbour City in Hong Kong SAR.

Enhanced customer experience personalised service

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

The Group believes that its multilingual sales force creates a welcoming and unparalleled shopping experience for international customers. The Group's points of sale have a well-organised and incentivised in-store sales assistants, backed by close monitoring and performance-based compensation for sales assistants and managers. The Group's sales force, store managers and regional heads receive dedicated training through the SMCP School, created in 2013 and currently based in France, the United States and Asia. For example in 2020, the Group trained more than 3,000 employees and provided more than 13,000 hours of training across the globe, through classroom-based courses. E-learning, launched in 2018, represented 81,210 hours worldwide and involved 6,232 employees.

2.4.3.2 THE GROUP BLENDS THE CODES AND METHODS OF FAST FASHION

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

Rapid product cycle from design to store

The Group's in-house design, sourcing and procurement processes are highly coordinated allowing delivery of new products to stores within 100 to 120 days, a production model similar to fast fashion brands, which have a very short (35 to 40 days) period between creation and production ("design to store"). As a result, the Group's procurement lead and creation time is much lower than those observed in the luxury sector. This allows the brands of the Group to incorporate the fashion trends.

Agile sourcing and a diversified supplier base

The Group's agile sourcing and diversified supplier and manufacturer base provides a highly flexible design and production calendar. The Group relies on a diversified base of more than 500 suppliers (finished products, cut-and-sew productsand components), including 107 strategic suppliers representing 80% of the volumes produced for cut-and-sew products, finished products and accessories and 66% of fabric orders. The top ten suppliers for finished products and cut-and-sew productsaccount for just over 35% of supply. The geographic proximity of part of the supply base (around 60% of the Group's production is carried out in the EuroMed region and around 40% in Asia) leads to shorter delivery times. Furthermore, the Group's carefully selected partners deliver reliable and high-quality products. The Group sources a mix of finished and cut and make goods, buying fabrics and outsourcing production. This allocation enables the Group to be much more reactive in case of replenishment because the production of assembled goods can be launched very quickly.

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

A global logistics platform enabling constant replenishment

The Group's operating model benefits from a fully-integrated global platform and supply chain. The Group's IT systems operate across all of its brands and facilitate the replenishment cycle and inventory management (see Section 2.2.7.2 of this universal registration document). These systems also allow the Group to measure store performance and integrate best practices across its retail network. The Group's recent investments in shared infrastructure and global platforms have geared the business to support strong future growth. Lastly, its warehouses located near Paris Charles de Gaulle airport, in Marly-la-Ville where the Group increased its storage capacity by 30,000 square meters in 2020, in Vémars, which are fully automated, and in Vatry, which opened in September 2017, as well as the warehouses and logistics infrastructures in New Jersey, Shanghai and Hong Kong SAR (opened in February 2018) allow the Group to benefit from flexible and responsive logistics throughout the world. With the capability to replenish stocks in less than two days in Europe, within four days in North America (East coast) and Asia, the Group can maintain low inventories in its stores and thus optimise dedicated sales space.

A collection plan framing the design process

A collection plan based on efficient and reactive purchasing and supply procedures frames the design process of the Group. The ten new collections per year (two per brand and including Sandro Men) present on average 300 to 580 SKUs per collection for Sandro Women, Maje and Claudie Pierlot and an average of between 250 and 320 SKUs for Sandro Men and De Fursac. The Group's collection plan defines a target number of SKUs by product category (particularly in terms of colours, textiles, prices and occasions to wear the garment) to ensure a balanced offering, while price and margin objectives are taken into account from the beginning of the process. The creative teams also take into account a series of factors, including the historical performance of certain products, store feedback, previous collections best sellers and analysis of competitors' practices.

Continued newness driving high traffic in stores

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

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

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

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

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

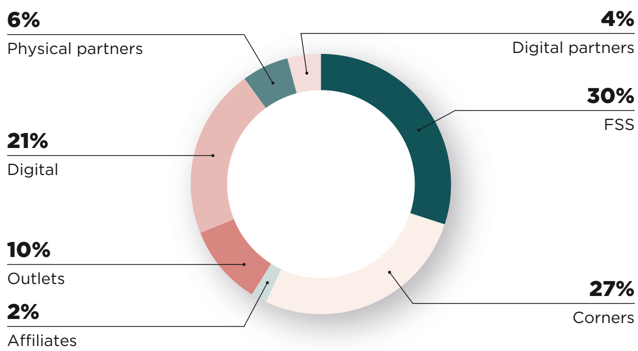
In 2020, in a context marked by the Covid-19 pandemic, the Group decided to reduce its investments, notably by limiting its openings, with just 37 net openings. For the coming years, the Group intends to adopt a selective and phy-gital approach, focusing in particular on the Asian market.

2.4.3.3 RETAIL PURE PLAYER

A fully-integrated distribution network

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

Breakdown of revenue by type of point of sale



(1) *For the fiscal year ended December 31, 2020 (excluding De Fursac), only 5.6% of the Group sales were made through physical partnerships and 3.6% through digital partnerships, the rest came from retail sales.*

The Group's network of free-standing stores and concessions allows direct control over key elements of its strategy, such as pricing, purchasing, sales force, image and communication. The Group believes that this approach is one of the main factors enabling it to maintain a high gross operating margin. In addition, a balance of fixed and variable rents resulting from a mix of free-standing stores and department store concessions further supports the Group's margins. In addition to its directly-operated network, the Group employs a partnership model to expand into select high-potential markets. This approach allows it to move into attractive markets in certain countries that present specific local regulatory constraints or higher operational risk. Lastly, on December 31, 2020, only 6.1% of the Group's points of sale directly-operated are outlets (excluding De Fursac).

Excellence in retail network management

The Group believes that it has achieved a high level of excellence in managing its retail network, which contributes to the increase in sales in its stores. The average basket is made up of 1.7 products with an average ticket of €257 per purchase. In 2020, the initial average selling price was €221. Approximately half of all sales are made without any discount, demonstrating the appeal of the Group's products to its customers.

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

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

The Group has an experienced management team led by Daniel Lalonde, Group Chief Executive Officer. Daniel Lalonde has over 25 years of experience in the international luxury, retail and digital sectors, having held senior executive positions at Ralph Lauren, LVMH and Nespresso.

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

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

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

2.5 Strategic focus

INTRODUCTION

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

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

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

- strong exposure to Chinese customers, which accounted, according to Group estimates, for around 30% of its sales in 2020 including Chinese tourism worldwide;
- a solid presence in e-commerce, with more than 15% of its sales in 2019 and 26% in 2020;
- solid commitments and actions in favour of more responsible fashion.

In 2020, with the development of a new strategic plan communicated to the market on October 27, 2020, SMCP is opening a new chapter in its history that reflects its ambition to create global, sustainable and phy-gital brands. It is based on four strategic priorities:

- enhance the desirability of its Brands;
- launch the program "One journey" based on a phy-gital strategy;
- strengthening the Group's business model;
- accelerate sustainable development and contribute to the development of ethical and responsible fashion.

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

2.5.1 Strengthen the desirability of its Brands

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

- **adjust the architecture of its collections** in order to increase customer engagement for non-discounted products through simplified and optimised collections (fewer SKUs), a heightened sense of scarcity (capsules, limited editions, collaborations) and blurred seasons (see now, buy now);
- **improving the in-store experience** through enriched store concepts that will highlight the identity and DNA of the Brands, promote a more "emotional" and entertaining experience and offer a personalised and connected in-store experience;
- **increase the range of accessories** to increase the desirability of its brands and attract new customers. In 2020, accessories accounted for 9.4% of the Group's sales;
- **intensify its marketing investments** (4% of sales compared to 2% previously) with a strong focus on digital communication, particularly social networks (Instagram, WeChat, Facebook) but also by exploring new formats (*e.g.* gamification, Douyin, Bilibili, etc.) in order to reach the new generations (Millenials and Generation Z) – who are expected to represent more than 60% of customers by 2025 – and Chinese customers who are expected to represent more than 50% of customers by 2025.

2.5.2 Launch the "One journey" program: one customer, one inventory, one channel

Since 2014, SMCP has invested in the development of:

- its e-commerce network with the aim of controlling the majority of its points of sale;
- its omnichannel services since 2017, such as online product reservations, "click and collect", "store-to-web" (purchase on tablets in a physical point of sale) and "ship-from-store".

The Group has the necessary infrastructure to support its digital strategy, including a centralised team and a single electronic platform. The Group also plans to continue investing in customer experience by shortening delivery delays, proposing new delivery options and increasing the quality of packaging for online orders.

In 2020, SMCP generated 53% of its digital sales from its own websites, while 33% was generated through e-concessions (*e.g.* Farfetch, Selfridges.com, Bloomingdale's, etc.) and 14% in wholesale.

With now 31 directly owned websites and a digital presence in more than 200 countries, SMCP wants to take a new step forward through the implementation of its One Journey program. Through this plan, SMCP intends to offer a "seamless" customer experience between the physical network and e-commerce, by relying on a 360° knowledge of its customers, a unified stock between stores and warehouses, the roll-out of its omnichannel services and the harmonisation of e-commerce payment systems and stores.

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

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

- invest in the **APAC** region as a priority (50% of its investments and around 20 net openings per year (DOS) by 2025) in order to strengthen its presence in the Group's most dynamic geographical area, by investing in digital (strengthening its partnership with T-Mall and stepping up its WeChat mini-program) and by continuing its expansion in new key Chinese cities (11 cities by 2025) and new countries in the rest of Asia. By 2025, the Asia-Pacific region is expected to account for 50% of the Group's growth and represent more than 30% of its sales;
- accelerate its optimisation and renovation plan in **France** (between 40 and 50 net closures (DOS) in 2021 with in particular the discontinuation of the Suite 341 format) to revitalise like-for-like growth, in order to continue to gain market share and develop the organic growth of e-commerce;
- complete the store network in **Europe** in a targeted manner (notably in Portugal, Germany, Poland and Austria) and accelerate the organic growth of e-commerce. SMCP expects 15 net openings (DOS) of which 40% for De Fursac by 2025;
- prioritise digital and take advantage of its current presence in major cities in **North America.** As a result, SMCP will keep its store base stable up to 2025.

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

2.5.3 Strengthening the Group's business model

SMCP intends to continue to strengthen its business model with a new global organisation enabling the implementation of a centralised global demand planning by brand, leveraging an agile supply chain and a robust IT platform. This will lead to an optimisation of its inventories and an increase of full price sales. In other words: buy less, buy better.

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

SMCP intends to step up in sustainability and contribute to the development of ethical and responsible fashion, with a strong commitment to products, planet and people. With regard to products, initiatives are being taken to increase the use of eco-responsible materials, supplier audits will be strengthened to ensure ethical and quality sourcing, and actions in favour of the circular economy will be put in place.

These commitments, combined with a reflection on the transport of goods, the development of green stores and the limitation of single-use products will help reduce the Group's carbon footprint.

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

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

2.5.5 Medium-term financial and non-financial objectives

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

In terms of non-financial performance:

- ensure ethical sourcing, with 100% of Group suppliers[1] audited by 2025;
- source more than 60% of sustainable materials and products by 2025, against 26% in 2020;
- reduce carbon footprint: -20% of CO_2 emissions by 2025 (full scope).

On financials[2], **SMCP anticipates** more than 10% of sales growth at constant currency in 2023 compared to 2019 and 6% of sales growth at constant currency between 2023 and 2025.

The Group is also predicting an adjusted EBIT margin:

- of circa 10.5% in 2023;
- and more than 12.0% in 2025.

Lastly, the Group believes that leverage (the ratio of net debt to adjusted EBITDA[3]) will be below 2x by December 2023.

The financial guidance is based on the following assumptions:

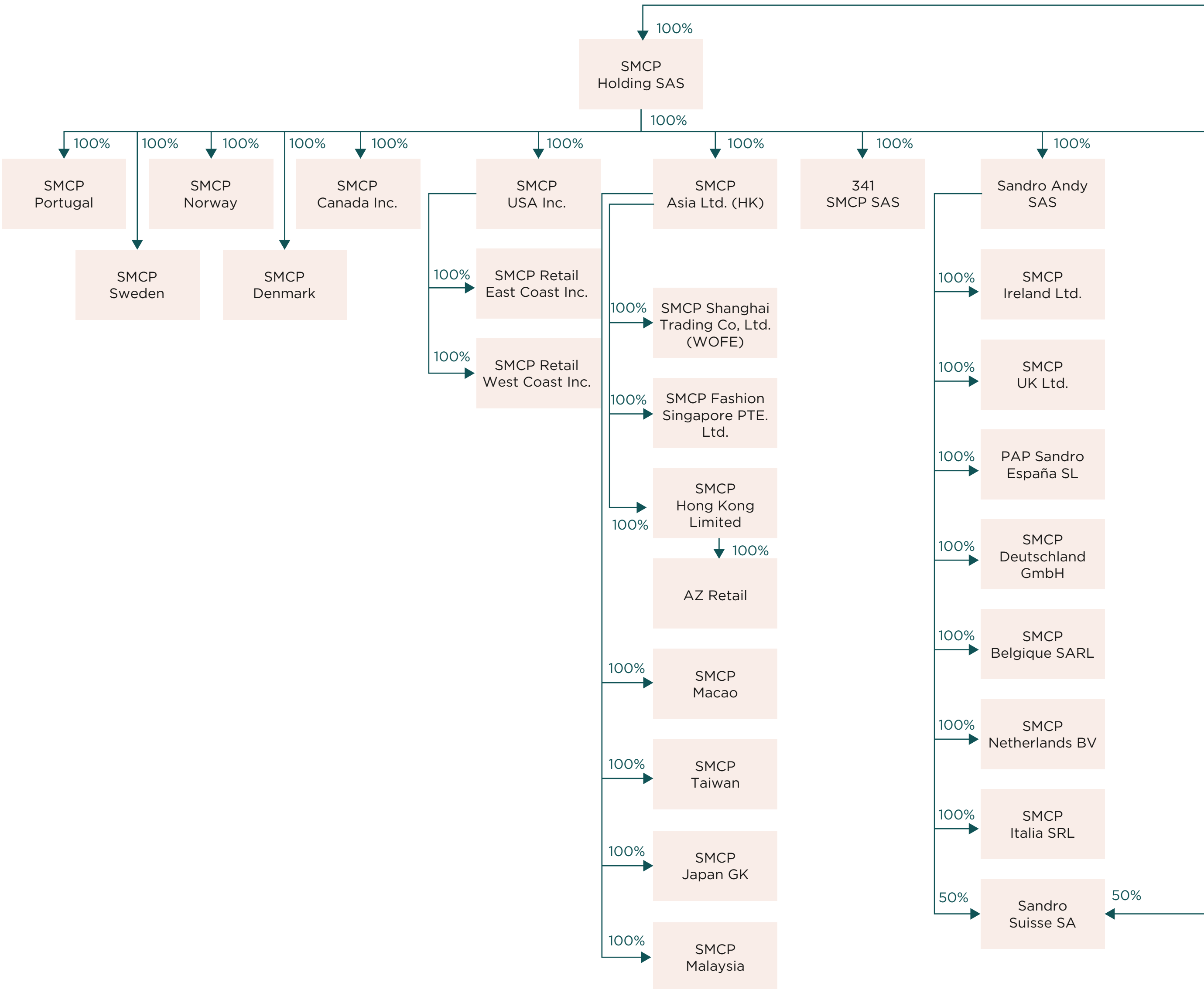
- a like-for-like growth contributing to 50% of the total organic sales growth per year;
- a digital penetration representing 25% of sales by 2025;
- a selective store expansion (DOS):
  - 2021: between 40 and 50 net closures in France and about 30 net openings internationally,
  - 2022-2025: between 30 and 50 net openings per year, of which 50% in the APAC region.

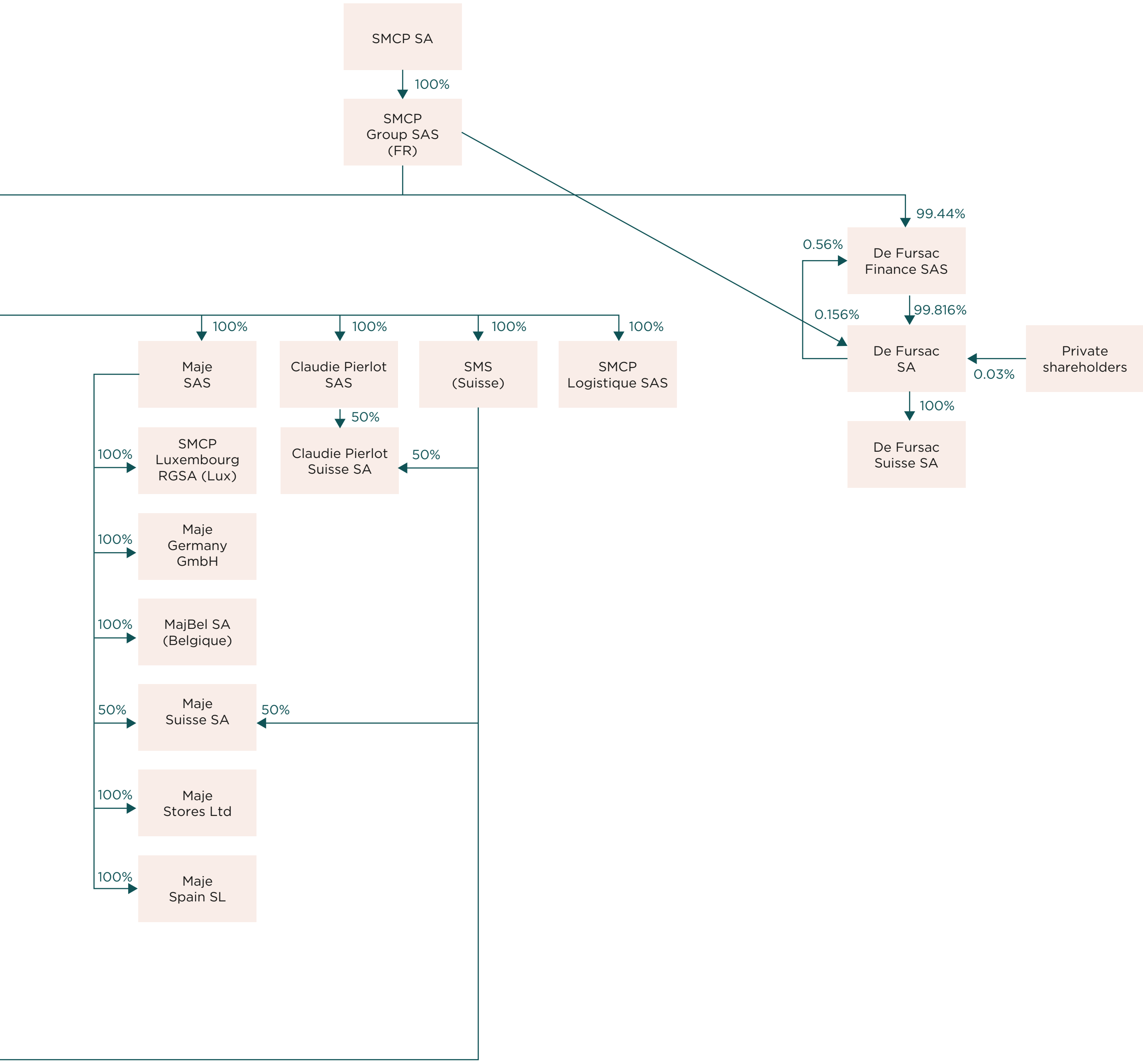
(1) Strategic suppliers (accounting for 80% of output).
(2) Assuming that the health crisis gradually improves from the second half of 2021 on.
(3) Excluding IFRS 16.

2.6 Organisational structure

2.6.1 Legal organisational structure of the Group as at December 31, 2020

The percentages indicated in the organisational chart below represent the capital and voting rights held as at December 31, 2020:




SMCP SA
100%
SMCP Group SAS (FR)
99.44%
De Fursac Finance SAS
0.56%
99.816%
0.156%
De Fursac SA
Private shareholders
0.03%
100%
De Fursac Suisse SA
100%
Maje SAS
100%
Claudie Pierlot SAS
100%
SMS (Suisse)
100%
SMCP Logistique SAS
50%
Claudie Pierlot Suisse SA
50%
100%
SMCP Luxembourg RGSA (Lux)
100%
Maje Germany GmbH
100%
MajBel SA (Belgique)
50%
Maje Suisse SA
50%
100%
Maje Stores Ltd
100%
Maje Spain SL

2.6.2 Subsidiaries and equity interests

MAIN SUBSIDIARIES

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

- **SMCP Group SAS** is a French simplified joint-stock company with capital of €58,153,391.00, having its registered office at 49, rue Étienne-Marcel, 75001 Paris, France, registered under number 819 258 773 in the Paris Trade and Companies Register. It is a holding company;
- **MAJE SAS** is a simplified joint-stock company incorporated under French law with capital of €100,000, having its registered office at 2, rue de Marengo, 75001 Paris, France and registered under number 382 544 310 in the Paris Trade and Companies Register. It is the Group's holding and operating company for the Maje brand in France;
- **SANDRO ANDY SAS** is a simplified joint-stock company incorporated under French law with capital of €279,344, having its registered office at 150, Boulevard Haussmann, 75008 Paris, France and registered under number 319 427 316 in the Paris Trade and Companies Register. It is the Group's holding company for the Sandro brand in France;
- **CLAUDIE PIERLOT SAS** is a simplified joint-stock company incorporated under French law with capital of €50,000, having its registered office at 2, rue de Marengo, 75001 Paris, France and registered under number 328 759 857 in the Paris Trade and Companies Register. It is the Group's operating company for the Claudie Pierlot brand in France and abroad;
- **DE FURSAC SAS** is a public limited company incorporated under French law with capital of €2,789,559.18, having its registered office at 112, rue de Richelieu, 75002 Paris, France and registered under number 378 486 096 in the Paris Trade and Companies Register. It is the Group's operating company for the De Fursac brand in France;
- **SMCP USA Inc.** is a company incorporated under US law with capital of US$1, having its registered office at 2711 Centerville Road Suite 400, Wilmington, Delaware 19808, United States and registered under number 4850860 in Delaware. It is the Group's holding company for its business in the United States;
- **SMCP Shanghai Trading Co. Ltd** is a limited liability company incorporated under Chinese law with capital of US$5,000,000, having its registered office at Room 701, Floor 7, North Annex of building 1, No. 757 Jiaozhou Road, Jing'An District, Shanghai, China and registered under number 06000002201706220015 in Shanghai. It is the Group's operating company for mainland China;
- **SMCP Asia Limited** is a private company governed under Hong Kong law with capital of HKD 1, having its registered office at Unit 3203A-5A, 32/F, The Centrium, 60 Wyndham Street, Central, Hong Kong, and registered under number 1838474 in Hong Kong. It is the Group's operating company for Asia.

2.7 Legislative and regulatory environment

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

2.7.1 Consumer protection and e-commerce

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

At the European level, the main directive on consumer law is Directive 2011/83/EU of October 25, 2011 on consumer rights. This directive has fully harmonised various aspects of consumer and contract law applicable to sales between professionals and consumers at the European level, such as the obligation of information incumbent on the vendor (including the price and the availability of after-sales service) and the right of cancellation for online sales. However, in other areas, such as those covered by Directive 1999/44/EC of May 25, 1999 on certain aspects of the sale of consumer goods and related guarantees and by Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts, the harmonisation of rules is currently minimal. Member States may supplement the rules with more stringent national regulations.

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

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

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

2.7.2 Product liability

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

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

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

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

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

2.7.3 Regulations on the protection of personal data

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

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

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

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

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

2.7.4 Regulation of opening times

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

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

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

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

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

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

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

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

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

In France, the regulations are established in the Commercial Code in Articles L. 310-1 *et seq.* and R. 310-1 *et seq.* The legislation establishes a framework for stock liquidations, bulk selling and sales to guarantee fair competition between traders and ensure consumer protection. Law No. 2008-776 of August 4, 2008 on the modernisation of the economy has made the regime for these practices more flexible by replacing administrative authorisations by advance declarations and allowing traders more freedom to choose sales periods. Moreover, the two periods of annual sales (usually from January to February and from

June to August) have been increased from five to six weeks and flexible sales periods were abolished by law No. 2014-626 of June 18, 2014 on crafts, commerce and very small businesses.

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

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

2.7.6 Legal framework governing private sales

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

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

2.7.7 International trade and customs duties

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

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

2.7.8 Environmental regulations

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

3

Risk factors and internal control

3.1 Risk Factors

Introduction

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

The Group's risk mapping was updated in 2020 and assesses the criticality of the risks, *i.e.* their severity in terms of operational, financial, legal/regulatory and reputational impact for the Group, as well as their probability of occurrence, after taking into account the prevention and risk management plans in place. The significant and specific risk factors to which the SMCP Group is exposed are presented in four categories:

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

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

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

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

3.1.1 Risks associated with the Group's business sector

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

Description of risk

Changes in demand are generally linked to changes in macroeconomic conditions in the countries where the Group conducts its business, especially in France, where the Group generated 35% of its sales during the fiscal year ended December 31, 2020. As such, demand for the Group's products could be negatively affected by adverse economic conditions and the resulting impact on consumer spending and the movement of people. Purchases of non-essential items such as clothing and accessories may be affected by this unfavourable economic environment. Some economic factors beyond the Group's control influence consumer spending, such as the unemployment rate, inflation, actual disposable income, household purchasing power, increases in the value-added tax and, more generally, taxes and consumers' perceptions of overall economic conditions and prospects for the future.

Footfall at the Group's retail stores also depends partly on tourism and generally the movement of people, as most of the Group's retail stores are located in urban centres and touristy areas, such as Paris, London, Hong Kong, Shanghai and New York City. Changes in tourism levels and, more broadly, the movement of people, especially international travel, may fluctuate wildly due to the general economic conditions, restrictions to free movement (especially those linked to the current Covid-19 epidemic, affecting most countries where the Group operates), and other exceptional events, such as terrorist attacks, social unrest (as seen recently in France and Hong Kong) or natural disasters. As part of the Covid-19 health crisis, the Group was forced to temporarily close its stores in China, Europe and the United States (particularly in the second quarter and at the end of the year in Europe).

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

Risk management

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

(i) continue and diversify its international presence, with a gradual reduction in its exposure to its historical market (the Group's sales generated in France has thus fallen from 46% to 35% between 2016 and 2020), and develop online sales which increased by 27.6% between 2019 and 2020;

(ii) maintain its positioning in the accessible luxury market, where demand is characterised by less sensitivity to economic cycles. The Group also strives to diversify its sourcing methods and remain agile in its logistics operations.

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

RISK ASSOCIATED WITH SUPPLIERS, MANUFACTURERS AND PRODUCTS

Description of risk	Risk management
The Group uses suppliers to produce its products. It could become dependent on these players (delays, business interruption) and/or suffer an increase in raw material costs. However, it cannot rule out the possibility that its suppliers or manufacturers may fail to respect local labour law, applicable social protection laws or environmental and ethical standards while conducting their business. The Group does not own and does not operate any manufacturing plants and as a consequence is wholly dependent on third parties to manufacture the products that it markets. Furthermore, production by one or several manufacturers could be temporarily or permanently interrupted or delayed due to economic, social or technical issues, the occurrence of natural disasters or pandemics (such as the current public health crisis linked to the Covid-19 pandemic) or due to disagreements, especially on tariffs, with the Group (as contracts may be relatively informal). The raw materials used to manufacture the products sold by the Group (mainly cotton, leather, wool, silk, polyester and viscose) are subject to availability constraints and price volatility caused by factors such as the strong demand for fabrics, weather conditions, the political, social and economic situations in producer countries (especially in North Africa and Asia), delivery conditions, applicable regulations, and other factors beyond the Group's control. The Group cannot guarantee that it will be able to adapt in the event of a sudden, prolonged and sustained increase in the price of raw materials. In addition to the cost of raw materials, other factors may have a general impact on production costs, such as regulatory changes and salary increases in the regions in which the Group operates, and changes in shipping costs, customs legislation, quality requirements, the cost of energy and exchange rates. These fluctuations may result in increased costs for the purchase of products from manufacturers, shipping costs for distribution and operating costs sustained by each point of sale. Accordingly, it relies on its manufacturers to ensure that the products it sells comply with relevant specifications and quality standards. Quality control procedures may not detect a defect. The reputation of the Group's brands may be negatively impacted by marketing defective products, especially if the products marketed contain dangerous substances that could cause physical harm or health problems to the Group's customers. These defects could also result in a significant decline in Group sales and expose the Group to liability.	For each brand, the Group's production teams make sure they have access to a panel of suppliers for each product line and diversify suppliers' geographic locations. They identify new suppliers each year to avoid becoming dependent on particular suppliers. The Group has a large portfolio of products that enables it to reduce the risk of dependence on a particular range. In addition, its policy of diversification and negotiation with its suppliers allows it to reduce its dependence on individual suppliers. The Group can also entirely or partially compensate an upward trend in production costs by a targeted increase of the sale price of finished products. The Group diligently monitors the compliance of its suppliers and manufacturers with applicable labour law and social security regulations as well as with acceptable environmental and social standards. By way of illustration, the SMCP Group, a signatory to the United Nations Global Compact, has formalised its requirements vis-à-vis its suppliers, particularly in the area of human rights, through its general purchasing conditions and its Supplier Code of Conduct. By signing these documents, the Group's suppliers undertake to comply with, and to ensure that their subcontractors comply with, all the clauses of these documents. The Group regularly conducts audits through an independent expert to ensure this. The SMCP Group's policy is to work with suppliers who manufacture high quality products and who adhere to, respect and apply its Code of Conduct. The Group dedicates the best of its professional activity to its customers and consumers in order to satisfy them and earn their trust. The Group markets products that comply with current standards and regulations in terms of quality, safety and industrial and intellectual property, and provides transparent, reliable, fair and high-quality information.

RISK ASSOCIATED WITH LOGISTICS AND EFFICIENT ORDER PROCESSING

Description of risk	Risk management
The Group manages part of its logistics internally, through its SMCP Logistique subsidiary but also subcontracts a significant portion of its logistics and operational processes to external service providers. If the Group fails to manage its logistics network properly and effectively, it could be faced with excess logistics capacity or, conversely, insufficient capacity, as well as increased costs or delays in supplying its points of sale and delivering orders to customers. The Group mainly subcontracts the delivery of orders to its customers and, as such, is exposed to any shortcomings or defaults of its service providers, such as delivery delays (currently aggravated by the impact of the Covid-19 epidemic), losses or the theft of goods. The Group leases warehouses to host its logistics infrastructure. The Group may be unable to renew the corresponding leases or renew them on satisfactory terms, or may be required to replace them for reasons beyond its control, such as difficult conditions in the local real estate market, competition, or relationships with current or future landlords. Any breakdown or disruption, in whole or in part, of the Group's logistics network or of the activities of its service providers (especially air transport used by the Group for international product deliveries), resulting for example from information technology malfunctions, equipment failure, strikes, accidents, natural disasters, pandemics (such as the current health crisis), acts of terrorism, vandalism, sabotage, theft and damage to products, failure to comply with applicable regulations, or any other disruption could affect the Group's ability to supply its points of sale, make timely deliveries to purchasers or maintain an appropriate logistics chain and level of inventory. In 2020, the Group obtained 82% of its supplies by sea or by land. Any damage or destruction of one or more of the Group's warehouses or those of its logistics service providers, or any theft or vandalism within these warehouses, could result in the destruction or loss of all or a portion of the Group's inventory and fixed assets located in these warehouses and have a significant impact on the Group's ability to distribute products to its points of sale and maintain an appropriate logistics chain and inventory levels. In addition, if the Group is faced with increased logistics costs, it may not be able to pass on the impact of this increase in costs to consumers. In 2020, many logistics players had to increase their prices (Covid tax on transport in Europe and increase in express transport driven by the explosion of e-commerce (+15%), increase in air fares due to the drop in traffic passengers (+40% on certain routes such as the France-United States route), increase in sea freight prices linked to the increase in demand, etc.). Furthermore, disruptions to international transport, such as the reduction of air or ocean freight, particularly due to strikes or pandemics, may have a negative impact on the Group's supply chain. In 2020, due to the Covid-19 pandemic, the Group experienced supply delays (factories and deliveries) of up to three weeks in the first quarter of 2020. The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results of operations, development or prospects.	The Group's current facilities were set up in anticipation of its future development. To efficiently manage order processing, the Group relies on four logistics facilities in France (three internal sites located in the Paris region, one outsourced site in Bussy-Lettré) and a semi-automated order picking system. Abroad, the Group relies on four outsourced sites (one site in the United States in New Jersey, one site in Hong Kong to serve Southeast Asia and two sites in Shanghai). Our warehouses are equipped with an early fire detection system, as well as a sprinkler system. In addition, barrier screens and fire doors prevent the potential spread of a fire. In the event of destruction of part of the preparation equipment (finished product warehouses, stock intended for customers and shops), the stock and staff can be transferred to one of the other warehouses which has the infrastructure and IT systems to manage this surplus. In addition, a destruction of inventory would be covered by our insurance (lost products and sales), leaving us the possibility of absorbing the loss before launching and receiving a replacement production. In addition, stocks in transit expected for subsequent product launches in the season would be used upon receipt. In the event of destruction of materials or equipment in the raw materials warehouse, manufacturers can receive materials directly from suppliers. The Group has several transport partners who can be called upon in the event of failure of one of them. These transport partners offer several route options for the same destination in order to mitigate local risks and unforeseen events (volcano eruption, blockage of the Suez canal, etc.). Should this system fail, the Group can institute temporary manual order processing as a fallback. In addition, the Group may make use of other carriers in the event of failure by one of the carriers with whom it usually works.

RISK ASSOCIATED WITH COMPETITION AND CONSUMER EXPECTATIONS

Description of risk	Risk management
The Group operates in the ready-to-wear and accessories retail market, which is highly fragmented and competitive. Financial resources, means of distribution and historic roots require the Group to make ongoing efforts to convince its customers of the superior quality, style and attractiveness of its products and brands, notably in markets where the Group has recently expanded. Despite its best efforts, if the Group's customers fail to recognize the quality, style and attractiveness of its products and brands, especially compared to those of its competitors, or if the merchandise does not match up to consumer expectations, this could have a material adverse effect on the Group, its business, financial position, results of operations, development and prospects. The success of the Group's model for monitoring trends depends on its ability to identify fashion trends, to evaluate and react rapidly to changing consumer demands and to translate market trends into appropriate product offerings. Furthermore, the Group launches a unique collection in the 41 countries in which it operates that may accurately reflect consumer trends and preferences in some countries but not necessarily in all of them. If the collections offered by the Group do not meet the trends and preferences of consumers and in particular of its target customers, the Group's sales could decline, excess inventory could increase and the Group could be forced to offer more significant markdowns and suffer losses from unsold products. The Group considers that, to a certain extent, attracting new customers depends on word-of-mouth and the recommendations of existing customers. The Group must therefore ensure that existing customers are satisfied with its services so that they continue to recommend it. Should the Group's efforts to satisfy existing customers be unsuccessful, it may fail to attract new customers in adequate numbers to continue expanding its business or may be obliged to incur significant marketing and development expenditure to attract new customers.	In a highly competitive sector, due in particular to the development of e-commerce and constant changes in consumer trends and preferences, the Group seeks to be present in all possible marketing channels (*i.e.*, physical (free-standing stores, concessions and outlets) and digital (its own or partner websites)), and closely monitors changes in the markets in which it operates, including its main competitors' product offerings. It also relies on the speed of its production cycle and logistics for rapid upstream marketing of products that satisfy the latest consumer taste trends. Every year, the Group launches two collections for each of its brands (fall/winter and spring/summer), with a continuous renewal of the products offered throughout the season, and several "capsule" collections in partnership with Other Brands or designers. The Group markets two collections a year with products under four different brand names (Sandro – available in menswear (Sandro Men) and womenswear (Sandro Women) Maje, Claudie Pierlot and De Fursac) that represent distinctive styles. This diversity allows it to respond to differing consumer expectations and changes in these expectations. In addition, the Group is seeking to diversify its product range, including its lines of clothing for men (Sandro Men and De Fursac), its range of accessories and the use of e-commerce.

3.1.2 Risks related to the Group's strategy and organisation

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

Description of risk	Risk management
The Group's success partly depends on its ability to develop internationally, identify key markets, and adapt to local specificities in order to meet demand as best as possible. The Group may be unable to implement its expansion strategy satisfactorily or at the anticipated rate due to the increasing difficulty in locating available and attractive sites. If the Group fails to identify and lease attractive locations, recruit qualified sales assistants or establish the required infrastructure, or if the attractiveness of the locations of the Group's points of sale is reduced for reasons beyond the Group's control, its expansion strategy may be slowed and its market share could decline. The success of new points of sale may also be impacted if the Group fails to assess customer demand correctly in the local markets concerned or if it fails to establish satisfactory reputations for its brands. This risk could increase if the Group establishes operations in a country where it has never operated before. In addition, the Group makes significant investments to acquire new customers, notably through a marketing strategy deployed in many types of media. The Group also makes significant marketing efforts to promote its e-commerce sites, such as acquiring traffic through search engines and social media. If the Group is forced to reduce the investments devoted to the expansion of its stores or its marketing expenses, or if this strategy is not as successful as expected, the Group's development strategy could be negatively impacted. E-commerce is an increasingly important part of the distribution network (representing 26% of total Group sales during the twelve-month period ended December 31, 2020). The e-commerce market is characterized by rapid technological change, and the Group might not succeed in developing and improving its e-commerce distribution channels at an appropriate rate to adapt to such changes and contend with competition. The Group's e-commerce retail channel could therefore become less appealing, which could curb its growth or lead to a decline in sales. The Group's efforts to develop new, efficient and attractive online interfaces in a timely and profitable way may require substantial investments and could ultimately fail to meet the target goals or ever-changing consumer preferences. In addition, since the Group does not have total control over its brands' image when products are sold through intermediary platforms, they may not reflect the marketing strategy adopted by the Group.	The Group relies on its Strategy, Digital and Development Department, its skills (with a strengthened team), as well as external advice to optimise the development of its network. The Group's strategy is built on key components such as omni-channel retailing, retail excellence and enhanced demand planning. The Group continues to innovate and test new formats to strengthen the e-commerce channel such as live streaming or Virtual shopping. The Group also made progress in the implementation of its "One Journey" programme with the launch of new omni-channel services such as "ship from store" in France for Sandro and Maje or "call & collect" in Europe. Lastly, the Group relies on a scalable IT infrastructure and a robust roadmap to drive its growth.

RISK ASSOCIATED WITH CYBER ATTACKS, IT, AND FRAUD

Description of risk

The Group's success depends on the continuous, uninterrupted availability of its information technology systems, notably to process customer transactions and to manage its supplies, inventory, purchases and deliveries of its products. In order to support its development strategy, the Group uses a set of information technology applications allowing it to monitor the performance of its free-standing stores, concessions and collections and to manage its inventory accordingly. Events beyond the Group's control, such as telecommunications difficulties, software failures, inadequate capacity of information technology centres, the unavailability of internal resources, fires, electrical failures, third-party attacks (such as hacking or computer viruses) and any delay in or impossibility of installing new information technology systems could adversely affect the capacity and availability of the Group's IT systems. Any major disruption to, or slowdown in, the Group's systems could cause losses or delays in processing information, resulting in delayed deliveries to its points of sale and customers or loss in sales.

Moreover, the security systems installed by the Group, such as data backup systems, access protection, user management and IT emergency plans, may prove inadequate to prevent loss or theft of information or disruption to its IT systems and may lead to dysfunctional operations for the Group.

Lastly, the personal customers data the Group collects for marketing purposes may also be subject to theft or misuse. In this case, the Group's brand image could be tarnished and Group customers could be dissuaded from sharing their personal data, impacting the effectiveness of the Group's marketing and its image, which could have a material adverse effect on its business, financial position, results of operations or prospects.

Risk management

The Group has set up business continuity plans. They are updated and tested to ensure their effectiveness. In addition, each year, several projects are devoted to improving and adapting the Group's information systems.

Safety audits are launched to assess the existing solutions and set up corrective actions, if necessary.

An IT Security Committee was created in 2019 and meets several times a year. The Group is actively committed to strengthening IT security on a daily basis. It continues its efforts to raise awareness and train teams capable of detecting and foiling fraudulent attempts or cyberattacks.

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

Description of risk

The financial performance of the Group is closely related to the success and reputation of its four brands, Sandro, Maje, Claudie Pierlot and De Fursac, which themselves depend on factors such as the design of the clothes, their distinctiveness and quality, as well as the image of the Group's points of sale, its business activities, its relationship with the public and its marketing policy.

The integrity and reputation of Group brands are two of its most important assets and form an essential part of its growth strategy, which is based on exploiting their value. Products or a communication policy that do not adequately reflect the brands' image, inappropriate conduct by brand ambassadors, their staff, Group suppliers or distributors, as well as any circulation of damaging information in the media could affect the Group's brand recognition and image and thus have a marked impact on their value.

Moreover, the Group may be confronted with the resale of products purchased in large quantities in its European points of sale by distributors that had not been approved by the Group. If this activity, which has gained ground particularly in Asia, were to intensify significantly, it could have an adverse effect on the Group's brand image, particularly because the way that such products are marketed, including the way they are presented on resale websites, does not comply with the standards the Group imposes.

These factors could have a material adverse effect on the Group's business, financial position, results of operations or prospects.

Risk management

The Group places particular importance on protecting the reputation and image of its four brands, Sandro, Maje, Claudie Pierlot and De Fursac and controlling their use. It has filed for protection or restriction of the use of its trademarks in all countries where it wishes to protect its rights.

In addition, it ensures that the image of its brands is directly controlled throughout the distribution network; for example, its partners and affiliates must adopt a concept for their points of sale that is identical to that of the Group's directly operated points of sale (by implementing the recommendations in the Group's "concept book").

The Group continuously monitors the media and social networks and has a crisis management system that enables it to identify, control and limit the impacts on the Company.

The SMCP Group's partners and employees, who are the Group's ambassadors, are made aware of the ethical rules set out in the Group's Code of Ethics and the Supplier Code of Conduct.

Lastly, the Group actively pursues a policy of judicial remedy against counterfeiting or, more generally, fraudulent use of its trademarks.

RISK ASSOCIATED WITH THE GROUP'S SOCIAL RESPONSIBILITY

Description of risk	Risk management
Although social responsibility is a major issue for the Group, given its rapid development and international presence, the Group cannot exclude the possibility that breaches or behaviour contrary to its values may occur that could have a negative impact on its reputation and its results. Human resources is one of the key components of the Group's business, and compliance with labour law regulations, especially with workplace health and safety rules, has a significant effect on its business. Although the Group strives to ensure compliance with these regulations and ensure that employees in all countries where the Group does business have an equivalent level of training, qualification and protection, it cannot guarantee that potential shortcomings in these areas do not exist. Thus, non-compliance by the Group with these obligations could lead to large fines or substantial claims against the Group related to the violation of these arrangements. Furthermore, these regulations are regularly modified and made stricter; changing the way the Group is organized to ensure compliance could generate significant costs. As an international player with business operations in 41 countries as of December 31, 2020, the Group works to increase the diversity and develop the talent of its teams and contribute actively to environmental conservation and community development. The Group is exposed to the risk of high staff turnover, which can have a negative impact on its development and the enhancement of human capital. Some raw materials used to manufacture the products sold by the Group are sourced from animals (such as leather and wool). The Group has defined supply standards for all its raw materials but may be exposed to the risk of its suppliers and their sub-contractors not complying with animal welfare standards throughout the production chain. The Group is also exposed to the risk of using chemicals while manufacturers are producing its products. Apart from the negative impact of such acts, whether real or alleged, on the Group's reputation, they could incur the civil or criminal liability of the Group and, if the Group were convicted, have a material impact on its financial position.	The Group has set up a CSR strategy to cover the occurrence of financial and non-financial risks[1] associated with the corporate social responsibility of our brands. The Group has set itself several qualitative and quantitative objectives based on the three pillars of the CSR strategy: • SMCProduct: create and design our collections using eco-responsible sourcing favouring exemplary raw materials and manufacturing processes (recycled wool, organic cotton, hydroless jeans, etc.), reinforce supplier audits to ensure ethical and quality sourcing and promote initiatives in favour of the circular economy; • SMCPlanet: reduce the Group's carbon impact by considering the transport of our goods, developing "green stores" and limiting single-use products; • SMCPeople: inspire, develop and engage employees around the Group's values and these eco-responsible commitments. Encourage them to act with elegance and respect for diversity and inclusion, through a respectful and meaningful work environment. (See Chapter 6 of this document).

(1) See Section 6.1.3 "Main non-financial risks and opportunities"

RISK ASSOCIATED WITH KEY PERSONNEL AND HUMAN RESOURCES MANAGEMENT

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

RISK ASSOCIATED WITH CONTROL OF THE COMPANY BY A MAJORITY SHAREHOLDER

Description of risk	Risk management
At March 31, 2021, the Shandong Ruyi Group holds, through European TopSoho S.à r.l., 53.0% of the share capital and 66.9% of the voting rights of the Company. Consequently, Shandong Ruyi could significantly influence the Group's strategic decisions and/or ensure the approval or rejection of all resolutions presented for approval to the Company's shareholders at Ordinary and Extraordinary Annual General Meetings of Shareholders, including the appointment of members of the Board of Directors, the approval of annual financial statements and dividend payments, as well as the authorization to proceed with capital increases and the issuing of securities, mergers, contribution transactions, or any other decision requiring the approval of the Company's shareholders under the conditions specified above. Furthermore, with respect to its size, if European TopSoho S.à r.l. were to partially or totally dispose of its equity interest, or if such a disposal were perceived as imminent or probable, the market price for the Company's shares could fall significantly. In September 2018, European Topsoho S.à r.l. issued a €250 million bond convertible into Company shares, maturing in September 2021. The repayment of this loan is secured by a pledge on the underlying shares. On January 6, 2021, the Company was informed of a threshold crossing statement published by GLAS, in its capacity as Trustee, in respect of these exchangeable bonds. In the context of this declaration, GLAS indicated, following a notification of default on this bond issue, that it was now entitled to vote on 34,792,512 voting rights of the Company corresponding to 29% of the Company's voting rights attached to the shares underlying these bonds (it being specified that the total number of SMCP shares underlying these bonds represents 34% of the Company's share capital and that ownership of these shares has not been transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. On March 8, 2021, the Company also took note of a press release from European TopSoho S.à r.l. indicating that an agreement in principle had been reached between it and a group of investors representing more than 75% of the exchangeable bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction is nevertheless subject to the conclusion of a final documentation and the agreement of the bondholders by means of a consent process.	In the interests of transparency and information, the Group has put in place a number of measures to ensure that all of its stakeholders, including all its shareholders, are taken into account in its strategy and decisions. In particular, the Group has set up an Audit Committee and an Appointments and Compensation Committee to prevent conflicts of interest and to ensure that the majority shareholder's control is not exercised in an abusive manner. With regard to the potential default of its majority shareholder on its exchangeable bond issued in 2018, the Company is closely monitoring developments in the situation and ongoing discussions with bondholders. In this context, it carried out, with the assistance of an external advisor, a detailed analysis of the impact of a possible change in its shareholder structure on its existing financing. As of the date of this Registration Document, it considers, on this basis and in view of the information in its possession, that this situation would have no impact on its financing.

RISK ASSOCIATED WITH ACQUISITIONS

Description of risk	Risk management
In 2019, the Group acquired the De Fursac Group, strengthening its presence in the fast-growing market for affordable luxury goods for men. In the future, the Group may be in a position to look at other acquisition opportunities, particularly for new brands or partners. In the event of a significant acquisition, the Group's results will, to a certain extent, depend on its ability to successfully integrate the acquired business. This integration may require a long, costly and complex process, involving a number of risks, including having to sustain costs and expenses for contingencies, having senior management's attention distracted from daily operations, and having an increase in workload for senior management teams, given the increased volume and scope of the business following the acquisition (see in particular Note 3.1 to the Group's consolidated financial statements for the year ended December 31, 2020 in Section 5.1.2 of this Universal Registration Document). In addition, the Group cannot guarantee that an acquisition will generate the anticipated synergies, the economies of scale expected, the increase in results and cash flow, the improvement of operational efficiency or, more generally, the benefits the Group may expect to achieve. The Group may also be exposed to unforeseen liabilities or commitments linked to such acquisitions. If these liabilities and commitments are significant or if the Group fails to integrate a new acquisition effectively, this could have an adverse effect on its business, financial position, results of operations, development and prospects. Lastly, in a context where the Covid-19 pandemic has significantly disrupted commercial operations and has had a marked impact on financial performance, the Group may have to review the outlook for the activities to which the goodwill of its brands is attached and impact their valuations.	The Group's policy consists in particular of targeting companies with which synergies can be developed, given their sector of activity and their positioning in the market, and aiming to create value for the Group. To this end, the Group has put in place processes for analysing, auditing and structuring risks during acquisition projects, aiming to better understand the uncertainties and propose solutions to reduce, as much as possible, the probability of occurrence and the degree of materiality of the risks identified. The identification and allocation of the risks depends on the quality of the information sent to the Group (in particular, taking into account legal and regulatory constraints) and the outcome of the negotiation process. In addition, the Group's dedicated teams draw up an integration programme and put in place the resources necessary for its implementation. An integration plan is deployed and is the subject of appropriate reporting and shared with the Company's management bodies.

RISK ASSOCIATED WITH LEASE AGREEMENTS AND CONCESSION AGREEMENTS WITH DEPARTMENT STORES

Description of risk	Risk management
Each year, a portion of the leases concluded by the Group for its store locations expires (13 leases expired for the Group in 2020). The Group may be unable to extend these agreements and may be forced to abandon locations or renew lease agreements on unfavourable terms. In addition, the Group may be obliged to close certain retail stores that do not meet their financial targets under unfavourable conditions and time frames. Furthermore, in the context of the current public health crisis caused by the Covid-19 epidemic, the Group may have trouble executing or renewing its leases with favourable conditions, especially for rent adjustments. In general, the Group signs long-term leases for its stores. Some of these leases impose very restrictive termination conditions on the Group and it may be impossible for the Group to terminate these agreements without incurring significant costs or having to give notice significantly in advance. In addition, lease agreements may provide for fixed expenses that may not be covered if the activity of such points of sale decreases or is weaker than the Group's expectations. Finally, the Group may be unable to negotiate its concession agreements with department stores on acceptable terms and conditions. If the Group is unable to renew lease agreements on expiry, terminate agreements following weaker-than-anticipated performance by retail stores, renew concession agreements or conclude new agreements on acceptable terms, it could have a material adverse effect on the Group's business, financial position, results of operations, development or prospects. Finally, the Group may recognise a loss in value of right-of-use assets if the value in use of a point of sale is lower than its net book value, particularly in the context of the current health crisis related to the Covid-19 epidemic, which significantly impacts store performance.	The Group monitors the performance of its stores and conducts an in-depth analysis of openings or renovations in order to make the necessary decisions. In addition, in the context of the current health crisis linked to the Covid-19 epidemic, the Group has adopted a proactive strategy of working closely with its lessors to adjust its rent (early renewal of lease with new financial conditions, rent holidays, postponement/re-scheduling of rents etc.) s, in order to minimise the effects on results and the Group's development. The Group has launched the renegotiation of its lease agreements, in a bid to optimise its rental costs. The rental discounts thus obtained in 2020 amount to €19.1 million.

3.1.3 Financial risks

RISK OF IMPAIRMENT OF INTANGIBLE ASSETS

Description of the risk

The risk of impairment of intangible assets with an indefinite useful life corresponds to the risk of loss of value of these assets, including goodwill and brands. These items represent a value of €1,315.9 million out of a statement of financial position total of €2,412.3 million at December 31, 2020. Goodwill and brands were recognised at the time of the acquisition of SMCP Holding in 2016 (for the Sandro, Maje and Claudie Pierlot brands), as well as the acquisition by the Group of De Fursac in 2019 (in relation to its eponymous brand). These assets are grouped together and managed within three combinations of cash-generating units (CGUs), namely Sandro, Maje and Other Brands.

In the context of the Covid-19 pandemic, which significantly disrupted commercial operations and significantly impacted financial performance, the Group may have to revise the outlook for the activities to which the goodwill of its brands is attached, which could have an impact their valuations.

In addition, the rights-of-use (€476.7 million) related to the application of IFRS 16 as of January 1, 2019, relating to the valuation of all the Group's leases, are treated independently.

Risk management

The Group ensures that the strategic choices of growth and development of its brands increase their value.

In the event of an indication of impairment, and at least once a year, SMCP carries out an impairment test of its intangible assets with indefinite useful lives to ensure that, on the basis of its budget, the business plan and the market value of its items, there is no impairment to be recognised in its books.

The Group may also recognise a loss in the value of rights-of-use in the event that the value in use of a point of sale is lower than its net carrying value, particularly in the context of the current health crisis impacting noticeably the performance of the stores (impairment criteria used: decrease in revenue and/or decrease in profitability and/or decrease in the marketability of the point of sale).

LIQUIDITY RISK

The table below presents the breakdown of the Group's gross debt as of December 31, 2020 and the maturity of the gross debt on the basis of contractual cash flows (taking into account future interest charges):

(In thousands of euros)	Accounting value as of 12/31/2020	Contractual cash flows	< 1 year	2 to 5 years	> 5 years
Bank borrowings	**455,299**	**497,843**	**109,527**	**345,079**	**43,237**
Redeemable term loan (TLA & PGE)	401,039	405,000	54,988	308,013	42,000
Used facilities (RCF)	-	-	-	-	-
Bridge loan	39,923	40,000	40,000	-	-
Other bank borrowings	9,699	9,699	3,164	6,333	203
Bank overdrafts	2,648	-	-	-	-
Interest expenses	1,990	43,144	11,376	30,734	1,035
Other loans and borrowings	**54,696**	**55,000**	**55,000**	**-**	**-**
Short-term negotiable securities (NEU CP)	54,696	55,000	55,000	-	-
FINANCIAL LIABILITIES	**509,995**	**552,843**	**164,527**	**345,079**	**43,237**

Description of risk

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

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

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

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

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

Risk management

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

The Group obtained from its main existing bank lenders an EMP (state-guaranteed loan) of up to 90% as part of the plan to support the economy, set up by the French Government at the start the Covid-19 crisis. This loan, amounting to €140 million, was set up in June 2020 and ensured solid liquidity for the Group. This loan is for a period of one year with an extension option at the Group's initiative, up to five additional years (*i.e.* until 2026) and is repayable from 2022. On April 20, 2021, as stipulated in the contract, the Group confirmed to the lenders its decision to extend the State-guaranteed loan to its term, i.e. June 26, 2026.

With this additional financing, the Group once again extended the maturity of its debt and eliminated any short- and medium-term liquidity risk, i.e. a time-frame of 18 to 24 months from early 2021 onwards. The Group also obtained an easing of its financial covenants for the 2021 fiscal year (debt leverage of 4.5x on June 30 and 4x on December 31).

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

Description of risk	Risk management
Credit and/or counterparty risk is the risk that a party to a contract entered into with the Group will default on its contractual obligations resulting in a financial loss for the Group. The financial assets that could expose the Group to credit and/or counterparty risk are mainly receivables from suppliers or partners (notably in the event of payment default or failure to comply with payment deadlines), cash and cash equivalents, investments and derivative financial instruments. As such, the default of the Group's major partners, especially departments stores or the Group's leading export partners, could significantly affect the Group's profitability or growth. The occurrence of such circumstances could have a material adverse effect on the Group's financial position and earnings. The Group prepares its financial statements in euros, but a significant portion of its sales (42.1% during the fiscal year ended December 31, 2020) is generated in other currencies, including the pound sterling, Chinese yuan, US dollar, Canadian dollar and Swiss franc. A portion of its cost of sales (approximately 43%) is also made in foreign currencies, including purchases made in US dollar or Chinese yuan with suppliers in Asia, especially in China. The Group also holds certain assets that are recorded in its statement of financial position in foreign currencies. Therefore, the Group cannot guarantee that an unfavourable change to the exchange rates of the aforesaid currencies would not adversely impact its financial position and its results. The Group is exposed to a risk of fluctuation in interest rates given that the interest rates on some of its debt are indexed to the Euro Interbank Offered Rate ("EURIBOR"), plus a margin. In addition, the Loan Agreement may also include variable rate interest indexed on the EURIBOR or LIBOR. The EURIBOR or LIBOR could rise considerably in future, creating additional interest charges for the Group, reducing cash flow available for investments and limiting its capacity to service its debts. As of December 31, 2020, the Group's outstanding floating-rate debt was €445 million and the Group's outstanding fixed-rate debt was €64.7 million.	To protect itself against credit risk, the Group has set up a Credit Risk Management procedure. The Group has insurance coverage and guarantees to limit the risk of non-recovery of trade receivables in the event of payment default or lost customers. Furthermore, the Group prioritises the use of directly operated free-standing stores and concessions to distribute its products (which represented the bulk of its sales for the fiscal year ended December 31, 2020). The Group has a central foreign exchange risk management system for its subsidiaries. This risk stems from foreign currency commercial buying and selling transactions. The risk is hedged through forward and optional foreign exchange transactions for the main currencies to which the Group is exposed. At the end of the hedging period which takes place on average six months before the start of a season, an average foreign exchange rate is calculated for the collection and used as the basis for the guaranteed exchange rate. Concerning unhedged currencies, market rates are used as the guaranteed exchange rate. Sensitivity analyses of the Group's income and equity to the fluctuations of the euro are presented in Note 5.17.5 to the Group's consolidated financial statements for the fiscal year ended December 31, 2020 provided in Section 5.1 of this universal registration document. The Group may have to set up appropriate hedging instruments in line with the fixed rate/floating rate allocation objectives. To date, given the key interest rates set by central banks and expected interest rate hikes, the Group has not set up such instruments.

3.1.4 Legal and regulatory risks

RISK ASSOCIATED WITH REGULATORY AND LEGISLATIVE CHANGES

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

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

Description of risk

In the normal course of their business, the Group's companies may be involved in a number of legal, administrative, criminal (see Section 4.1.2 of this universal registration document) or arbitration proceedings, particularly in matters of civil liability, competition, intellectual property, tax or industrial property, environmental and discrimination matters. Claims for a significant amount may be made against one or more Group companies in connection with these proceedings. Any corresponding potential provisions which the Group may make in its accounts may prove inadequate. As of December 31, 2020, the total amount of provisions for disputes involving the Group was €1 million. In addition, it cannot be excluded that in the future, new proceedings, whether or not connected to existing proceedings, relating to risks currently identified by the Group or resulting from new or unforeseen risks, may be brought against a Group company.

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

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

The Group holds a portfolio of approximately 389 trademarks registered worldwide, notably for the names "Sandro", "Maje", "Claudie Pierlot" and "De Fursac".

The Group also has a portfolio of approximately 524 domain names.

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

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

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

Risk management

The Group's intellectual property policy focuses on the protection of its trademarks and domain names. This policy is implemented by local applications or reservations, or applications or reservations in all of the countries where the Group is present or wishes to protect its rights.

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

3.2 Insurance and risk coverage

The Group's insurance policy is coordinated by the Group's Legal Department.

As part of an invitation to tender to select a new insurance broker, in May 2015 the Group's Legal Department carried out a detailed update to identify and classify the Group's risks that are insured or insurable and determine any necessary changes to existing insurance policies. Based on the results of this work, the Legal Department negotiated with major players in the insurance sector to implement the most appropriate coverage for these risks. The Group's insurance coverage was fully updated in 2018 as part of the renewal of its insurance policies, whose renewal dates are July 1.

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

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

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

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

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

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

3.3 Internal control and risk management

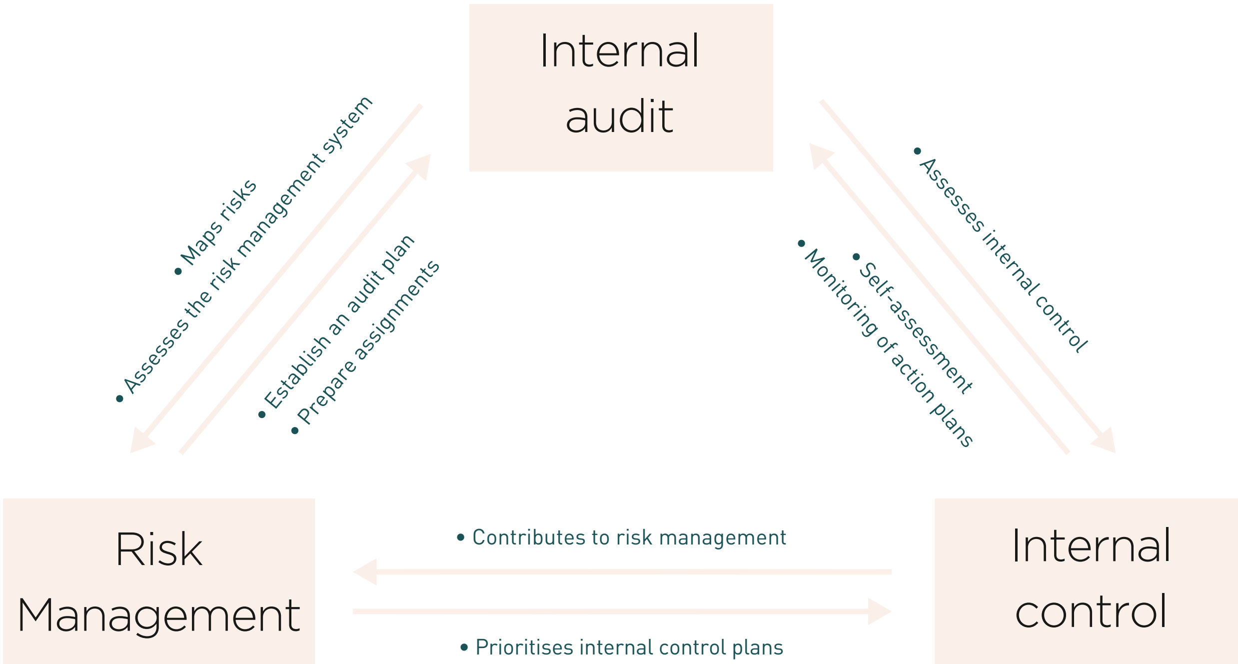
Risk management concerns the measures that the Group implements to identify, analyze and control the risks to which it is exposed in the course of its activities.

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

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

The internal control procedures are part of the Company's ongoing process of identifying, assessing and managing risks. The risk management and internal control approach is based on the internal control reference framework prescribed by the AMF.

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



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

As part of the risk management procedure, the Group maps its main risks. The process for preparation and review of risk mapping, which was introduced in 2015 by the Group Internal Audit and Control Department, in particular with regard to the market listing of the Group's shares, identifies the main risks to which the Group is exposed and, for each risk, assesses its potential impact, the action plan in place and the personnel within the Group who are responsible for monitoring and associated controls.

The risk mapping is updated each year and allows the Group to define and follow up on the various specific action plans to reduce or control the risks identified.

3.4 Supervisory bodies

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

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

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

3.5 The risk management mechanism

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

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

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

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

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

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

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

4

SMCP activity in 2020 and outlook for 2021

4.1 Highlights

4.1.1 Highlights of 2020 fiscal year

Highlights are reported in the main press statements released during fiscal year 2020:

- on **February 25, 2020,** SMCP announced that the Covid-19 epidemic in China had a significant impact on Chinese consumption. In this context, SMCP indicated that SMCP sales and profitability would be significantly impacted in China and to a lesser extent in other regions of the world due to the decline in Chinese tourism;
- on **April 29, 2020,** on the occasion of the publication of Q1 2020 sales, SMCP reviewed the situation of its store network in a context marked by the Covid-19 pandemic. As of March 25, 2020, most stores were closed in France and the EMEA and Americas regions, while all stores in Greater China had reopened. The Group also announced that it has taken immediate measures to mitigate the impact of the crisis and protect its cash flow (reduction of its investments and operating expenses, adjustment of its collections and new initiatives to promote e-commerce);
- on **June 23, 2020,** SMCP announced that it had taken out a loan of €140 million guaranteed by the French State (PGE) up to 90%. In addition, SMCP has obtained from its banking partners a suspension of its financial covenants for the 2020 fiscal year and a easing of its financial covenants for the 2021 fiscal year (debt leverage of 4.5x at June 30 and 4x at December 31);
- on **July 29, 2020,** on the occasion of the publication of Q2 2020 sales, SMCP announced that with the recent reopening in the United Kingdom, the United States and Singapore, 99% of directly operated stores were open. However, the risks related to new local lockdown measures remained present, particularly in the United States, Hong Kong SAR and Beijing. In the first half of the year, SMCP perfectly executed its action plan to mitigate the effects of the crisis;
- on **October 26, 2020,** SMCP announced its financial and extra-financial objectives for 2025, as part of the development of its new strategic plan, presented on its Investor Day.

4.1.2 Key figures and events since January 1, 2021

- On **January 5, 2021,** SMCP announced the appointment of Patricia Huyghues Despointes as Group Chief Financial Officer. After more than 15 years with the LVMH Group, she joined the SMCP Executive Committee;
- on **January 6, 2021,** SMCP indicated that it was taken note of the declaration of crossing of the threshold filed with the French Financial Markets Authority (Autorité des Marchés Financiers) by GLAS, in its capacity as Trustee under the bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l., main shareholder of SMCP. As part of this declaration, GLAS indicated that there was a notification of default concerning the guarantor on these bonds, and that it was therefore now entitled to instruct 34,792,512 voting rights of the Company, corresponding to 29% of the voting rights of the Company attached to the shares underlying these bonds (it being specified that the total number of SMCP shares underlying these bonds represent 34% of the Company's share capital and that the ownership of these shares was not transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. European TopSoho S.à r.l. published a press release on January 18, 2021 indicating that it disputed the reality of the alleged default, as agreements had been reached by the guarantor concerning the receivables at stake before the latter was notified, and that it had written to GLAS to inform them.

  On March 8, 2021, the Company also took note of the press release of European TopSoho S.à r.l. indicating that an agreement in principle had been reached between it and a group of bondholders representing more than 75% of the exchangeable bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction is nevertheless subject to the conclusion of a final documentation and the agreement of the bondholders by means of a consent process;
- on **February 4, 2021,** SMCP announced that the Board of Directors of SMCP, which met on December 17, 2020, had decided, pursuant to the 18th resolution of the Combined General Meeting of June 4, 2020, to authorise the Group to implement a buyback programme for its own shares for a maximum volume of 415,000 shares and for a period until April 2, 2021;
- on **February 23, 2021,** SMCP announced that Fanny Moizant had presented to the Chairman of the Board of Directors her resignation from her mandate as Director of the Company, in order to be fully focuses on her other activities, in particular the development of Vestiaire Collective, of which she is co-founder. The Board of Directors will work on the appointment of a new director to replace Fanny Moizant;
- on **April 9, 2021**, three non-governmental organisations (NGOs) announced that they had lodged a complaint in France against four ready-to-wear companies, including SMCP, accusing them of outsourcing part of their production to manufacturers which used forced labour in the Xinjiang region of China, or of marketing goods with cotton produced there. The plaintiffs asked the French courts to investigate and indicated that they were basing their accusations on a report published in March 2020 by the Australian NGO ASPI (Australian Strategic Police Institute) on the use of forced labour in the Xinjiang region.

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

- on **April 27, 2021**, SMCP published its revenue for the first quarter of 2021 and provided an update on the Covid-19 epidemic as of that date (see Section 4.6 of this universal registration document);
- on **April 28, 2021**, the Board of Directors co-opted Mr Xiao Wang as a director to replace Ms Fanny Moizant.

4.2 Analysis of activity and consolidated results

4.2.1 Key figures

(In millions of euros) – IFRS 16	**2019**	**2020**
Sales	**1,131.9**	**873.0**
Cost of sales[1]	(418.6)	(348.4)
Gross margin[2]	713.2	524.6
Personnel costs	(237.2)	(200.3)
Other operating income and expenses	(189.7)	(144.7)
Adjusted EBITDA	**286.4**	**179.6**
Adjusted EBITDA margin	*25.3%*	*20.6%*
Depreciation, amortization and impairment	(154.8)	(172.6)
Adjusted EBIT	131.5	7.0
Adjusted EBITDA margin	*11.6%*	*0.8%*
IPO bonus share allocation plan (LTIP)	(10.0)	(9.2)
Current operating income	**121.5**	**(2.2)**
Other non-current income and expenses	(14.6)	(79.3)
Operating profit	**106.9**	**(81.6)**
Financial income	**(39.8)**	**(27.2)**
Profit/(loss) before tax	**67.1**	**(108.7)**
Income tax expense	(23.4)	6.5
Net profit for the period	**43.7**	**(102.2)**
Net income excluding impairment of right-of-use assets and *goodwill*	**43.7**	**(39.6)**

(1) Cost of sales including commissions.
(2) Gross margin corresponds to the accounting gross margin, i.e. to revenue after deduction of cost of sales and commissions paid to department stores and affiliates.

4.2.2 Points of sale

NUMBER OF POINTS OF SALE

The number of the Group's points of sale comprises total retail points of sale open at the relevant date, which includes (i) directly-operated stores, including free-standing stores, concessions in department stores, affiliate-operated stores, outlets and online stores, and (ii) partnered retail points of sale.

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

	Fiscal year ended 12/31	
(Number of points of sale (directly operated))	**2019**	**2020**
By brand		
Sandro	550	560
Maje	444	452
Claudie Pierlot	224	220
De Fursac	60	64
Suite 341*	44	38
By geographical segment		
France	528	519
EMEA	413	415
Americas	162	169
APAC	219	231
TOTAL NUMBER OF POINTS OF SALE	**1,322**	**1,334**

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

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

	Fiscal year ended 12/31	
(In number of points of sale, including partners)	**2019**	**2020**
By brand		
Sandro	707	730
Maje	577	596
Claudie Pierlot	250	249
De Fursac	62	64
Suite 341*	44	38
By geographical segment		
France	530	519
EMEA	535	546
Americas	189	193
APAC	386	419
TOTAL NUMBER OF POINTS OF SALE	**1,640**	**1,677**

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

The total number of the Group's points of sale increased from 1,640 as of December 31, 2019 to 1,677 as of December 31, 2020, representing 37 net openings. This figure reflects the net opening of 48 points of sale, outside of France, primarily in the APAC segment, mainly Greater China, where the Group is now present in 33 cities, and in South Korea. In the EMEA region, the Group also extended its network by achieving 11 net openings of points of sale, particularly in Germany, Russia and Portugal. In France, the Group continued its policy to optimise and invest in the quality of its network with 11 net closures.

Of the 1,334 directly-operated points of sale at December 31, 2020, 506 were directly-operated free-standing stores and 592 were directly-operated concessions; the remainder were affiliates, outlets and online stores.

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

	Fiscal year ended 12/31	
	2019	**2020**
Free-standing stores	498	506
Concessions	598	592
Affiliates	64	63
Online	72	70
Outlets	90	103
Total points of sale (directly-operated stores)	1,322	1,334
Partnerships	318	343
TOTAL	**1,640**	**1,677**

4.2.3 Sales

4.2.3.1 CONSOLIDATED SALES

Consolidated sales consist of total sales of products (retail sales and sales recorded by partners and third-party websites) net of promotions, discounts, VAT and other sales taxes, and before deduction of concession fees paid to department stores and commissions paid to affiliates. Sales from Suite 341 stores (which carry products from the Group's three historic brands) are allocated to the corresponding brand of the product sold.

In a context marked by the Covid-19 pandemic, which led to the temporary closure of many stores around the world and a drop-in tourist flows, sales for the fiscal year ended December 31 stood at €873.0 million down -22.9% on a reported basis (*i.e.* -23.9% on an organic basis) compared with the fiscal year ended December 31, 2019 due to a decrease in like-for-like sales.

Over the last twelve months, SMCP net openings amounted to 12 directly operated stores (DOS). This includes 12 net openings in APAC, 2 in EMEA and 7 in the Americas. Meanwhile, the Group has pursued the optimisation of its network in France with 9 net closures (DOS).

The year 2020 was also marked by a strong acceleration in e-commerce sales (+27.6%), partially offsetting the impact of the Covid-19 crisis. During this period, the Group continued to innovate and test new formats in order to strengthen the e-commerce channel, such as live streaming or Virtual shopping. The Group has also made progress in the implementation of its "one Journey" program, with the launch of new omni-channel services such as the "ship from store" service in France for Sandro and Maje or "call & collect" in Europe.

4.2.3.2 LIKE-FOR-LIKE SALES GROWTH

Like-for-like sales growth corresponds to retail sales from directly operated points of sale on a like-for-like basis in a given period compared with the same period in the previous year, expressed as a percentage change between the two periods. Like-for-like points of sale for a given period include all of the Group's points of sale that were open during the same period of the previous year and exclude points of sale closed during the period, including points of sale closed for renovation for more than one month, as well as points of sale that changed their activity (for example, Sandro points of sale changing from Sandro Women to Sandro Men or to a mixed Sandro Women and Sandro Men store). Like-for-like sales growth percentage is presented at constant exchange rates (sales for year N and year N-1 in foreign currencies are converted at the average N-1 rate, as presented in the annexes to the Group's consolidated financial statements as at December 31 for the year N in question).

4.2.3.3 SALES BY BRAND AND BY REGION AT DECEMBER 31, 2020

	Fiscal year ended 12/31			
(In millions of euros – except percentages)	2019	2020	Reported sales change	Organic sales change
By brand				
Sandro	551.6	414.3	-24.9%	-24.4%
Maje	438.2	336.8	-23.2%	-22.7%
Other Brands	142.1	121.9	-14.2%	-25.9%
By region				
France	384.6	311.3	-19.0%	-23.1%
EMEA	337.6	237.1	-29.8%	-30.1%
Americas	150.4	93.1	-38.1%	-36.8%
APAC	259.2	231.4	-10.7%	-9.5%
TOTAL	**1,131.9**	**873.0**	**-22.9%**	**-23.9%**

Business segmentation

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

In terms of organic growth, during the fiscal year ended December 31, 2020, **Sandro** (-24.4%), **Maje** (-22.7%) and the **Other Brands** division (-25.9%) recorded a strong decline in sales, impacted by the Covid-19 epidemic.

During the fiscal year ended December 31, 2020, all of the Group's brands generated strong double-digit growth in e-commerce, in line with the Group's performance (+27.6%), driven by the implementation of numerous initiatives (live streaming, Virtual shopping, Ship from store, Call & Collect etc.) helping this distribution channel and offsetting part of the loss in sales generated in physical stores.

At the same time, Sandro, Maje and Claudie Pierlot recorded solid growth in the penetration of accessories.

During the fiscal year ended December 31, 2020, the majority of openings were in Asia and consequently at Sandro and Maje, due to their more international profile. As a result, Sandro and Maje achieved 23 and 19 net openings respectively, while the number of stores at Claudie Pierlot remained almost stable compared to 2019 and that of De Fursac recorded a net increase of two stores (London and Luxembourg).

Segmentation by geographical area

In **France,** the Group generated sales of €311.3 million in 2020, an organic fall of -23.1% compared to 2019. This fall reflects the impact of the lockdown measures decided in France in the second quarter and in November 2020, restrictive measures such as the curfew and almost non-existent tourism. In the meantime, e-commerce recorded a very strong performance at +42.3%, particularly in the fourth quarter of 2020, supported by strong activity during Black Friday and promotions on collections. At the same time, SMCP continued to implement its store network optimisation plan with 11 net closures.

The **EMEA** area generated sales of €237.1 million for the fiscal year ended December 31, 2020, a decrease of -30.1% on an organic basis compared with 2019, also penalised by lockdown measures specific to each country throughout the year. In Europe, sales performance was mixed, depending on the degree of intensity of the restrictive measures and exposure to tourism, non-existent throughout the year. Thus Russia, the Netherlands and Germany outperformed, while Italy, the United Kingdom and Spain were the most affected. At the same time, the Group recorded strong double-digit growth in its e-commerce sales (+23.9%). During the year 2020, the Group, which chose to adopt a cautious approach in terms of openings, recorded 11 net openings, notably in Germany, Russia and Portugal.

The **Americas area** generated sales of €93.1 million in 2020, down -36.8% on an organic growth basis compared with 2019, underlining a stronger impact of the crisis as most stores remained closed until the end of June 2020, notably in New York, a key city for the Group. The situation remained difficult in the second half of the year, with SMCP mainly positioned in the states most affected by the pandemic (New York, Florida and California). For the year as a whole, the Americas recorded e-commerce growth of 7.7%. In line with its expansion strategy, the number of stores remained almost stable (one opening) compared to 2019 in North America. The Group also recorded three net openings in Mexico.

Finally, the **APAC** area generated sales of €231.4 million in 2020, down 9.5% on an organic growth basis compared with 2019. This performance includes two distinct periods: a first half-year down 26.6%, impacted by the lockdown measures of the first quarter, and a second half-year up 6.6% on an organic growth basis (*i.e.* +10.6% year-on-year excluding Q4 2019 [1] one-off), driven by mainland China (+20.4% in organic terms, *i.e.* +24.5% excluding Q4 2019 one-off). It returned to growth in June 2020. In the second half of the year, the strong performance in mainland China was supported by both the physical store network and e-commerce and reflects 17.0% of like-for-like growth. In contrast, the rest of Asia continued to record contrasting trends. While South Korea and Taiwan generated growth in the second half of the year, market conditions remain difficult in Hong Kong SAR, Macau SAR and Singapore, while restrictive measures continue to penalise tourism. In 2020, the Group established itself in Vietnam with Sandro and Maje.

(1) Organic sales growth excluding Q4 2019 one-off related to off-price sales (circa €5 million).

Sales per category of points of sale:

(In millions of euros)	Fiscal year ended 12/31 2019	2020
Free-standing stores	405.1	259.6
Concessions	360.7	240.2
Outlets	107.9	86.3
Affiliates	27.9	22.6
Internet*	148.6	183.5
Partnerships	81.6	80.9
TOTAL SALES	**1,131.9**	**873.0**

* These data include the Group's onlinesales generated by the brands'websites and the oneline sales of the department stores in which the Group operates several concessions. These data do not include online sales of partners. Including online sales of the partnerships, total online sales amounted to €168.7 million for 2019 and €215.2 million for 2020.

4.2.3.4 PRICE POLICY

In the apparel and accessories sector, companies have different pricing strategies. The Group considers that it is in line with the average of the market in term of pricing and it considers that its prices are lower than most Other Brands in the sector in which it operates.

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

4.2.4 Income

4.2.4.1 INTRODUCTION

Product and sales channel mix

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

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

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

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

Production and distribution costs

The Group's results of operations can be impacted by changes in production and distribution costs. The Group's production costs (which primarily include purchases of goods, subcontracting, and ancillary expenses) represented around 25% of its sales in 2018 and 2019. In 2020, the latter represented nearly 30% of sales due to the significant drop in revenue, impacted by the Covid-19 pandemic. The Group's production costs can be significantly impacted by raw material costs, transportation expenses and wage inflation.

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

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

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

Variable and fixed costs

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

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

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

In the event of a decrease in sales, the Group may not be able to maintain its margins by reducing its cost base in a timely manner, particularly with respect to its fixed costs.

4.2.4.2 COST OF SALES

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

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

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

Cost of sales fell by 16.8%, from €418.6 million in 2019 to €348.4 million in 2020. Cost of sales as a percentage of revenue increased slightly from 37.0% in 2019 to 39.9% in 2020, reflecting the fall in sales.

4.2.4.3 ACCOUNTING AND MANAGEMENT GROSS MARGIN

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

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

Management gross margin and retail margin

The management gross margin corresponds to the sales after deducting rebates and cost of sales only. The accounting gross margin corresponds to the sales after deducting the rebates, the cost of sales and the commissions paid to the department stores and affiliates.

The management gross margin fell from €843.6 million in 2019 to €617.7 million in 2020. This change reflects the significant fall in sales in a context marked by the Covid-19 pandemic, which has led to an under-absorption of purchases and an increase in promotions. The management gross margin was 70.8% of revenue in 2020 compared to 74.5% in 2019, impacted by additional promotions and special offers which helped reduce stock levels.

Retail margin corresponds to the gross margin before taking into account the points of sale's direct expenses such as rent, personnel costs, commissions paid to the department stores and other operating costs.

The Group's retail margin fell from €377.6 million in 2019 to €232.1 million in 2020. This change mainly reflects the significant drop in sales in 2020, impacted by the health crisis.

The table below summarises the reconciliation of the management gross margin and the retail margin with the accounting gross margin as included in the Group's financial statements for the following periods:

	Fiscal year ended 12/31	
(In millions of euros)	**2019**	**2020**
Accounting gross margin	**713.2**	**524.6**
Readjustment of the commissions and other adjustments	130.2	93.1
Management gross Margin	**843.6**	**617.7**
Direct costs of points of sale	(465.9)	(385.6)
Retail Margin	**377.6**	**232.1**

Selling, general and administrative expenses

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

The general, administrative and selling expenses incurred by the Group amounted to €178.1 million in 2020, compared to €203.5 million in 2019, underlining a significant reduction in these expenses. In a context marked by the significant decline in revenue, the Group has adopted a strict management of its costs (particularly in terms of payroll and discretionary expenses) in order to absorb some of the effects of the health crisis.

4.2.4.4 PERSONNEL COSTS

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

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

Personnel expenses decreased by 15.6%, from €237.2 million in 2019 to €200.3 million in 2020. This decrease reflects the cost control efforts made by the Group in 2020 and the use of short-time working in an exceptional context marked by the Covid-19 pandemic.

4.2.4.5 OTHER OPERATING INCOME AND EXPENSES

- *Other operating expenses* mainly cover rents, logistics and marketing costs, as well as a range of other smaller operating expenses. Rental costs are the Group's single largest cost item within other operating expenses. They primarily represent the rents for its store network and rental expenses for its head office and distribution centre.

  The cost for the use of space by its concessions in department stores is part of the concession fee paid to the department stores and is not recorded as rental expenses but deducted from sales.

Marketing expenses primarily relate to communication and advertising campaigns in fashion magazines and through digital channels and social networks.

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

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

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

Other operating income and expenses amounted to €144.7 million in 2020 compared to €189.7 million in 2019. The decrease of €45.0 million reflects the savings plan implemented by the Group to allow it to absorb part of the effects of the crisis on its revenue. It mainly results from savings generated on rents through numerous renegotiations carried out throughout the year, the reduction in expenses related to transport costs in a unique context and the strict management of costs related to external service providers.

4.2.4.6 ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA is defined by the Group as being the current operating income before depreciation, amortisation, provisions and expenses related to the bonus share allocation plan set up in the fourth quarter of 2017 following the initial public offering of the Company in October 2017 (in the amount of €9.2 million in 2020). Adjusted EBITDA is not a standardised accounting measure that meets a single generally accepted definition. It must not be considered as a substitute for operating income, net income, cash flow from operating activities, or as a measure of liquidity. Other companies may calculate adjusted EBITDA differently from the definition used by the Group.

Adjusted EBITDA margin corresponds to adjusted EBITDA divided by net sales.

For the fiscal year ended December 31, 2020, adjusted EBITDA totalled €179.6 million, compared to €286.4 million for 2019, *i.e.,* a fall of 37.3%.

The adjusted EBITDA margin decreased from 25.3% in 2019 to 20.6% in 2020, in a context marked by the Covid-19 pandemic. This change reflects the significant decrease in revenue combined with a 3.6 points reduction in gross operating margin at 70.8%, impacted by promotional sales and additional liquidation operations to reduce stock levels. This was partially offset by the implementation of significant savings on operating costs, which generated more than €100 million (excluding IFRS 16) and enabled more than 65% of operating costs to be varied thanks to the renegotiation of commercial leases, recourse to short-time working, strict workforce management and optimisation of general and administrative expenses.

The impact of the bonus shares allocation plan set up in the fourth quarter of 2017 following the initial public offering of the Company was €9.2 million in 2020. EBITDA was €170.4 million for 2020 compared with €276.4 million for 2019.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN BY BRAND

	Fiscal year ended 12/31	
(In millions of euros)	2019	2020
Adjusted EBITDA	**286.4**	**179.6**
Sandro	141.0	91.8
Maje	119.9	75.2
Other Brands	25.4	12.6
Adjusted EBITDA margin	**25.3%**	**20.6%**
Sandro	25.6%	22.2%
Maje	27.4%	22.3%
Other Brands	17.9%	10.3%

Adjusted EBITDA of the **Sandro** brand amounted to €91.8 million in 2020, compared to €141.0 million in 2019. The adjusted EBITDA margin of the brand thus fell from 25.6% in 2019 to 22.2% in 2020.

Adjusted EBITDA of the **Maje** brand amounted to €75.2 million in 2020, compared to €119.9 million in 2019. The adjusted EBITDA margin of the brand thus fell from 27.4% in 2019 to 22.3% in 2020.

Adjusted EBITDA of the **Other Brands** division amounted to €12.6 million in 2020, compared to €25.4 million in 2019. The adjusted EBITDA margin of the division thus fell from 17.9% in 2019 to 10.3% in 2020.

4.2.4.7 CHANGE FROM ADJUSTED EBITDA TO ADJUSTED EBIT AND TO NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(In millions of euros)	2019	2020
Adjusted EBITDA	**286.4**	**179.6**
Depreciation, amortisation and impairment	(154.8)	(172.6)
Adjusted EBIT	**135.1**	**7.0**
Free shares allocation plan	(10.0)	(9.2)
Other non-current income and expenses	(14.6)	(79.3)
Operating profit	**106.9**	**(81.6)**
Cost of net debt	(37.9)	(27.4)
Other financial income and expenses	(1.9)	(0.3)
Financial income	**(39.8)**	**(27.2)**
Profit/(loss) before tax	**67.1**	**108.7**
Income tax expense	(23.4)	6.5
Net profit for the period	**43.7**	**(102.2)**
Net income excluding impairment of right-of-use and other assets	**43.7**	**(39.6)**

Depreciation, amortisation and impairment

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

Depreciation and provisions amounted to €172.6 million in 2020 (including €119.4 million in depreciation of right-of-use assets) compared to €154.8 million in 2019 (including €109.6 million depreciation of right-of-use assets). Despite the fall in capital expenditure in 2020, the charge for depreciations and provisions (excluding IFRS 16) increased due to investments in infrastructure (IT, digital and finance), an increase in shop refurbishments in Europe and the incorporation of the De Fursac Group over a full year.

Adjusted EBIT

Adjusted EBIT is defined by the Group as earnings before interest, taxes and charges related to the share-based long-term incentive plan (LTIP). Consequently, adjusted EBIT corresponds to EBIT before charges related to LTIP. The adjusted EBIT margin corresponds to EBIT divided by net sales.

Free shares allocation plan

SMCP recorded an expense of €9.2 million linked to the free shares allocation plan in 2020, compared to an expense of €10.0 million in 2019. SMCP will deliver the free shares allocation plan, using priority share buyback programmes. In this respect, on February 4, 2021, SMCP launched a second share buyback programme for a maximum volume of 415,000 shares which were bought on April 2, 2021..

Current operating income

As a result, current operating income amounted to -€2.2 million in 2020 compared to €121.5 million in 2019.

Other non-current 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 item represents (i) the costs incurred at the acquisition or creation of new entities; (ii) any provisions for impairment of brands, lease rights and goodwill, and any profits or losses recognised on the disposal of non-current assets when they are significant; (iii) the costs of capital transactions, the expenses incurred for disputes, or any other non-recurring income or expense, including the bonus share allocation plan established in the context of the Shandong Ruyi acquisition of the Group in October 2016, which the Group presents separately in order to facilitate understanding of current operating performance and to give the reader useful elements to provisionally assess results.

Other non-recurring income and expenses went from a net expense of €14.6 million in 2019 to a net expense of €79.3 million in 2020, mainly made up of:

- impairment of goodwill of €51.9 million less the discharging of De Fursac's earn out debt for an amount of €9.3 million, i.e. a net value of €42.6 million from the "Other Brands" division, resulting from the current Covid-19 crisis; and
- an impairment charge of €26.9 million of right-of-use assets, as part of the application of IFRS 16.

These two accounting items have no cash effect (they do no lead to an outflow of cash for the group).

Financial income

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

Financial income recorded a charge of €27.2 million in 2020 (including a charge of €14.1 million related to financial interest on the lease liability) compared to a charge of €39.8 million in 2019 (including a financial interest charge of €13.6 million on the lease liability). The Group significantly reduced its financial expenses in 2020. In fact, in 2019, these included refinancing penalties of €12.6 million. At the same time, SMCP continued to optimise its average cost of debt from 2.7% in 2019 to 2.0% in 2020.

Profit/(loss) before tax and income tax expense

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

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

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

Pre-tax income amounted to a loss of 108.7 million in 2020, compared to a a profit of 67.1 million in 2019.

Net profit attributable to owners of the Company

As a result of the factors described above, the Group's net profit fell from €43.7 million in 2019 to a loss of €102.2 million in 2020. Excluding the "non-cash" items related to the impairment of right-of-use assets and goodwill of the "Other Brands" division, the net result amounted to a loss of €39.6 million in 2020.

4.2.4.8 CHANGE FROM NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY TO NET EARNINGS PER SHARE (NEPS)

	Fiscal year ended 12/31	
	2019	**2020**
Net income – Group share *(in €M)*	**43.7**	**(102.2)**
Average number of shares		
Before dilution[1]	73,365,302	73,928,589
After dilution[2]	78,841,564	79,143,928
EPS *(in €)*		
Before dilution	0.60	(1.38)
After dilution	0.55	(1.38)

(1) Average number of common shares, minus existing treasury shares held by the Company.
(2) Average number of common shares, less treasury shares held by the Company and plus the common shares that may be issued in the future. They include the conversion of the Class G preferred shares (4,129,169 shares) and the long-term incentive plan shares (LTIP) which are prorated according to the performance criteria reached as of December 31, 2020 (1,086,170 shares).

4.3 Cash flow

4.3.1 Free cash flow

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

Free Cash Flow increased by €0.2 million in 2019 to €8.0 million in 2020. This performance mainly reflects the significant improvement in working capital requirements from €181.4 million in 2019 to €153.7 million in 2020, thanks to excellent inventory control, facilitated by the implementation of new demand-planning processes and sound management of trade receivables.

(In millions of euros)	**2019**	**2020**
Adjusted EBIT	131.5	7.0
Depreciation, amortisation and impairment	154.8	172.6
Change in working capital	(44.1)	26.0
Income tax refunded/(paid)	(40.9)	(2.2)
Net cash flow from operating activities	**201.4**	**203.3**
Capital expenditure	(69.5)	(56.1)
Lease payment reimbursement	(112.2)	(125.6)
Interest paid and other	(20.3)	(12.7)
Net currency translation adjustments	0.8	(0.0)
Free cash flow	**0.2**	**8.0**

4.3.2 Consolidated cash flow

The table below summarises the Group's cash flow for 2019 and 2020:

	Fiscal year ended 12/31	
	2019	2020
Net cash flow from operating activities	201.4	203.3
Net cash flow used in investing activities	(164.5)	(59.0)
Net cash flow from financing activities	(29.8)	(68.2)
Net currency translation adjustments	0.8	(1.0)
Change in net cash and cash equivalents	7.9	75.2
Net cash and cash equivalents at the beginning of the period	41.5	49.3
Net cash and cash equivalents at the end of the period	49.3	124.5

Cash flows from operating activities amounted to €203.3 million in 2020 compared to €201.4 million in 2019.

Cash flows from investing activities decreased from €164.5 million in 2019 to €59.0 million in 2020, underlining the Group's desire to reduce its investments in a context marked by the Covid-19 pandemic.

Lastly, cash flows from financing activities amounted to €68.2 million in 2020, reflecting the repayment of part of the NEU CP.

The Group's free cash flow amounted to €8.0 million for the year ended December 31, 2020.

4.3.2.1 NET CASH FLOW FROM OPERATING ACTIVITIES

The table below presents the Group's cash flow items resulting from activity in respect of 2019 and 2020:

	Fiscal year ended 12/31	
	2019	2020
Profit/(loss) before tax	67.1	(108.7)
Adjusted EBIT	131.5	7.0
Depreciation, amortisation and impairment	154.8	172.6
Change in working capital	(44.1)	26.0
Income tax refunded/(paid)	(40.9)	(2.2)
Net cash flow from operating activities	**201.4**	**203.3**

Cash flows from operating activities amounted to €203.3 million for the year ended December 31, 2020, reflecting the Group's ability to generate cash despite a particularly adverse economic environment.

The change in working capital requirement made a positive contribution to cash generation, amounting to €26 million for the financial year ended December 31, 2020, reflecting the strict control carried out by the Group on its inventories as well as sound management of trade receivables.

Income tax paid for the fiscal year ended December 31, 2020 corresponds to a net cash outflow of €2.2 million.

4.3.2.2 NET CASH FLOW USED IN INVESTING ACTIVITIES

The following table sets out the Group's net cash flow used in financing activities for 2019 and 2020.

	Fiscal year ended 12/31	
	2019	2020
Purchases of property, plant and equipment and intangible assets	(72.0)	(57.8)
Sales of property, plant, equipment and intangible assets	3.6	-
Purchases of financial instruments	(4.9)	(1.8)
Proceeds from sales of financial instruments	3.8	3.5
Purchases of subsidiaries net of cash acquired	(95.0)	(2.9)
Net cash flow used in investing activities	**(164.5)**	**(59.0)**

Net cash flow from investing activities amounted to -€59.0 million for the fiscal year ended December 31, 2020.

Cash flow from the acquisition of property, plant and equipment and intangible assets amounted to €57.8 million for the financial year ended on December 31, 2020, reflecting the Group's desire to reduce its investments in a context marked by the Covid-19 pandemic.

Cash flow from the purchase and disposal of financial instruments includes the use of hedging instruments for purchases and sales of the spring/summer collections to mitigate the risk of exchange rate fluctuations, as well as guarantee deposits paid at the signing of some points of sale. Acquisitions of financial instruments amounted to €1.8 million for the fiscal year ended December 31, 2020.

The flow relating to the acquisition of subsidiaries amounts to €2.9 million and corresponds to the exercise of a put option on a minority stake in De Fursac in the second half of 2020.

4.3.2.3 NET CASH FLOW FROM FINANCING ACTIVITIES

The following table sets out the Group's net cash flow used in financing activities for 2019 and 2020.

	Fiscal year ended 12/31	
	2019	**2020**
Treasury shares purchase program	(4.9)	-
Change in long-term borrowings and debt	80.1	70.1
Change in short-term borrowings and debt	27.4	-
Other financial income and expenses	(2.4)	(0.2)
Interest paid	(17.8)	(12.9)
Lease payment reimbursement	(112.2)	(125.6)
Net cash flow from financing activities	**(29.8)**	**(68.2)**

Net cash from financing activities represented a net cash outflow of €68.2 million in the fiscal year ended December 31, 2020.

The change in long-term financial debt reflects the repayment of NEU CP of €74.8 million and the establishment of a French government guaranteed loan (PGE) for an amount of €140 million for the financial year ended December 31, 2020. The financial interest paid in respect of the fiscal year ended December 31, 2020 totalled €12.9 million.

The repayment of the lease liability corresponds to the application of IFRS 16 and was €125.6 million.

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

4.3.3.1 CAPITAL EXPENDITURE

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

Group capital expenditure for the fiscal year ended December 31, 2020, totalled €56.1 million (including €10.6 million of expenditure for the renovation and maintenance of existing points of sale, €19.0 million for infrastructure expenditure and other items, and €26.5 million to open new points of sale).

4.3.3.2 PAYMENT OF INTEREST AND REPAYMENT OF LOANS

A significant part of the Group's cash flow is allocated to servicing and reimbursing its debt. The Group paid interest of €12.9 million in 2020 compared with €17.8 million (including €5.3 million in early redemption penalties) in 2019.

Information on supplier and customer terms of payment

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

	Article D. 441 I. -1 °: Invoices received but not paid						Article D. 441 I.-2 °: Invoices issued but not paid					
(In thousands of euros)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 day and more	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 day and more
(A) Late payment bands												
Number of invoices concerned	1	2	1	-	1	4	16	-	-	-	1	1
Total amount of invoices concerned (incl. Tax)	1	10	66	-	0.2	76	616	-	-	-	6	6
Percentage of total invoices concerned (incl. Tax)	0.03%	0.32%	2.14%	-	0.01%	2.47%						
Percentage of sales for the year (incl. Tax)							6.92%	-	-	-	0.06%	0.06%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables or receivables												
Total number of excluded invoices	15	-	-	-	-	-	8	-	-	-	-	-
Total amount of excluded invoices (incl. Tax)	672.0	-	-	-	-	-	729.7	-	-	-	-	-
(C) Reference payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code												
Payment terms used to calculate late payments	Contractual terms: between 30 and 45 days net						Contractual terms: 30 days					
	Legal terms: 45 days						Legal terms: not applicable					

4.4 Financial structure

4.4.1 Statement of financial position

ASSETS

(In millions of euros)	As of 12/31/2019	As of 12/31/2020
Goodwill	683.2	631.3
Intangible assets & right-of-use	1,284.2	1,161.3
Property, plant and equipment	93.9	86.9
Non-current financial assets	22.1	19.6
Deferred Taxes Assets	43.9	53.3
Non-current assets	**2,127.2**	**1,952.5**
Inventories	247.9	222.9
Trade and receivables	58.4	53.5
Other receivables	63.4	56.3
Cash and cash equivalents	52.3	127.1
Current assets	**422.1**	**459.8**
TOTAL ASSETS	**2,549.3**	**2,412.3**

EQUITY & LIABILITIES

(In millions of euros)	As of 12/31/2019	As of 12/31/2020
Total equity	**1,189.8**	**1,095.3**
Long-term lease payments	402.5	319.7
Long-term financial borrowings	436.5	467.1
Other non-current liabilities	0.2	0.3
Non-current provisions	3.8	4.0
Net employee defined benefit liabilities	3.9	4.5
Deferred Tax Liabilities	183.0	182.2
Non-current liabilities	**1,029.9**	**977.8**
Trade and other payables	144.0	128.7
Short-term lease payments	101.8	100.4
Bank overdrafts and short-term borrowings and debt	3.0	42.6
Short-term provisions	0.7	1.1
Other liabilities	80.1	66.4
Current liabilities	**329.6**	**339.1**
TOTAL EQUITY AND LIABILITIES	**2,549.3**	**2,412.3**

4.4.2 Financing structure

4.4.2.1 OVERVIEW

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

- an amortisable Term Loan A of €265 million and a revolving credit facility of €200 million.

  This credit facility was granted by a club deal of 14 international banks. This new debt, with a 2024 maturity, does not provide for any sureties;
- then a loan guaranteed by the State of €140 million granted by a syndicate of 12 international banks in June 2020 and maturing in 2026;
- a "NEU CP" commercial paper issuance program (Negotiable EUropean Commercial Paper) with a possible total of €200 million;
- a Bridge Term loan of €40 million to finance part of the acquisition of the De Fursac Group, for a period of 12 months renewable for an additional six months and expiring on March 5, 2021.

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

4.4.2.2 FINANCIAL LIABILITIES

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Net financial debt

(In millions of euros)	As of 12/31/2019	As of 12/31/2020
Long-term financial borrowings & other non-current liabilities	(436.8)	(467.4)
Bank overdrafts and short-term borrowings and debt	(3.0)	(42.6)
Cash and cash equivalents	52.3	127.1
Net financial debt	**(387.4)**	**(382.8)**
Adjusted EBITDA excluding IFRS 16 over the last twelve months	174.2	54.0
Net financial debt/adjusted EBITDA	**2.2x**	**7.1x**

Net financial debt decreased from €387.4 million as of December 31, 2019 to €382.8 million as of December 31, 2020. The debt ratio (net financial debt/adjusted EBITDA[1]) increased by 2.2x as of December 31, 2019 compared to 7.1x as of December 31, 2020.

Including IFRS 16, the total of the lease liability and the net financial debt was down from €891.7 million as of December 31, 2019 to €803.0 million as of December 31, 2020.

Financial liabilities

The Group's financial liabilities were €439.8 million and €510.0 million, respectively, at December 31, 2019 and December 31, 2020.

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

	Fiscal year ended 12/31	
(In millions of euros)	2019	2020
Loans	**300**	**440.9**
Credit facility	260.9	262.1
PGE (State-guaranteed loan)	-	138.9
Bridge Term Loan	**39.1**	**39.9**
Current bank overdrafts	**3.0**	**2.6**
Other loans and borrowings	136.8	66.4
NEU CP	128.0	54.7
Other borrowings and accrued interests	8.8	11.7
Financial liabilities	**439.8**	**509.9**

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

(1) *Adjusted EBITDA calculated on a rolling 12-month basis.*

The Term Loan A and Revolving Credit – €465 million

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

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

The Revolving Credit is a revolving loan of €200 million maturing in May 2024. A €50 million instalment known as a "swingline" allows withdrawals in day value. In order to anticipate any cash requirements related to the Covid-19 crisis, the Revolving Credit was drawn down for an amount of €200 million on March 19, 2020, then repaid in the amount of €150 million on September 21, 2020 and €50 million on October 21, 2020. It was not drawn down at the end of the financial year.

In order to increase its financial flexibility in the context of the Covid-19 crisis, the Group has obtained from its banking partners a suspension of financial covenants attached to the Credit Facility for the fiscal year 2020 as well as an easing of its financial covenants for the financial year 2021 (debt leverage of 4.5x at June 30, 2021 and 4x at December 31, 2021).

The NEU CP program – €200 million

The NEU CP is a euro-denominated commercial paper program filed with the Banque de France, with a maximum utilisation amount of €200 million. It aims to optimise the cost of the Group's debt and diversify its sources of financing. The first emission occurred on June 20, 2019 for an amount of €33.9 million. At the closing of the 2020 fiscal year, the issued amount was €55 million.

The State-Guaranteed Loan (PGE) – €140 million

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

The Bridge Term Loan – €40 million

The Bridge Term loan is a €40 million loan fully drawn at the first drawdown on September 5; 2019. The term of this loan is for 12 months plus a six-month extension option exercised on July 4; 2020, bringing the maturity of the loan to March 5, 2021. On the reporting date of the fiscal year, €40 million had been withdrawn. On 5 March 2021, the Bridge Term Loan contracted by SMCP was fully repaid.

De Fursac's debt

As at December 31, 2020, De Fursac's bank borrowings amounted to €9.7 million, consisting of two types of medium-term loans with maturities of 3 to 5 years: (i) a line of credit for network development investments, contracted with French commercial banks in the amount of €7.1 million, and (ii) a line of credit for brand growth contracted with BPI in the amount of €2.6 million.

4.4.2.3 INTEREST AND FEES

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

At the end of the financial year, the applicable margin was 2.90% *per annum* for Term Loan A and 2.50% *per annum* for the Revolving Credit.

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

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

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

The loan guaranteed by the State does not bear interest during the first year. The Group is required to pay a fee for the State guarantee in the amount of 0.50% *per annum* during the first year.

In the event of exercise of the extension option, the applicable margin will be communicated by the lenders when the option is exercised and the fees related to the State guarantee will be 1% per year in year 2 and 3 then 2% per year in subsequent years.

The Bridge Term Loan also bears interest at a EURIBOR-indexed floating rate with a minimum of 0% increased by the applicable margin. At December 31, 2020, the applicable margin was 4.00% per year.

The table below sets out the margin, which is ratcheted as a function of the loan maturity:

Adjustment period	Bridge margin Term Loan
0 - 3 months	1.75%
4 - 6 months	2.00%
7 - 9 months	2.25%
10 - 12 months	2.75%
13 - 15 months	3.25%
16 - 18 months	4.00%

In the context of its NEU CP issue, the Group is responsible for determining an issue price which shall be a function of demand and supply on this market and the maturity of the issued securities. At the closing of the 2020 fiscal year, the Group reported an average rate of 0.26% per year for all issues made in 2020.

4.4.2.4 UNDERTAKINGS AND COVENANTS

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

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

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

The State-Guaranteed Loan contains additional commitments, including:

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

4.4.2.5 VOLUNTARY EARLY REPAYMENT

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

4.4.2.6 MANDATORY EARLY REPAYMENT

The Credit Facility, the State-Guaranteed Loan and the Bridge Term Loan provide for mandatory early repayment in the event of a change of control, delisting or the disposal of the Group's entire business and/or assets.

The State-Guaranteed Loan also provides for mandatory early repayment in the event of voluntary early repayment of the Credit Facility or Bridge Term Loan and in the event of debt issuance on the capital markets.

4.4.2.7 ACCELERATION EVENTS

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

4.5 Capital expenditure

Total capital expenditure amounted to €56.1 million for the fiscal year ended December 31, 2020. Capital expenditure includes investments in (i) infrastructure (shared infrastructure related to logistics and digital, see Section 4.2.3.1 of this universal registration document), (ii) the maintenance of all stores and (iii) new store openings. A detailed description of the Group's cash flows from investing activities is presented in Section 4.2.2.2 of this universal registration document.

4.5.1 Capital expenditures in 2019 and 2020

During the fiscal year 2020, SMCP decided to reduce its opening of points of sale due to the health situation. The Group intends to continue its international development in the coming years, particularly in Asia and Europe, but in a selective manner by adopting a phy-igital approach.

During the **fiscal year ended December 31, 2020,** the Group opened 37 points of sale (including partnerships) and continued its expansion in the APAC zone with 33 openings, including 11 in mainland China and 10 in South Korea. The Group also opened 11 new points of sale in the EMEA zone. Excluding partners, the Group opened 12 points of sale, including 8 free-standing stores and 13 outlets. In addition, in 2020 the Group added to the Marly-la-Ville site with the construction of a warehouse of 30,000 square metres, intended to handle some of the current collections (see Section 2.2.7.2 of this universal registration document). At the same time, SMCP, which has also reduced its investments due to the Covid-19 situation, made a few investments including (i) the deployment of the Finance tool with Oracle Financial Cloud in Europe, in mainland China and in Hong Kong SAR, (ii) the implementation of an OMS (Order Management System) in order to strengthen the omni-channel approach (including the deployment of ship from store), (iii) launch of the Demand Planning project and (iv) alignment of De Fursac's main IT systems with those of the Group.

By way of comparison, SMCP had opened, during **the year ended December 31, 2019,** 112 points of sale (including partners and excluding De Fursac) and had continued its expansion in the APAC area with 56 openings including 32 in mainland China, 9 in Hong Kong SAR and 10 in South Korea. Excluding the partners and De Fursac, the Group had opened 90 points of sale, including 33 free-standing stores, 30 concessions, and 21 outlets. Lastly, SMCP continued its IT investments with key projects such as the deployment of a new finance tool, Oracle Financial Cloud, the setup of new information systems in China (as part of its transition toward a fully integrated platform) and the deployment of the SalesForce marketing platform.

The table below presents the net change[1] in the number of free-standing stores and concessions (excluding partnerships, outlets, affiliates and Suite 341) by brand in 2019 and 2020:

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

		Fiscal year ended 12/31	
Trademarks		**2019 (excl. De Fursac)**	**2020 (incl. De Fursac)**
Sandro	*Free-standing stores*	+12	-1
	Concessions	+22	+6
Maje	*Free-standing stores*	+15	+5
	Concessions	+10	-
Claudie Pierlot	*Free-standing stores*	+6	-
	Concessions	0	-4
De Fursac	*Free-standing stores*	n/a	+3
	Concessions	n/a	+1
TOTAL		**+65**	**+10**

(1) Between 2019 and 2020, a total of 34 stores were closed (excluding relocations and changes of business activity of a store).

The table below presents the net change in the number of free-standing stores and concessions (excluding partnerships, outlets, affiliates and Suite 341) by geographic segment in 2019 and 2020:

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

		Fiscal year ended 12/31	
Geographical areas		**2019 (excl. De Fursac)**	**2020 (incl. De Fursac)**
France	*Free-standing stores*	+4	-2
	Concessions	-10	+2
EMEA	*Free-standing stores*	+9	+10
	Concessions	+24	-10
APAC	*Free-standing stores*	+16	-2
	Concessions	+13	+5
Americas	*Free-standing stores*	+4	+1
	Concessions	+5	+6
TOTAL		**+65**	**+10**

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4.5.2 Main future capital expenditure projects

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

4.6 Subsequent events

Key figures and events since January 1, 2021

- On **January 5, 2021,** SMCP announced the appointment of Ms. Patricia Huyghues Despointes as Group Chief Financial Officer. After more than 15 years with the LVMH Group, she joined the SMCP Executive Committee ;
- on **January 6, 2021,** SMCP indicated that it was aware of the ownership disclosure threshold published with the French Financial Markets Authority *(Autorité des Marchés Financiers)* by GLAS, in its capacity as Trustee for the bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l., the main shareholder of SMCP. In the context of this declaration, GLAS indicated that there had been a notification of default concerning the guarantor on this bond, and therefore that it was now entitled to instruct 34,792,512 corresponding voting rights of the Company, corresponding to 29% of the voting rights of the Company attached to the shares underlying these bonds (it being specified that the total number of SMCP shares underlying these bonds represents 34% of the share capital of the Company and that the ownership of these shares has not been transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. European TopSoho S.à r.l. published a press release on January 18, 2021 indicating that it disputed the reality of the alleged default, as agreements had been reached by the guarantor concerning the receivables at stake before the latter was notified, and that it had written to GLAS to inform them.

  On March 8, 2021, the Company also took note of the press release of European TopSoho S.à r.l. indicating that an agreement in principle had been reached between it and a group of bondholders representing more than 75% of the exchangeable bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction is nevertheless subject to the conclusion of a final documentation and the agreement of the bondholders by means of a consent process;
- on **February 4, 2021,** SMCP announced that the Board of Directors of SMCP, which met on December 17, 2020, had decided, pursuant to the 18th resolution of the Combined General Meeting of June 4, 2020, to authorise the Group to implement a buyback programme for its own shares for a maximum volume of 415,000 shares and for a period until April 2, 2021 ;
- on **February 23, 2021,** SMCP announced that Ms. Fanny Moizant had presented, to the Chairman of the Board of Directors, her resignation from the position of Company director, in order to concentrate on her other activities, in particular the development of Vestiaire Collective, of which she is co-founder. The Board of Directors will work on the appointment of a new director to replace Ms. Fanny Moizant;
- on **April 9, 2021**, three non-governmental organisations announced that they had filed a lawsuit in France against four clothes companies, including SMCP, accusing them of sub-contracting part of their production or of selling goods using cotton produced using forced labour in the region of Xinjiang in China. SMCP refutes the allegations made against it with the utmost firmness (see Section 4.1.2 of this Universal Registration Document);
- on **April 27, 2021**, SMCP published its revenue for the first quarter of 2021;

2021 first quarter
Press release – Paris, April 27, 2021

Good performance in APAC
Impact of government measures and closures in Europe
First signs of recovery in the America

- Q1 2021 revenue: €223.9m, down by 2.1%; -0.6% organic(1);
- Good performance in the APAC region (+64.6%(1)) driven by double-digit growth in mainland China: +92.6%, up 26% compared to Q1 2019;
- Closures and government measures continue to weigh on performance in Europe;
- First signs of a rebound in demand and traffic in the Americas, particularly in the United States;
- E-commerce sales continue their strong growth +38.9%;
- Expansion in Asia // Continuation of the France optimisation plan: -33 net closures of POS (compared to -8 in Q1 2020);
- Maintaining rigorous cost and cash management.

Daniel Lalonde, CEO of SMCP, comments: "Over the quarter, our sales were still impacted by the lockdown measures implemented in Europe and Canada. In Asia, where the effects of the pandemic are much more limited, the positive trend continued in the first quarter, in particular in mainland China (with double-digit growth of +26% compared to 2019), while the United States showed the first signs of a rebound in demand. Around the world, our teams have remained focused on the execution of our One Journey strategic plan presented in October 2020, based on strong and desirable brands. The prospect of the gradual reopening of European markets allows us to be reasonably optimistic about the second half of 2021, not only in Europe, but in all regions".

(1) Organic growth | All references to "organic performance" in this press release correspond to revenue growth at constant scope and exchange rates.

Unaudited figures Revenue in €M excl. %	Q1 2020	Q1 2021	Organic sales change	Change in published data
Sales by region				
France	85.7	78.6	-8.3%	-8.3%
EMEA[1]	70.9	47.5	-32.5%	-32.9%
Americas	26.9	24.9	+0.4%	-7.4%
APAC[2]	45.2	72.8	+64.6%	+61.3%
Sales by Brand				
Sandro	105.5	103.6	-0.1%	-1.8%
Maje	85.7	89.3	+6.1%	+4.3%
Other Brands[3]	37.5	31.0	-17.0%	-17.3%
TOTAL	**228,7**	**223,9**	**- 0,6 %**	**- 2,1 %**

(1) EMEA covers the Group's activities in European countries excluding France (mainly the United Kingdom, Spain, Germany, Switzerland, Italy and Russia) as well as the Middle East (including the United Arab Emirates).
(2) The APAC region includes activities in Asia-Pacific (notably mainland China, Hong Kong SAR, South Korea, Singapore, Thailand and Australia).
(3) Claudie Pierlot and De Fursac brands.

2021 FIRST QUARTER SALES

In the first quarter of 2021, consolidated revenue amounted to €223.9 million, down -0.6% on an organic basis. While the very good momentum continues in APAC, particularly in mainland China, and despite the first signs of recovery in the Americas region, this performance remains heavily impacted by lockdown measures, store closures and very limited tourism in France and EMEA.

On a reported basis, revenue decreased by -2.1%, including a negative currency effect of -1.5%.

Over the quarter, the Group generated +38.9% in e-commerce sales, driven by several initiatives relating to our One Journey strategic plan, such as the finalisation of the ship-from-store set-up in France.

As expected, over the quarter, SMCP closed 33 POS, including 33 in France (mainly small outlets located in secondary cities, and not reflecting our new concept), including progress on the end of the Suite 341 concept.

At the same time, SMCP continued to rigorously manage costs and cash.

Geographical breakdown of revenue

In France, organic revenue decreased by 8.3%. In January, sales were impacted by restrictive measures (curfews, shopping centre closures), a drop in traffic and tourism. In March, the country faced further closures in key regions such as Paris. Despite these restrictions, the results nonetheless show a sequential improvement from February onwards, and a favourable comparison basis from mid-March.

E-commerce sales for their part registered strong double-digit growth (+55.5%).

In the EMEA region, revenue decreased by -32.5% on an organic basis, in line with the end-of-year trend. The region was impacted by larger store closures in key countries from January onwards, including full closures in the UK and Ireland during the quarter, and longer closures in countries such as the Germany, the Netherlands, Portugal and Switzerland, as well as a pronounced and continuous decline in tourism. Nevertheless, the Group recorded strong double-digit growth in its e-commerce sales (+30.5%).

In the **Americas** region, revenue remained stable, with organic growth of +0.4%, still impacted by restrictive measures, mainly in Canada. Performance gradually improved from February onwards, driven by a rebound in consumption in the United States, linked to the rapid deployment of the vaccination strategy. The performance of the quarter was also based on a steady growth in traffic in its physical points of sale from January.

At the same time, e-commerce posted strong growth (+62.8%).

In **APAC**, revenue grew by +64.6% organically. This performance was mainly driven by **mainland China** (+92.6% on an organic basis, including solid like-for-like growth) and sustained by a favourable comparison basis in February and March. The Group also recorded strong growth of 26% compared to 2019.

The performance of the APAC region also underlined strong growth in physical stores. For its part, e-commerce remained stable, reflecting a high base of comparison in Q1 2020, with our physical point of sale network being closed for several weeks.

A good performance was also recorded in countries such as Taiwan, Macau SAR and South Korea.

CONCLUSION AND OUTLOOK

The global economy continues to be affected by the Covid-19 pandemic, with restrictive measures still in place in several regions. To date, 45% of SMCP's worldwide store network (DOS) is temporarily closed.

The APAC region continued its good performance, while the Americas region showed the first signs of a rebound.

All our teams in Europe are mobilised to prepare for the post-lockdown period and to emerge stronger from this crisis.

The prospect of the gradual reopening of European markets allows us to be reasonably optimistic about the second half of 2021, not only in Europe, but in all regions.

Given the high level of uncertainty, however, it is not relevant at this stage to provide annual forecasts for 2021.

FINANCIAL CALENDAR

- July 27, 2021 – First-half revenue
- September 3, 2021 – First half results

APPENDICES

BREAKDOWN OF DOS

Number of DOS	Q1-20	2020	Q1-21	Var. Q1 21 vs. Dec 20	Var. Q1 21 vs. Q1 20
By region					
France	522	519	486	-33	-36
EMEA	413	415	406	-9	-7
Americas	164	169	165	-4	+1
APAC	217	231	233	+2	+16
By brand					
Sandro	554	560	548	-12	-6
Maje	443	452	440	-12	-3
Claudie Pierlot	222	220	214	-6	-8
Suite 341	38	38	25	-13	-13
De Fursac	59	64	63	-1	+4
TOTAL DOS	**1,316**	**1,334**	**1,290**	**-44**	**-26**

BREAKDOWN OF POS

Number of POS	Q1-20	2020	Q1-21	Var. Q1 21 vs. Dec 20	Var. Q1 21 vs. Q1 20
By region					
France	522	519	486	-33	-36
EMEA	531	546	543	-3	+12
Americas	191	193	191	-2	-
APAC	388	419	424	+5	+36
By brand					
Sandro	711	730	722	-8	+11
Maje	576	596	588	-8	+12
Claudie Pierlot	248	249	246	-3	-2
Suite 341	38	38	25	-13	-13
De Fursac	59	64	63	-1	+4
TOTAL POS	**1,632**	**1,677**	**1,644**	**-33**	**+12**
o/w Partners POS	***316***	***343***	***354***	**+11**	**+38**

Financial indicators not defined in IFRS

The Group uses certain key financial and non-financial measures to analyse the performance of its business. The principal performance indicators used include the number of its points of sale, like-for-like sales growth, Adjusted EBITDA/EBIT and Adjusted EBITDA/EBIT margin.

Number of points of sale

The number of the Group's points of sale comprises total retail points of sale open at the relevant date, which includes (i) directly-operated stores, including free-standing stores, concessions in department stores, affiliate-operated stores, outlets and online stores, and (ii) partnered retail points of sale.

Organic sales growth

Organic revenue growth corresponds to the total sales of a given period compared to the same period of the previous year. It is expressed as a percentage change between the two periods, and is presented at constant exchange rates (sales for period N and period N-1 in foreign currencies are translated at the average rate for year Y-1) and excluding scope effects.

Like-for-like revenue growth

Like-for-like revenue growth corresponds to retail sales from directly operated points of sale on a like-for-like basis in a given period compared with the same period in the previous year, expressed as a percentage change between the two periods. Like-for-like points of sale for a given period include all of the Group's points of sale that were open in the same period last year and exclude points of sale closed during the period, including points of sale closed for renovation for more than one month, as well as points of sale that changed their activity (for example, Sandro points of sale changing from Sandro Women to Sandro Men or to a mixed Sandro Women and Sandro Men store).

Like-for-like sales growth percentage is presented at constant exchange rates (sales for year N and year N-1 in foreign currencies are converted at the average N-1 rate, as presented in the notes to the Group's consolidated financial statements as at December 31 for the year N in question).

Methodology

Unless otherwise indicated, amounts are expressed in millions of euros and rounded to the nearest million. In general, figures presented in this press release are rounded to the nearest full unit. As a result, the sum of rounded amounts may show non-material differences with the total as reported. Note that ratios and differences are calculated based on underlying amounts and not on the basis of rounded amounts.

- on **April 28, 2021**, the Board of Directors co-opted Mr Xiao Wang as a director to replace Ms Fanny Moizant.

Trends and targets

PROFIT FORECASTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

The global economy continues to be affected by the Covid-19 pandemic, with confinement measures continuing to be applied in several countries. Currently, 46% of SMCP's stores globally are temporarily closed. At the same time, mainland China continues to recover.

Given the high level of uncertainty, it is not appropriate at this stage to communicate forecasts for 2021.

SMCP is fully focused on implementing its strategic plan. This is based on 4 strategic pillars: making brands more attractive, the implementation of a "phy-gital" strategy giving a "borderless" customer experience, strengthening the platform and accelerating in the area of sustainable development. SMCP is thus perfectly positioned to seize all of the market's opportunities for growth.

MEDIUM-TERM FINANCIAL AND EXTRA-FINANCIAL OBJECTIVES

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

In terms of its extra-financial performance:

- ethical sourcing, with 100% of suppliers[1] of the Group audited by 2025;
- more than 60% use of sustainable materials and products in 2025, compared to 28% in 2020;
- a reduced carbon footprint: -20% CO_2 emissions by 2025 (across the entire scope).

Financially[2], SMCP anticipates revenue growth of more than 10% at constant exchange rates in 2023 compared to 2019 and an average annual growth rate of revenue at constant exchange rates of more than 6% between 2023 and 2025.

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

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

Finally, the Group estimates that the debt leverage (ratio of net debt/ adjusted EBITDA[3]) will be less than twice in December 2023.

All financial objectives are based on the following assumptions:

- like-for-like growth contributing to 50% of organic revenue growth per year;
- digital penetration of 25% of revenue in 2025;
- selective expansion of the store base (DOS)2021:
  - between 40 and 50 net closures in France and about 30 net openings internationally,
  - 2022-2025: between 30 and 50 openings per year, of which 50% in the APAC region.

(1) Strategic suppliers (i.e. 80% of production).
(2) Assuming a gradual improvement in the health crisis from the second half of 2021.
(3) Excluding IFRS 16.

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Financial statements

5.1 Consolidated financial statements

5.1.1 Consolidated financial statements

5.1.1.1 CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	12/31/2019	12/31/2020
Sales	**4.1**	**1,131.9**	**873.0**
Cost of sales	4.2	(418.6)	(348.4)
Gross margin		**713.2**	**524.6**
Other operating income and expenses	4.3	(189.7)	(144.7)
Personnel costs	4.4	(237.2)	(200.3)
Depreciation, amortisation and impairment		(154.8)	(172.6)
Free shares allocation plan	4.5	(10.0)	(9.2)
Current operating income		**121.5**	**(2.2)**
Other income and expenses	4.6	(14.6)	(79.3)
Operating profit		**106.9**	**(81.6)**
Financial income and expenses		(1.9)	0.3
Cost of net debt		(37.9)	(27.4)
Financial income	**4.7**	**(39.8)**	**(27.2)**
Profit/(loss) before tax		**67.1**	**(108.7)**
Income tax expense	4.8	(23.4)	6.5
Net profit for the period		**43.7**	**(102.2)**
Attributable to owners of the Company		43.7	(102.2)
Attributable to non-controlling interests			
Net profit attributable to owners of the Company		**43.7**	**(102.2)**
Basic earnings per share attributable to owners *(in €)*	**4.9**	**0.60**	**(1.38)**
Diluted earnings per share attributable to owners *(in €)*	**4.9**	**0.55**	**(1.38)**

Foreign currency items in the consolidated income statement and consolidated statement of comprehensive income are translated at the average exchange rate for each period presented (see Note 2.6.2 "Rates applicable at December 31").

5.1.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	12/31/2019	12/31/2020
Net profit for the period	**43.7**	**(102.2)**
Actuarial losses on defined benefit plans, net of tax	0.1	0.2
Total other comprehensive income/(loss) that may not be reclassified to profit or loss	**0.1**	**0.2**
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	(1.7)	1.8
Gains/(losses) on exchange differences on translation of foreign operations	0.6	(1.3)
Total other comprehensive income/(loss) that may be reclassified to profit or loss	**(1.1)**	**0.5**
Total other comprehensive income/(loss)	**(1.0)**	**0.7**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**42.7**	**(101.5)**

Foreign currency items in the consolidated income statement and consolidated statement of comprehensive income are translated at the average exchange rate for each period presented (see Note 2.6.2 "Rates applicable at December 31").

5.1.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(In millions of euros)	Notes	12/31/2019 Net	12/31/2020 Net
Goodwill	5.1.1	683.2	631.3
Trademarks	5.1.2	663.0	663.0
Other intangible assets	5.1.2	26.8	21.6
Property, plant and equipment	5.2	93.9	86.9
Rights of use	5.3.1	594.4	476.7
Non-current financial assets		22.1	19.6
Deferred tax assets	4.8.2	43.9	53.3
Non-current assets		**2,127.2**	**1,952.5**
Inventories	5.6	247.9	222.9
Trade and receivables	5.7	58.4	53.5
Other receivables	5.8	63.4	56.3
Cash and cash equivalents	5.9	52.3	127.1
Current assets		**422.1**	**459.8**
TOTAL ASSETS		**2,549.3**	**2,412.3**

EQUITY AND LIABILITIES

(In millions of euros)	Notes	12/31/2019 Net	12/31/2020 Net
Share capital		82.2	82.7
Share premium		951.2	950.7
Reserves and retained earnings		162.9	64.5
Treasury shares		(6.5)	(2.6)
Equity attributable to owners of the Company	**5.10**	**1,189.8**	**1,095.3**
Total equity		**1,189.8**	**1,095.3**
Long-term lease payments	5.3.2	402.5	319.3
Long-term financial borrowings	5.11	436.5	467.1
Other non-current liabilities	5.11	0.2	0.3
Non-current provisions	5.12	3.8	4.0
Net employee defined benefit liabilities	5.13	3.9	4.5
Deferred tax liabilities	4.8.2	183.0	182.2
Non-current liabilities		**1,029.9**	**977.8**
Trade and other payables	5.14	144.0	128.7
Short-term lease payments	5.3.2	101.8	100.4
Bank overdrafts and short-term borrowings and debt	5.11	3.0	42.6
Short-term provisions	5.12	0.7	1.1
Other liabilities	5.15	80.1	66.4
Current liabilities		**329.6**	**339.1**
TOTAL EQUITY AND LIABILITIES		**2,549.3**	**2,412.3**

5.1.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	12/31/2019	12/31/2020
Profit/(loss) before tax	**67.1**	**(108.7)**
Depreciation, amortisation and impairment	154.8	172.6
Other income and expenses	14.6	79.3
Financial income	39.8	27.2
Free shares allocation plan	10.0	9.2
Sub-total[1]	**286.4**	**179.6**
(Increase)/decrease in trade and other receivables and prepayments	(31.1)	5.9
(Increase)/decrease in net inventories after provisions	(18.1)	21.1
Increase/(decrease) in trade and other payables	5.1	(1.0)
Change in working capital[2]	**(44.1)**	**26.0**
Reimbursed/(paid) income tax	(40.9)	(2.2)
Net cash flow from operating activities	**201.4**	**203.3**
Purchases of property, plant and equipment and intangible assets	(72.0)	(57.8)
Sales of property, plant, equipment and intangible assets	3.6	-
Purchases of financial instruments	(4.9)	(1.8)
Proceeds from sales of financial instruments	3.8	3.5
Purchases of subsidiaries net of cash acquired	(95.0)	(2.9)
Net cash flow used in investing activities	**(164.5)**	**(59.0)**
Treasury shares buyback program	(4.9)	-
Redemption of bonds	(180.3)	-
Issuance of long-term financial borrowings	261.1	144.9
Reimbursement of long-term financial borrowings	(0.6)	(74.8)
Net reimbursement of short-term financial borrowings	27.4	-
Lease payment reimbursement	(112.2)	(125.6)
Other financial income and expenses	(2.4)	0.2
Interest paid[3]	(17.8)	(12.9)
Net cash flow from financing activities	**(29.8)**	**(68.2)**
Net foreign exchange difference	0.8	(1.0)
CHANGE IN NET CASH	**7.9**	**75.2**
Cash and cash equivalents at the beginning of the period	46.5	52.3
Bank credit balances at the beginning of the period	(5.0)	(3.0)
NET CASH AT THE BEGINNING OF THE PERIOD	**41.5**	**49.3**
Cash and cash equivalents at the end of the period	52.3	127.1
Bank credit balances at the end of the period	(3.0)	(2.6)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**49.3**	**124.5**

(1) Recurring operating income before other income and expenses, before depreciation, amortisation and impairment and before the free shares allocation plan and after the rental charges linked to IFRS 16.
(2) Includes other non-operating income and expenses with an impact on cash (presented in 2019 on a dedicated line for -€12.4 million).
(3) Interest paid includes early payment penalties: €5.3 million in 2019 due to the reimbursement of the €371 million 2023 bond issued in 2016 by SMCP SAS.

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5.1.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions of euros)	Number of OS	Share capital	Share premium	Treasury shares
BALANCE AT JANUARY 1, 2019	**73,174,015**	**81.9**	**951.5**	**(1.6)**
Net profit at December 31, 2019	-	-	-	-
Cumulative actuarial losses on defined benefit plans, net of tax	-	-	-	-
Gains/(losses) on exchange differences on translation of foreign operations	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**
Appropriation of 2018 net loss	-	-	-	-
Dividend paid	-	-	-	-
Conversion of class G preferred shares	376,053	0.3	(0.3)	-
Free shares allocation plan	-	-	-	
Purchase of treasury shares	-	-	-	(4.9)
1st application of IFRS 9 "Hedge accounting"	-	-	-	-
Total transactions with shareholders	**376,053**	**0.3**	**(0.3)**	**(4.9)**
BALANCE AT DECEMBER 31, 2019	**73,550,068**	**82.2**	**951.2**	**(6.5)**
Net profit at December 31, 2020	-	-	-	-
Cumulative actuarial losses on defined benefit plans, net of tax	-	-	-	-
Gains/(losses) on exchange differences on translation of foreign operations	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**
Appropriation of 2019 net loss	-	-	-	-
Dividend paid	-	-	-	-
Capital increase/(decrease)	-	-	-	-
Conversion of free shares	-	-	-	-
Conversion of class G preferred shares	567,692	0.5	(0.5)	-
Free shares allocation plan	-	-	-	3.8
Total transactions with shareholders	**567,692**	**0.5**	**(0.5)**	**3.8**
BALANCE AT DECEMBER 31, 2020	**74,117,760**	**82.7**	**950.7**	**(2.7)**

Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit – Group share	Total Group share	Total equity
63.5	**0.2**	**(3.9)**	**0.3**	**50.2**	**1,142.2**	**1,142.2**
-	-	-	-	43.7	43.7	43.7
-	0.1	-	-	-	0.1	0.1
-	-	0.7	-	-	0.7	0.7
-	-	-	(1.6)	-	(1.6)	(1.6)
-	**0.1**	**0.7**	**(1.6)**	**43.7**	**42.9**	**42.9**
50.2	-	-	-	(50.2)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9.6	-	-	-	-	9.6	9.6
	-	-	-	-	(4.9)	(4.9)
0.2	-	-	(0.2)	-	-	-
59,9	**-**	**-**	**(0.2)**	**(50.2)**	**4,7**	**4,7**
123.5	**0.3**	**(3.2)**	**(1.4)**	**43.7**	**1,189.8**	**1,189.8**
-	-	-	-	(102.2)	(102.2)	(102.2)
-	0.2	-	-	-	0.2	0.2
-	-	(1.3)	-	-	(1.3)	(1.3)
-	-	-	1.8		1.8	1.8
-	**0.2**	**(1.3)**	**1.8**	**(102.2)**	**(101.5)**	**(101.2)**
43.7	-	-	-	(43.7)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3.1	-	-	-	-	7.0	7.0
46.8	**-**	**-**	**-**	**(43.7)**	**6.9**	**6.9**
170.3	**0.5**	**(4.5)**	**0.4**	**(102.2)**	**1,095.3**	**1,095.3**

5.1.2 Notes to the consolidated financial statements

Note 1 General information

The financial statements were approved by the Board of Directors on March 23, 2021 and will be approved by the General Meeting of June 17, 2021.

1.1 PRESENTATION OF THE GROUP

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

The consolidated group ("the Group") includes 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.

SMCP SA is indirectly owned by Ruyi International Fashion (China) Limited, Hong Kong company, RM 1201, 12/F Empire Center 68, Mody Road TST KL, Hong Kong, registered under the number 61544102-000-06-14-0, through its subsidiary European TopSoho S.à r.l. in Luxembourg.

The Group's main businesses include the creation and sale of apparel and accessories on the accessible luxury segment under the Sandro, Maje, Claudie Pierlot and De Fursac brands mostly through stores, concessions ("corners") in department stores or its own websites.

At December 31, 2020, the Group operates 1,677 stores (of which 730 Sandro, 596 Maje, 249 Claudie Pierlot, 38 Suite 341 and 64 De Fursac), of which 1,334 directly operated (of which 560 Sandro, 452 Maje, 220 Claudie Pierlot, 38 Suite 341 and 64 De Fursac), and 343 managed through partnerships. Its brands were present in 41 countries worldwide.

1.2 SIGNIFICANT EVENTS

1.2.1 Impacts of Covid-19

The measures taken by governments to combat the Covid-19 pandemic have severely disrupted SMCP's activities in fiscal year 2020, and significantly affect the annual financial statements. The reduction in the Group's sales and profitability was the direct result of the closure of stores in the majority of countries for several months, coupled with the suspension of international travel.

Assumptions and forecasts on which certain balance sheet and income statement items are assessed (see Note 5.4) have been reviewed to take into account the context relating to the crisis. The elements in question include:

- the valuation of intangible assets: impairment tests were carried out for all of the Group's CGU combinationsand led to the recognition of an impairment loss of €51.9 million for the Other Brands CGU combination, which includes the De Fursac and Claudie Pierlot brands (see Note 5.4);
- the Group launched the renegotiation of its lease agreements, in a bid to optimise its rental costs. The rent discounts thus obtained during the year, amounting to €21.7 million, were recognised in the income statement as negative variable rents and not as a modification of the lease contract. The accounting method used is in line with the simplification measure provided for by the amendment to IFRS 16 "Leases" published by the IASB on May 28, 2020, and adopted by the European Union on October 15, 2020.

  This amendment introduces a simplification measure under certain conditions that allows lessees to choose to recognise lease arrangements initially due until the end of June 2021 as negative variable rents (*i.e.,* immediately to profit or loss) due to the public health crisis, without having to assess whether they are allowed under the contractual or legal terms governing the implementation of the agreement;
- the longer turnaround times for inventories and the reduced prospects for the sale of seasonal products have led to the recording of a provision for impairment of €2.6 million (see Note 5.6);
- the Group benefited from employee furlough measures in the various countries in which it operates. These measures were mainly applied during periods of store closures and related to both store employees and those at the Group's head offices. These measures were recognised as a deduction from personnel expenses, for a total amount of 23 million euros;
- indemnities received from the States or public bodies under measures to protect the economy were recorded as a reduction in expenses for which these indemnities were awarded.

In this unprecedented context, the Group implemented immediate measures to alleviate the impact of the crisis and protect its cash flow, mainly by:

- the significant reduction in its capital expenditure with the postponement of several infrastructure investments, as well as the reduction of its store opening plan with 12 net openings (directly owned stores) in 2020 compared to 90 net openings in 2019. This includes +12 net openings in APAC, +2 in EMEA and +7 in the Americas. Meanwhile, the Group has pursued the optimisation of its network in France with 9 net closings (DOS);
- the reduction of its operating expenses:
  - renegotiation of commercial leases,
  - recourse to temporary unemployment for the majority of its network teams in Europe and North America since the end of March, supported by local governments,
  - significant adjustments to SG&A costs,
  - adjusting inventories and collections with a strong reduction of the FW20 collections buy and some adjustments in the SS20 collections.

At the same time, several initiatives were introduced by the brands to encourage e-commerce and maintain a digital connection with customers. The teams are also fully mobilised at the logistic centres.

Lastly, in order to increase its financial flexibility, SMCP negotiated a loan guaranteed by the French State for €140 million with its banking partners, and obtained a suspension of its financial covenants for 2020 as well as an easing of its financial covenants for 2021 (the leverage ratio rising to 4.5x EBITDA at June 30, 2021 and to 4.0x EBITDA at December 31, 2021).

The Group is confident in the ability of its brands and its teams to regain their level of profitability and to implement the new strategic plan announced at the end of the year and to make SMCP a world leader in accessible luxury goods.

1.2.2 Other events

The €10 million earn out liabilities on the acquisition of De Fursac has been write off due factors in sales forecasts. (See Note 3.1).

1.3 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Group's consolidated financial statements as of December 31, 2020 covers the 2020 calendar year.

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

The consolidated financial statements were prepared in accordance with international financial reporting standards (IFRS – see Note 2.2) as adopted by the European Union and with mandatory application as of December 31, 2020. The Group did not early adopt any standards, amendments or interpretations.

These standards and interpretations are available on the website of the European Union: http://ec.europa.eu/finance/company-reporting/index_fr.html (see Note 2.2 for details of all new standards, amendments and interpretations applied and those applicable in future).

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

Note 2 Accounting rules and methods

2.1 GENERAL PRINCIPLES AND DECLARATION OF COMPLIANCE

Pursuant to European regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of the SMCP Group for fiscal year 2020 have been prepared in compliance with the International Financial Reporting Standards as published and approved by the European Union on the closing date of these financial statements and the application of which is mandatory as of that date.

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

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

2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND APPLICABLE ON JANUARY 1, 2020

2.2.1 IFRIC IC decision on lease term

The IFRIC IC published a decision on the determination of the duration of leases in December 2019. As most of the commercial leases of the stores are for long periods, the Group does not take into account any renewal option on the effective date of the contract, with some exceptions. As soon as negotiations are undertaken with the lessor to exercise a renewal option, the term of the contract is adjusted accordingly (see Note 5.3).

In France, in the case of commercial leases known as 3-6-9, the Group recognises a letting term of nine years, then carries out a review of this period at each subsequent closing date for the purposes of reducing it to three or six years, depending on the profitability of the point of sale.

The depreciation period for fixtures and fittings made at the time of the lease is limited to the term of the lease. This IFRIC IC decision relating to the economic duration of the contracts had only a very limited impact on the 2020 financial statements.

2.2.2 Amendment to IFRS 16 on rent adjustments

In May 2020, the IASB issued an amendment to IFRS 16 on the accounting for lease adjustments made by lessors in connection with the Covid-19 pandemic. This amendment simplifies the analysis to be performed by lessees and allows, under certain conditions, the effect of these adjustments to be recognised immediately in the income statement in the form of negative variable rents (see Note 4.3).

2.2.3 Benchmark interest rate reform

A reform of the main benchmark rates is under way with the replacement of interbank interest rates (IBOR – Interbank Offered Rates) by alternative risk free rates (Risk Free Rates). This reform is likely to affect financial instruments (financing and derivative instruments) and to a lesser extent certain commercial contracts (default interest, etc.). In this context, the IASB published several amendments to IFRS 9 and IFRS 7, including phase 1 adopted on January 15, 2020 which has been applicable since January 1, 2020.

This rate transition has no impact for the Group on the 2020 financial statements.

2.3 ACCOUNTING POLICIES

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

2.4 JUDGMENTS AND ESTIMATES

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

The main estimates and assumptions relate to:

- measurement of intangible assets and goodwill (Note 5.1);
- measurement of deferred tax assets (Note 4.8.2);
- determination of provisions for risks and charges (Note 5.12) and uncertain tax positions (Note 6.12);

- the estimate of lease renewal assumptions and the corresponding valuation of right-of-use assets, as well as their potential residual values, in particular the value of leasehold rights in the French environment (Note 5.3.1);
- provisions for impairment of inventories (Note 5.6).

Management reviews these estimates if there are changes in the circumstances on which they were based, if new information comes to light, or based on experience. As a result, the estimates used at December 31, 2020 could be modified significantly in the future.

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

2.5 CONSOLIDATION PRINCIPLES

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

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

Subsidiaries are all entities controlled by the Group.

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

Intragroup balances and transactions are eliminated.

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

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

2.6 TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS

2.6.1 Transactions and balances

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

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

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

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

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

Assets and liabilities were converted at the losing rate in force at December 31, 2020.

2.6.2 Rates applicable at December 31

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

		12/31/2019		12/31/2020	
		Closing	Average	Closing	Average
SWISS FRANC	EUR/CHF	1.0854	1.1127	1.0802	1.1703
EURO	EUR/EUR	1.0000	1.0000	1.0000	1.0000
POUND STERLING	EUR/GBP	0.8508	0.8773	0.8990	0.8892
US DOLLAR	EUR/USD	1.1234	1.1196	1.2271	1.1413
CANADIAN DOLLAR	EUR/CAD	1.4598	1.4857	1.5633	1.5294
CHINESE YUAN	EUR/CNY	7.8237	7.7402	7.9806	7.8720
HONG KONG DOLLAR	EUR/HKD	8.7473	8.7724	9.5142	8.8517
SINGAPORE DOLLAR	EUR/SGD	1.5111	1.5272	1.6218	1.5736
DANISH KRONE	EUR/DKK	7.4715	7.4661	7.4409	7.4544
NORWEGIAN KRONE	EUR/NOK	9.8638	9.8497	10.4703	10.7248
SWEDISH KRONA	EUR/SEK	10.4468	10.5867	10.0343	10.4881
PATACA DE MACAO	EUR/MOP	9.0066	9.0365	9.7656	9.1188
TAIWAN DOLLAR	EUR/TWD	33.8005	34.6065	34.3750	33.6165
JAPANESE YEN	EUR/JPY	121.9400	122.0600	126.4900	121.7754
MALAYSIAN RINGGIT	EUR/MYR	4.5953	4.6372	4.9340	4.7935

Note 3 Business combinations

Business combinations in which the Group obtains the control of one or more businesses are accounted for using the acquisition method.

Business combinations are measured and accounted for in accordance with IFRS 3 "Business Combinations".

The accounting for a business combination must be completed within 12 months of the acquisition date. Costs incurred during the acquisition process are expensed as incurred.

Acquisitions and disposals of non-controlling interests that do not result in a loss of control are recognised directly in equity.

The main estimates and assumptions relating to business combinations include the following:

- the valuation methods and assumptions used to identify the intangible assets acquired through business combinations and determine the amount of any such intangibles;
- the allocation of goodwill to cash-generating units (CGUs).

The Group did not acquire the control of any entities over the period from January 1 to December 31, 2020.

3.1 ACQUISITION OF DE FURSAC

On September 5, 2019, the Group acquired a 99.97% stake in De Fursac Finance (the parent company of De Fursac) (through the immediate payment of 97.24% and a put payable during H2 2020 for the remaining 2.73%). The consideration paid in cash amounted to €101 million, in addition to a put of €2.9 million to be paid in July of 2023 and an earnout of €10 million to be paid in April 2023 subject to the achievement of the sales targets.

As the conditions relating to the payment of this earn-out no longer appear to be achievable in 2020, the debt of €10 million was cancelled, giving rise to the recognition of a non-current operating income (see Note 4.6), with no impact on the goodwill of €53.1 million as initially recognised.

3.2 SEGMENT REPORTING

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

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

3.2.1 Group operating segments

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

- Sandro;
- Maje;
- Other Brands* comprising Claudie Pierlot and De Fursac because these brands have a more international profile.

Each of the brands 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.

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

3.2.2 Financial information by operating segment

The tables below set out financial information by operating segment at December 31, 2020 and December 31, 2019:

(In millions of euros)	Sandro	Maje	Other Brands	Others & Holdings	12/31/2020
Sales[1]	414.3	336.8	121.9	-	873.0
Adjusted EBITDA[2]	91.8	75.2	12.6	-	179.6
Adjusted EBITDA excluding IFRS 16[3]	31.0	27.8	(4.8)		54.0
Depreciation, amortization and impairment	(83.4)	(65.8)	(23.5)		(172.6)
Adjusted EBIT[4]	**8.4**	**9.4**	**(10.9)**	**-**	**7.0**
Goodwill[5]	336.0	237.3	58.0	-	631.3
Rights of use	198.1	165.4	63.1	50.1	476.7
Intangible assets	321.8	227.3	65.5	70.0	684.6
Property, plant and equipment	35.1	28.1	13.5	10.2	86.9
Investments[6]	17.8	14.7	5.3	21.9	59.7

(1) Sales include retail sales and sales with Group partners.
(2) Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the recurring operating income deducted from depreciation, amortisation and impairment and the free shares allocation plan.
(3) Adjusted EBITDA excluding IFRS 16 is an indicator not defined by IFRS and corresponds to adjusted EBITDA restated for fixed leases.
(4) Adjusted EBIT is an indicator not defined by IFRS and is defined by the Group as current operating income less the free share allocation plan.
(5) The assumption adopted consisted of allocating goodwill on the same weighting as trademarks.
(6) At December 31, 2020, capital expenditure breaks down as follows: (see Note 1.4 "Consolidated statement of cash flows") and excluding rights of use:
- purchases of property, plant and equipment: €35.7 million;
- purchases of intangible assets: €12.3 million;
- purchases of financial instruments: €1.8 million;
- change in trade payables for fixed assets: €9.9 million.

(In millions of euros)	Sandro	Maje	Other Brands	Others & Holdings	12/31/2019
Sales[1]	551.6	438.2	142.1	-	1,131.9
Adjusted EBITDA[2]	141.0	119.9	25.4	-	286.4
Adjusted EBITDA excluding IFRS 16[3]	86.4	75.3	12.5	-	174.2
Current operating income	**59.9**	**50.9**	**10.8**	**-**	**121.5**
Goodwill[4][5]	336.0	237.3	109.8	-	683.2
Rights of use[6]	291.3	228.5	75.2	(0.9)	594.4
Intangible assets[7]	320.8	228.5	66.6	73.8	689.8
Property, plant and equipment	25.8	43.8	12.7	11.6	93.9
Investments[8]	29.4	22.5	7.0	18.0	76.9

(1) Sales include retail sales and sales with Group partners.
(2) Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the recurring operating income minus depreciation, amortisation and impairment and the free shares allocation plan.
(3) Adjusted EBITDA excluding IFRS 16 is an indicator not defined by IFRS and corresponds to adjusted EBITDA restated for fixed leases.
(4) Including impact of €53 million in 2019 following the acquisition of De Fursac.
(5) The assumption adopted consisted of allocating goodwill on the same weighting as trademarks.
(6) Application of IFRS 16 at January 1, 2019.
(7) Of which impact of €63 million in 2019 following the acquisition of De Fursac.
(8) At December 31, 2019, 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: €50.4 million;
- purchases of intangible assets: €22.6 million;
- purchases of financial instruments: €4.9 million;
- change in trade payables for fixed assets: -€1.1 million.

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

3.2.3 Key performance indicators

SMCP SA's Board of Directors assesses the performance of the three segments in order to take operating decisions, mainly by reference to the following key indicators: retail sales including VAT, and adjusted EBITDA, excluding IFRS 16.

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

(In millions of euros)	12/31/2019	12/31/2020
Current operating income	**121.5**	**(2.2)**
Depreciation, amortisation and impairment	154.8	172.6
EBITDA	**276.4**	**170.4**
Free shares allocation plan	10.0	9.2
Adjusted EBITDA	**286.4**	**179.6**
IFRS 16 impact	(112.2)	(125.6)
ADJUSTED EBITDA EXCLUDING IFRS 16	**174.2**	**54.0**

3.2.4 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 Belgium), along with the Middle East (especially the United Arab Emirates).

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

The APAC region covers the Group's activities in Asia/Pacific (including mainland China and the Hong Kong Special Administrative Region).

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

The table below sets out sales by geographic region of delivery:

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

(In millions of euros)	France	EMEA	Americas	APAC	12/31/2019
Sales	384.6	337.6	150.4	259.2	1,131.9
Non-current assets	1773.5	193.5	69.6	90.6	2,127.2

3.2.5 Information by major customers

The Group did not have any customers that individually accounted for over 10% of its revenue in the period ended December 31, 2020.

Note 4 Information on the income statement

4.1 SALES

Sales of goods

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

Presentation of Group businesses

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

- the retail business includes the network of directly-owned stores, including outlets used to market and sell collections from past seasons. Sales is recognised at the time of the direct sale to the end customer. This is also the case for concessions ("corners") in department stores directly operated by the Group, even when the department stores act as intermediary, collect the sales amount on the Group's behalf and pay this amount to the Group;
- the Group also sells its goods through affiliates (in France and Spain): Sales is recognised at the time of the sale to the end customer;
- local partners, or "wholesale/partnered retail" (outside France), are used wherever necessary to ensure a solid local presence or to meet applicable regulations. Sales 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.

(In millions of euros)	12/31/2019	12/31/2020
Sales of goods	1,131.9	873.0
SALES	**1,131.9**	**873.0**

At December 31, 2020, Group sales can be analysed as follows by distribution channel:

(In millions of euros)	12/31/2019	12/31/2020
Retail	1,050.2	792.2
• Directly operated stores	405.1	259.6
• Concessions ("Corners")	360.7	240.2
• Outlets	107.9	86.3
• Affiliates	27.9	22.6
• Online	148.6	183.5
Partnered retail sales	81.6	80.9
SALES	**1,131.9**	**873.0**

4.2 COST OF SALES

Cost of sales

Cost of sales include:

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

(In millions of euros)	12/31/2019	12/31/2020
Raw materials consumed	(77.5)	(52.4)
Finished products consumed	(123.5)	(139.9)
Subcontracting and purchase-related costs	(87.1)	(58.7)
Commissions	(130.5)	(96.0)
Net foreign exchange gain/(loss) on (operating) items	-	(1.4)
COST OF SALES	**(418.6)**	**(348.4)**

4.3 OTHER OPERATING INCOME AND EXPENSES

(In millions of euros)	12/31/2019	12/31/2020
Other operating income	2, 9	6.4
Net exchange gain/(loss)	(1.8)	-
Lease payments[1]	(22.6)	2.4
Other external expenses[2]	(85.5)	(74.1)
Fees	(36.0)	(27.9)
Services provided	(25.9)	(28.1)
Purchases of small equipment and supplies not held in inventory	(8.7)	(11.6)
Other taxes	(12.1)	(11.7)
OTHER OPERATING INCOME AND EXPENSES	**(189.7)**	**(144.7)**

(1) The amount of rents corresponds only to the variable part of rents and the related expenses, as well as the reductions in rents granted by the lessors in 2020 leading to a reduction in the rental debt recorded in return for profit or loss, in application of the amendment to IFRS 16 published by the IASB on May 28, 2020.
(2) "Other external expenses" relate to sales shipment and marketing costs.

4.4 PERSONNEL EXPENSES

(In millions of euros)	12/31/2019	12/31/2020
Wages and salaries	(182.9)	(157.8)
Social security charges	(44.5)	(39.5)
Other staff expenses	(3.7)	(3.0)
Employee profit-sharing	(6.1)	(0.1)
PERSONNEL EXPENSES	**(237.2)**	**(200.3)**

Partial activity measures granted by the governments of the countries in which the Group operates were recognised as a deduction from personnel costs, for an aggregate amount of €23.0 million.

4.5 SHARE -BASED PAYMENTS

Share-based payments

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

The expense recognised during the fiscal year for the free share allocation plans totalled €9.2 million.

Free share allocation plans

Plan No. 2

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

The Board of Directors, at its November 23, 2017 meeting, decided to grant (Second Plan of November 2017) 2,038,324 shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per third of two, three and four years.

The Board of Directors, at its April 25, 2018 meeting, decided to grant (April 2018 Plan) 25,709 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per third of two, three and four years.

Plan No. 3

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

The Board of Directors, at its August 30 and 31, 2018 meetings, decided to grant (August 2018 Plan) 98,171 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its November 20, 2018 meeting, decided to grant (November 2018 Plan) of 57,694 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its March 20, 2019 meeting, decided to grant (March 2019 Plan) 132,000 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period of two years.

The Board of Directors, at its April 17, 2019 meeting, decided to grant (April 2019 Plan) 30,000 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period of two years.

Plan No. 4

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

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

The Board of Directors, at its December 5, 2019 meeting, decided to grant (January 2020 Plan) 870,460 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its March 24, 2020 meeting, decided to grant (January 2020 Plan) 34,256 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

Plan No. 5

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

The Board of Directors, at its November 17, 2020 meeting, decided to grant (December 2020 Plan) 8,632 free shares to some Group employees. This plan includes, for all beneficiaries, a vesting period of one year.

The Board of Directors, at its December 17, 2020 meeting, decided to grant (January 2021 Plan) 1,437,494 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

Free shares allocation plan	Plan No. 2 Nov 2017	Plan No. 2 April 2018	Plan No. 3 August 2018	Plan No. 3 November 2018
Initial allocation date	11/23/2017	04/25/2018	08/31/2018	11/20/2018
Vesting period	2, 3 and 4 years per third	2, 3 and 4 years per third	2 and 3 years per half	2 and 3 years per half
Availability date	03/31/2022	03/31/2022	03/31/2022	03/31/2022
Vesting date	03/31/2020 03/31/2021 03/31/2022	04/25/2020 03/31/2021 03/31/2022	03/31/2021 03/31/2022	03/31/2021 03/31/2022
Number of beneficiaries	125	4	36	14
Number initially granted	2,038,324	25,709	98,171	57,694
Number outstanding as of 12/31/2019	1,816,236	25,709	87,259	41,674
Number cancelled over the fiscal year	(374,546)	(4,766)	(10,606)	(14,482)
Number exercised over the fiscal year[1]	(341,638)	(4,823)		
Number of shares transferred[2]				
Number surrendered over the fiscal year				
Number outstanding as of 12/31/2020	1,100,052	16,120	76,653	27,192
Number that may be exercised over the fiscal year				
Performance conditions	Yes	Yes	Yes	Yes
Expense for the fiscal year *(in €k)*	4,426	88	425	80

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

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

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

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

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

2019 EBITDA was thus adjusted from 2.2% to neutralise the impact of the closure of Group's stores in connection with the yellow vest (gilets jaunes) crisis in France and the political situation in Hong Kong. 2020 EBITDA was also adjusted by 5% in order to neutralise the Covid-19 pandemic. These neutralisations have an impact on the number of shares to be delivered in March and April 2021, in the amount of 250,532 shares.The principle of this modification was validated by the Board of Directors on June 2, 2020.

SMCP SA acquired 400,000 SMCP shares for €4,859 thousand in 2019. After delivery of 350,193 shares deriving from the free share award plan in December 2019, March and April 2020, at December 31, 2020 SMCP SA held 49,807 shares.

4.6 OTHER INCOME AND EXPENSES

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

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

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

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

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

Plan No. 3		Plan No. 4			Plan No. 5	
March 2019	**April 2019**	**December 2019**	**January 2020**	**July 2020**	**December 2020**	**January 2021**
04/17/2019	04/17/2019	12/31/22019	01/01/2020	07/01/2020	31/12/2020	01/01/2021
2 years in a single transaction	2 years in a single transaction	1 year in a single transaction	2 and 3 years per half	2 and 3 years per half	1 year in a single transaction	2 and 3 years per half
04/17/2021	04/17/2021	12/31/2020	03/31/2023	09/30/2023	31/12/2021	03/31/2024
04/17/2021	04/17/2021	12/31/22020	03/31/2022 03/31/2023	09/30/2022 09/30/2023	31/12/2021 31/12/2021	03/31/2023 03/31/2024
10	17	1,016	106	6	1,079	94
132,000	30,000	4,064	870,460	34,256	8,632	1,437,494
132,000	30,000	4,064				
(12,000)	(1,000)	(332)	(70,351)	(4,924)		
		(3,732)				
			870,460	34,256	8,632	
120,000	29,000		800,109	29,332	8,632	
Yes	Yes	No	Yes	Yes	No	Yes
764	185	46	3,143	74	-	-

(In millions of euros)	**12/31/2019**	**12/31/2020**
Other income	14.5	28.5
Other expenses	(29.1)	(107.9)
OTHER INCOME AND EXPENSES	**(14.6)**	**(79.3)**

Other income and expenses break down as follows:

(In millions of euros)	**12/31/2019**	**12/31/2020**
Impairment of goodwill[(1)]	-	(51.9)
Impairment of right-of-use[(2)]	-	(27.8)
Impairment of other non -current assets[(3)]	(4.5)	(2.9)
Openings cancelled/postponed[(3)]	(1.7)	(1.7)
Extinguishing of the debt of earn out[(4)]	-	9.3
Disputes & penalties	(0.8)	(1.0)
Transition and acquisition costs	(6.8)	(1.7)
Other	(0.8)	(1.7)
OTHER INCOME AND EXPENSES	**(14.6)**	**(79.3)**

(1) At December 31, 2020, the Group performed impairment tests on its assets with indefinite life, resulting in the recognition of an impairment of €51.9 million and concerns the "Other Brands" CGU (see Note 5.1.1).
(2) At December 31, 2020, the Group also carried out impairment tests on its right-of-use assets, resulting in the recognition of an impairment of €27.8 million (see Note 5.3.1 & 5.4.1).
(3) The impact of the closure of certain points of sale, either already completed in 2020 or planned in the short term, resulted in the recognition of accelerated depreciation of these assets for an amount of €2.9 million and by extension of costs incurred. on cancelled or postponed openings for €1.7 million.
(4) Income of €9.3 million was recorded following the cancellation of the De Fursac earn out debt, as the target was no longer expected to be achieved.

Excluding these items, other non-recurring operating income and expenses represented a charge of €4.4 million, mainly transition and acquisition costs of €1.7 million and various other expenses. for an amount of €2.7 million.

4.7 FINANCIAL INCOME AND EXPENSES

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

(In millions of euros)	12/31/2019	12/31/2020
Interest expenses on borrowings	(37.9)	(27.4)
– 2023 Bonds	(15.0)	-
– RCF	(3.1)	-
– New RCF & NEU CP	(1.1)	(3.4)
– Term Loan	(4.4)	(7.7)
– Bridge	-	(1.6)
– State-guaranteed loan	-	(0.5)
– IFRS 16	(13.6)	(14.1)
– Other	(0.8)	(0.1)
Net exchange gain/(loss) on financial items	(1.2)	(1.6)
Other financial expenses	(0.8)	(1.4)
FINANCIAL INCOME	**(39.8)**	**(27.2)**

The breakdown of interest expenses is as follows:

(In millions of euros)	12/31/2019	12/31/2020
2023 Bonds	**(15.0)**	**-**
– Interest paid	(5.9)	-
– Accrued interests	1.8	-
– Repayment penalty	(5.3)	-
– Amortisation of issuance costs	(5.6)	-
RCF	**(3.0)**	**-**
– Interest paid	(1.7)	-
– Accrued interests	0.4	-
– Amortisation of issuance costs	(1.7)	-
New RCF & NEU CP	**(1.1)**	**(3.4)**
– Interest paid	(0.9)	(2.4)
– Accrued interests	(0.2)	(0.9)
– Amortisation of issuance costs	(0.1)	(0.1)
Term Loan Agreement	**(4.4)**	**(7.7)**
– Interest paid	(3.0)	(6.3)
– Accrued interests	(0.6)	(0.2)
– Amortisation of issuance costs	(0.8)	(1.3)
Bridge	**-**	**(1.6)**
– Interest paid	-	(0.8)
– Accrued interests	-	(0.4)
– Amortisation of issuance costs	-	(0.5)
State-guaranteed loan	**-**	**(0.5)**
– Interest paid	-	(0.0)
– Accrued interests	-	(0.4)
– Amortisation of issuance costs	-	(0.1)

On June 23, 2020, SMCP contracted a loan of €140 million, 90% guaranteed by the French State, maturing in one year and carrying an option to extend for up to an additional five years. SMCP has committed not to pay dividends to its shareholders in respect of the 2020 and 2021 fiscal years.

At December 31, 2019, the redemption of the nominal of the 2023 bond generated one-off costs of €10.9 million (repayment penalty of €5.3 million and acceleration of issue costs amortisation for €5.6 million), the reimbursement of the RCF generated one-off costs of €1.6 million linked to the acceleration of issue costs amortisation.

4.8 INCOME TAX

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

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

Deferred tax

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

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

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

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

4.8.1 Income tax

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

(In millions of euros)	12/31/2019	12/31/2020
Deferred tax	6.1	12.6
Current tax	(29.5)	(6.1)
INCOME TAX EXPENSE	**(23.4)**	**6.5**

4.8.2 Deferred tax position

a) Deferred taxes at December 31, 2020

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

* Mainly relates to temporary differences.

(In millions of euros)	12/31/2018	Change in the income statement	Change in other comprehensive income items	Translation adjustments and other changes	Other changes	Changes in scope	12/31/2019	Deferred tax assets	Deferred tax liabilities
Restatement of pension liabilities	0.7	0.1	-	-	-	-	0.8	1.0	(0.2)
Elimination of internal gains and losses (margin on inventories)	14.3	2.1	-	0.2	-	-	16.6	16.6	-
Capitalisation of tax loss carry forwards	0.4	0.7	-	-	-	-	1.1	1.1	-
Allocation of goodwill to brands and leasehold rights	(166.7)	0.2	-	-	-	(15.0)	(181.6)	1.2	(182.8)
Neutralisation of start-up costs and acquisition costs	3.4	(1.4)	-	-	-	-	2.0	2.0	-
IFRS 15	0.2	-	-	-	-	-	0.2	0.2	-
IFRS 16	-	3.0	-	-	-	-	3.0	3.0	-
Other restatements*	14.6	1.4	0.8	0.3	1.0	0.7	18.8	18.7	-
NET DEFERRED TAX ASSETS/ (LIABILITIES)	**(133.1)**	**6.1**	**0.8**	**0.5**	**1.0**	**(14.3)**	**(139.1)**	**43.9**	**(183.0)**

* Mainly relates to temporary differences.

b) Analysis of the tax expense

(In millions of euros)	12/31/2019	12/31/2020
Profit/(loss) before tax	**66.9**	**(108.7)**
Statutory tax rate in France[1]	34.43%	32.02%
Theoretical tax expense	**(23.0)**	**34.8**
Changes in tax rate	0.1	(4.3)
Difference in income tax rates applied to earnings in countries other than that of the consolidating entity	2.9	0.3
Non-deductible or non-taxable income and expenses	(0.2)	(17.6)
• Impairment of goodwill	-	(16.6)
• Extinction of earn out debt	-	3.0
• Bonus share awards	0.4	(3.3)
• Additional contribution on dividends	(0.2)	-
• Other permanent differences	0.4	(0.7)
Deferred tax assets not recognised during the year	-	(3.3)
Other changes in deferred tax	(0.4)	(1.8)
Tax expense before CVAE tax on value added net of income tax	**(20.6)**	**8.1**
CVAE tax on value added net of income tax[2]	(2.8)	(1.6)
INCOME TAX EXPENSE	**(23.4)**	**6.5**

(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" in accordance with IAS 12.

c) Activation of tax loss carryforwards

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

At December 31, 2020, the Group's cumulative tax loss carryforwards represented deferred tax assets of €14.0 million mainly in France.

d) Unrecognised deferred tax assets

As of December 31, 2020, the Group's non-capitalised tax loss carry forwards amounted to €6.4 million and represent a potential tax saving of €1.9 million. The other unrecognised deferred tax assets relate to temporary differences and amount to €1.1 million.

4.9 EARNINGS PER SHARE

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

Basic 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)	12/31/2019	12/31/2020
Net profit attributable to owners of the Company	**43.7**	**(102.2)**
Average number of shares taken into account for the calculation before dilution	73,365,302	73,928,589
Dilution effect of ADP G	4,696,861	4,129,169
Dilution effect of free share plans	779,401	1,086,170
Average number of shares taken into account for the calculation after dilutive effects	**78,841,564**	**79,143,928**
Basic earnings per share *(in €)*	**0.60**	**(1.38)**
Diluted earnings/(loss) per share *(in €)*	**0.55**	**(1.38)**

Diluted earnings/(loss) per share cannot be accretive, so as of December 31, 2020 it is identical to basic earnings per share.

Note 5 Details of the statement of financial position

5.1 GOODWILL AND INTANGIBLE ASSETS

5.1.1 Goodwill

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

The gross value of goodwill related to the acquisition of the De Fursac group amounts to €53.1 million and includes an earn-out of €10 million. The Group considers that the earnout will not be paid to the former shareholders of Fursac Finance SAS. The earn-out debt was therefore cancelled against non-current operating income (see Note 4.6).

Moreover, the significant impact of the Covid-19 pandemic on Group sales led it to review the prospects of the businesses to which this goodwill relates. This review led to the recognition of a goodwill impairment of the Other Brands CGU combination in the amount of €51.9 million (see Note 4.6).

The net value of goodwill totalled €631.3 million at December 31, 2020 and concerns the Sandro, Maje and Other Brands CGU combinations.

The following table shows the movements in the previous period:

(In millions of euros)	01/01/2020	Changes in scope	Impairment	Translation adjustment	12/31/2020
Goodwill – gross value	683.2	-	-	-	683.2
Impairment	-	-	(51.9)	-	(51.9)
GOODWILL – NET	**683.2**	**-**	**(51.9)**	**-**	**631.3**

(In millions of euros)	01/01/2019	Changes in scope	Impairment	Translation adjustment	12/31/2019
Goodwill – gross value	630.1	53.1	-	-	683.2
Impairment	-	-	-	-	-
GOODWILL – NET	**630.1**	**53.1**	**-**	**-**	**683.2**

5.1.2 Other intangible assets

Trademarks

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

- the brands are proprietary, properly registered and protected pursuant to applicable law, and there is an option to renew the protection at a reasonable cost at the end of the registration period, which can be easily exercised without external impediments;
- the goods sold by the Group under these brands are not susceptible to technological obsolescence, which is characteristic of the affordable luxury market in which the Group operates; on the contrary, they are consistently perceived by the market as being innovative in the national and/or international arena in which each brand evolves and has a distinctive market positioning and reputation that ensures they are dominant in their respective market segments due to the fact that they are constantly associated and compared with major leading brands;
- in the relative competitive context, investments made to maintain these brands can be said to be modest with respect to the significant cash flows they are expected to generate.

Brands are measured at cost less impairment in accordance with IAS 38 "Intangible Assets". They are tested within the CGU combinations to which they correspond.

Software

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

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

Software development costs recognised as assets are amortised over their estimated useful lives, which is one year.

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
Licenses, software	3-7

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

(In millions of euros)	**01/01/2020**	**Acquisitions**	**Disposals**	**Depreciation & amortisation**	**Foreign exchange differences**	**Effect of standard changes**	**Other**	**12/31/2020**
Trademarks	663.0	-	-	-	-		-	663.0
Intangible assets in progress	7.4	1.9	-	-	-		(5.5)	3.8
Other intangible assets	35.3	7.1	(0.2)	-	(0.3)		2.6	44.4
Intangible assets	**705.7**	**9.0**	**(0.2)**	**-**	**(0.3)**		**(2.9)**	**711.3**
Amort./impairment of other intangible assets	(15.9)	-	-	(11.1)	0.2		0.2	(26.7)
Amort./impairment of intangible assets	**(15.9)**	**-**	**-**	**(11.1)**	**0.2**		**0.2**	**(26.7)**
CARRYING AMOUNT OF INTANGIBLE ASSETS	**689.8**	**9.0**	**(0.2)**	**(11.1)**	**(0.1)**		**(2.7)**	**684.6**

(In millions of euros)	**01/01/2019**	**Acquisitions**	**Disposals**	**Depreciation & amortisation**	**Changes in scope**	**Effect of standard changes**	**Other**	**12/31/2019**
Trademarks	600.0	-	-	-	63.0		-	663.0
Leasehold rights	124.2	-	-	-	-	(124.2)	-	-
Intangible assets in progress	7.5	-	-	-	-	-	(0.1)	7.4
Other intangible assets	21.3	13.9	-	-	-	-	0.1	35.3
Intangible assets	**753.0**	**13.9**	**-**	**-**	**63.0**	**(124.2)**	**-**	**705.7**
Impairment of leasehold rights	(8.7)	-	-	-	-	8.7	-	-
Amort./impairment of other intangible assets	(8.2)	-	-	(7.7)	-		-	(15.9)
Amort./impairment of intangible assets	**(16.9)**	**-**	**-**	**(7.7)**	**-**	**8.7**	**-**	**(15.9)**
CARRYING AMOUNT OF INTANGIBLE ASSETS	**736.1**	**13.9**	**-**	**(7.7)**	**-**	**(115.5)**	**-**	**689.8**

At December 31, 2020, the Group's four trademarks, Sandro, Maje, Claudie Pierlot and De 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 De Fursac brand, at December 31, 2019.

5.2 PROPERTY, PLANT AND EQUIPMENT

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

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

The main useful lives applied are as follows:

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

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

(In millions of euros)	01/01/2020	Acquisitions	Disposals	Amortisation	Impairment	Foreign exchange differences	Other	12/31/2020
Technical fittings, equipment and industrial tools	5.4	0.3	-	-	-	-	-	5.7
Property, plant and equipment in progress	11.2	3.6	-	-	-	(0.1)	(5.4)	9.3
Advances and down payments on property, plant and equipment	0.1	0.4	-	-	-	-	(0.1)	0.4
Other property, plant and equipment	173.3	31.3	(2.8)			(6.5)	4.4	199.7
Property, plant and equipment	**190.0**	**35.6**	**(2.8)**	**-**	**-**	**(6.6)**	**(1.1)**	**215.1**
Amort./impairment of technical fittings, equipment and industrial tools	(2.6)	-	-	(1.1)	-	-	-	(3.7)
Amort./impairment of other tangible assets	(93.5)	-	2.5	(38.3)	(0.1)	4.7	0.2	(124.5)
Amort./impairment of tangible assets	**(96.1)**	**-**	**2.5**	**(39.4)**	**(0.1)**	**4.7**	**0.2**	**(128.2)**
CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**93.9**	**35.6**	**(0.3)**	**(39.4)**	**(0.1)**	**(1.9)**	**(0.9)**	**86.9**

(In millions of euros)	01/01/2019	Acquisitions	Disposals	Amortisation	Changes in scope*	Foreign exchange differences	Other	12/31/2019
Technical fittings, equipment and industrial tools	4.1	1.2	(0.1)	-	-	-	0.1	5.4
Property, plant and equipment in progress	7.7	8.6	-	-	0.1	0.1	(5.2)	11.2
Advances and down payments on property, plant and equipment	0.5	0.0	-	-	-	0.0	(0.5)	0.1
Other property, plant and equipment	126.1	40.6	(3.6)	-	2.8	2.4	5.0	173.3
Property, plant and equipment	**138.5**	**50.4**	**(3.7)**	**-**	**2.8**	**2.5**	**(0.5)**	**190.0**
Amort./impairment of technical fittings, equipment and industrial tools	(1.8)	-	0.1	(1.0)	-	-	0.0	(2.6)
Amort./impairment of other tangible assets	(60.7)	-	8.7	(39.9)	-	(1.7)	0.0	(93.5)
Amort./impairment of tangible assets	**(62.5)**	**-**	**8.8**	**(40.8)**	**-**	**(1.7)**	**0.0**	**(96.1)**
CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**76.0**	**50.4**	**5.1**	**(40.8)**	**2.8**	**0.8**	**(0.5)**	**93.9**

* The acquisition of De Fursac group generated a change in scope, assets were consolidated for their carrying amount in accordance with IFRS 3.

5.3 LEASES

Scope of application of IFRS 16

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

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

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

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

Accounting for leases in accordance with IFRS 16

The application of IFRS 16 consists of recognising in the statement of financial position at the start date of the lease:

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

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

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

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

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

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

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

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

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

Estimated lease term

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

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

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

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

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

Determination of the discount rate for lease liabilities

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

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

In France, leasehold rights (fonds de commerce or droit au bail) are defined as the amount paid by a new tenant to the previous tenant in order to obtain the right to lease a property and the legal guarantees attached thereto. From a legal point of view, leasehold rights include the right to lease the property as a tenant and the right to transfer the lease. The lease right is therefore inseparable from the lease itself and constitutes an initial direct cost to the lessee that must be taken into account in the initial valuation of the right to use the asset.

Being transferable, the right to lease in France constitutes the residual value of the right-of-use (component of the estimated amount that the lessee would obtain from the disposal of the asset). The depreciable amount of the right-of-use as a whole is therefore determined after deduction of this residual value, the latter being revised at least once per fiscal year.

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

5.3.1 Rights of use

Rights of use break down as follows:

(In millions of euros)	12/31/2019 Net	12/31/2020 Gross	12/31/2020 Amortisation, depreciation and impairment	12/31/2020 Net
Stores	409.4	517.6	(208.9)	308.6
Offices and warehouses	64.5	69.2	(18.7)	50.5
Capitalised fixed rents	**473.9**	**586.7**	**(227.6)**	**359.1**
Leasehold rights	120.5	132.9	(15.3)	117.6
Right of use	**594.4**	**719.6**	**(242.9)**	**476.7**

The change in the net balance of rights of use during 2020 can be explained by the following elements:

	Capitalised discounted fixed lease payments				
Gross value in millions of euros	Stores	Offices and warehouses	Total	Leasehold rights	Total
January 1, 2020	510.0	75.4	585.4	130.4	715.8
Arrangement of new leases	98.4	2.6	101.0	3.3	104.3
Early terminations and revised durations	(71.3)	(8.2)	(79.5)	(2.4)	(81.9)
Reclassification of fixed assets in progress	-	-	-	2.4	2.4
Other (including foreign exchange difference)	(19.5)	(0.6)	(20.1)	(0.8)	(21.0)
AS OF DECEMBER 31, 2020	**517.5**	**69.2**	**586.7**	**132.8**	**719.6**

	Capitalised discounted fixed lease payments				
Amortisation, depreciation and impairment in millions of euros	Stores	Offices and warehouses	Total	Leasehold rights	Total
January 1, 2020	(100.6)	(11.0)	(111.5)	(9.9)	(121.4)
Reversal of deferred rent	1.5	-	1.5	-	1.5
Amortisation, depreciation and impairment[1]	(131.5)	(11.7)	(143.2)	(5.9)	(149.1)
Early terminations and revised durations	15.9	4.0	19.9	0.1	20.0
Other (including foreign exchange difference)	5.8	-	5.8	0.4	6.2
AS OF DECEMBER 31, 2020	**(208.9)**	**(18.7)**	**(227.6)**	**(15.3)**	**(242.9)**
NET WORTH AT DECEMBER 31, 2020	**308.6**	**50.5**	**359.1**	**117.6**	**476.7**

(1) Including impairment losses of 27.8 million (see Section 4.6 and 5.4.1).

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

The change in the net balance of rights of use during 2019 can be explained by the following elements:

	Capitalised discounted fixed lease payments				
Gross value in millions of euros	Stores	Offices and warehouses	Total	Leasehold rights	Total
At January 1, 2019	363.2	56.2	419.4	124.2	543.6
Arrangement of new leases	138.0	19.2	157.2	5.5	162.7
Expirations and early terminations	(8.3)	-	(8.3)	(6.3)	(14.6)
Reclassification of fixed assets in progress	-	-	-	1.6	1.6
Entry of scope	17.6	-	17.6	4.8	22.4
Other (foreign exchange difference)	(0.5)	-	(0.5)	0.6	0.1
AS OF DECEMBER 31, 2019	**510.0**	**75.4**	**585.4**	**130.4**	**715.8**

	Capitalised discounted fixed lease payments				
Amortisation and impairment in millions of euros	Stores	Offices and warehouses	Total	Leasehold rights	Total
At January 1, 2019	-	-	-	(8.7)	(8.7)
Reversal of deferred rent	(1.4)	-	(1.4)	-	(1.4)
Amortisation, depreciation and impairment	(102.8)	(11.0)	(113.8)	(0.9)	(114.7)
Expirations and early terminations	3.9	-	3.9	-	3.9
Other (foreign exchange difference)	(0.2)		(0.2)	(0.3)	(0.5)
AS OF DECEMBER 31, 2019	**(100.6)**	**(11.0)**	**(111.5)**	**(9.9)**	**(121.4)**
NET WORTH AT DECEMBER 31, 2019	**409.4**	**64.5**	**473.9**	**120.5**	**594.4**

5.3.2 Lease payments

Lease payments break down as follows:

(In millions of euros)	12/31/2019	12/31/2020
Lease payments at more than one year[1]	402.5	319.7
Lease payments at less than one year	101.8	100.4
TOTAL	**504.2**	**420.1**

(1) of which €98.2 million due in more than five years at December 31, 2020.

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

(In millions of euros)	Stores	Offices and warehouses	Total
At January 1, 2020	**438.4**	**65.8**	**504.2**
Arrangement of new leases	95.7	2.5	98.3
Reimbursement of the nominal	(102.8)	(10.7)	(113.5)
Changes in incurred interests	0.2	0.3	0.5
Expiries and early termination of leases	(57.3)	(4.7)	(62.5)
Other (including foreign exchange difference)	(6.6)	(0.6)	(7.3)
AS OF DECEMBER 31, 2020	**367.6**	**52.6**	**420.1**

The downward revision of the duration of around one hundred leases led the Group to record a decrease in its lease liability of €48.1 million. The amount of rent paid in the 2020 fiscal year is €125.6 million (see Section 1.4). It was €112.2 million in 2019.

(In millions of euros)	Stores	Offices and warehouses	Total
At January 1, 2020	**375.7**	**56.2**	**431.9**
Entry of scope	17.8	-	17.8
Arrangement of new leases	138.0	19.2	157.3
Reimbursement of the nominal	(88.2)	(9.7)	(97.9)
Changes in incurred interests	0.8	0.1	0.9
Expiries and early termination of leases	(7.2)	-	(7.2)
Others (including currency difference)	1.4	-	1.4
AS OF DECEMBER 31, 2019	**438.4**	**65.8**	**504.2**

5.4 IMPAIRMENT TESTS

Basic principles

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

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

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

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

If the cash flows generated by a given asset cannot be estimated independently from the cash flows generated by other assets, the Group must identify the cash-generating unit (CGU) to which the asset belongs and with which the future cash flows – calculated objectively and generated independently of the cash flows generated by other assets – can be associated. Cash-generating units were identified based on the Group's organisational and operational structure.

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

When the reasons for impairment cease to exist, the book value of the asset or cash-generating unit (except goodwill) is increased to the amount resulting from the estimate of its recoverable amount, not to exceed the carrying amount that would have been reported had the impairment loss not been recognised. Impairment losses are reversed through the income statement.

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

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

Each store is allocated to a given 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 CGU, the direct support structure of each brand, and an allocation of head office expenses.

Goodwill is tested at the level of the operating segment in the three goodwill CGU combinations. For each brand, these include the stores assigned to the CGU and the relevant direct corporate brand support organisation, as well as a percentage of corporate costs.

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

Goodwill is not amortised but is tested for impairment at least annually and whenever there is an indication that it may be impaired. Indications that goodwill may be impaired include material adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives made at the time of acquisition.

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

Impairment losses in respect of goodwill may not be reversed.

Judgments and estimates

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

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

5.4.1 Points of sale test

The Group defines its directly owned outlets as CGUs, *i.e.* the smallest group of assets (including right-of-use assets, property, plant and equipment, intangible assets and the allocation of the brand attached to the point of sale) that can individually generate cash flows. A test of the points of sale must be carried out in the event of evidence of impairment, which was the case for the entire portfolio in 2020 due to the health situation.

The recoverable amount of each of these points of sale is determined using the free cash flow method (DCF). These DCFs are based on the Budget by point of sale and the Business Plan by CGU combination and CGU (over the duration of the contract), approved by the Executive Committee and approved by the Board of Directors, and are used to calculate the value in use at the reporting date. The growth rates used are those used by management for the Business Plan and take into account both the post-pandemic catch-up effects and the growth

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prospects specific to each brand and/or market (Sandro Europe, Maje Europe, Claudie Pierlot Europe, De Fursac, APAC, North America). At the end of their useful life, points of sale are considered closed and non-depreciated assets, such as leasehold rights in France and stocks, sold. To calculate the value in use, future cash flows are discounted using a weighted average cost of capital (WACC) of between 1.71% and 10% , which depend on the location and duration of the contract. When this value in use is lower than the carrying amount of the assets constituting the CGU, an impairment loss is recorded in the financial statements and allocated by default, for the sake of simplification, to the right of use.

Management has identified and recognised a loss of value of the right-of-use assets in the amount of €27.8 million as at December 31, 2020. 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.

5.4.2 Goodwill test

Once the points of sale test had been carried out, an impairment test was carried out on the CGU combinations corresponding to the Group's three operating segments: Sandro, Maje and Other Brands (cf 3.2.1).

This impairment test is part of a context in which the Covid-19 pandemic significantly disrupted commercial operations, leading to a significant decrease in the Group's sales and current operating income in 2020.

As part of the preparation of its annual strategic plan, the Group reviewed the business outlook of its various segments, taking into account the expected impacts of this situation. This strategic plan serves as the basis for the impairment test carried out on each of the Group's CGUs at December 31, 2020. It compares the carrying amount of the CGU 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 this CGU.

The value in use of the SMCP Group is now assessed on the basis of DCFs resulting from an eight-year business plan instead of five years previously. This eight-year period is considered the most relevant to take into account the international development potential of the brands and in particular the expected effect of structuring projects launched by the Group, as the Group's growth trajectory has been disrupted by Covid: for example, awareness campaigns for our brands, the entry of brands into new countries that may arise during the plan, the prioritisation of the continued rapid development of our presence in China and in certain European countries, and the development of infrastructure projects for the Group allowing productivity gains (deployment of Oracle Finance, Paloma project on the architecture of inventory management tools, evolution of our retail ERP). These projects, spread over the duration of the plan, often require several years of deployment and an additional period of change management to achieve the expected return on investment. The Group's business is not yet mature, and the continuation of these investments will enable it to reach a "plateau" beyond five years. The Group expects a return to a level of profitability comparable to that of 2019 in 2023.

The Group has used a discount rate of 10% (2019: 9% for the brands acquired in 2016 and 10% for De Fursac), and a long-term growth rate of 2% for all of these business combinations (2019: 2% for the brands acquired in 2016 and 3% for De Fursac). As the brands are in the same accessible luxury segment, the rate is identical. The Group has chosen to aim for an average annual number of point of sale openings of between 30 and 50 from 2022. Of the Group's three business segments, two have intangible assets with a book value close to their recoverable amount (Sandro and Other Brands). The amount of these intangible assets at December 31, 2020, as well as the impairment amount that would result from a 1 point change in the discount rate after taxes, or a 1 point change in the growth rate beyond the duration of the plans, or a 2 point decrease in average compound sales growth over the duration of the plan compared with rates applied at December 31, 2020 are detailed below:

(In millions of euros)	Book value of assets in CGU combination affected at 12/31/2020	1% increase in the discount rate after taxes	1% decrease in the growth rate beyond the duration of the plans	Average cumulative sales growth rate decreased by 2%	Cumulative average EBIT rate decreased by 2%
Sandro	704.6	-	-	-	
Maje	506.8	-	-	-	
Other Brands	199.0	(4.7)	-	(9.1)	(20.1)
TOTAL	**1,410.4**	**(4.7)**	**-**	**(9.1)**	**(20.1)**

Sensitivity to changes in the discount rate

The book value of the Sandro CGU combination would be higher than the recoverable amount if the discount rate were to increase by more than 1,295 basis points.

The book value of the Maje CGU combination would be higher than the recoverable amount if the discount rate increased by more than 3,665 basis points.

Sensitivity to perpetual growth rate variations

The book value of the Sandro CGU combination would be higher than the recoverable amount if the perpetual growth rate were to decline by more than 2,535 basis points.

The book value of the Maje CGU combination would be higher than the recoverable amount if the perpetual growth rate were to decrease by more than 9,400 basis points.

The book value of the Other Brands CGU combination would be higher than the recoverable amount if the perpetual growth rate were to decrease by more than 1,420 basis points.

Sensitivity to sales variation rates

The book value of the Sandro CGU combination would be higher than the recoverable amount if the rate of change in sales were to decrease by more than 3,030 basis points.

The book value of the Maje CGU combination would be higher than the recoverable amount if the rate of change in sales were to decrease by more than 7,430 basis points.

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

5.5 FINANCIAL ASSETS

Financial assets amounted to €19.6 million at December 31, 2020 and correspond mainly to loans and guarantees.

5.6 INVENTORIES

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

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

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

At each balance sheet date (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.

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

	12/31/2020		
(In millions of euros)	Gross value	Impairment	Carrying amount
Raw materials and other supplies	32.4	(6.0)	26.4
Finished products	215.3	(18.8)	196.5
TOTAL INVENTORIES	**247.7**	**(24.8)**	**222.9**

	12/31/2019		
(In millions of euros)	Gross value	Impairment	Carrying amount
Raw materials and other supplies	37.5	(4.8)	32.7
Finished products	233.0	(17.8)	215.2
TOTAL INVENTORIES	**270.5**	**(22.6)**	**247.9**

The allowance for impairment of inventories reflects the technical and stylistic obsolescence of the Group's inventories at December 31, 2020.

This depreciation also takes into account the longer turnaround times of stocks and the reduced prospects for the sale of seasonal products related to the Covid-19 pandemic (impact of €2.6 million).

(In millions of euros)	12/31/2020
Cumulative impairment at the beginning of the period	**(22.6)**
Impairment	(31.0)
Reversals	28.6
Foreign exchange differences	0.2
CUMULATIVE IMPAIRMENT AT THE END OF THE PERIOD	**(24.8)**

(In millions of euros)	12/31/2019
Cumulative impairment at the beginning of the period	**(12.0)**
Impairment	(30.3)
Reversals	19.8
Foreign exchange differences	(0.1)
CUMULATIVE IMPAIRMENT AT THE END OF THE PERIOD	**(22.6)**

5.7 TRADE RECEIVABLES AND RELATED ACCOUNTS

Trade 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 carrying amount of the assets is reduced through an allowance for impairment and the loss is recorded in the income statement under other operating income and expenses. Non-recoverable receivables are written off to income and the relevant provisions reversed.

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

Judgments and estimates

Allowances for doubtful receivables represent 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)	01/01/2020	Changes in gross value	Impairment	Reversals	Translation adjustment	Changes in scope	12/31/2020
Trade and receivables	58.5	(4.3)	-	-	(0.6)	-	53.6
Provisions for impairment	(0.1)	-	-	-	-	-	(0.1)
TRADE RECEIVABLES, NET	**58.4**	**(4.3)**	**-**	**-**	**(0.6)**	**-**	**53.5**

(In millions of euros)	01/01/2019	Changes in gross value	Impairment	Reversals	Translation adjustment	Changes in scope	12/31/2019
Trade and receivables	51.6	5.4	-	-	0.4	1.1	58.5
Provisions for impairment	(0.2)	-	-	0.1	-	-	(0.1)
TRADE RECEIVABLES, NET	**51.4**	**5.4**	**-**	**0.1**	**0.4**	**1.1**	**58.4**

Amounts owed by department stores are paid at 10 days. Amounts owed by local partners are paid between 30 and 45 days. Bank guarantees are set up where appropriate.

5.8 OTHER RECEIVABLES

Other receivables, for a total amount of €56.3 million at December 31, 2020, mainly include prepaid expenses of €19.8 million, advances and prepayments paid to suppliers for €16.1 million, tax receivables for €5.9 million, notably the value added tax recoverable by the Group from the tax authorities of the countries in which it operates, as well as €3.0 million of corporate tax receivables, mainly in France and Italy.

5.9 CASH AND CASH EQUIVALENTS

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

Financial investments pledged as collateral are recorded as non-current financial assets.

As of December 31, 2020, the Group's cash position net of current bank overdrafts amounted to €124.5 million:

(In millions of euros)	12/31/2019	12/31/2020
Cash and cash equivalents	52.3	127.1
Current bank overdrafts	(3.0)	(2.6)
CASH NET OF CURRENT BANK OVERDRAFTS	**49.3**	**124.5**

5.10 EQUITY

5.10.1 Share capital

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

At December 31, 2020, the Company's fully subscribed and paid-up share capital amounted to €82,687,319 and broke down as follows:

- 74,117,760 fully-paid up common shares with a nominal value of one euro and ten cents (€1.10);
- 1,052,530 class G shares preferred shares which are the preferred shares within the meaning of Articles L. 228-11 *et seq.* of the French Commercial Code and with a nominal value of one euro and ten cents (€1.10).

At December 31, 2020, Ruyi International Fashion (China) Limited indirectly held 53.4% of the share capital of SMCP SA, through its subsidiary European TopSoho S.à r.l.

	12/31/2020			
Shareholders	**Ordinary shares**	**Class G preferred shares**	**Composition of share capital** *(in €)*	**% share capital**
European TopSoho	40,135,102	-	44,148,612.20	53.4%
Senior Management	4,052,680	915,471	5,464,966.10	6.6%
Treasury shares	158,991	-	174,890.10	0.2%
Free float	29,770,987	137,059	32,898,850.60	39.8%
TOTAL SHARE CAPITAL	**74,117,760**	**1,052,530**	**82,687,319**	**100.0%**

	12/31/2019			
Shareholders	**Ordinary shares**	**Class G preferred shares**	**Composition of share capital** *(in €)*	**% share capital**
European TopSoho	40,135,102	-	44,148,612	53.7%
Senior Management	3,825,895	1,042,176	5,354,878	6.5%
Treasury shares	493,765	-	543,142	0.7%
Free float	29,095,306	155,063	32,175,406	39.1%
TOTAL SHARE CAPITAL	**73,550,068**	**1,197,239**	**82,222,038**	**100.0%**

5.10.2 Rights attached to shares

Voting rights attached to common shares

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

Voting rights attached to class G preferred shares

The 1,052,530 class G preferred shares existing at December 31, 2020 were converted into 4,129,169 common shares as of January 1, 2019. All class G preferred shares that have not been converted will be automatically converted on January 1, 2025. The new ordinary shares issued on conversion of the class G preferred shares will carry the same rights as existing ordinary shares of the same category after the payment, where applicable, of a dividend in respect of the previous fiscal year. At January 1, 2021, 153,039 class G preferred shares were converted into 600,379 common shares.

There were 11 free shares allocation plans at December 31, 2020 (see Note 5.5 "Share-based payments").

5.10.3 Treasury shares

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

The total amount of treasury shares consists on the one hand of shares purchased under the liquidity contract of €2 million (109,184 shares) and on the other hand of shares repurchased under a contract under a contract to deliver the LTIP plan, subscribed on September 6, 2019. On the balance sheet date, SMCP SA had 49,807 additional shares for a total of €0.7 million.

5.11 FINANCIAL LIABILITIES

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

(In millions of euros)	12/31/2019	12/31/2020
Cash and cash equivalents	52.3	127.1
Current bank overdrafts	(3.0)	(2.6)
Cash net of current bank overdrafts	**49.3**	**124.5**
Short-term borrowings and debt	-	(39.9)
Bank borrowings	(435.3)	(465.4)
Other loans and borrowings	(0.2)	(0.3)
Accrued interest on bonds	(1.2)	(1.7)
OPERATING NET DEBT	**(387.4)**	**(382.8)**

In order to strengthen its financial flexibility in the context of the Covid-19 crisis, the Group has obtained from its banking partners a suspension of financial covenants related to the Credit Facility, the Bridge and the state-guaranteed loan for the 2020 fiscal year, as well as an easing of its financial covenants for the 2021 fiscal year (leverage of debt of 4.5x at June 30, 2021 and 4x at December 31, 2021).

5.11.1 The Credit Term Loan Agreement and Revolving Credit Facility – €465 million

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

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

The Revolving Credit is a revolving credit of €200 million expiring in May 2024. A €50 million instalment known as a "swingline" allows withdrawals in day value. In order to anticipate possible cash flow requirements due to the Covid-19 crisis, the Revolving Credit was drawn down in the amount of €200 million on March 19, 2020 and then repaid in the amount of €150 million on September 21, 2020 and €50 million on October 21, 2020. It had not been drawn down as of the closing date.

5.11.2 The NEU CP program – €200 million

The NEU CP is a euro-denominated commercial paper program filed with the Banque de France, with a maximum utilisation amount of €200 million. The aim is to optimise the cost of the Group's debt and to diversify its sources of financing. The first emission occurred on June 20, 2019 for an amount of €33.9 million. At the closing of the 2020 fiscal year, the issued amount was €55 million.

5.11.3 The State Guaranteed Loan (PGE) – €140 million

The Loan Guaranteed by the State is a loan of €140 million fully drawn on the date of signature, on June 23, 2020. This loan, which is 90% guaranteed by the French State, has an initial maturity of 12 months and has an extension option ranging from one to five years. In April 2021, SMCP exercised this extension option until June 26, 2026.

5.11.4 Bridge Term loan

The Bridge Term loan is a €40 million loan fully drawn at the first drawdown on September 5, 2019. The loan has a term of 12 months plus an option to extend by 6 months exercised on July 4, 2020, bringing the term of the loan to March 5, 2021. At the closing of the 2020 fiscal year, €40 million had been drawn.

5.11.5 De Fursac's debt

At December 31, 2020, De Fursac's bank borrowings amounted to €9.7 million, consisting of two types of medium-term loans with maturities of 3 to 5 years: (i) a line of credit for network development investments, contracted with French commercial banks with €7.1 million outstanding, and (ii) a line of credit for brand growth contracted with BPI in the amount of €2.6 million.

5.11.6 Interest and fees

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

The table below sets out the margin, ratcheted as a function of the leverage ratio (total net debt/Group consolidated EBITDA):

Leverage ratio (Total net debt/consolidated EBITDA before IFRS 16)	TLA margin	RCF margin
> 4-0x	2.90%	2.50%
< 4.0x and ≥ 3.5x	2.75%	2.35%
< 3.5x and ≥ 3.0x	2.60%	2.20%
< 3.0x and ≥ 2.5x	2.45%	2.05%
< 2.5x and ≥ 2.0x	2.30%	1.90%
< 2.0x and ≥ 1.5x	2.15%	1.75%
< 1.5x and ≥ 1.0x	2.00%	1.60%
< 1.0x	1.85%	1.45%

The applicable margin at the balance sheet date was 2.90% p.a. for the Term Loan A and 2.50% p.a. for the Revolving Credit.

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

The State-guaranteed loan does not bear interest the first year. The Group is required to pay the costs relating to the State guarantee in the amount of 0.50% per year over the first year.

If the extension option is exercised, the applicable margin will be communicated by lenders when the option is exercised and the costs relating to the State guarantee will be 1% per year in years 2 and 3 and then 2% per year for the following years.

The Bridge Term Loan also bears interest at a EURIBOR-indexed floating rate with a minimum of 0% increased by the applicable margin. At December 31, 2020, the applicable margin was 4.00% per year.

In the context of its NEU CP issue, the Group is responsible for determining an issue price which shall be a function of demand and supply on this market and the maturity of the issued securities. At the closing of the 2020 fiscal year, the Group reported an average rate of 0.26% per year for all issues made in 2020.

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5.12 CURRENT AND NON-CURRENT PROVISIONS

Basic principles

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

Judgments and estimates

The main estimates and judgments 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)	01/01/2020	Additions	Reversals (utilised provisions)	Reversals N/A	Other comprehensive income/(loss)	Foreign exchange differences	12/31/2020
Provision for risk and charges	3.8	3.1	(4.1)	-	-	1.2	4.0
Provisions for pension liabilities	3.9	1.0	(0.1)	-	(0.3)	-	4.5
TOTAL NON-CURRENT PROVISIONS	**7.7**	**4.1**	**(4.2)**	**-**	**(0.3)**	**1.2**	**8.5**
Provisions for disputes	0.7	0.7	(0.2)	(0.1)	-	-	1.1
TOTAL CURRENT PROVISIONS	**0.7**	**0.7**	**(0.2)**	**(0.1)**	**0.0**	**-**	**1.1**

(In millions of euros)	01/01/2019	Additions	Reversals (utilised provisions)	Reversals N/A	Other comprehensive income/(loss)	Reclassification Current/ Non-Current	12/31/2019
Provision for risk	0.2	4.0	(2.3)	-	0.0	1.9	3.8
Provisions for pension liabilities	3.4	1.0	(0.2)	-	(0.3)	-	3.9
TOTAL NON-CURRENT PROVISIONS	**3.6**	**5.0**	**(2.5)**	**-**	**(0.3)**	**1.9**	**7.7**
Provisions for disputes	1.3	0.2	(0.8)	-	-	-	0.7
Provision for risk	1.9	-	-	-	-	(1.9)	-
TOTAL CURRENT PROVISIONS	**3.2**	**0.2**	**(0.8)**	**-**	**-**	**(1.9)**	**0.7**

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

5.13 EMPLOYEE BENEFITS

Defined contribution plans

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

Defined benefit plans

Pension liabilities are recorded for defined benefit pension plans at the present value of the corresponding pension obligations at the reporting date. The Group's liability for defined benefit pension plans is calculated annually by independent actuaries, using a discount rate determined by reference to the EUR Composite AA curve at November 30, 2020.

The liability reflects the conditions for retirement under the collective bargaining agreement and the employees' seniority, since it is calculated based on the date of their potential retirement. The liability takes into account the probability of the employee leaving the Company and being entitled to a full-rate pension. All such costs, including social security taxes, are accrued and systematically taken to income over the working life of the employees. The provision for retirement indemnities includes retirement indemnities due under the collective bargaining agreements, which are specific to the French pension system. The Group has no liabilities of this nature related to its employees outside of France. The provision is estimated on an actuarial basis using the projected unit credit method (the accrued benefit method pro-rated on service) in accordance with IAS 19 "Employee Benefits".

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

Past service costs are immediately recognised in the income statement.

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

- the rights vested by each employee at the end of each period. The salary revaluation rate (excluding inflation) is estimated at 2.5% for managerial-grade staff and supervisors and 1.5% for blue-collar workers and administrative staff;
- the probability of each employee being with the Group at retirement (and being entitled to a full-rate pension);
- the probability of termination of the employment contract by the employee;
- an inflation rate of 1% and a discount rate scale up to 0.29% at 15 years;
- top management is not eligible for pension benefits.

(In millions of euros)	12/31/2019	12/31/2020
Projected benefit obligation at the beginning of the period	**3.4**	**3.9**
Current service cost	0.7	0.8
Estimated interest cost	0.1	0.1
Other comprehensive income/(loss)	(0.2)	(0.3)
Projected benefit obligation on the balance sheet date	**3.9**	**4.5**
Liability recognised on the statement of financial position	**3.9**	**4.5**
Service cost	**0.7**	**0.8**
Current service cost	0.7	0.8
Net interest cost	**0.1**	**0.1**
Interest cost	0.1	0.1
Net cost for the period	**0.8**	**0.9**

5.14 TRADE AND OTHER PAYABLES

Trade payables, amounting to €128.7 million as of December 31, 2020, include in particular payables related to acquisitions of fixed assets.

5.15 OTHER LIABILITIES

Other liabilities amounted to €65.2 million at December 31, 2020 and were mainly composed of taxes, duties and other payroll-related liabilities totalling €41.3 million, advances and prepayments from customers for €14.4 million.

5.16 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value measurement

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

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

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

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

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

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

In "Non-current financial assets" (Note 5.5), the Group measures assets pledged as collateral at fair value at the end of each reporting period (Level 1 of the fair value hierarchy).

The fair value of derivative financial instruments recognised at December 31, 2020 was determined using Level 2 of the fair value hierarchy.

Fair value hedge:

Changes in the fair value of assets and liabilities that are designated as hedged items are recognised as PL and offset changes in the value of the derivative instruments allocated to the underlying asset. The time value of a purchased option and the forward (premium/discount) component of futures contracts are assimilated as a "cost" linked to the hedge. As such, the change in the time value of options and the change in the premium/discount of forward transactions are recorded in equity over the life of the transactions and recycled to income or loss on a symmetrical basis with the hedged item.

Cash flow hedge:

The effective portion of changes in the value of the derivative is recognised as other comprehensive income and recycled to income or loss on a symmetrical basis with the hedged item. The time value of a purchased option and the forward (premium/discount) component of futures contracts are assimilated as a "cost" linked to the hedge. As such, the change in the time value of options and the change in the premium/discount of forward transactions are recorded in equity over the life of the transactions and recycled to income or loss on a symmetrical basis with the hedged item. The ineffective portion is recognised immediately in profit or loss.

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

(In millions of euros)	Notes		Fair value hierarchy	12/31/2019 Carrying amount	12/31/2019 Fair value	12/31/2020 Carrying amount	12/31/2020 Fair value
Liquidity agreement		FV OCI	1	0.4	0.4	-	-
Pledged assets[2]		FV PL	1	0.3	0.3	-	-
Loans and receivables		L&R	[1]	21.5	21.5	19.6	19.6
Non-current financial assets	**5.5**			**22.1**	**22.1**	**19.6**	**19.6**
Trade and receivables	**5.7**	**L&R**	**[1]**	**58.4**	**58.4**	**53.5**	**53.5**
Derivative instruments eligible for hedge accounting[3]		**FV OCI FV PL**	**2**	**1.2**	**1.2**	**2.0**	**2.0**
Cash and cash equivalents	**5.9**	**L&R**	**[1]**	**52.3**	**52.3**	**127.1**	**127.1**
Term Loan		Amortized costs	[1]	260.9	265.0	262.1	265.0
Bridge		Amortized costs	[1]	39.3	40.0	39.9	40.0
NEU CP		Amortized costs	[1]	128.0	128.5	54.7	55.0
State-guaranteed loan		Amortized costs	[1]	-	-	138.9	140.0
Medium-term borrowing		Amortized costs	[1]	7.1	7.1	9.7	9.7
Deposits and sureties received		Amortized costs	[1]	0.2	0.2	0.3	0.3
Accrued interest on borrowings		Amortized costs	[1]	1.2	1.2	1.7	1.7
Long-term financial borrowings	**5.11**			**436.7**	**442.0**	**507.3**	**511.7**
Trade and other payables	**5.14**	**Amortized costs**	**[1]**	**144.0**	**144.0**	**128.7**	**128.7**
Current bank overdrafts	**5.9**	**Amortized costs**	**[1]**	**3.0**	**3.0**	**2.6**	**2.6**
Derivative instruments eligible for hedge accounting[3]		**FV OCI FV PL**	**2**	**3.1**	**3.1**	**0.8**	**0.8**

(1) Fair value is not provided since the net book value represents a reasonable estimate of their fair value.
(2) Refers to pledged mutual funds whose fair value is disclosed by the issuing bank.
(3) These are forward contracts or options intended to hedge foreign currency-denominated cash flows.
The application of IFRS 9 has broadened the scope of financial instruments eligible for hedge accounting. Below are the Group's accounting rules for hedge accounting under IAS 39 and IFRS 9:

Hedge type	Type of impact of IAS 39	Type of impact of IFRS 9
CFH	OCI impacts	OCI impacts
FVH total	P&L impacts	P&L impacts
CFH	P&L impacts	OCI impacts
Trading	P&L impacts	P&L impacts

At December 31, 2020, 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).

5.17 FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

5.17.1 Organisation of foreign exchange, interest rate and market risk management

Financial instruments are mainly used by the Group to hedge risks arising from its business activities and to protect its assets.

Foreign exchange and interest rate risk along with financial instruments are managed on a centralised basis.

The Group has implemented a strict policy and rigorous guidelines to manage, assess and monitor these market risks.

5.17.2 Foreign exchange risk

A significant portion of the Group's sales (43% during the period ended December 31, 2020) is generated in foreign currencies, notably pound sterling, Chinese yuan, Swiss franc and U.S. dollars. A portion of its cost of sales is also denominated in other currencies, particularly purchases denominated in US dollars or Chinese yuan from its Asian suppliers. Some assets are also recorded in foreign currencies on the Group's balance sheet.

The Group is therefore exposed to changes in these currencies, as its reporting currency is the euro.

However, the Group has cash pooling and centralised foreign exchange risk management arrangements designed to limit its foreign exchange exposure and the related hedging costs by matching as far as possible proceeds from sales made in US dollars with purchases made in the same currency with suppliers and private label manufacturers in Asia. This helps reduce the sensitivity of its net margin to foreign exchange risk. For other currencies, the Group's policy is to translate all excess cash not needed to fund future growth into the presentation currency (euros) at the end of each month, in order to reduce the Group's sensitivity to these other exposures as far as possible.

For this purpose, the Group anticipates its cash surpluses and hedges any highly-probable future cash flows using forward rate agreements or plain vanilla options as part of a prudent risk management policy. The Group also hedges its current accounts in foreign currency used to fund its subsidiaries' foreign currency investments. It does this by means of swaps that hedge the full amount of its subsidiaries' short-term commitments. However, the Group is still exposed to foreign exchange risk due to investments in countries with a currency other than the presentation currency (stores and leasehold rights in the United States, United Kingdom, etc.) and for which it does not seek refinancing in the currency concerned.

5.17.3 Interest rate risk

The Group is exposed to a risk of fluctuation in interest rates given that the interest rates on some of its debt are indexed to the Euro Interbank Offered Rate (EURIBOR), plus a margin. EURIBOR or LIBOR may increase significantly in the future, resulting in additional interest for the Group, reducing the cash flow for investments and limiting its ability to service its debt. As of December 31, 2020, the Group's outstanding floating-rate debt was €445 million and the Group's outstanding fixed-rate debt was €65 million, including accrued interest. The Group may have to set up appropriate hedging instruments in line with the fixed rate/floating rate allocation objectives. To date and with respect to key interest rates and anticipations of interest rate hikes, the Group has not set up such instruments. The table below presents the breakdown of fixed/floating rate date as of December 31, 2020:

(In millions of euros)	12/31/2020	
Floating-rate debt	**445.0**	**87%**
Amortisable term loans (ATL & PGE)	405.0	79%
Used facilities (RCF)	-	0%
Bridge Term Loan	40.0	8%
Fixed-rate debt	**64.7**	**13%**
Short-term negotiable securities (NEU CP)	55.0	11%
Other bank borrowings	9.7	2%
TOTAL	**509.7**	**100%**

5.17.4 Sensitivity to interest rate risk

Based on the Group's financial commitments at December 31, 2020, a 0.5% rise in interest rates would have had a negative impact of €2.5 million.

5.17.5 Derivatives used to manage foreign exchange risk

Foreign currency transactions

Transactions carried out by consolidated companies in a currency other than their functional currencies are translated at the exchange rate prevailing at the transaction date.

Trade receivables, trade payables and liabilities denominated in currencies other than the entities' functional currencies are translated at the applicable exchange rates at the reporting date.

Unrealised gains and losses resulting from this translation are recognised:

- as cost of sales in the case of commercial transactions;
- as net financial expense in the case of financial transactions.

Foreign exchange gains and losses arising from the translation of intragroup transactions or receivables and payables denominated in currencies other than the entities' functional currency are recorded in the income statement.

The Group uses financial instruments to reduce its exposure to foreign exchange risks.

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is signed, and are subsequently revalued to fair value, regardless as to whether the derivatives are qualified for hedge accounting under IFRS 9 or not. The recognition of the resulting gains or losses depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group hedges exchange rate risk on recognised assets or liabilities, or highly-probable future transactions (cash flow hedges).

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The fair values of asset and liability derivative instruments at December 31, 2020 are as follows:

(In millions of euros)	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	1.5	(0.5)	1.0
Options	0.6	(0.4)	0.2
TOTAL	**2.1**	**(0.9)**	**1.2**

The fair values of asset and liability derivative financial instruments at December 31, 2019:

(In millions of euros)	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	1.0	(2.3)	(1.3)
Options	0.2	(0.8)	(0.6)
TOTAL	**1.2**	**(3.1)**	**(1.9)**

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, the management objectives and hedging strategy. The Group also documents the efficiency of the hedge in offsetting changes in fair value or cash flows of hedged items from the time of its application and for its full duration.

A significant portion of Group companies' sales to customers and to their own retail subsidiaries as well as some of their purchases are denominated in currencies other than their functional currency.

Hedging instruments are used to reduce the risks arising from currency fluctuations for transactions planned in future periods (cash flow hedges).

Future foreign currency-denominated cash flows are estimated in the budget preparation process and are hedged progressively over average maturity for a collection period rarely exceeding one year. As such, and according to market trends, identified foreign exchange risks are hedged using forward contracts or options.

		USD	GBP	CHF	CNY	CAD	HKD	NOK	SEK	DKK	
Type of impact	**Hedge type**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**Export**	**12/31/2020**
OCI impacts	CFH	0.2	0.1	0.1	(0.1)	0.1	0.4	-	-	-	0.8
OCI impacts	FVH	-	-		(0.1)	-	(0.1)	-	-	-	(0.2)
P&L impacts	FVH	0.2	(0.1)	-	0.1	0.1	0.2	-	-	-	0.5
P&L impacts	Trading	-	0.1	-	-	-		-	-	-	0.1
TOTAL *(IN €M)*		**0.4**	**0.1**	**0.1**	**0.1**	**0.2**	**0.5**	**-**	**-**	**-**	**1.2**
Position *(in million foreign currency)*		47	45	13	388	39	375	3	24	6	

Cash flow hedges are used to hedge purchases and sales of the Group's spring/summer and autumn/winter collections.

Foreign exchange risk sensitivity analysis

An increase (decrease) in the euro against the various currencies at December 31 would have affected the value of the financial instruments denominated in foreign currencies and would have led to an increase (decrease) in equity and profit as indicated in the table below. This analysis was carried out based on currency fluctuations that the Group deemed reasonable at the balance sheet date. For the purposes of this analysis, it was assumed that all other variables and particularly interest rates, remained constant. Impacts on forecast sales and purchases were not taken into account.

12/31/2020	Equity		Income statement	
(In millions of euros)	**Increase**	**Decrease**	**Increase**	**Decrease**
USD (+/-10% change)	(1.0)	1.4	(2.6)	3.0
GBP (+/-10% change)	(2.0)	2.3	(2.6)	2.3
CHF (+/-10% change)	(0.9)	1.0	(0.2)	0.1
HKD (+/-10% change)	(0.4)	1.3	(2.7)	3.1
CNY (+/-10% change)	(4.1)	3.6	(0.5)	0.4
CAD (+/-10% change)	(1.0)	1.1	(1.1)	1.4
DKK (/-10% change)	-	-	(0.1)	0.1
NOK (+/-10% change)	-	-	-	-
SEK (+/-10% change)	-	-	(0.3)	0.2
NET CASH FLOW SENSITIVITY	**(9.4)**	**10.7**	**(10.1)**	**10.6**

An increase (decrease) in the euro against these currencies at December 31 would have affected the presentation of the consolidated financial statements to the extent indicated in the table below (excluding the impact of financial instruments and derivatives above). This analysis was based on the impact of applying the exchange rates in force at the end of the reporting period to the main financial statements denominated in foreign currency of entities within the scope of consolidation at December 31, 2020.

12/31/2020 *(In millions of euros)*	**Equity**		**Income statement**	
	Increase	**Decrease**	**Increase**	**Decrease**
USD (+/-10% change)	(2.0)	2.5	1.2	(1.4)
GBP (+/-10% change)	(0.5)	0.6	0.2	(0.3)
HKD (+/-10% change)	(0.7)	0.8	(0.6)	0.7
CNY (+/-10% change)	(2.7)	3.3	(1.3)	1.6
SENSITIVITY TO EXCHANGE RATE	**(5.9)**	**7.2**	**(0.5)**	**0.6**

5.17.6 Liquidity risk

The Group's exposure to liquidity risk can be assessed in relation to the amount of its short-term borrowings excluding derivatives, net of cash and cash equivalents.

The Group's liquidity depends on the amount of its investments, its capacity to raise long-term borrowings and the quality of its banking relationships (i.e., whether there are any committed credit facilities).

At December 31, 2020, the Group's financial debt was entirely structured around credit lines:

- an amortisable Term Loan A of €265 million and a confirmed and unused revolving credit facility of €200 million. This credit facility was granted in May 2019 and matures in 2024;
- a loan guaranteed by the French State of €140 million granted in June 2020 and maturing in 2026;
- a "NEU CP" (Negotiable EUropean Commercial Paper) commercial paper issuance program drawn down for €55 million out of a possible total of €200 million;
- a bridge term loan of €40 million to finance part of the acquisition of the De Fursac group, for a period of 12 months renewable for an additional six months and expiring in March 2021;
- various medium-term loans with a maturity of three to five years contracted by De Fursac with French commercial banks for an outstanding amount of €9.7 million;
- unconfirmed and unused credit lines for €45.6 million.

The following table presents the contractual repayment schedule of principal and interest (excluding derivatives) at December 31, 2020.

(In millions of euros)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Amortisable term loans (ATL & PGE)	55.0	69.0	69.0	128.0	42.0	42.0	405.0
Used facilities (RCF)	-	-	-	-	-	-	-
Bridge Term Loan	40.0	-	-	-	-	-	40.0
Other bank borrowings	3.1	2.8	1.6	1.0	0.9	0.2	9.7
Bank overdrafts and short-term borrowings and debt	55.0	-	-	-	-	-	55.0
Interest expenses	11.4	11.1	9.7	6.8	3.1	1.0	43.1
TOTAL FINANCIAL LIABILITIES AT DECEMBER 31, 2020	**164.5**	**82.9**	**80.3**	**135.8**	**46.0**	**43.5**	**552.8**

5.17.7 Financial risk

(In millions of euros)	**Accounting value as of December 31, 2020**	**Contractual cash flows**	**< 1 year**	**2 to 5 years**	**> 5 years**
Bank borrowings	**455.3**	**497.8**	**109.5**	**345.1**	**43.2**
Amortisable term loan (ATL & PGE)	401.0	405.0	55.0	308.0	42.0
Bridge loan	39.9	40.0	40.0	-	-
Other bank borrowings	9.7	9.7	3.2	6.3	0.2
Bank overdrafts	2.6	-	-	-	-
Interest expenses	2.0	43.1	11.4	30.7	1.0
Other loans and borrowings	**54.7**	**55.0**	**55.0**	**-**	**-**
Short-term negotiable securities (NEU CP)	54.7	55.0	55.0	-	-
FINANCIAL LIABILITIES	**510.0**	**552.8**	**164.5**	**345.1**	**43.2**

5.17.8 Credit risk

The Group has a low credit risk. SMCP's goods are sold through various distribution channels:

- a large part of its business is retail for which customers pay cash;
- affiliates are billed once or twice per month and pay within a few days. The Group has bank guarantees for each of its affiliates;
- department store partners are billed once a month and payment is made ten days later;
- local partners, or "wholesale/partnered retail" (outside France) pay within thirty to forty-five days except if the local partners are located in a country considered at risk, in that case the local partners pay before the delivery of the goods.

Note 6 Off-balance sheet commitments

6.1 COMMITMENTS RECEIVED

(In millions of euros)	12/31/2019	12/31/2020
Sureties	2.6	-
Undrawn credit lines	75.6	145.0
Guarantee commitments		3.1
COMMITMENTS RECEIVED	**78.3**	**148.1**

At December 31, 2020, the Group has the possibility of drawing down €145.0 million from the NEU CP programme in addition to the €55.0 million already drawn down. Guarantee commitments are made up of guarantees received from subsidiaries for an amount of €2.4 million, and guarantees from partners for an amount of €0.7 million.

6.2 COMMITMENTS GIVEN

(In millions of euros)	12/31/2019	12/31/2020
Sureties	-	0.4
Letters of credit	7.2	3.6
Guarantee commitments	29.5	425.3
COMMITMENTS GIVEN	**36.6**	**29.3**

At December 31, 2020, the guarantee commitments consist of bank guarantees for €25.3 million.

Note 7 Other information

7.1 WORKFORCE

The table below shows the breakdown of Group employees by geographical area:

	Operational headcoun t[(1)]		Average operational workforce in full -time equivalent[(2)]	
	12/31/2019	12/31/2020	12/31/2019	12/31/2020
France	2,712	2,659	2,508	2,211
Europe (excluding France)	1,777	1,516	1,661	1,188
America	865	558	810	399
Asia	1,324	1,315	1,223	1,315
TOTAL HEADCOUNT	**6,678**	**5,748**	**6,202**	**5,113**

(1) The Group's operational headcount includes employees of Group companies on permanent or temporary contracts included on the payroll at December 31, regardless of their working hours. This includes employees on maternity or adoption leave, employees seconded to another Group entity and employees on sabbatical leave (more than six months) who have been replaced. It excludes subcontractors, temporary staff, interns, apprentices and those on work-study contracts, employees seconded to a company outside the Group and employees on sabbatical leave (more than six months) who have not been replaced. The consolidation of De Fursac had an impact of 204 people.
(2) The average number of full-time equivalent (FTE) operational employees corresponds to the operational headcount at the end of each month of the period, adjusted to reflect the number of part-time employees using the individual attendance rate, as well as employees present for only part of the period, divided by the number of months of the period concerned. The consolidation of De Fursac had an impact of 66 people on the last four months of the fiscal year.

7.2 FEES TO STATUTORY AUDITORS

Fees to Statutory Auditors for the consolidated financial statements of SMCP SA and its subsidiaries for the fiscal year ended December 31, 2020:

	KPMG SA		DELOITTE & associés	
	(In millions of euros)	%	*(In millions of euros)*	%
Certification of accounts				
Issuer	0.6	86%	0.4	57%
Fully consolidated subsidiaries	0.1	14%	0.3	43%
Sub-total	**0.7**	**100%**	**0.7**	**100%**
Services other than the certification of accounts				
Issuer				
Fully consolidated subsidiaries	-	0%	-	0%
Sub-total	**-**	**0%**	**-**	**0%**
TOTAL	**0.7**	**100%**	**0.7**	**100%**

7.3 TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 "Related Party Disclosures", a related party is a person or entity that is related to the entity preparing its financial statements.

This may be any of the following:

- a person or company that has control over the Group;
- an associated company of the Group;
- a joint venture;
- an important member of the Company's management team (or a member of his/her family) or someone with a sensitive position.

A transaction with a related party involves a transfer of goods, services or commitments between the Group and the related party.

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The Group's related party transactions include:

- transactions with a company that controls the Group or with associated companies;
- transactions with key members of the Group's management and supervisory bodies (or close members of their families).

7.3.1 Transactions with companies that control the Group or with associated companies

None.

7.3.2 Transactions with members of the Group's management and supervisory bodies

a) Transactions with members of the Group's management and supervisory bodies or their families or close friends

Certain members of the Group's management or supervisory bodies and their families or close friends are also members of other companies which they control or over which they have significant influence. Some of these companies recorded transactions with the Group at December 31, 2020 and 2019 as shown below:

(In millions of euros)	Executive management services	Rental charges	Affiliation agreements
Evelyne Chétrite SASU, managed by Evelyne Chétrite	1.3		
Judith Milgrom SASU, managed by Judith Milgrom	1.5		
SCI MAJ, managed by Judith Milgrom and her brother Alain Moyal		0.1	
LEV company managed by Lévana Gampel, daughter of Judith Milgrom			0.6
Total for the period	**2.8**	**0.1**	**0.6**
TOTAL TRANSACTIONS FOR THE PERIOD		**3.5**	

The Group has also negotiated severance packages with some of its managers to be paid if they leave the Group. The total amount of commitments in respect of services amounted to €3.8 million as of December 31, 2020.

(In millions of euros)	Executive management services	Rental charges	Affiliation agreements
Evelyne Chétrite SASU, managed by Evelyne Chétrite	0.8		
Judith Milgrom SASU, managed by Judith Milgrom	0.9		
SCI MAJ, managed by Judith Milgrom and her brother Alain Moyal		0.4	
LEV company managed by Lévana Gampel, daughter of Judith Milgrom			1.0
Total for the period	**1.7**	**0.4**	**1.0**
TOTAL TRANSACTIONS FOR THE PERIOD		**3.1**	

The Group has also negotiated severance packages with some of its managers to be paid if they leave the Group. Total commitments for services represented €5.0 million at December 31, 2019.

b) Executive compensation

Total compensation recognised in respect of members of the Executive Committee and Board of Directors in respect of their functions within the Group, breaks down as follows:

The provision for retirement indemnities related to Group's managers is presented as follows:

(In millions of euros)	12/31/2019	12/31/2020
Gross fixed salary	4.7	5.4
Variable salary	0.2	1.2
Social security charges	1.6	1.6
Directors' compensation	0.2	0.2
Free shares	6.7	5.9
TOTAL	**13.4**	**14.3**
Retirement indemnities	**0.3**	**0.2**

7.4 SCOPE OF CONSOLIDATION

The table below shows the scope of consolidation at December 31, 2020:

	12/31/2019		12/31/2020	
Companies	% interest*	Consolidation method	% interest*	Consolidation method
SMCP SA	**100.00%**	**Parent company**	**100.00%**	**Parent company**
SMCP GROUP SAS	100.00%	FC	100.00%	FC
SMCP HOLDING SAS	100.00%	FC	100.00%	FC
SMCP LOGISTIQUE	100.00%	FC	100.00%	FC
SANDRO ANDY	100.00%	FC	100.00%	FC
SMCP BELGIQUE	100.00%	FC	100.00%	FC
SMCP DEUTSCHLAND	100.00%	FC	100.00%	FC
PAP SANDRO ESPANA	100.00%	FC	100.00%	FC
SMCP ITALIA	100.00%	FC	100.00%	FC
SMCP UK	100.00%	FC	100.00%	FC
SANDRO SUISSE	100.00%	FC	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 GERMANY	100.00%	FC	100.00%	FC
MAJE SPAIN	100.00%	FC	100.00%	FC
MAJE STORES	100.00%	FC	100.00%	FC
MAJE SUISSE	100.00%	FC	100.00%	FC
MAJBEL	100.00%	FC	100.00%	FC
CLAUDIE PIERLOT	100.00%	FC	100.00%	FC
CLAUDIE PIERLOT SUISSE	100.00%	FC	100.00%	FC
341 SMCP	100.00%	FC	100.00%	FC
SMCP USA	100.00%	FC	100.00%	FC
SMCP USA Retail East, Inc.	100.00%	FC	100.00%	FC
SMCP USA Retail West, Inc.	100.00%	FC	100.00%	FC
SMCP CANADA	100.00%	FC	100.00%	FC
SMCP ASIA	100.00%	FC	100.00%	FC
SMCP SHANGHAI TRADING CO.	100.00%	FC	100.00%	FC
SMCP NETHERLANDS	100.00%	FC	100.00%	FC
SMS	100.00%	FC	100.00%	FC
SMCP HONG-KONG	100.00%	FC	100.00%	FC
SMCP FASHION SINGAPORE PTE	100.00%	FC	100.00%	FC
AZ RETAIL	100.00%	FC	100.00%	FC
SMCP DENMARK	100.00%	FC	100.00%	FC
SMCP NORWAY	100.00%	FC	100.00%	FC
SMCP MACAU	100.00%	FC	100.00%	FC
SMCP SWEDEN	100.00%	FC	100.00%	FC
SMCP PORTUGAL	100.00%	FC	100.00%	FC
SMCP TAIWAN	100.00%	FC	100.00%	FC
SMCP JAPAN	100.00%	FC	100.00%	FC
SMCP MALAYSIA	100.00%	FC	100.00%	FC
DE FURSAC FINANCE SAS	100.00%	FC	100.00%	FC
BERCO FINANCE SAS	100.00%	FC	100.00%	NC
DE FURSAC SA	99.97%	FC	99.97%	FC
CHAJACOB SA	99.97%	FC	99.97%	NC
DE FURSAC SUISSE SA	99.97%	FC	99.97%	FC

* Percentage stake is identical to percentage ownership.
Abbreviations used: FC = Full consolidation. "NC" – Not Consolidated.

7.5 SUBSEQUENT EVENTS

7.5.1 Conversion of class G preferred shares

As of January 1, 2021, 153,039 class G preferred shares had been converted into common shares by 9 managers of the Company. Consequently, 600,379 new common shares were issued and the Company's bylaws were modified accordingly.

7.5.2 SMCP share buyback programme

On February 4, 2021, the Group launched a buyback plan for SMCP shares for a maximum amount of 415,000 shares in order to cover its free share award plan. Under this programme, as of April 2, 2021, SMCP SA had repurchased 415,000 shares.

7.5.3. Capital increase

On March 31, and April 17, 2021, the Company delivered 508,727 shares in the Company to beneficiaries of the bonus share plan, 49,807 of which are from shares re-purchased as part of a share buyback programme from 2019, 378,910 from the 415,000 shares re-purchased as part of the 2021 programme and 80,010 from a capital increase. The share capital now comprises 75,697,640 shares consisting of 74,798,149 ordinary shares and 899,491 class G preferred shares and amounts to €83,267,404.00.

7.5.4 Shareholders

On January 6, 2021, SMCP took note of the of threshold crossing declaration published with the French Financial Markets Authority *(Autorité des Marchés Financiers)* by GLAS, in its capacity as Trustee for the bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l., main shareholder of SMCP. In the context of this declaration, GLAS indicated that there had been a notification of default concerning the guarantor on this bond, and therefore that it was now entitled to instruct 34,792,512 corresponding voting rights of the Company corresponding to 29% of the voting rights of the Company attached to the shares underlying these bonds (it being specified that the total number of SMCP shares underlying these bonds represents 34% of the share capital of the Company and that the ownership of these shares was not transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. European TopSoho S.à r.l. published a press release on January 18, 2021 indicating that it disputed the reality of the alleged default, as agreements had been reached by the guarantor concerning the receivables at stake before the latter was notified, and that it had written to GLAS to inform them.

On March 8, 2021, the Company also took note of the press release of European TopSoho S.à r.l. indicating that an agreement in principle had been reached between it and a group of bondholders representing more than 75% of the exchangeable bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction is nevertheless subject to the conclusion of final documentation and the agreement of the bondholders by means of a consent process.

7.5.5 The Group's situation with regard to the Covid pandemic

The global economy continues to be affected by the Covid-19 pandemic, while restrictive measures are still being implemented in several countries. To date, 46% of SMCP's worldwide stores are temporarily closed. At the same time, mainland China continues to recover.

5.1.3 Report of the Statutory Auditors on the consolidated financial statements

Fiscal year ended December 31, 2020

To the SMCP SA annual general meeting,

Opinion

In compliance with the assignment entrusted to us by your general meeting, we performed an audit of the consolidated financial statements of the company SMCP SA relating to the fiscal year ended December 31, 2020, as attached to this report.

In our opinion the consolidated financial statements give a true and fair view of the results of operations at the end of the fiscal year, and of the financial position, assets and liabilities of the group of persons and entities included in the consolidation, in accordance with IFRS as adopted by the European Union.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit guidelines

We conducted our audit according to the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are indicated in the section "Statutory Auditors' responsibility with respect to the audit of the consolidated financial statements" in this report.

Independence

We performed our audit engagement in accordance with the independence rules stipulated in the French Commercial Code and the Statutory Auditors' code of ethics, from January 1, 2020 until the issue date of our report, and in particular, we provided no service prohibited by Article 5, Section 1 of Regulation (EU) No. 537/2014.

Justification of our assessments – Key points of the audit

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken in the context of the health emergency have had multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainty about their future prospects. Some of these measures, such as the travel restrictions and working from home, also had an effect on the internal organisation of businesses and on the way audits were carried out.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to material misstatements which, in our professional opinion, were most significant for the audit of the consolidated financial statements for the fiscal year, and the response we provided to address these risks.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and led to the opinion expressed above. We express no opinion on the information contained in these consolidated financial statements taken in isolation.

Impairment tests on intangible fixed assets with indefinite useful lives

Identified risk

At December 31, 2020, the value of the Group's intangible fixed assets with indefinite useful lives amounted to €1,315.9 million compared to a total statement of financial position of €2,412.3 million. These intangible fixed assets with indefinite useful lives mainly consist of the Sandro, Maje, Claudie Pierlot and De Fursac trademarks and the goodwill recognised in the acquisition of SMCP Holding SAS and of De Fursac Finance SAS.

Goodwill and intangible assets with indefinite useful lives such as brands are tested for impairment once a year, or more frequently if there are indications of impairment. Goodwill and intangible assets with indefinite useful lives are allocated to three combinations of cash-generating units (hereafter referred to as "CGUs"), which correspond to the Group's three operating segments (Sandro, Maje and Other Brands). Each CGU combination is tested for impairment.

The recoverable amount of the CGU combinations is tested by comparing their carrying amount with the higher of their fair value less selling costs, or value in use.

If the impairment test reveals an impairment loss for a CGU combination, its carrying amount is reduced to its recoverable amount through the recognition of an impairment loss in the income statement.

The value in use of CGU combination is based on the value of the estimated future cash flows resulting from the use of the CGU combination. They are determined on the basis of a discount rate net of tax incorporating the risks related to the performance of the asset tested.

We considered that the impairment tests on the intangible fixed assets with indefinite useful lives are a key audit matter given their significant importance in the Group's financial statements. The determination of their recoverable amount, usually based on discounted future cash flow forecasts, requires the use of assumptions involving a high degree of judgement on the part of management as indicated in Note 6.4 "Impairment tests" in the notes to the consolidated financial statements.

Our response

As part of our due diligence, we assessed the compliance of the methodology applied by the Group for the implementation of impairment tests with the accounting standards in force. We also performed a critical review of the procedures used to apply this methodology.

Our audit consisted of:

- assessing the assumptions and the time-frames used by Management to estimate future cash flows in the light of our knowledge of the economic environment in which the Group operates;
- assessing the relevance of the approach adopted by Management to determine the CGU combinations at the level of which goodwill and other intangible assets with indefinite useful lives are tested by the Group;
- assessing the reasonable nature of the discount rates applied to the estimated cash flows by assessing in particular whether the different parameters comprising the average weighted cost of capital of each CGU combination can be used to evaluate the compensation rate expected by market participants for similar activities;
- assessing the consistency of the growth rate used for the projected flows with the rates used by our experts;
- comparing the accounting estimates of cash flow projections for previous periods with the corresponding actual results to assess their reliability;
- carrying out analyses of the sensitivity of the value in use to a change in the main assumptions made by Management and presented in Notes 6.4 and following;

Lastly, we assessed whether the information provided in the Notes to the consolidated financial statements is appropriate.

Specific verifications

As required by the laws and regulations, we also performed, in accordance with the professional standards applicable in France, specific audits of the information presented in the Board of Directors' management report.

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

We hereby attest that the consolidated Statement of Non-Financial Performance stipulated by Article L. 225-102-1 of the French Commercial Code appears in the Group's management report. It is specified that, in accordance with the provisions of Article L. 823-10 of the Code, we have not verified that the information contained in this declaration is true and fair, or consistent with, the consolidated financial statements, and a report on this information should be prepared by an independent third party.

Other verifications or information required by laws and regulations

Format of the consolidated financial statements intended to be included in the annual financial report

In accordance with Section III of Article 222-3 of the AMF General Regulation, the Management of your Company has informed us of its decision to postpone the application of the single electronic information format as defined by the Delegated European Regulation No. 2019/815 from December 17, 2018 to the fiscal years beginning on or after January 1, 2021. Consequently, this report does not include a conclusion on compliance with this format in the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Section I of Article L. 451-1-2 of the French Monetary and Financial Code.

Appointment of Statutory Auditors

Deloitte et Associés was appointed Statutory Auditor of SMCP SA by your general meeting of September 25, 2017 with deferred effect to September 29, 2017. KPMG SA was appointed Statutory Auditor of SMCP SA by your general meeting of April 22, 2016.

At December 31, 2020, KPMG SA was in the fifth year of its uninterrupted engagement, i.e., the fourth year since the Company's securities were admitted for trading on a regulated market.

At December 31, 2020, Deloitte et Associés was in the fourth year of its uninterrupted assignment, i.e., the fourth year since the Company's securities were admitted for trading on a regulated market.

Responsibilities of Management and of corporate governance members with regard to the consolidated financial statements

Management is responsible for preparing the consolidated financial statements and for ensuring that they present a true and fair view in accordance with IFRS as adopted by the European Union and for setting up the internal control that it considers necessary for the preparation of consolidated financial statements that are free of any material misstatements, be they from fraud or errors.

While preparing the consolidated financial statements, Management is responsible for evaluating the Company's capacity to continue its operation, for presenting in these financial statements, as applicable, the required disclosures about going concern and for applying the going concern accounting principle, unless there are plans to wind up the company or to discontinue its activity.

The Audit Committee is responsible for monitoring the financial reporting preparation process and for monitoring the effectiveness of the internal control and risk management systems, and as applicable, of internal audit, with respect to procedures concerning the preparation and processing of accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of Statutory Auditors with respect to the audit of the consolidated financial statements

Audit aim and procedure

It is our responsibility to draw up a report on the consolidated financial statements. Our aim is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance without, however, providing a guarantee that an audit performed in accordance with professional standards will systematically lead to the detection of material misstatements. Misstatements may occur as a result of fraud or errors and are considered as material when one can reasonably expect that they might, taken individually or together, influence the economic decisions that the users of the financial statements make on the basis of these statements.

As stated in Article L. 823-10-1 of the French Commercial Code, under our assignment to certify the financial statements, we are not required to guarantee either the viability or the quality of management of your Company.

During an audit carried out in accordance with the professional standards applicable in France, Statutory Auditors apply their professional judgement throughout the audit. Furthermore:

- they define and evaluate the risks that the financial statements might contain material misstatements, whether such misstatements stem from fraud or errors, define and implement audit procedures to address these risks, and gather elements that they consider sufficient and appropriate to use as the basis for their opinion. The risk of non-detection of a material misstatement stemming from fraud is higher than the risk of a material misstatement stemming from an error, because fraud can imply collusion, falsification, wilful omissions, misrepresentations or the circumvention of internal control;
- they obtain an understanding of the relevant internal control for the audit in order to define appropriate audit procedures suitable for the specific context, and not for the purpose of expressing an opinion on the efficiency of internal control;
- they assess the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by Management, and the disclosures related thereto provided in the consolidated financial statements;
- they assess the suitability of the application by Management of the going concern accounting principle and, according to the collected elements, the existence or not of a material uncertainty linked to events or circumstances likely to call into question the Company's capacity to continue its operation. This assessment is based on the elements collected up to the date of the auditors' report, on the understanding, however, that circumstances or subsequent events may call into question the going concern. Should they conclude on the existence of a material uncertainty, they draw the attention of the readers of their report to the disclosures in the consolidated financial statements regarding this uncertainty or, if this information is not disclosed or is not pertinent, they issue a qualified certification or may refuse to certify;
- they assess the overall presentation of the consolidated financial statements and evaluate whether the consolidated financial statements adequately reflect the underlying transactions and events to provide a true and fair view;
- concerning financial reporting of the persons or entities included in the scope of consolidation, they collect the elements that they consider sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for managing, supervising and performing the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

Report to the Audit Committee

We present a report to the Audit Committee which contains the scope of the audit proceedings and the work programme implemented, in addition to the findings from our audit. We also notify the Audit Committee, if necessary, of the significant weaknesses in the internal control system that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

The elements disclosed in the report to the Audit Committee include the risks of material misstatements that we considered to be the most significant for the audit of the annual financial statements for the fiscal year and that accordingly represent the key points of the audit, which we are required to describe in this report.

We also provide the Audit Committee with the declaration specified by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, as defined by the rules applicable in France, specified in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' code of ethics. As applicable, we discuss the risks impacting our independence and the precautionary measures taken with the Audit Committee.

Paris-La Défense, April 30, 2021

The Statutory Auditors

KPMG SA Valéry FOUSSE Partner	Deloitte & Associés Albert AIDAN Partner

5.2 Separate financial statements

5.2.1 Annual financial statements

BALANCE SHEET – ASSETS

(In euros) Headings	Gross amount	Depreciation, Amortisation and Provisions	12/31/2020	12/31/2019
Subscribed, uncalled capital				
Intangible assets				
Start-up costs	44,523	37,104	7,419	16,322
Development costs				
Concessions, patents and similar rights	95,880	34,674	61,206	93,166
Leasehold rights	4,100		4,100	4,100
Other intangible assets				
Advances and down payments on intangible				
Property, plant and equipment				
Land				
Buildings				
Technical fittings, equipment and industrial tools				
Other property, plant and equipment	16,150	2,703	13,447	
Assets under development	16,061		16,061	16,500
Advances and down payments				
Financial investments				
Equity interests consolidated by the equity method				
Other equity interests	581,532,866		581,532,866	581,532,866
Receivables on equity interests				
Other non-current securities				
Loans	461,208,750		461,208,750	450,000,000
Other non-current financial assets	7,775,358	1,346,363	6,428,995	6,615,187
Total fixed assets	**1,050,693,689**	**1,420,844**	**1,049,272,845**	**1,038,277,791**
Inventories and work in progress				
Raw materials, consumables				
Goods work in progress				
Services work in progress				
Components and finished goods				
Goods & merchandise				
Advances and down payments on orders	23,290		23,290	30,874
Receivables				
Trade and receivables	1,347,257		1,347,257	1,235,068
Other receivables	69,925,806		69,925,806	68,407,509
Subscribed and called, unpaid capital				
MISC.				
Marketable securities (including treasury shares: 4,858,738)	677,046		677,046	4,858,736
Cash at hand	82,918		82,918	17,373
Accrual accounts				
Prepayments	1,322		1,322	1,322
Total current assets	**72,056,317**		**72,056,317**	**74,550,884**
Deferred bond issue costs				
Bond redemption premiums				
Conversion differences – assets	24		24	89
GRAND TOTAL	**1,122,750,030**	**1,420,844**	**1,121,329,186**	**1,112,828,764**

LIABILITIES

Headings	12/31/2020	12/31/2019
Individual or share capital (of which 82,687,319)	82,687,319	82,222,038
Issue, merger and contribution premiums	950,749,427	951,214,708
Revaluation difference (o.w. equity-method valuation difference)		
Legal reserve	3,567,691	2,470,276
Statutory or contractual reserves		
Regulatory reserves (o.w. res. Prov. exchange rate fluctuation)		
Other reserves (o.w. purchase of original works of art)		
Retained earnings	67,786,136	46,935,243
Profit/(loss) for the fiscal year	**10,147,713**	**21,948,309**
Investment subsidies		
Regulated provisions		
Equity	**1,114,938,287**	**1,104,790,574**
Income from the issue of equity securities		
Contingent advances		
Total other equity		
Provisions for risks	2,450,164	5,091,671
Provisions for expenses		
Provisions	**2,450,164**	**5,091,671**
Financial liabilities		
Convertible bonds		
Other bonds		
Bank borrowings		
Other debt (o.w. subordinated loans)		
Advances and down payments received on orders in hand		
Operating liabilities		
Trade and other payables	749,139	1,083,388
Income tax and social security liabilities	3,171,913	1,863,131
Miscellaneous liabilities		
Payables to fixed asset suppliers		
Other liabilities		
Accrual accounts		
Prepaid income		
Liabilities	**3,940,734**	**2,946,519**
Translation adjustment (liabilities)		
GRAND TOTAL	**1,121,329,186**	**1,112,828,764**

INCOME STATEMENT

Headings	France	Exports	12/31/2020	12/31/2019
Sales of goods				
Production sold – goods				
Production sold – services	8,144,639	702,502	8,847,141	7,719,421
Net sales	**8,144,639**	**702,502**	**8,847,141**	**7,719,421**
Production taken to inventories				
Production of own assets				
Operating subsidies				
Reversals of impairments, provisions (and depreciation), expense transfers			16,150	45,926
Other income			41	3,530
Operating income			**7,768 8770**	**7,768,877**
Purchases of goods (including customs duties)				
Changes in inventory (goods)				
Purchases of raw materials and other consumables (and customs duties)				
Changes in inventory (raw materials and consumables)				
Other purchases and external expenses			3,083,171	1,582,699
Taxes other than on income			275,182	341,828
Wages and salaries			5,300,838	4,139,184
Social security charges			1,693,847	1,656,356
Provisions for liabilities				
On fixed assets: depreciation and amortisation			43,566	11,618
On fixed assets: impairment				
On current assets: impairment				
Provisions			24	89
Other expenses			207,116	169,904
Operating expenses			**10,603,744**	**7,901,677**
Operating income			**(1,740,412)**	**(132,800)**
Joint transactions				
Profit allocated or loss transferred				
Loss borne or profit transferred				

Headings	12/31/2020	12/31/2019
Financial income		
Financial income from investments		
Income from other marketable securities and fixed asset receivables	12,351,981	20,640,965
Other interest and similar income		
Reversals of impairments and provisions, expense transfers		
Foreign exchange gains	1,276	3,225
Gains on sales of investment securities		
Financial income	**12,353,257**	**20,644,191**
Financial allocation for amortisation, depreciation and provisions	510,300	342,063
Interest and similar expenses	16,610	164,597
Foreign exchange losses	465	3,573
Losses on sales of investment securities		
Financial expenses	**527,376**	**510,232**
Financial result	**11,825,881**	**20,133,958**
Pre-tax profit on ordinary activities	**10,085,469**	**20,001,158**
Non-recurring income on operating transactions		
Non-recurring income on share capital transactions		1,562,888
Reversals of impairments and provisions, expense transfers	5,091,582	
Non-recurring income	**5,091,582**	**1,562,888**
Non-recurring expenses on operating transactions	1,690,622	88,069
Non-recurring expenses on share capital transactions	1,115,422	3,107,592
Non-recurring amortisation, depreciation and provisions	2,450,140	5,091,582
Non-recurring expenses	**5,256,184**	**8,287,243**
Non-recurring income	**(164,602)**	**(6,724,355)**
Employee profit-sharing	(34,826)	158,178
Income tax	(192,020)	(8,829,955)
TOTAL INCOME	**26,308,171**	**29,975,955**
TOTAL EXPENSES	**16,160,458**	**8,027,646**
Profit or loss	**10,147,713**	**21,948,309**

5.2.2 Notes to the appendix

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

Accounting rules and methods

Notes to the balance sheet before appropriation of earnings for the year ended December 31, 2020, showing a gross value of €1,122,750,030, impairment of €1,420,844 and a net value of €1,121,329,186 and notes to the income statement for the fiscal year, presented in list form, and showing income of €10,147,713.

The fiscal year covers a period of 12 months, starting on January 1, 2020 and ending on December 31, 2020. The notes or tables below are an integral part of the annual financial statements.

The general accounting principles were applied as dictated by the principle of prudence, in accordance with the following basic assumptions:

- going-concern;
- consistency of accounting methods from one period to the next;
- independence of fiscal years; and
- observance of the general rules governing the preparation and presentation of annual financial statements.

The Company's annual financial statements are prepared in accordance with the provisions of the French Commercial Code (Articles L. 123-12 to L. 123-28), of the ANC regulation No. 2018-07 of December 10, 2018, amending regulation No. 2014-03 of June 5, 2014 relating to the French general accounting plan (PCG), approved by decree on December 26, 2018.

The basic method used to evaluate accounting data is the historic cost method.

Intangible assets

Set-up costs mainly include fees. They represent an amount of €44,523 and are amortised over five years.

In accordance with ANC regulation No. 2015-06 – Classification of changes relating to the application of new rules at January 1, 2016 on leasehold rights, the technical merger loss, market share and goodwill, the technical merger loss recognised on the universal transfer of the assets and liabilities of MIDSOHO SAS was allocated to brands and leasehold rights.

Property, plant and equipment

Property, plant and equipment are valued at their acquisition cost (purchase price and associated costs).

Depreciation and amortisation is calculated on a straight-line basis depending on the expected useful life.

Under new rules governing property, plant and equipment (CRC 2002-10 and CRC 2004-06) the Company has not identified any significant elements. In terms of useful lives, the durations applied reflect the duration of use of the good and were not modified during the fiscal year.

Financial investments

The gross value of capitalised securities is based on the purchase price excluding associated costs.

When the inventory value is less than the gross value, impairment is recognised in the amount of the difference.

SMCP SA signed a liquidity agreement on November 28, 2017 for a total amount of €2 million. SMCP SA holds 112,184 shares under this contract. An impairment in the amount of €1,346 thousand was recognised at December 31, 2020, bringing the value of the SMCP share to the closing price at December 31, 2020, *i.e.* €5,026.

Equity interests, other long-term investments, short-term investments

The gross value of investments in associates includes the purchase price, including acquisition costs. When the inventory value is less than the gross value, impairment is recognised in the amount of the difference. The inventory value is calculated by taking into account outlook for profitability which is determined using the estimated cash flow approach. This outlook is established according to the information available at the time. These estimates are based on the going concern assumption.

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, 2019, the Company's fully subscribed and paid-up share capital amounted to €82,687,319 and broke down as follows:

- 74,117,760 fully-paid up common shares with a nominal value of one euro and ten cents (€1.10);
- 1,052 class G shares preferred shares which are the preferred shares within the meaning of Articles L. 228-11 *et seq*. of the French Commercial Code and with a nominal value of one euro and ten cents (€1.10).

Significant events during the fiscal year

The measures taken by governments to combat the Covid-19 pandemic have severely disrupted SMCP's activities during the 2020 fiscal year, and significantly affect the annual financial statements. The reduction in the Group's sales and profitability was the direct result of the closure of stores in the majority of countries for several months, coupled with the suspension of international travel.

The Group launched the renegotiation of its lease agreements, in a bid to optimise its rental costs.

The Group benefited from employee furlough measures in the various countries in which it operates. These measures were mainly applied during periods of store closures and related to both store employees and those at the Group's head offices.

Indemnities received from governments or public bodies under measures to protect the economy were recorded as a reduction in expenses for which these indemnities were awarded.

In this unprecedented context, the Group implemented immediate measures to alleviate the impact of the crisis and protect its cash flow, mainly by:

- the significant reduction in its capital expenditure with the postponement of several infrastructure investments, as well as the reduction of its store opening plan with 12 net openings (directly owned stores) in 2020, compared to 90 net openings in 2019. This includes 12 net openings in APAC, 2 in EMEA and 7 in the Americas. Meanwhile, the Group has pursued the optimisation of its network in France with 9 net closings (DOS);

- the reduction of its operating expenses:
  - renegotiation of commercial leases,
  - recourse to temporary unemployment for the majority of its network teams in Europe and North America since the end of March, supported by local governments,
  - significant adjustments to SG&A costs,
  - adjusting inventories and collections with a strong reduction in purchasing on the FW20 collections and some adjustments in the SS20 collections.

At the same time, several initiatives were introduced by the brands to encourage e-commerce and maintain a digital connection with customers. The teams are also fully mobilised at the logistics centres.

Lastly, in order to increase its financial flexibility, SMCP negotiated with its banking partners a loan guaranteed by the French State of €140 million, and obtained a suspension of its financial covenants for 2020 as well as an easing of its financial covenants for 2021 (leverage ratio rising to 4.5x EBITDA at June 30, 2021 and to 4.0x EBITDA at December 31, 2021).

The Group is confident in the ability of its brands and its teams to regain their level of profitability and to implement the new strategic plan announced at the end of the year and to make SMCP a world leader in accessible luxury goods.

At December 31, 2020, the Group operates 1,677 stores (of which 730 for Sandro, 596 Maje, 249 Claudie Pierlot, 38 Suite 341 and 64 for De Fursac), of which 1,334 directly operated (of which 560 for Sandro, Maje, Claudie Pierlot and 64 for De Fursac), and 343 managed through partnerships (of which 560 for Sandro, 450 Maje, 220 Claudie Pierlot, 38 Suite 341 and 64 for De Fursac). Its brands were present in 41 countries worldwide.

Compensations allocated to members of management bodies

For reasons of privacy, these compensations are not disclosed.

Receivables

Receivables are valued at their nominal value. An allowance for impairment is recorded when their fair value is lower than their carrying amount.

Average number of employees

- Managerial-grade employees: 27
- Employee: 1

Provisions for contingencies and charges

These provisions, recognised in line with CRC regulation 2000-06, are made to cover contingencies and charges that current or past events render probable, and which are clearly identifiable but whose timing or amount is uncertain.

Provisions for risks and charges mainly comprise the amount of the free share plans and the associated social security contributions for the payments of the plans for November 2017, April, August and November 2018 as well as April 2019.

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Table of changes in provisions for contingencies and charges

			Restatements for the fiscal year		
(In euros)	**12/31/2019**	**Additions**	**Used**	**Unused**	**12/31/2020**
Provision for foreign-exchange losses	89	24	89	-	24
Other provisions for risks – non-current	5,091,582	2,450,140	5,091,582	-	2,450,140
TOTAL	**5,091,493**	**2,450,164**	**5,091,493**	**-**	**2,450,164**

Accrued expenses

€3,016 thousand in accrued expenses include trade payables of €672 thousand and income tax and social security liabilities of €2,344 thousand.

Foreign currency transactions

The related payables, receivables and cash assets are included in the balance sheet at their equivalent value at the closing rate. The difference arising from the discounting of payables and receivables in foreign currencies at this closing rate is recognised as translation difference, with unrealised foreign exchange losses that are not offset subject to a provision for contingencies.

Non-recurring income and expenses

Exceptional expenses amounting to €5,256 thousand consisted of €2,609 thousand acquisition costs of free shares delivered during the financial year, as well as of €2,450 thousand provisions for costs related to the delivery of free shares.

Non-recurring income, amounting to €5,091 thousand, consists of reversal of provisions for costs related to the delivery of free shares.

Additional information

FEES

Details about Statutory Auditors' fees are provided in the notes to the consolidated financial statements.

SALES

Sales for 2020 was composed of intra-company re-billing for the provision of services.

Sales is presented excluding tax after any reductions, discounts or rebates awarded.

Off-balance sheet retirement commitments

Commitments relating to retirement were estimated at December 31, 2020, after taking into account a discount to present value ratio based on the "Eur Ind AA+AA" curve published by Bloomberg at December 31, 2020.

This amount is calculated according to the agreement-based retirement conditions, with employees' seniority calculated based on the date of their potential retirement at 65 years' old. It takes into account the probability of the employee leaving company before reaching retirement age.

The estimate of end-of-career indemnity commitments includes agreement-based indemnities that are specific to French regimes through the application of a retrospective actuarial method which takes into account mortality risk, projected wage trends, staff turnover and a discount rate.

The end-of-career indemnity commitment totalled €63,438 and is not recognised in the statutory financial statements

Tax consolidation

SMCP SA has opted for the ordinary tax consolidation regime.

In line with the current tax consolidation agreement within the Group, each subsidiary bears a tax charge equivalent to the amount payable in the absence of a tax group. The Company posted a tax deficit of €192,020 for 2020.

For the 2020 fiscal year, the tax consolidation group included the following companies:

- Sandro Andy SAS
- Maje SAS
- Claudie Pierlot SAS
- Suite 341 SAS
- SMCP Logistique SAS
- SMCP Group SAS
- SMCP Holding SAS

Free shares allocation plan

PLAN NO. 2

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

The Board of Directors, at its November 23, 2017 meeting, decided to grant (Second Plan of November 2017) 2,038,324 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per third of two, three and four years.

The Board of Directors, at its April 25, 2018 meeting, decided to grant (April 2018 Plan) 25,709 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per third of two, three and four years.

PLAN NO. 3

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

The Board of Directors, at its August 30 and 31, 2018 meetings, decided to grant (August 2018 Plan) 98,171 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its November 20, 2018 meeting, decided to grant (November 2018 Plan) of 57,694 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its March 20, 2019 meeting, decided to grant (March 2019 Plan) 132,000 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period of two years.

The Board of Directors, at its April 17, 2019 meeting, decided to grant (April 2019 Plan) 30,000 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period of two years.

PLAN NO. 4

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

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

The Board of Directors, at its December 5, 2019 meeting, decided to grant (January 2020 Plan) 870,460 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

The Board of Directors, at its March 24, 2020 meeting, decided to grant (January 2020 Plan) 34,256 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

PLAN NO. 5

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

The Board of Directors, at its November 17, 2020 meeting, decided to grant (December 2020 Plan) 8,632 free shares to some Group employees. This plan includes, for all beneficiaries, a vesting period of one year.

The Board of Directors, at its December 17, 2020 meeting, decided to grant (January 2021 Plan) 1,437,494 free shares to some executives and managers. This plan includes, for all beneficiaries, a vesting period per half of two and three years.

	Plan No. 2		Plan No. 3			
Free shares allocation plan	**2nd Plan Nov 2017**	**Plan of April 2018**	**Plan of August 2018**	**Plan of November 2018**	**Plan of March 2019**	**Plan of April 2019**
Initial allocation date	11/23/2017	04/25/2018	08/31/2018	11/20/2018	04/17/2019	04/17/2019
Vesting period	2, 3 and 4 years per third	2, 3 and 4 years per third	2 and 3 years per half	2 and 3 years per half	> 2 years in a single transaction	> 2 years in a single transaction
Availability date	03/31/2022	03/31/2022	03/31/2022	03/31/2022	04/17/2021	04/17/2021
Vesting date	03/31/2020 03/31/2021 03/31/2022	04/25/2020 03/31/2021 03/31/2022	03/31/2021 03/31/2022	03/31/2021 03/31/2022	04/17/2021	04/17/2021
Number of beneficiaries	125	4	36	14	10	17
Number initially granted	2,038,324	25,709	98,171	57,694	132,000	30,000
Number outstanding as of 12/31/2019	1,816,236	25,709	87,259	41,674	132,000	30,000
Number cancelled over the fiscal year	(374,546)	(4,766)	(10,606)	(14,482)	(12,000)	(1,000)
Number exercised over the fiscal year[1]	(341,638)	(4,823)				
Number of shares transferred[2]						
Number surrendered over the fiscal						
Number outstanding as of 12/31/2020	1,100,052	16,120	76,653	27,192	120,000	29,000
Number that may be exercised over the fiscal year						
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes
Expense for the fiscal year *(in €k)*	2,633	19	12	-	133	6

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

	Plan No. 4			Plan No. 5	
Free shares allocation plan	**Plan of December 2019**	**Plan of January 2020**	**Plan of July 2020**	**Plan of December 2020**	**Plan of January 2021**
Initial allocation date	12/31/2019	01/01/2020	07/01/2020	31/12/2019	01/01/2021
Vesting period	1 year in a single transaction	2 and 3 years per half	2 and 3 years per half	1 year in a single transaction	2 and 3 years per half
Availability date	12/31/2020	03/31/2023	09/30/2023	12/31/2021	03/31/2024
Vesting date	12/31/2020	03/31/2022 03/31/2023	09/30/2022 09/30/2023	12/31/2021	03/31/2023 03/31/2024
Number of beneficiaries	1,016	106	6	1,079	94
Number initially granted	4,064	870,460	34,256	8,632	1,437,494
Number outstanding as of 12/31/2019	4,064				
Number cancelled over the fiscal year	(332)	(70,351)	(4,924)		
Number exercised over the fiscal year[1]	(3,732)				
Number of shares transferred[2]		870,460	34,256	8,632	
Number surrendered over the fiscal					
Number outstanding as of 12/31/2020		800,460	29,332	8,632	
Number that may be exercised over the fiscal year					
Performance conditions	No	Yes	Yes	No	Yes
Expense for the fiscal year *(in €k)*	46	1,558	-	-	-

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

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

For plan no. 5, the performance conditions are based on an external condition (comparison of the performance of the SMCP share with that of the SMALL & MID CAP between the initial allocation date and the definitive vesting date) (20%) and an internal condition (achievement of an average of 2, 3 or 4 years of EBITDA) (70%), and a CSR condition (10%).

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

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

2019 EBITDA was thus adjusted from 2.2% to neutralise, to a certain extent, the impact of the closure of Group's stores in connection with the yellow vest *(gilets jaunes)* crisis in France and the political situation in Hong Kong. 2020 EBITDA was also adjusted by 5% in order to neutralise, to some extent, the Covid-19 pandemic. These neutralisations have an impact on the number of shares to be delivered in March and April 2021 in the amount of 121,565 shares.

Cash at hand

SMCP SA acquired 400,000 SMCP shares for €4,859 thousand in 2019. After delivery of 350,525 shares deriving from the free share award plan in December 2019, March and April 2020, at December 31, 2020 SMCP SA held 49,807 shares.

Post-closing significant events

CONVERSION OF CLASS G PREFERRED SHARES

As of January 2021, 153,039 class G preferred shares had been converted into common shares by 9 managers of the Company. Consequently, 600,379 new common shares were issued and the Company's bylaws were modified accordingly.

SMCP SHARE BUYBACK PROGRAMME

On February 4, 2021, the Group launched a buyback plan for SMCP shares for a maximum amount of 415,000 shares in order to cover its free share award plan. Under this programme, as of April 2, 2021, SMCP SA had repurchased 415,000 shares.

CAPITAL INCREASE

On March 31, and April 17, 2021, the Company delivered 508,727 shares in the Company to beneficiaries of the bonus share plan, 49,807 of which are from shares re-purchased as part of a share buyback programme from 2019, 378,910 from the 415,000 shares re-purchased as part of the 2021 programme and 80,010 from a capital increase. The share capital now comprises 75,697,640 shares consisting of 74,798,149 ordinary shares and 899,491 class G preferred shares and amounts to €83,267,404.00.

SHAREHOLDING

On January 6, 2021, SMCP took note of the of threshold crossing declaration published with the French Financial Markets Authority *(Autorité des Marchés Financiers)* by GLAS, in its capacity as Trustee for the bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l., main shareholder of SMCP. In the context of this declaration, GLAS indicated that there had been a notification of default concerning the guarantor on this bond, and therefore that it was now entitled to instruct 34,792,512 corresponding voting rights of the Company corresponding to 29% of the voting rights of the Company attached to the shares underlying these bonds (it being specified that the total number of SMCP shares underlying these bonds represents 34% of the share capital of the Company and that the ownership of these shares was not transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. European TopSoho S.à r.l. published a press release on January 18, 2021 indicating that it disputed the reality of the alleged default, as agreements had been reached by the guarantor concerning the receivables at stake before the latter was notified, and that it had written to GLAS to inform it of this.

On March 8, 2021, the Company also took note of the press release of European TopSoho S.à r.l. indicating that an agreement in principle had been reached between it and a group of bondholders representing more than 75% of the exchangeable bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction is nevertheless subject to the conclusion of final documentation and the agreement of the bondholders by means of a consent process.

COVID-19

The global economy continues to be impacted by the Covid-19 pandemic, with health restrictions still in place in many European countries and North America. At the same time, China continues to rebound. To date, 46% of the Group's shop network is temporarily closed worldwide.

Fixed assets

Headings	Beginning of period	Revaluation	Acquisit., contribution	Transfer	Disposal	End of year	Original value
Formation and development expenses	**44,523**					**44,523**	
Other intangible assets	**99,980**					**99,980**	
Land							
Of which components							
Buildings on own property							
Buildings on land of third parties							
Buildings Gen. equip., fixtures and fittings							
Equip., machinery and tools							
Gen. equip., fixtures and fittings			16,150			16,150	
Transportation equipment							
Office and IT equipment, furniture							
Recoverable packaging and other							
Property, plant and equipment in progress	16,150		(89)			16,061	
Advances and down payments							
Property, plant and equipment	**16,150**		**16,061**			**32,212**	
Equity interests consolidated by the equity method							
Other equity interests	581,532,866					581,532,866	
Other non-current securities							
Loans and other non-current financial assets	457,451,250		11,532,858			468,984,108	
Financial investments	**1,038,984,116**		**11,532,858**			**1,050,516,974**	
GRAND TOTAL	**1,054,448,888**		**11,548,920**			**1,050,693,689**	

Provisions and impairments

Headings	Beginning of period	Additions	Reversals	End of year
Provisions for mining and oil resources				
Provisions for investment				
Provisions for price increases				
Special depreciation allowances				
Of which non-recurring 30% surcharge				
Provisions for start-up loans				
Other regulated provisions				
Regulated provisions				
Provisions for disputes				
Provisions for warranties				
Provisions for losses on futures markets				
Provisions for fines and penalties				
Provisions for foreign-exchange losses	89	24	89	24
Provisions for pensions and similar obligations				
Provisions for taxes				
Provisions for replacement of fixed assets				
Provisions for major maintenance or refurbishment				
Provisions for social charges on paid leave				
Other provisions for contingencies and charges	5,091,582	2,450,140	5,091,582	2,450,140
Provisions for contingencies and charges	**5,091,671**	**2,450,140**	**5,091,671**	**2,450,140**
Impairment of intangible assets				
Impairment of property, plant and equipment				
Impairment of equity-accounted securities				
Impairment of investments in associates				
Impairment of other non-current financial assets	836,063	510,300		1,346,363
Impairment of inventories and work in progress				
Impairment of account receivables				
Other impairments				
Impairments	**836,063**	**510,300**		**1,346,363**
GRAND TOTAL	**5,927,734**	**2,960,465**	**5,091,671**	**3,796,528**
Operating expenses and reversals		249	89	
Financial expenses and reversals		510,300		
Non-recurring expenses and reversals		2,450,140	5,091,582	
Impairment of investments in equity associates at the end of the period				

Receivables and payables

Receivables	Gross amount	Up to 1 year	More than one year
Receivables on equity interests			
Loans	461,208,750		461,208,750
Other non-current financial assets	7,775,358	2,000,000	5,775,358
Doubtful and disputed trade receivables			
Other trade receivables	1,347,257	1,347,257	
Receivables on securities lent			
Personnel and related expenses	30	30	
Social security and other social institutions	1,365	1,365	
State, local authorities: income tax	338,350	338,350	
State, local authorities: value added tax	155,006	155,006	
State, local authorities: taxes other than on income	7,101	7,101	
State, local authorities: miscellaneous receivables	7,605	7,605	
Group and associates	57,755,367	57,755,367	
Miscellaneous debtors	16,660,982	16,660,982	
Prepayments			
GRAND TOTAL	**540,257,171**	**73,273,063**	**466,984,108**
Loans granted during the period	11,532,858		
Repayments received during the period			
Loans and advances granted to partners			

Liabilities	Gross amount	Up to 1 year	Between 1 and 5 years	More than 5 years
Convertible bonds				
Other bonds				
Borrowings and debt due within one year at the outset				
Borrowings and debt due within more than one year at the outset				
Borrowings and other financial debt				
Trade and other payables	749,139	749,139		
Personnel and related expenses	1,894,302	1,894,302		
Social security and other social institutions	881,223	881,223		
State: income tax				
State: value added tax	269,475	269,475		
State: guaranteed bonds				
State: taxes other than on income	126,913	126,913		
Payables to fixed asset suppliers Group and associates				
Other liabilities	15,113	15,113		
Payables representative of borrowed securities				
Prepaid income	4,569	4,569		
GRAND TOTAL	**3,940,734**	**3,940,734**		
Borrowings contracted during the period				
Borrowings repaid during the period				
Borrowings, debt contracted with partners				

Share capital – Changes in equity

	Closing at 12/31/2019	Capital increase	Distribution of dividends	Appropriation of income	Profit (loss) for the fiscal year	Closing at 12/31/2020
Share capital	82,222,038	465,281				82,687,319
Share premium	134,785,001	(465,281)				134,319,720
Merger premium	816,429,707					816,429,707
Legal reserve	2,470,276			1,097,415		3,567,692
Other reserves	0					0
Retained earnings	46,935,243			20,850,894		67,786,136
Profit (loss) for the fiscal year	21,948,309			(21,948,309)	10,147,713	10,147,713
TOTAL	**1,104,790,574**	**0**		**0**	**10,147,713**	**1,114,938,287**

Shareholders	Number of ordinary shares	Number of Class G preferred shares	Total number of shares
European TopSoho S.à r.l.	40,135,102		40,135,102
Founders & Managers	4,052,680	915,471	4,968,151
Free float	29,767,987	137,059	29,905,046
Treasury shares	161,991		161,991
TOTAL	**74,117,760**	**1,052,530**	**75,170,290**

Financial commitments given and received

Commitments given

		In favour of				
Categories of commitments	**Total**	**Senior Management**	**Subsidiaries**	**Equity interests**	**Other related parties**	**Other**
			None			
TOTAL						

Commitments received

		Granted by				
Categories of commitments	**Total**	**Senior Management**	**Subsidiaries**	**Equity interests**	**Other related parties**	**Other**
			None			
TOTAL						

Mutual commitments

Categories of commitments	Total	Senior Management	Subsidiaries	Equity interests	Other related parties	Other
			None			
TOTAL						

Breakdown of income tax

Breakdown	Profit/(loss) before tax	Tax due	Net income after tax
Profit on ordinary activities	10,085,469		10,085,469
Short-term non-recurring income	(164,602)		(164,602)
Long-term non-recurring income			
Employee profit-sharing	34,826		34,826
Tax receivables on prior tax benefits	192,020		192,020
ACCOUNTING NET INCOME	**10,147,713**		**10,147,713**

Subsidiaries and equity interests

Company name	Share capital	Proportion held	Net Value Securities	Loans, advances	Sales	Observations
Registered office	Equity	Divid. received	Net Val. Securities	Guarantees	Income	
Subsidiaries (more than 50%)						
SMCP Group	**58,153,391**	**100%**	**581,532,866**		**38,077,389**	
	452,451,093		581,532,866		(38,863,108)	
Equity interests (10 to 50%)		**0.00**				
Other equity interests		**0.00**				

Related-party transactions 2020

TABLE OF AFFILIATED COMPANIES FOR BALANCE SHEET AND INCOME STATEMENT ITEMS

Balance sheet item *(In thousands of euros)*	Closing at 12/31/2020
Equity loans	
SMCP GROUP	461,209
TOTAL	**461,209**
Accrued interests equity loans	
SCMP GROUP	5,775
TOTAL	**5,775**
Other receivables	
CLAUDIE PIERLOT	14
Suite 341	(15)
TOTAL	**(1)**
Trade and other receivables	
SANDRO ANDY	940
MAJE SAS	335
CLAUDIE PIERLOT	67
SUITE 341	
SMCP ASIA	6
SMCP HOLDING	
TOTAL	**1,347**
Current accounts – liabilities	
SMCP HOLDING	
SMCP GROUP	48,828
TOTAL	**48,828**
Other current accounts receivable and payable	
SMCP HOLDING	17,817
SMCP GROUP	(23)
TOTAL	**17,794**
Tax consolidation	
SANDRO ANDY	9,144
MAJE SAS	11,159
CLAUDIE PIERLOT	319
SUITE 341	701
SMCP HOLDING	(17,396)
TOTAL	**3,928**

Income statement *(In thousands of euros)*	**Closing at 12/31/2020**
Services	
SMCP LOGISTIQUE	(30)
SANDRO ANDY	(4,038)
SMCP DEUTSCHLAND	(12)
SMCP UK	(8)
SANDRO SUISSE SA	(1)
MAJE SAS	(2,596)
MAJE GERMANY	(8)
CLAUDIE PIERLOT	(1,039)
SUITE 341	(80)
SMCP USA	(342)
SMCP ASIA Ltd.	(276)
SMCP CANADA	(6)
SMCP HOLDING	(196)
SMCP GROUP	(209)
TOTAL	**(8,839)**
Income from loans, interco trade receivables	
SMCP GROUP	(12,352)
TOTAL	**(12,352)**

5.2.3 Statutory Auditors' report on the annual financial statements

Fiscal year ended December 31, 2020

To the SMCP SA annual general meeting,

Opinion

In compliance with the assignment entrusted to us by your general meeting, we performed an audit of the annual financial statements of SMCP SA relating to the fiscal year ended December 31, 2020, as attached to this report.

In our opinion, the annual financial statements, in accordance with the French accounting rules and principles, give a true and fair view of the results of the Company's operations for the fiscal year just ended and of its financial position and assets and liabilities as of the end of the fiscal year.

The above opinion is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit guidelines

We conducted our audit according to the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are indicated in the section named "Responsibilities of Statutory Auditors with respect to the audit of the annual financial statements" in this report.

Independence

We performed our audit engagement in accordance with the independence rules applicable to our profession, from January 1, 2020 until the issue date of our report, and in particular, we provided no service prohibited by Article 5, Section 1 of Regulation (EU) No. 537/2014 or by the code of ethics of the Statutory Auditors' profession.

Justification of our assessments – Key points of the audit

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties about their future prospects. Some of these measures, such as the travel restrictions and working from home, also had an effect on the internal organisation of businesses and on the way audits were carried out.

It is in this complex and evolving context that, in accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most important for the audit of the annual financial statements for the year, as well as the responses we have provided to address these risks.

These assessments were made as part of our audit of the financial statements taken as a whole, closed under the aforementioned conditions, and led to the opinion expressed above. We express no opinion on the information contained in these annual financial statements taken in isolation.

Measurement of investments

Identified risks

The section on investments presents the securities of the SMCP Group subsidiary. They are posted in the statement of financial position at December 31, 2020 for a net amount of €581,533 thousand and represent 51.86% of the statement of financial position total. They are recognised on their entry date at acquisition cost and are measured at their net asset value, which is equal to their value in use.

As indicated in the note "Equity investments, other long-term investments, marketable securities" in the appendix, if the inventory value, which is equal to the value in use, is lower than the gross value, a provision for impairment is made for an amount equal to the difference.

Group Management uses its judgement to estimate the value of these equity interests, due to the elements that have to be taken into consideration to assess their value. Net asset value is determined by taking into account the profitability outlook modelled by the Company on the basis of estimated cash flow. The latter requires Management's judgement (especially with respect to sales growth).

Since the valuation of these investments is sensitive to the economic environment of certain subsidiaries and to the competition status of the three trademarks, we considered that measurement of the equity interests was a key point of the audit.

Audit procedures implemented to address identified risks

To evaluate the reasonable nature of the values in use of investments, based on the information disclosed to us, we performed an audit which mainly consisted of verifying that the estimated values determined by Management are based on an appropriate measurement method and that the calculation parameters used are justified. To this end, our audit work included the following:

- obtaining the cash flow and business operation projections of the entity concerned drawn up by their operational departments;
- assessing the consistency of the data derived from the forecast budget approved by the Board, for each of the Group's trademarks and activities;
- verifying the consistency of the assumptions retained with the economic environment on the reporting dates and the dates for preparation of the financial statements;
- comparing the assumptions retained for prior periods with the corresponding achievements in order to assess the achievement of past objectives.

Lastly, we verified that the note "Equity investments, other long-term investments and marketable securities" to the annual financial statements provided appropriate information.

Specific verifications

In accordance with the professional standards applicable in France, we also conducted the specific audits required by the laws and regulations.

Information given in the management report and in other documents on the financial position and on the annual financial statements addressed to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We hereby certify that the information on the terms of payment mentioned in Article D. 441-4 of the French Commercial Code is true and fair and consistent with the annual financial statements.

Corporate governance report

We certify that the section of the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

With regard to the information provided in application of the provisions of Article L. 22-10-9 of the French Commercial Code on compensation and benefits paid or awarded to corporate officers, as well as the commitments granted to them, we verified that it was consistent with the financial statements or with the data used to prepare these financial statements and, where applicable, with the information collected by your Company from the companies controlled by it that are included in the scope of consolidation. Based on this work, we certify that this information is true and fair.

With regard to the information relating to the elements that your Company considered likely to have an impact in the event of a public tender offer or exchange offer, provided in accordance with the provisions of Article L. 22-10-11 of the French Commercial Code, we verified their compliance with the documents from which they were taken and which were provided to us. On the basis of this work, we have no matters to report on this information.

Other verifications or information required by laws and regulations

Format of the annual financial statements intended to be included in the annual financial report

In accordance with Section III of Article 222-3 of the AMF General Regulation, the Management of your Company has informed us of its decision to postpone the application of the single electronic information format as defined by European Delegated Regulation No. 2019/815 of December 17, 2018 for fiscal years beginning on or after January 1, 2021. Consequently, this report does not include a conclusion on compliance with this format in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in Section I of Article L. 451-1-2 of the French Monetary and Financial Code.

Appointment of Statutory Auditors

Deloitte et Associés was appointed Statutory Auditor of SMCP SA by your general meeting of September 25, 2017 with deferred effect to September 29, 2017. KPMG SA was appointed Statutory Auditor of SMCP SA by your general meeting of April 22, 2016.

At December 31, 2020, KPMG SA was in the fifth year of its uninterrupted engagement, i.e., the fourth year since the Company's securities were admitted for trading on a regulated market.

At December 31, 2020, Deloitte et Associés was in the fourth year of its uninterrupted assignment, i.e., the fourth year since the Company's securities were admitted for trading on a regulated market.

Responsibilities of Management and of corporate governance members with regard to the consolidated financial statements

Management is responsible for drawing up annual financial statements that present a true and fair view in accordance with French accounting standards and for setting up the internal control that it considers necessary for the preparation of annual financial statements free of any material misstatements, be they from fraud or errors.

While preparing the annual financial statements, Management is responsible for evaluating the Company's capacity to continue its operation, for presenting in these financial statements, as applicable, the required disclosures about going concern and for applying the going concern accounting principle, unless there are plans to wind up the Company or to discontinue its operations.

The Audit Committee is responsible for monitoring the financial reporting preparation process and for monitoring the effectiveness of the internal control and risk management systems, and as applicable, of internal audit, with respect to procedures concerning the preparation and processing of accounting and financial information.

These financial statements have been approved by the Board of Directors.

Responsibilities of Statutory Auditors with respect to the audit of the annual financial statements

Audit aim and procedure

It is our responsibility to draw up a report on the annual financial statements. Our aim is to obtain reasonable assurance that the annual financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance without, however, providing a guarantee that an audit performed in accordance with professional standards will systematically lead to the detection of material misstatements. Misstatements may occur as a result of fraud or errors and are considered as material when one can reasonably expect that they might, taken individually or together, influence the economic decisions that the users of the financial statements make on the basis of these statements.

As stated in Article L. 823-10-1 of the French Commercial Code, under our assignment to certify the financial statements, we are not required to guarantee either the viability or the quality of management of your Company.

During an audit carried out in accordance with the professional standards applicable in France, Statutory Auditors apply their professional judgement throughout the audit. Furthermore:

- they define and assess the risks that the annual financial statements contain material misstatements, whether such misstatements stem from fraud or errors, define and implement audit procedures to address these risks, and gather elements that they consider sufficient and appropriate to use as the basis for their opinion. The risk of non-detection of a material misstatement stemming from fraud is higher than the risk of a material misstatement stemming from an error, because fraud can imply collusion, falsification, wilful omissions, misrepresentations or the circumvention of internal control;
- they obtain an understanding of the relevant internal control for the audit in order to define appropriate audit procedures suitable for the specific context, and not for the purpose of expressing an opinion on the efficiency of internal control;
- they evaluate the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by Management, and the disclosures related thereto provided in the annual financial statements;
- they assess the suitability of the application by Management of the going concern accounting principle and, according to the collected elements, the existence or not of a material uncertainty linked to events or circumstances likely to call into question the Company's capacity to continue its operation. This assessment is based on the elements collected up to the date of the auditors' report, on the understanding, however, that circumstances or subsequent events may call into question the going concern. Should they conclude on the existence of a material uncertainty, they draw the attention of the readers of their report to the disclosures in the annual financial statements regarding this uncertainty or, if this information is not disclosed or is not pertinent, they shall issue a qualified certification or refuse to certify;
- they assess the overall presentation of the annual financial statements and assess whether the annual financial statements reflect the underlying transactions and events so as to provide a true and fair image.

Report to the Audit Committee

We present a report to the Audit Committee which contains the scope of the audit proceedings and the work programme implemented, in addition to the findings from our audit. We also notify the Audit Committee, if necessary, of the significant weaknesses in the internal control system that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

The elements disclosed in the report to the Audit Committee include the risks of material misstatements that we considered to be the most significant for the audit of the annual financial statements for the fiscal year and that accordingly represent the key points of the audit, which we are required to describe in this report.

We also provide the Audit Committee with the declaration specified by Article 6 of Regulation (EU) No. 537-2014 confirming our independence, as defined by the rules applicable in France, specified in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' code of ethics. As applicable, we discuss the risks impacting our independence and the precautionary measures taken with the Audit Committee.

Paris-La Défense, April 30, 2021

The Statutory Auditors

KPMG SA Valéry FOUSSE Partner	Deloitte & Associés Albert AIDAN Partner

5.2.4 Table of results over the last five financial years

TABLE OF THE RESULTS OVER THE LAST FIVE FISCAL YEARS

	2017 fiscal year	2018 fiscal year	2019 fiscal year	2020 fiscal year
1. Closing share capital				
Share capital	81,870,133	81,913,824	82,222,037.70	82,687,319
Number of shares	87,001,098	74,467,113	74,747,307	75,170,290
• ordinary	73,170,023	73,174,015	73,550,068	74,117,760
• class G preferred shares	13,831,075	1,293,098	1,197,239	1,052,530
2. Operations and profit or loss for the year				
Sales excluding tax	8,011,710	10,251,163	7,719,421	8,847,141
Profit/(loss) before tax, employee profit-sharing, depreciation, amortisation and provisions	(14,334,972)	27,801,712	18,563,976	7,817,141
Income tax	28,519,419	8,286,313	8,829,685	192,020
Employee profit-sharing due in the fiscal year	(149,634)	(199,921)	(158,178)	34,826
Profit/(loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	14,005,672	35,403,947	21,948,309	10,147,713
Distributed profits	-	-	-	-
3. Earnings per share				
Profit/(loss) after tax, employee profit-sharing, but before depreciation, amortisation and provisions	0.16	0.48	0.25	0.25
Profit/(loss) after tax, employee profit-sharing, depreciation, amortisation and provisions	0.16	0.48	0.29	0.13
Dividend paid per share	-	-	-	-
4.Personnel				
Average headcount during the year	9	30	29	28
Annual payroll	7,171,795	5,356,185	4,139,184	5,300,838
Amount of social security payments and fringe benefits for the year	2,246,200	1,929,938	1,656,356	1,693,847

6

Non-financial performance

6.1 SMCP's CSR approach

6.1.1 The Group and its values

Going forward to dress the world in style. SMCP is accelerating its responsible momentum because Parisian chic becomes even more desirable when it is sustainable.

The year 2020 marks a historic turning point in our sustainability strategy. Although the health crisis and its economic consequences have given this year a very special colour, they have heightened our collective awareness and strengthened all our actions in favour of the planet and humanity. At SMCP, we have all acted together for sustainable growth by taking care of the health of our employees and by responding to the national solidarity call in the face of Covid-19 with our four brands.

With the same conviction that Parisian chic is only elegant if it is sustainable, this year we finished writing our sustainability strategy with a clear vision for the future of accessible luxury. This same year, the Group also decided to join the Global Compact to defend the sustainable development goals in favour of human rights and natural resources. After three years of definition, audits and actions, the time has come for our fourth chapter: the development of truly responsible and eco-friendly brands. SMCP is proud of the ambitions we are working towards by 2025, and we shared them externally during the Investor Day. With our four brands, we are making a concrete and lasting commitment to advancing desirability, dreams and confidence in the world.

THE GROUP AND ITS VALUES

Chic and elegance are not in what you wear, but in your attitude.

In the beginning, there were three women, Evelyne Chétrite, Judith Milgrom and Claudie Pierlot who dreamed of dressing Parisians in elegant clothes. Sandro and Claudie Pierlot were created in 1984, then Maje in 1998. The union of these three Brands gave birth to the SMCP Group in 2010. De Fursac joined the Group in 2019. Founded in 1973, the iconic French fashion house aims to elevate Parisian style. Our four brands have the same purpose.

Driven by this desire to inspire Parisian chic around the world with a certain taste for a challenge, SMCP is an international leader in ready-to-wear and accessories, with 1677 points of sale[1] sale in 41 countries, reaching €873 million in annual sales in 2020.

Because we have a leading role in the accessible luxury sector, we aspire to make this Parisian chic sustainable by developing more desirable and responsible collections, season after season, which respect the planet, society and humanity.

Our CSR commitments are reflected in our values. Our strategy is genuine and dynamic, just like the driven entrepreneurs who make up our history.

Being a passionate entrepreneur: acting with agility, as if it were your own company. The entrepreneurial heritage of the founders of our four brands is rooted in our veins and we hold their ambition high.

Acting with a sustainable consciousness: contributing positively to the planet in our daily actions. We are the ambassadors of our Brands and as such, we share the desire to grow them by placing people and the environment at the heart of our actions.

Nurturing creativity and innovation: bringing new ideas to always stay one step ahead. We encourage new ideas and encourage all our employees to write new ideas with us in order to grow the Group's performance in a responsible and sustainable manner.

Developing a global mindset: seeing beyond its own field of action. We need to think about the overall impact of our work on an international scale, creating unique experiences that respect all cultures.

Thinking of elegance as an attitude: showing respect and caring for others. Sensitive to the world around us, we aspire to an ethical and responsible performance.

(1) 1,334 Direct operated stores and 340 point of sales partners.

6.1.2 Ambition and strategy

OUR THREE STRATEGIC PRIORITIES AND OUR AMBITIONS FOR 2025

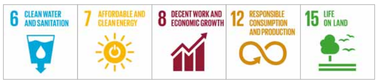
SMCP has strong ambitions by 2025 for a sustainable transformation of Parisian chic throughout the world.

Identified in 2019, our three high-value strategic pillars have been carefully designed to ensure the Group's sustainable development where luxury and ethics are two sides of the same coin and where elegance is only attractive if it embodies respect.

In 2020, these three pillars, SMCProduct, SMCPlanet & SMCPeople – our 3Ps, have guided us in building a sustainability strategy with strong ambitions to make real changes in our sector by 2025. We are resolutely committed with our four brands to achieving and even surpassing them. We communicated them externally during the Investor Day and on the e-commerce websites of our Brands, proof and symbol of our contribution to building a world more respectful of people and their environment in the world of Fashion.

SMCProduct – Developing an even more desirable and responsible offering:

SMCP is committed to creating and designing more desirable and sustainable collections by ensuring that at least 60% of our offering is eco-responsible, guaranteeing a sourcing of strategic suppliers that is 100% ethical, and intensifying the circular economy initiatives of all four brands by 2025.



SMCPlanet – Preserving our planet and its natural resources:

The Group is stepping up its efforts to reduce our environmental footprint by at least 20% within five years, by minimising our air transport flows, and by developing our Green Store concept throughout the world.

SMCPeople – Unveiling the potential of our passionate entrepreneurs:

SMCP is committed to strengthening the well-being and professional development of each of our employees by encouraging internal mobility and promotions, with training for all, and by prioritising diversity and inclusion in all our activities. It is our strength and our future.

6

6.1.3 Main non-financial risks and opportunities

The developments below present the risks and opportunities related to CSR which must be read as a supplement to the information in Section 3 "Risk Factors" of the 2020 universal registration document.

6.1.3.1 METHODOLOGY

The analysis of non-financial risks is based on work carried out in prior years by PwC in connection with the drawing up of the Group's CSR inventory and by Utopies, a firm specialised in CSR as part of the preparation of the Group's CSR strategy. The preparation of this strategy particularly led to the interrogation of external stakeholders on their view of CSR risks and expectations within the fashion industry. Internal interviews were also carried out to identify the CSR risks and expectations as perceived by Group employees.

This analysis also relies on regulatory and competition intelligence and on the financial risks previously identified and disclosed.

This non-financial risk analysis has been validated internally, in particular by the Group General Counsel, the Group Director of Strategy and Development, the Human Resources and CSR Director and the Group Director for Internal Audits.

Risks	**Policies and projects that have been implemented**	**Indicator**
Diversity and inclusion	6.5.3 Committing to inclusion and diversity	Employees
Developing human capital	6.5.1 Main employee indicators for 2020 (*vs* 2019) 6.5.2 Improving well-being at work 6.5.3 Committing to inclusion and diversity	Employees Turnover Compensation Training
Data protection	URD 2020 – Part 2.7 Legislative and regulatory environment	-
Working conditions within the Group	6.5.2 Improving well-being at work 6.5.3 Committing to inclusion and diversity internally	Employees Turnover Compensation Training Workplace accidents
Supplier relations	6.3.2 Guaranteeing *quality* sourcing from ethical suppliers 6.5.4 Making the anti-corruption and anti-tax evasion measures a priority	Strategic suppliers Results of employee and environmental audits
Quality and safety of our collections Information and labelling of our products	6.3.2 Guaranteeing *quality* sourcing from ethical suppliers	Production areas for our FP, FFP, components
Raw materials Animal welfare	6.4.1 Sourcing more responsible materials and products	Responsible collections
Real estate and fixed assets	6.4.1 Reducing our carbon footprint 6.4.3 Creating sustainable store concepts everywhere in the world	Electrical consumption GHG emissions *Green concept store*
Freight transport	6.4.1 Reducing our carbon footprint 6.4.2 Preferring more ecological forms of freight transport	Transport
Human rights	6.3.2 Guaranteeing *quality* sourcing from ethical suppliers 6.5.1 Our membership of the Global Compact	Strategic suppliers Results of employee and environmental audits
Corruption and tax evasion	6.5.4 Adopting ethical practices and defending our values	-

6.1.3.2 SOCIAL AND SOCIETAL RISKS

Highly conscious of the social and societal risks associated with our international activities in the ready-to-wear sector and in particular to the subcontracted manufacturing of our collections, we have developed a responsible and ethical global strategy.

- *Diversity & inclusion:* we believe that diversity is a force that drives new ideas at all levels of our structure and keeps us one step ahead of the game. The Group has made a commitment through its Human Resources policy to promote diversity and inclusion and to empower women in all the countries in which we operate.
- *Development & enhancement of human capital:* We wish to continue writing the story of our extraordinary growth internationally with all our employees. They are our strength and our ambassadors in the world. Without customer loyalty and adequate capitalisation of our human capital, the Group is exposed to a risk of losing skills in all its functions. That is why we strive to guarantee fair and equitable compensation and fringe benefits for all our employees. We endeavour to encourage autonomy and employee internal mobility by promoting a genuine corporate culture. Lastly, to make sure that we can attract tomorrow's talents, we have also developed new recruitment methods.
- *Data protection:* The Group aspires to a responsible digital transformation. To minimise the risks linked to the processing of customers and employee personal data collected through our marketing & personnel management policies, we have developed an internal organisation compliant with legal requirements after the entry into force of the GDPR.
- *Working conditions:* Our employees may be exposed to a risk of deterioration of their workplace well-being due to our rapid business growth. We are aware that our growth is driven by our employees, hence our commitment to maintain harmonious and secure working conditions wherever we operate. We aspire to a responsible, human-centric performance and have set up internal HR policies designed for the well-being of all our employees.
- *Supplier relations:* To help and encourage our suppliers worldwide who provide us with our supplies and/or manufacture our products to respect our social and societal requirements, we strive to develop and maintain harmonious and trusting relations with them. Our procurement policy is designed to be sustainable and responsible throughout our value chain.
- *The quality and safety of our collections* (clothes and accessories) is one of our core concerns. Because the health and safety of our customers is an absolute priority, we decided to develop a quality appendix to our General Supply Conditions (GSC). In compliance with all the regulations in force (REACH, POP, etc.), it guarantees for all our customers, healthy and safe ready-to-wear products, free of any hazardous substance.
- *Information & labelling of our products:* In accordance with European regulation no 1007/2011/EU, and to acknowledge the confidence of our customers in our Group, SMCP undertakes to be transparent and to disclose the origin of all products on its labels. This commitment is mentioned in our GSC.
- *Animal welfare:* The SMCP Group is extremely vigilant about its sourcing of animal products, hence the required meticulous inspections imposed on our suppliers. To comply with and encourage animal welfare, a particularly relevant issue in our sector, we have defined very specific requirements in our GSC. Furthermore, we carry out sourcing investigations in order to propose alternatives to controversial animal materials.

6.1.3.3 ENVIRONMENTAL RISKS

The Group is also highly conscious of the environmental challenges in the textile industry of which it is major economic contributor, therefore it has launched a continuous CSR approach to limit its impact on the planet and on biodiversity.

- *Raw materials*: aware of the importance of the issue of raw materials from an environmental viewpoint and the depletion of resources, the Group undertakes to promote the use of responsible materials.
- *Fixed and movable assets:* the Group is conscious of the impact of its fixed assets (head offices, points of sale, warehouses) particularly in terms of energy consumption and depletion of resources. That is why the Group monitors its electrical consumptions and sets up solutions to use more sustainable furniture.
- *Freight transport:* freight transport is the Group activity with the highest CO_2 emissions. That is why the Group limits air freight as much as possible and encourages more environmentally friendly transports such as rail & maritime freight transport.

6.1.3.4 RISKS ASSOCIATED WITH HUMAN RIGHTS

We value human life and are aware of the societal differences that may exist in the different countries in which the Group operates. This is why we strive to develop a global responsible policy regarding compliance with human rights.

Our external suppliers are very carefully selected and we strive to maintain harmonious and trustworthy long-term relations with them. From our workshops where our collections are designed, to our suppliers who manufacture them in their plants, down to the marketing in our stores, the Group has made a commitment to comply with the Universal Declaration of Human rights and with the UN International Convention on the Rights of the Child.

To make sure that our international suppliers comply with our Code of Conduct, the Group regularly conducts audits through an independent expert to ensure this.

6.1.3.5 RISKS RELATED TO CORRUPTION & TAX EVASION

Conscious of the risks of corruption and tax evasion due to our international activities, we have developed a responsible practice of anti-corruption and anti-tax evasion.

- *Corruption:* To minimise these potential risks due to our international activities, we have set up an internal reorganisation aimed at securing all our commercial relations with our service providers and suppliers worldwide. This reorganisation complies with France's Sapin II Act and is part of our commitment to develop the Audit and Internal Control Department.
- *Tax evasion:* tax evasion is a genuine global challenge to which the SMCP Group is sensitive. At the end of 2017, we internalised our tax operations by creating a Group Tax Manager position, with the aim of ensuring, in particular, compliance with French and international regulation. In each of the countries of its distributing subsidiaries, Group Tax Managers rely on the assistance provided by local accounting and tax firms to perform their duties. The Group and its retail subsidiaries are not based in any of the countries blacklisted by the European Union as non-cooperative jurisdictions, in March 2020.
- Because we are subject to different and complex tax legislations depending on the countries where we operate, we undertake to ensure and strengthen responsible tax practices. In the relations with its retailing subsidiaries, the Group applies the rules of arm's length trading and sells its goods to its subsidiaries on the basis of the OECD's recommendations, in particular Action 13 of the BEPS plan. Likewise, the Group is subject to the obligation to file the Country-by-Country report and to draft a Transfer Pricing Documentation; to demonstrate the tax transparency desired by the States concerned. Lastly, retailing companies are subject to local regulation, particularly regarding VAT, income tax and other local taxes and levies. The Group is therefore subject to strong local tax compliance constraints, which allow the public authorities of the countries of its business operations to control and collect taxes and levies relating to the Group's activities.
- Lastly, the Group has no ongoing tax dispute.

6.1.4 Sustainability governance and organisation

Sustainability is at the heart of everything our employees do at SMCP.

Sustainability is at the heart of our Group and sincerely inspires all our services and our four brands to develop ever more desirable and responsible collections.

From the CEO who inspires SMCP's sustainable vision, to the Human Resources Department with a Sustainability Director who sits on the Executive Committee and a Sustainability Manager both committed to change, a multidisciplinary Group Sustainability Committee and the Sustainability Committees specific to each Business Unit which embody our values according to their own sensitivities, we act with collective intelligence to advance our Sustainability strategy.

At SMCP, we are convinced that, for change to be global, Sustainability must be anchored in operations. Sustainability is reflected in all our business lines, from the creation and production studios, our warehouses and the design of our stores, right up to the highest levels. As proof of our determination to accelerate our responsible transformation, part of the bonuses paid to executive officers is linked to the achievement of the Group's annual Sustainability targets based on our three main pillars: SMCProduct, SMCPlanet and SMCPeople.

6.2 Business model

The information in this section should be compared with Section 2 "The Group and its activities" of the 2020 universal registration document.

A proven model as an international retail pure player combining the codes of *luxury* & *fast-fashion*

Create high-quality Parisian collections while capitalising on the historic DNA of each of our four brands: internalised creation processes with dedicated Artistic Directors, backed by talented designers and creative teams.

Maintain global appeal by leveraging our leading presence in fashion capitals: Paris, Los Angeles, London, New York, Shanghai, Dubai, Milan, etc.

Offer a high-end bespoke International Customer Service in our Stores, number one retail channel: a single model on display, cutting-edge training for our multilingual Sales personnel through the SMCP School and points of sale models per brand.

Roll out a prestigious communication:
advertising campaigns created with renowned photographers and models on multiple media, with a strong online and social media presence.

+

Propose high-quality latest trend fashion collections at more accessible prices than those practiced by luxury brands thanks to rapid from design to store product cycles.

Rely on a flexible supply and diversified supplier base committed to following the specifications of the Group and our Brands

Take advantage of an integrated logistics platform and an optimised global supply chain to enhance efficiency and reduce our environmental impacts.

Offer an ultra-responsive omnichannel, shopping experience addition to our Stores, e commerce websites and market-places, amplified by social media and renowned influencers.

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Spreading timeless trendy parisian chic at attractive prices worldwide

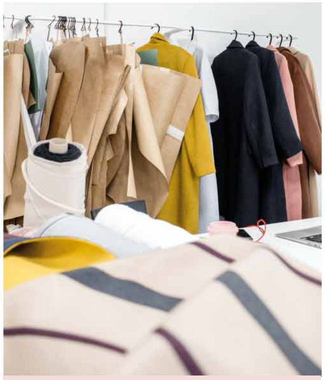
In 2020, we entered a new chapter in our story, which has refined our business vision: the "Global, sustainable and phygital brands" chapter. With this chapter, SMCP continues to combine the codes of luxury and fast fashion while continuing to integrate new priorities to pursue its ambition to become a global leader in accessible luxury:

Desirability of the brands

Refining and consolidating the identity of each of our brands to strengthen ties with our customers

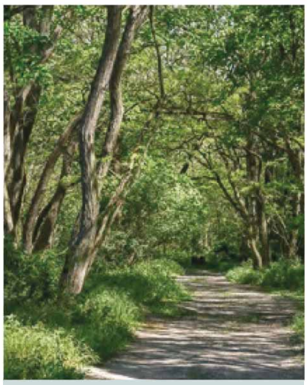
"One Journey"

Offering a seamless experience to our customers, between in-store shopping and shopping on our websites



Agile, fast and efficient business model

Adapting our business model to each region to remain flexible and agile in our business lines and performance



Sustainable and responsible development

Strengthening our commitment to ethical and responsible fashion

6.3 SMCProduct: developing a desirable and responsible offering

6.3.1 Sourcing more responsible materials and products

Today, most major ready-to-wear brands are committed to the sustainable transformation of our industry, and SMCP is fully involved in this momentum, working to reduce our social, societal and environmental impacts. It is about the future of Fashion and, more particularly, accessible luxury in the world.

At the heart of the concerns of the Group and of all our customers, we pay the utmost attention to sourcing responsibly, by favouring certified materials that are respectful of people and the planet in all our new collections.

In 2019, our first full-scope carbon balance highlighted the fact that raw materials accounted for more than half of our carbon footprint. SMCP therefore strengthened its procurement policy by implementing measures aimed at reducing greenhouse gas emissions, using natural resources sparingly and ensuring that the materials used are traceable.

In 2020, these measures guided us in our procurement and we have used them to build a sustainable strategy by 2025. We want to be real agents of change for a more responsible fashion industry, and have defined ambitious objectives for our four brands: ***at least 60% of our collections must be eco-responsible within five years.***

To achieve this, SMCP has implemented concrete actions common to our four brands:

- **the definition of guidelines common to our four brands on what constitutes an eco-responsible product:**

  For SMCP and its brands, a product is eco-responsible if its raw material consists of at least 30% certified materials (labels guaranteeing organic, recycled materials from sustainably managed forests, from animals treated with dignity) and/or if the product comes from a factory that uses technologies to reduce the environmental impact of the manufacturing process (LWG Gold certified tanneries, jeans manufacturing plants equipped with an EIM washing system which uses up to 95% less water and results in a significant reduction in the use of energy and chemicals).

  With this common definition, we are moving in the same direction with our four brands to really reduce our impact on the planet;

- **training all of our Style and Production teams on responsible sourcing:**

  In 2019, we began to train some of the Style and Production teams in responsible sourcing with the help of external experts to enable employees in these departments to be fully involved in the transformation and accountability of our collections.

  In 2020, we continued these training courses and conducted them in the departments of each of our four brands, representing a total of 65 employees.

  The vast majority of our Style and Production teams now have in-depth knowledge of responsible sourcing to make informed decisions:

  - understanding the environmental and social issues encountered at each stage of the life cycle of a textile product,
  - knowledge of the main existing certifications on the market, their level of requirements and their scope of application,
  - a critical look at what the industry and the competition are doing, and supplier proposals;

- **supporting our suppliers to ensure more responsible sourcing:**

  We have chosen to work in close collaboration with our existing suppliers to strive as much as possible towards eco-friendly materials. We forge relationships that are built on trust, which allows us to guide our suppliers towards respect for nature and human rights. In addition, we demand exemplary behaviour from our suppliers in terms of integrity. We expect our suppliers to adhere to the values and ethical principles set out in the Supplier Code of Conduct;

- **the commitment of all our Brands reflected in their own DNA:**

  "Sandro for the Future": Sandro is committed to producing less and better, today, and building on this in the future.

  Each season, Sandro goes further in its responsible approach to protecting the planet. Since 2019, the Brand has reduced the number of pieces in its collections by 20% and this is only the prelude to a new way of understanding Parisian chic and ethics. Better production means taking care to source responsibly by favouring natural or eco-designed fibres as much as possible, as well as recycled fibres, and Sandro continues to make progress in this area.

  Today, 25% of Sandro collections are eco-responsible. More specifically on the Autumn-Winter 2020 collection:

  - cotton: 98% of Sandro T-shirts and sweatshirts are made from organic cotton,
  - denim: 100% of Denim undergoes a specific EIM wash,
  - viscose: 15% is FSC (Forest Stewardship Council) certified,
  - polyester: 20% of Sandro pieces are made of GRS recycled polyester.

"Dream Tomorrow with Maje": Maje is rethinking the use of its fabrics to imagine a more beautiful world that is more respectful of the planet.

Maje is currently focusing its efforts on the materials mainly used in its collections to improve their eco-responsibility: denim, viscose, polyester, cotton, wool and leather.

For the Autumn-Winter 2020 collection, 30% of the pieces in the collection of this Parisian fashion house are eco-responsible, thanks to the following:

- 100% of the denim offering being ecowash-certified,
- 69% of leather products being from LWG Gold-certified tanneries,
- 59% of the cotton collections being either organic or recycled,
- 49% of woollen items being made from recycled wool,
- 32% of Maje's viscose being FSC-certified,
- 13% of the polyester being recycled.

" Claudie Cares": Claudie Pierlot's initiative for fashion that is more respectful of the planet, without compromising on style.

32% of the pieces in Claudie Pierlot's Autumn/Winter 2020 collection are eco-responsible ready-to-wear items, almost five times more than in the Autumn/Winter 2019 collection, and our brand is not going to stop there. Achievements for the Autumn-Winter 2020 collection:

- 11 organic cotton T-shirts compared to six in Winter 2019,
- 100% of the leathers are from LWG Gold tanneries,
- the use of alpaca wool and feathers has been stopped permanently,
- 57% of the denim has undergone specific EIM washing,
- 7 recycled wool pieces,
- 24 recycled polyester pieces,
- 16 FSC viscose pieces.

De Fursac is in the process of formalising its responsible and sustainable procurement policy.

Our fourth brand is working to define a clear and sustainable supply line specific to its DNA.

6.3.2 Guaranteeing quality sourcing from ethical suppliers

As a responsible corporate citizen, the SMCP Group is committed to developing its businesses with respect for the environment, biodiversity and human rights by ensuring that all our suppliers respect it.

Because their daily work involves the use of our Brand names, the SMCP Group is extremely careful about selecting its suppliers and works with them in very close collaboration in order to encourage and help them comply with our requirements. This allows our brands to have a stable base of suppliers with whom they work from season to season, thus allowing them to establish relationships of trust and a mutual desire for ongoing improvement.

SMCP is now paying closer attention to ensure that our suppliers are fully in line with the Group's fundamental values in terms of ethics, social and societal responsibility and environmental protection. ***By 2025, we are committed to ensuring that 100% of our strategic suppliers are audited according to very strict social and environmental audit schedules, and on a very regular basis.***

To achieve this objective, we have implemented various actions:

- **overhauled the CSR appendix of our GSC towards a clear and detailed Supplier code of conduct** that all Group suppliers must sign from January 2021. Here is an excerpt: "SMCP's suppliers undertake to comply without restriction with all applicable laws, regulations and international treaties concerning human, labour and social rights; business ethics practices, particularly the fight against corruption, compliance with competition law and international trade rules; protection of resources, including information and data; respect for the environment";
- **defined precise lists of our strategic suppliers** for each of our Brands. We worked with all the production teams of Sandro, Maje, Claudie Pierlot and De Fursac to define our TOP10 suppliers in various categories, considered as strategic for the production of our collections to intensify audits and monitor action plans:
  - TOP10 suppliers of finished ready-to-wear products (in terms of volumes produced),
  - TOP10 suppliers of cut-and-sew ready-to-wear products (in terms of volumes produced),
  - TOP10 suppliers of fabric (in terms of order value),
  - TOP10 suppliers of accessories (in terms of volumes produced).

  In 2020, this work resulted in a list of 107 strategic suppliers, representing 80% of our production volumes and 66% of our fabrics purchased;
- **continued social and environmental audits on the factories of our strategic suppliers:**

  Since 2017, the specific application of our ethical and social policy is the subject of social audits performed by an independent international firm inside the plants of our suppliers. These on-site audits are based on a large number of criteria. They set in motion a continuous improvement momentum aimed at sharing best practices.

Based on the main international references and standards (SA 8000, GSCP, ETI, ISO 14001 standards and OHSAS 18001 in particular), the audit grid that we use covers major social topics:

- health, safety, hygiene,
- waste management,
- child labour,
- working hours, wages and benefits,
- working conditions.

We also check other essential topics such as quality management, the fight against corruption and purchasing ethics.

Certain points of these topics are particularly important to the Group and its Brands, in particular banning child labour, ensuring that all employees have employment contracts, following international recommendations on working hours, ensuring that there is no discrimination in the hiring process and that there is no forced labour, complying with the minimum wage, ensuring that personal protective equipment is present and worn correctly, having a certificate that certifies that the site's construction is legal, ensuring that there are fire safety procedures and equipment in place on company premises, ensuring that all plant fittings are correctly maintained, and making sure that chemical products are stored safely.

In 2019, we also began setting up environmental audits performed by an independent international firm. The audits in the production sites of our suppliers reviewed the following topics:

- environmental management system,
- energy management,
- water management,
- air emissions,
- waste management,
- pollution prevention,
- soil management,
- biodiversity management.

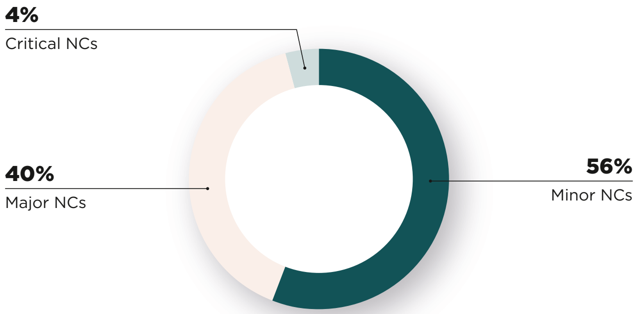
At the end of these audits, corrective action plans are drafted and we help our suppliers to implement them through an appropriate personalised follow-up: control audit over a period of two to three years, desktop review, or immediate follow-up as necessary.

In the context of the health crisis and the difficulty of international travel and the prolonged closure of certain production sites, we were unfortunately not able to carry out all the planned audits. For the summer 2020 and winter 2020 seasons (E20H20), 29 audits were carried out on 16 suppliers (finished products, cut-and-sew products, fabrics and accessories).

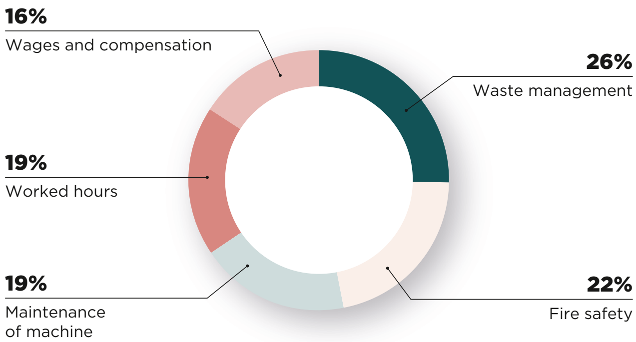
24% of our strategic suppliers are covered by an audit carried out by our service provider in 2020 and 43% are covered by an audit carried out by our service provider and/or by an internationally recognised external certification.

The social audits conducted from September 2020 to January 2021 revealed 166 anomalies (an average of eight anomalies per audit), broken down as follows:

Breakdown by severity of non-compliance cases observed during the 2020 social audits



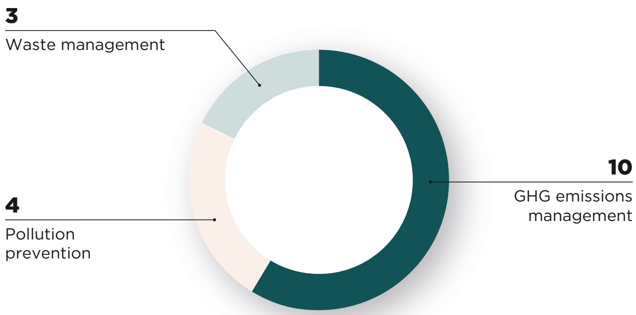
Breakdown by topic of the top five non-conformities observed during the 2019 social audits



The environmental audits conducted from September 2020 to January 2021 revealed 31 anomalies (an average of three anomalies per audit), which break down as follows:

Breakdown by severity of non-compliance cases observed during the 2020 environmental audits

Breakdown by topic of the top three non-conformities observed during the 2019 environmental audits



Thanks to our close relations with our suppliers, who are loyal to our values, season after season, the SMCP Group obtained an overall score above the average for customers in the same sector in the portfolio of the audit firm we work with for the fourth year in a row. And we are persuaded that we can still improve this score, by working together;

- **the traceability, quality and safety of our pieces at the heart of our processes:**

  The components of our cut-and-sew and finished products are all sourced by our Brands to guarantee absolute traceability, which is disclosed on our labels.

  For our finished products, the components are required by our Brands and purchased by the suppliers. Concerning the labelling on their origin, we specifically indicate the country where the item was manufactured.

  For cut-and-sew products, the components are sourced and purchased by our Brands, then sent to our suppliers for manufacturing. On the labels, we mention the country where the item was assembled and put together.

  In compliance with the applicable national and international regulations, the quality of our items must be flawless in all aspects and must guarantee the total absence of hazardous substances. In 2016, these standards common to our three original Brands were attached to our GSC:

  – meet all the toxicological requirements of REACH (azo dyes, allergenic dyes, carcinogenic substances, etc.), of the POP regulation (EC regulation 850/2004) on persistent organic pollutants, the requirements of the regulation on biocides (EU regulation 528/2012) and all those concerning materials of animal origin,

  – arranging for quality tests to be conducted by accredited laboratories on materials and products such as weave, knitwear, shoes, leather, fur and jewellery, as well as quality tests specific to certain countries (including the United States, China and Saudi Arabia), and being intransigent if they do not meet our criteria of excellence on safety issues,

  – demand strict quality controls by suppliers and arrange for inspection of the final quality of our items by independent service providers prior to their shipping and/or reception.

6.3.3 Develop and intensify circular economy initiatives

To tackle fast fashion and over-consumption in the fashion industry and in response to our customers' expectations for a real accessible luxury alternative, SMCP has decided to make a concrete commitment to the circular economy.

The Group is convinced that this structural and functional change will help to preserve the resources of our planet. With our four brands, we have decided to intensify all our initiatives to produce less and make our Parisian pieces last even longer.

Within the Group, we have identified several promising areas in which to bring about this change:

- **rental:** an alternative economy solution that makes it possible to produce fewer pieces and optimise the use of those already produced, which have often been worn only once or twice, before being forgotten in the back of the wardrobe.

  In 2020, despite a challenging health environment for this type of project, our teams in the United States launched a partnership with Rent the Runway, the rental market leader, to rent out some of our Parisian pieces. Despite the context, the launch was successful and we will develop this initiative in France and Europe;

- **second hand:** an ideal proposition for our customers who want to give a second life to their pieces once they have stopped wearing them.

  For several years, we have been working in partnership with Vestiaire Collective, a major second-hand player specialising in luxury and affordable luxury goods. To offer even more possibilities to our customers, and provide Parisian chic at a lower cost, we aim to develop other projects all over the world;

- **upcycling:** the ethical approach to recycle our old fabrics. This winter, Maje made a capsule entitled "Remade with Love" composed of everyday clothes, homeware and accessories made from fabrics from previous seasons, which was very well received by our customers. We also regularly make donations to fashion schools;

- **responsible management of our unsold products:** each of our Brands has implemented multiple solutions to give these pieces a second chance. Private sales, outlets or donations to charities, our unsold items always find a new destination. When donating to charities, we prioritise local charities, close to the warehouses where the pieces are stored, in order to optimise transport flows.

  We give a new lease on life to our defective items by organising a sale for our employees and their families;

- **reducing the number of pieces:** since 2019, Sandro has reduced the number of pieces in its collections by 20%, in order to better size production volumes and reduce inventory.

6.4 SMCPlanet: preserving our planet and its natural resources

SMCP shares a conviction with its four brands: to protect the planet and biodiversity. Every action counts, both the largest and the simplest.

We are also deploying all our energy together to reduce our footprint on the Earth and be an agent of change in the fashion industry, by imagining more environmentally-responsible transport flows for the manufacture and distribution of our Parisian pieces, by developing 100% Green stores worldwide, and by engaging in eco-friendly acts every day.

6.4.1 Reducing our carbon footprint

As part of a dynamic and long-term energy transition, the Group has set itself a new target of reducing our total carbon footprint by 20% by 2025.

6.4.1.1 REMINDER OF THE RESULTS OF THE CARBON FOOTPRINT ASSESSMENT

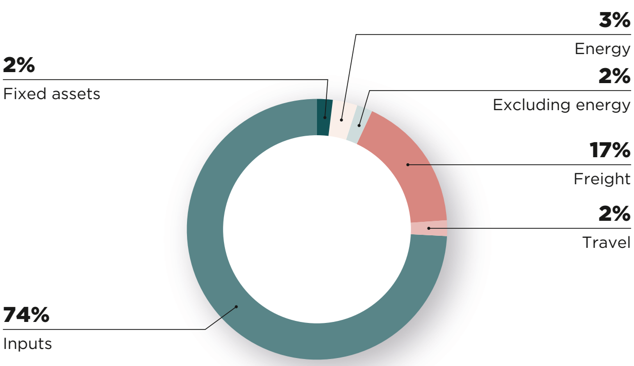
To demonstrate our commitment to a process of continued environmental performance improvement, we hired a specialist company to carry out our first full-scope carbon footprint assessment in 2018. with a specialised company. The results were presented in detail in our 2019 SNFP.

As a reminder, in 2019, we obtained the results in Scopes 1, 2 and 3 (purchases of goods and services, transport and distribution of goods, commercial flights, emissions generated by the production of fuel and energy), which enabled us to:

- identify and rank our sources of emissions;
- have management and updating tools and guidance;
- transparently disclose reliable and quantified information to our stakeholders.

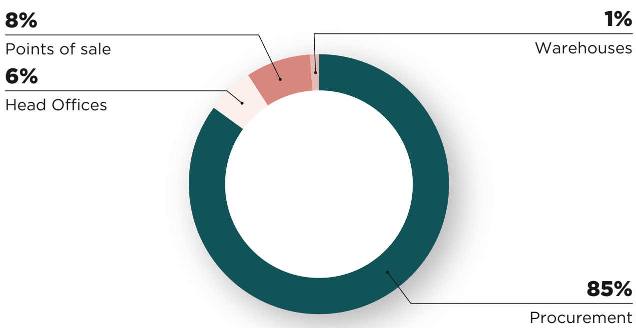
In concrete terms, greenhouse gas emissions for all of our head offices, points of sale and our activities linked to procurement for 2018 were 181,183 tons of CO_2 equivalent (tCO_2), which breaks down as follows:

Overall carbon balance *(in %)*



Like the ready-to-wear sector, our two main sources of emissions are inputs (all of the Group's purchases – components, finished products, cut-and-sew products, packaging for our points of sale and warehouses, IT consumables, purchases of services, etc.) and freight.

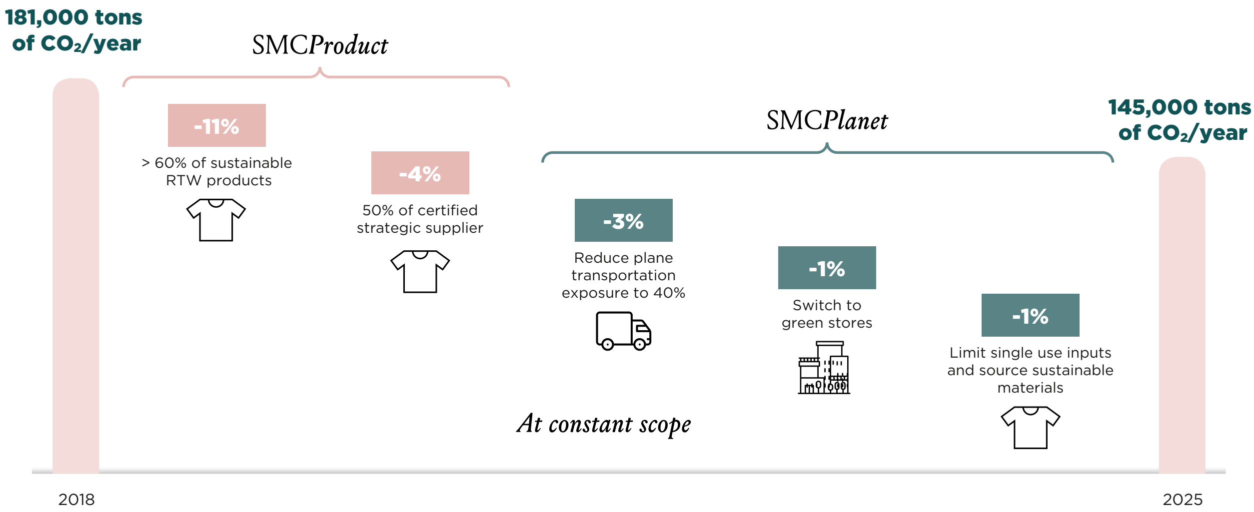
Breakdown by type of site/activity *(in %)*



Following these precise results of our carbon footprint assessment, the Group has drawn up a three-to-five-year roadmap to minimise the environmental impact of our activities. We focus on preparing relevant, long-term measures to reduce our greenhouse gas emissions, in France and abroad and thus fight against global warming.

6.4.1.2 DEVELOPMENT OF AN ACTION PLAN TO ACHIEVE THE REDUCTION TARGET

2020 was decisive and constructive for the identifying the various areas we need to target to achieve our 20% reduction objective.



By closely combining the actions carried out under our SMCProduct pillar with those carried out under the SMCPlanet pillar, we are acting in concert to greatly limit our footprint on the planet.

While our commitments to more responsible sourcing represent 75% of our reduction target, those to preserve our planet and its natural resources are essential to achieve our goals.

6.4.2 Preferring more ecological forms of freight transport

With the health crisis, our global goods and merchandise transport was severely disrupted in 2020, but we continued to intensify our efforts to reduce the impact of our logistics flows on the planet and on global warming.

In our line of sight: air transport. Because it is the mode responsible for the most greenhouse gas emissions, we have decided to reduce it considerably by 2025. We aim to reduce its share of upstream freight by 23 points compared to 2019, and ***bring it down from 63% to a maximum of 40% in five years.***

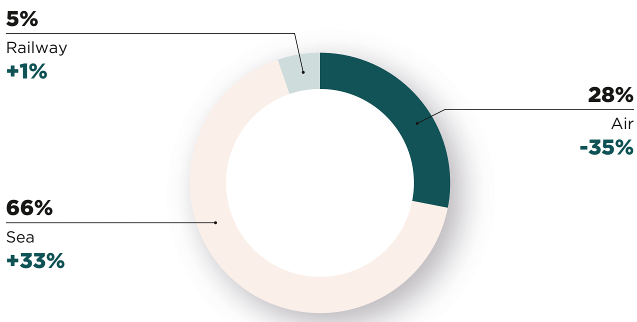
At the same time, and for all of our imports, we are continuing to increase the share of river, rail and road transport, which is less harmful to the environment.

Upstream freight requires our full attention within the Group. Its emissions are considerably higher than those related to outgoing cargo due to the fact that:

- most of our imports are transported by air because of the long distances between our suppliers and our warehouses;
- conversely and downstream, our finished ready-to-wear items are mainly transported over the road from our warehouses to our stores, located in the same geographic region.

Also, to minimise our environmental footprint during our goods transportations, SMCP favours as much as possible the proximity between the warehouses where our pieces are manufactured and our shops where they are sold. For several years now, the Group has had a hub in France for the France-Europe market, a hub in New York for the US-Canada market and a hub in Asia for the Asian market with the ultimate goal of avoiding goods moving back and forth between production in Asia, our warehouses in France and points of sale in Asian countries.

Split of Asia to France upstream transport modes vs 2019 *(in %)*[1]



(1) The share of air transport has fallen sharply due to the health situation. Although the reduction in the share of air transport is an objective for the Group, this exceptional reduction does not represent the true underlying trend.

6.4.3 Creating sustainable store concepts everywhere in the world

Our stores are our showcase to the outside world and should embody our desire for change and eco-responsibility.

In our drive for sustainable growth, we have defined strong objectives ***for 2025: 100% of our openings and renovations will comply with the Green Store concept.***

Because respecting the planet also means responsibly rethinking the relationship between us and our customers, we want to reinvent our stores as ethically as possible. In our view, there are five main components that define a Green Store and we are doing everything we can to apply them in all our stores:

a) the use of Eco-HVAC air conditioners: reducing as much as possible the proportion of lost-water air conditioning, in favour of air-to-air climate control;

b) the use of certified materials (FSC wooden floors, recycled brass, etc.) and the reuse of materials and decorative items from one store to another;

c) LED lighting as standard;

d) the signing by all our service providers of the Supplier code of conduct to ensure that all those working on construction sites respect our ethical and moral values;

e) sorting construction waste during works.

In addition, for our upcoming store openings, we are studying a sixth component (f): widespread implementation of sensors, movement detectors for all lighting and taps, in order to minimise our electricity and water consumption.

In 2020, 80% of our openings and renovations had four of these components (a, b, c & d) and we will continue our momentum to reach 100% in a maximum of five years.

As regards the fifth component (e), which is more complex to implement due to our global presence, we are continuing our reflection and are starting pilot tests with various service providers, particularly in France, so that we can then deploy them in all the countries where we operate.

Finally, and we are very proud, alongside all our teams, two of our stores were LEED-certified in 2020:

- LEED Silver for the Maje Beijing TaikooLi store;
- LEED Gold for the Sandro Beijing TaikooLi store.

6.4.4 Reduce and recycle our waste

Within the SMCP Group, we advocate an eco-citizen approach and all our employees wholeheartedly participate in this project.

Since 2017, we have implemented waste sorting measures in all our head office buildings.

In order to reduce our paper consumption, the Group has embraced dematerialisation: dematerialised employment contracts and employee administrative documents, lunch vouchers, invoices in our Accounting Department.

In our warehouses, we have taken action to encourage recycling in all our activities with the compacting of our boxes, the provision of special bags for plastic packaging and specific paper waste such as tissue paper, and lastly ecoboxes for all our office waste.

In 2019, we distributed mugs and water bottles to all our employees at our head offices to limit the use of single-use plastic as much as possible.

Today, we are determined to eliminate as many single-use inputs as possible for all our supplies (cardboard, polybags and hangers in particular). SMCP has therefore decided to set up a specific cross-functional committee for our four brands from 2021 onwards, the aim of which is to define a clear action plan for 2025 with ambitious targets to eliminate single-use items and/or introduce more eco-responsible alternatives when such items cannot be eliminated.

6.5 SMCPeople: revealing the potential of our passionate entrepreneurs

Chosen for their talent, their creativity, their entrepreneurial spirit and their difference, our employees are our driving force and our primary source of inspiration. SMCPeople is our creative force and the future of our four Parisian fashion houses. This is why we take great care to ensure that everyone thrives within our Group, whatever their profession and wherever they are in the world.

6.5.1 The main employee indicators for 2020 (*vs* 2019)

A slight decrease in the number of employees due to the international context
Permanent and fixed-term contracts (vs 2019)

5,748 | -13.9%

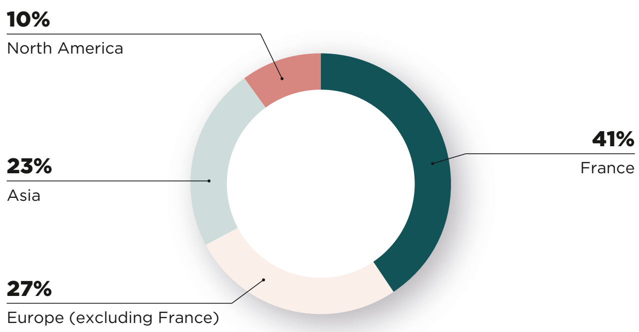
A sharp decline in recruitment due to the international context
Permanent contracts (vs. 2019)

1,268 | -63%

More employees on long-term contracts despite the uncertain international context
Permanent contracts (vs 2019)

90% | +4.2%

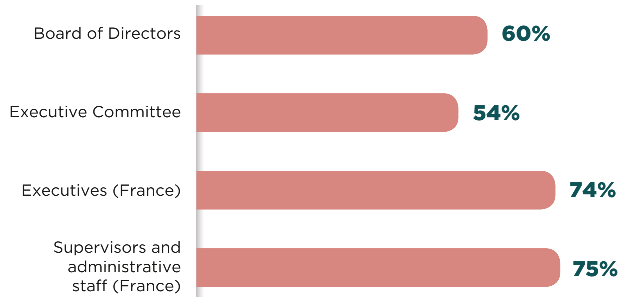
A Group with increasing international presence
% of total workforce on permanent & fixed-term contracts at 12/31/2020



A Group with increasing female presence...

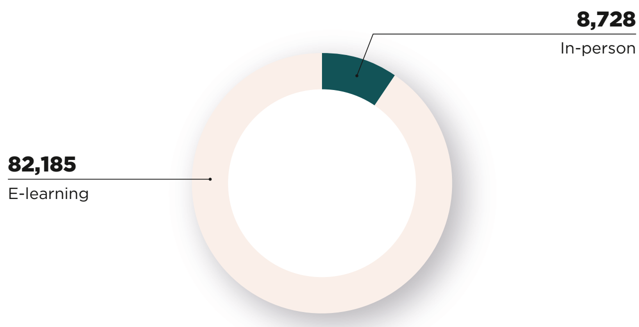
81% | -1%

... even in executive positions

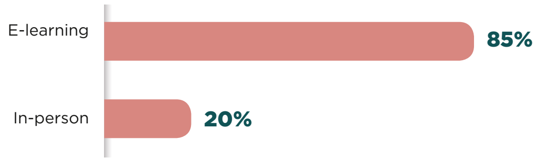


A consistent training policy maintained in times of health crisis thanks to e-learning

Hours of training delivered in 2020



Employees who benefited from at least one training



KEY INDICATORS

Number and distribution of employees

(a) General presentation of the workforce

At December 31, 2020, the Group employed a total of 5,748 employees, approximately 26% of whom were employed for the Sandro brand, approximately 20% for the Maje brand, approximately 12% for the Claudie Pierlot brand and around 4% for the De Fursac brand.

For the fiscal year ended December 31, 2020, Group payroll totalled €200.3 million, compared with €237.2 million for the twelve-month period ended December 31, 2019. The payroll corresponds to the sum of all gross salaries and employer social security charges, as well as employee profit-sharing and incentive plans.

(b) Breakdown of workforce

The table below shows the breakdown of Group employees by country at December 31, 2019 and 2020:

Country	2019	2020
France	2,712	2,359
United Kingdom	400	290
Germany	187	181
Ireland	80	73
Belgium	65	58
Italy	222	189
Luxembourg	24	26
Spain	375	296
Netherlands	145	135
Portugal	39	47
Norway	18	18
Sweden	25	33
Switzerland	180	153
Denmark	17	17
United States	865	558
Asia	1,324	1,315
TOTAL	**6,678**	**5,748**

The table below shows the breakdown of Group employees at the main subsidiaries at December 31, 2019 and 2020:

Subsidiaries	2019	2020
SMCP SA	29	28
SMCP GROUP	156	157
SMCP LOGISTIQUE SAS	148	144
SANDRO ANDY	903	769
MAJE SAS	685	568
CLAUDIE PIERLOT SAS	487	436
341 SMCP SAS	58	36
SMCP ASIA Ltd. and its subsidiaries	1,324	1,315
SMCP USA Inc. & SMCP CANADA Inc.	865	558
DE FURSAC SA	252	221

The table below shows the breakdown of Group employees by function at December 31, 2018 (excluding De Fursac) and 2019 (including De Fursac):

Categories	2019	2020
Head Offices	963	898
Sales Networks	5,553	4,697
Logistics	162	153
TOTAL	**6,678**	**5,748**

The table below shows the proportion of women in France as of December 31, 2019 and 2020:

Proportion of women	2019	2020
Proportion of women in the workforce	74%	74%
Proportion of women managers	74%	74%
Proportion of women supervisors	75%	74%
Proportion of non-managerial women employees	74%	75%

The table below shows the proportion of women in the Group's headcount as of December 31, 2019 and 2020:

Proportion of women	2019	2020
Proportion of women in the workforce	82%	81%

The table below shows the breakdown of the Group's workforce by type of contract as at December 31, 2019 and 2020:

Employees per type of contract	2019	2020
Permanent contracts	5,730	5,190
Other[1]	948	558

(1) Fixed-term contracts, apprentices, interns.

The table below shows the age pyramid for the Group's workforce in France and Europe as at December 31, 2019 and 2020:

Age pyramid	2019	2020
< 25 years old	1,288	1,043
25 – 40 years old	2,631	3,955
41 – 55 years old	491	642
56 – 60 years old	55	73
> 60 years old	24	35

Employment and working conditions

The table below shows the change in employment within the Group in France at December 31, 2019 and 2020:

Employment	2019	2020
Turnover - permanent employees	57%	58%
Voluntary departures - permanent employees	43.8%	28.7%
Recruitment rate - permanent employees	32.2%	28.9%

The table below shows the trends in absenteeism and overtime working in France at December 31, 2019 and 2020

Working conditions	2019	2020
Rate of absenteeism(1)	7.1%	7.4%
Overtime	26	0
Overtime and supplementary working	43,717	22,075

(1) Number of days of absence out of the total number of theoretical working days.

The table below presents changes in workplace safety during the fiscal year 2019 and 2020 (workplace accidents – Group employees):

Safety at work	2019	2020
Number of fatal occupational accidents	None	None
Number of employees having taken sick leave (following an occupational accident or commuting accident)	96	59

Policy on diversity and gender equality

The Group is committed to encouraging diversity at all levels of its business. The Group's policy on diversity and gender equality helps to enrich interaction and skills development and challenge views, as well as foster innovation.

The Group employs a large proportion of women among its employees. The number of women is higher than men in operational teams and in head offices. Women are also present in management teams. In addition, 58% of the 50 highest-paid employees within the Group are women.

Training

The table below presents training expenditures, the number of employees who have received training and the total number of training hours at December 31, 2019 and 2020:

Training	2019 (France)	2019 (Europe)	2020 (France)	2020 (Europe)
Total training expenses *(in euros)*	614,753	180,901	399,808	164,411
Employees having received training	1,046	242	652	130
Total number of training hours	14,826	3,325	7,977	1,343

For the fiscal year ended December 31, 2020, an amount equivalent to 0.4% of payroll in France was devoted to training Group employees in France.

Compensation policy

The total gross compensation paid by the Group (excluding social security contributions) for the years ended December 31, 2019 and 2020v is as follows:

(In thousands of euros)	2019	2020
Gross remuneration	182.9	157.8

The compensation of almost all Group employees comprises a fixed and a variable component.

The maximum amount of variable compensation is generally set in the employment contract; this remuneration is paid on an annual or semi-annual basis. The targets are set unilaterally by the employer or by mutual agreement, in relation to performance and conduct indicators for the sector in which the employee works.

The Group's compensation policy was introduced in 2012 and is based on three key concepts which the Group applies when reviewing salaries: competitiveness, fairness and motivation. The variable component of the salary of sales team members is indexed against a collective target, such as sales for the store.

The pay increase budgets allocated to the salary policy are defined on the basis of the annual economic performance and are negotiated with social partners at various meetings devoted to the mandatory annual negotiations. Some general increases may take place across the store network with the aim of making the Group's recruitment opportunities more competitive. The mandatory annual negotiations also give rise to analyses and proposals for optimising the allocation of target bonuses within points of sale or the corporate benefits.

Labor relations

Employee representation is organised at the level of the SMCP Economic and Social Unit (UES). A Social Economic Committee (CSE) has thus been set up at the level of the SMCP UES and is currently composed of 28 elected representatives and alternates, Sandro, Maje, Claudie Pierlot, SMCP Logistique and SMCP employees. The CSE meets once a month and is chaired by the SMCP Social Affairs Director. The diversity of this group allows for rich discussions, nurtures a 360° vision of the subjects discussed, develops the corporate culture and empathy and is a basis for collective intelligence.

To enable it to fulfil its missions, the CSE has also decided to set up several committees and working groups within it whose role is to carry out study and analysis work and to facilitate decision-making in plenary meetings. There is a committee dedicated to health, safety and working conditions, a committee for professional equality and diversity, an economic committee, a training committee and finally a housing assistance committee.

Elected officials also have the opportunity to meet their respective human resources department at monthly meetings, in addition to the CSE meeting. This spontaneous practice makes it possible to maintain local exchanges and to deal with more operational subjects.

Furthermore, De Fursac employees are represented by an Economic and Social Council, which includes 14 members, both principals and substitutes. The Group has constructive and peaceful relations with employee representatives from De Fursac.

Overall, the Group considers that it enjoys satisfactory labour relations with its employees and their representatives. For example, more than 10 collective agreements or action plans have been negotiated since December 2012 with representatives of the employee trade unions, and the response from the Works Council to projects presented by Executive Management is frequently favourable.

6.5.2 Improving well-being at work

In the eyes of SMCP, well-being at work is reflected in professional fulfilment, a career achievement.

We also ensure that all our employees are well received and trained in our values and our business lines from the first day of their arrival, in order to enable them to develop as much as possible internally.

Today, 82% of our employees worldwide are trained through our international e-learning platform and we aim to reach 100% by 2025. We also aim to considerably increase internal mobility and promotions in five years, to exceed the current figure of 33%.

6.5.2.1 TRAINING ALL OUR EMPLOYEES

Offering an onboarding experience to all our employees

OnBoarding Headquarters and warehouses: The onboarding process for new employees at the SMCP headquarters is composed of several key moments:

- once a month, a full morning is dedicated to welcoming new recruits and providing them with a comprehensive view of the Group: presentation of the organisation of the SMCP Group, its Brands and how the various business lines work together;
- our new employees are then given a guided tour of the Vémars and Marly-la-Ville warehouses to discover and understand the logistics business lines;
- all newcomers attend the briefing entitled SMCP VISION. The briefing provides information about the Group's history and its values;
- all newcomers have access to the MyLearning online platform as soon as they join the Group;
- they also receive specific training courses:
  - the "Finance for non-financial people" session which is an introduction to the specific financial vocabulary of the Retail universe,
  - the special session for managers "Rights and duties of managers", presented by our Director of Social Affairs and Pay France/Europe,
  - the training on using "Basware", our financial management software;
- lastly, to allow the new head office recruits to gain in-depth knowledge of the activity of SMCP's brands, at the request of their immediate superior, they may have the opportunity to visit a pilot store of one of the Group's brands for a day. This allows them to discover and experience the daily life of the store's sales team and manager.

Retail OnBoarding: The onboarding experience of our strategic employees dedicated to our Brands vary according to their function (Regional Director (RD), Store Manager (SM)/Deputy Store Manager (DSM)/etc.)

Regional Directors receive three weeks of onboarding, where they discover the SMCP head office and get to know their different key contacts (*e.g.,* pay manager, archi/maintenance, accounting, etc.), a pilot point of sale from a sector other than their own and a tour with a pilot RD. This three-week training ends with a sector hands-on experience alongside their manager.

Store managers receive three months of onboarding, including one week at the pilot point of sale alongside an Expert SM, who will visit them at their own point of sale for a whole day and will continue to provide close support, just as their Regional Director during the new recruits first three months of onboarding.

Onboarding for Deputy Managers lasts three to five days at the pilot point of sale alongside an Expert SM.

The onboarding experience of our sales staff is organised by the point of sale Manager, and generally lasts two to three weeks, which gives them ample time to discover their job: Brand (brand history and values/DNA of the House), sale (steps of the SMCP Selling Ceremony and sales techniques), Product (respect for the product, knowledge of collections and trends, enhancement *via* the merchandising visual policy), Management (Winstore, validating payments, stock).

MyLearning for daily training

Thanks to the deployment of Email4All worldwide and our international online training platform MyLearning, almost all of our employees (95%) can receive daily training on a variety of subjects, thereby developing their skills and enriching their expertise.

We want to give everyone access to strategic modules such as Strategy & Values, Brand Culture, Collections, sales Ceremonies, to enable them to fully accomplish their mission within our Group.

Beyond access to training, these tools have multiple benefits for SMCP and for all our employees:

- develop a feeling of belonging to our Group and Team spirit;
- establish smooth communication and exchange with Management and employees and circulating information and internal surveys;
- contributing to equal opportunities.

To go further in the development of the performances of our employees, we have also designed an in-person component. It includes training courses that can be dedicated to all our employees or to a specific business branch.

6.5.2.2 ATTRACTING NEW TALENT AND DEVELOPING IT WITHIN THE GROUP

Competitive compensation

A real strategic challenge and a performance driver, SMCP has taken care to develop an attractive and incentive-based compensation policy.

To attract new talent and develop it within SMCP, it is competitive and fair with respect to equivalent positions in our market. It is designed to be motivating by encouraging performance and professional fulfilment.

Also, to optimise the relationship between the compensation of employees and Group objectives, financial bonuses are structured to reflect the contribution of each employee to the achievement of collective and individual objectives. Moreover, all employees with the required seniority are eligible for an annual development assessment, which is a key performance and motivation tool.

Likewise, we are building a fringe benefits policy to offer all our teams, regardless of where they live, a good level of benefits, in particular with regard to health coverage.

Internal mobility

Thanks to its different Brands, our Group, its different businesses and its direct operations in 21 countries offers genuine career prospects to our employees. We strive to transform these into genuine opportunities with our mobility committee which meets every two months.

In practical terms, we make our internal job offers available to everyone, and encourage, whenever possible, the mobility and promotion of our employees, whether from one brand to another, one department to another or again from one country to another.

In 2020, 33% vacancies were filled internally and we aim to increase this figure over the next five years.

6.5.3 Committing to inclusion and diversity

6.5.3.1 INTERNALLY

At SMCP, we are convinced that it is men and women who make all the difference, with all their difference.

Our ability to meet the expectations and various needs of an international population is closely linked to our ability to promote and value diversity and inclusion internally.

We excel in terms of the representation of women across all Group activities: on December 31, 2020, they represented 81% of our employees.

The presence of women within management bodies remains a challenge for most companies, including in traditionally female sectors such as the world of fashion. At SMCP Group, women account for a large percentage of members of management bodies. In fact, more than half of our Board of Directors and our Management Committee are women.

Inclusion also means introducing guarantees for future fathers: time off for pre-natal tests are paid by the employer and fathers benefit from half a day off during the weeks following their return from paternity leave.

As proof of our determination to go even further on this issue, we created a Diversity and Inclusion Project Manager position at the end of 2020, by promoting one of our employees internally. Its mission is to carry out an inventory across the whole Group and build a roadmap for 2025 with strong progress objectives.

6.5.3.2 EXTERNALLY THANKS TO OUR MANY PHILANTHROPIC ACTIONS

For the second year in a row, our four brands have partnered with a high school from the Apprentis d'Auteuil network to enable young people with serious social difficulties to enter the fashion sector. We contributed to the opening of an educational store and participated in sales training to maximise their chances of success.

In addition to this multi-brand initiative, many actions were put in place in 2020 within each Business Unit to respond to the international call to address Covid-19 and support causes that deeply affect us:

- **Sandro's solidarity actions:**
  - 10,000 washable and reusable masks made from offcuts from old collections were made in collaboration with one of our suppliers and given to nursing homes and hospitals,
  - the creation of two t-shirts, of which 100% of the proceeds from sales were donated to the French Red Cross and the American Red Cross,
  - delivery of breakfasts every Friday for French and American medical teams,
  - collection of gifts in partnership with the FXB charity for distribution to deprived mothers and their children,
  - the donation of clothing to La pièce solidaire;
- **Maje's humanitarian initiatives:**
  - more than 19,000 reusable surgical caps produced for caregivers in European hospitals,
  - hand creams donated to various healthcare teams, in collaboration with Absolution,
  - continuation of the "A Gift for Life" initiative, which involves collecting gifts for distribution to children in hospital,
  - donation of clothing to caregivers,
  - masks produced in partnership with Lainière santé; 100% of profits donated to Médecins sans Frontières,
  - blood donation;

- **the sincere commitments of Claudie Pierlot:**
  - donation to the WHO solidarity fund,
  - blood donation,
  - donations of clothing to the Un petit bagage d'amour and Les Relais du Cœur associations;
- **De Fursac charity projects:**
  - 8,000 metres of fabrics, elastic bands and ribbons donated to produce masks and gowns for nursing staff,
  - planting trees in Paris in partnership with Bloomforest.,
  - clothing donations to the La Cravate Solidaire charity,
  - clothing donated to the Mécénat Chirurgie Cardiaque – Enfants du monde (children's heart surgery NGO) Big Christmas sale;
- **the charity works of SMCP Global Services:**
  - blood donation,
  - collection of gifts in partnership with the FXB charity for distribution to deprived mothers and their children,
  - participation in the "Les Restaurants du Cœur" initiative – donations *via* the Sodexo card;
- **the philanthropy initiatives of SMCP Asia:**
  - box of Hope for children in need with the Hong Chi association,
  - Christmas decorations were produced, with 100% of sale proceeds donated to the Abandoning Funds for Public Welfare association;
- **SMCP NA works for the planet and for people:**
  - clothing donated to Dress for success,
  - distribution of meals with City Harvest NYC.

6.5.4 Adopting ethical practices and defending our values

6.5.4.1 OUR GLOBAL COMPACT MEMBERSHIP

As part of a collective effort to make the world a better place, SMCP is proud to have joined the UN Global Compact initiative.

The Global Compact brings together companies and non-profit organisations around CSR and Sustainable Development issues. It offers a framework of voluntary commitment built on the basis of ten principles to be respected in terms of human rights, labour law, the environment and the fight against corruption.

It is also mandated by the United Nations to support the implementation of an Agenda 2030 and the adoption of the Sustainable Development Goals by the business world.

Support for this initiative is significant for the Group and we have shared it with all our employees.

With it, we are committed to adopting these principles so that they are fully reflected in the pillars of our strategy, in our culture and in our daily actions, perfectly integrated into our Group CSR approach, and to promoting them externally.

6.5.4.2 MAKING THE ANTI-CORRUPTION AND ANTI-TAX EVASION MEASURES A PRIORITY

Ethical practices and anti-corruption rules are key values for us and one of our major concerns. As the first link in the relationship with suppliers, our Group is particularly exposed to those risks. We pledge to our shareholders, partners, suppliers and employees that we will lead an effective, rigorous anti-corruption policy. Such a policy is part of our commitment to the values of honesty, fair competition, prevention of conflicts of interest, respect for professional secrecy and the battle against all forms of discrimination that we defend as part of our activities.

In accordance with the law on transparency, the fight against corruption and modernisation of economic life, known as the "Sapin II Act" (of December 9, 2016) which requires the drafting of a corruption prevention plan since June 2017, we have introduced measures intended to prevent acts of corruption or influence peddling such as the integration of a "fight against corruption" topic into our social audit grid and the setup of task forces to allow the creation of a mechanism for collecting reports from whistleblowers, training for persons highly exposed to the risks of corruption and conflicts of interest.

With regard to tax evasion, the Group has set up responsible tax practices and follows the recommendations of the OECD. We file the Country-by-Country reporting and write a Transfer Pricing documentation to ensure a fully transparent tax system in the countries concerned. Lastly, we are subject to the local regulations of each country where we operate with respect to VAT, corporate income tax and other local taxes.

6.6 Conclusion

Even though 2020 has been a highly unusual year, the Group has been able to accelerate its responsible momentum to dress the world in an elegant way by reinforcing all our actions in favour of the planet and people. Naturally, we mobilised with our four Brands and in each Business Unit to respond to the international call for solidarity in the face of Covid-19.

In 2021, we will continue to intensify our sustainable drive on each of our pillars, our 3Ps, to achieve our ambitious objectives by 2025.

We will strive to strengthen our range of Parisian pieces on all circular economy initiatives so that Parisian chic is more responsible and more accessible with SMCProduct. Together with a new cross-functional working group, we will focus on developing action plans to reduce single-use inputs in all our activities with SMCPlanet. Finally, we will further increase our solidarity actions and strengthen our Diversity and Inclusion Strategy so that SMCPeople shines for each of our employees around the world.

6.7 Our methodology

This DPEF includes corporate social responsibility indicators related to defined perimeters. The goal of this document is to describe clearly and precisely the scope and calculation method regarding each indicator.

6.7.1 Reporting period

The 2020 SNFP covers the period from January 1 to December 31, 2020.

6.7.2 Reporting scope

Indicators were collected, calculated and consolidated based on data available internally and extracted from IT tools. The data presented are aimed at covering all activities and all host countries of SMCP and its brands. However, some employee indicators are presented for France only. The purpose of this methodology note is to define those factors.

Topics related to combating food waste, food insecurity and responsible, fair and sustainable food are not dealt with in this Statement of Non-Financial Performance as they are not material with respect to the Group's activity.

6.7.3 Reporting methodology

The report's content was based on indicators selected to reflect the main economic, social, environmental and societal impacts of the Group's activities.

This Statement of Non-Financial Performance complies with the European Directive on non-financial reporting which led to the publication of an ordinance and its application decree replacing the so-called "Grenelle II" CSR reporting. The issues identified are based on the Global Reporting Initiative (GRI) guidelines under the GRI sector supplement, "Textiles, Apparel, Footwear and Luxury Goods", the UN Global Compact, and the OECD Guidelines.

6.7.4 Report verification

SMCP has entrusted the verification of the data presented in its CSR report to the independent third party, Deloitte.

6.7.5 Methodology used to analyse non-financial risks

The analysis of non-financial risks is based on work carried out in prior years by PwC in connection with the drawing up of the Group's CSR inventory and by Utopies, a firm specialised in CSR as part of the preparation of the Group's CSR strategy. The preparation of this strategy particularly led to the interrogation of external stakeholders on their view of CSR risks and expectations within the fashion industry. Internal interviews were also carried out to identify the CSR risks and expectations as perceived by Group employees.

This analysis also relies on regulatory and competition intelligence and on the financial risks previously identified and disclosed.

This non-financial risk analysis has been validated internally, in particular by the Group General Counsel, the Group Director of Strategy and Development, the Human Resources and CSR Director and the Group Director for Internal Audits.

6.7.6 SMCProduct pillar indicators

DATA ON SOURCING AND COLLECTIONS

The data is derived from the Group-level consolidation of resources extracted from our IT tools in connection with production activities.

It relates to a global scope but excludes the De Fursac brand, which has not yet migrated to the tools available to Sandro, Maje and Claudie Pierlot to monitor this data.

DATA ON STRATEGIC SUPPLIERS

The data is derived from the Group-level consolidation of resources extracted from our IT tools in connection with production activities.

It relates to a global scope and concerns all our brands for the 2020 fiscal year.

RESULTS OF SOCIAL AND ENVIRONMENTAL AUDITS

The data come from the Group-level consolidation of resources extracted from our external service provider's audit reports and our IT tools in connection with production activities, relate to a global scope and concern all our brands.

6.7.7 SMCPlanet pillar indicators

Environmental data for the 2020 SNFP pertains to the Group's electricity consumption for stores under direct management, headquarters and warehouses.

The GHG emissions calculated and reported in this SNFP relate to Scope 2 – electricity consumption.

ENERGY

The energy consumption for the network is calculated based on actual electricity usage bills for a specific scope (France), giving a smoothed average consumption per square metre which can then be applied to the worldwide store portfolio under direct management, given that the entire portfolio has the same concept stores.

The network here is limited to directly managed points of sale (including outlets), *i.e.* 614 stores. Concessions, affiliates and partners are not included, given that SMCP does not have any room for manoeuvre in this type of store with regard to energy supply and equipment that uses electricity (air conditioning, bulbs, etc.)

Energy consumption for the headquarters is the consumption obtained from the electricity bills of each entity concerned. The scope represented by the head offices is the SMCP head office, the Sandro head office, the Maje head office, the Claudie Pierlot head office, the SMCP North America head office and the SMCP Asia head office. The De Fursac head office was excluded from the scope.

Energy consumption for the warehouses is the consumption obtained from the electricity bills of each entity concerned. The scope represented by warehouses concerns warehouses located in France. It does not include subcontracted warehouses in Asia or the USA, since SMCP has no influence over the energy supplied to those particular warehouses.

GHG EMISSIONS

The GHG emissions data included in the 2020 SNFP are data exclusively for Scope 2. Only one kgCO_2 equivalent emitted was calculated for energy consumption.

The energy consumption in kWh of each country was multiplied by the kgCO_2 coefficients communicated by ADEME corresponding to the given country (Documentation of emission factors of the Carbon Base, ADEME).

Stores in France that have a green power contract have a CO_2 equivalent emission of 0.

The scope of GHG emissions is therefore the same as the scope for the electricity consumption calculations.

TRANSPORT

The data come from the Group-level consolidation of resources extracted from our IT tools in connection with the supply chain activities and relate to upstream transport for Asiaà France.

GREEN CONCEPT STORE

The data come from the Group-level consolidation of resources extracted from our IT tools in connection with maintenance and architecture activities. They relate to points of sale directly managed by the Group.

6.7.8 SMCPeople pillar indicators

Employee-related data concerns indefinite-term and temporary contracts except the data relating to manager/non-manager breakdown and to hirings, departures and layoffs, which exclusively relate to permanent contracts. This is because managers are recruited on indefinite-term contracts and the Group considers that to have a reliable interpretation of the hirings, departures and layoffs trend, these indicators must be studied on the population benefiting from indefinite-term contracts, namely the Company's permanent population who, under optimal conditions, are unlikely to leave the Group. The recognition of fixed-term contracts alone also provides a fairer view of net jobs created by the Group.

For the other social data, the excluded data concerns temporary employees, interns and apprentices. This can be explained by the fact that the Group wishes to enhance the reliability of its monthly employee reporting to all of its business units and that this can be done by using a reporting scope based only on permanent contracts and fixed-term contracts, which have an identical definition worldwide.

All employee-related indicators on the world scope with the exception of the data on manager/non-manager breakdown which is gathered for France only, because the manager/non-manager status is not equivalent in all countries. Data on layoffs and occupational accidents concern France only. This limited scope can be explained by the fact that the Group is currently working on consolidating this data at world level and is unable to provide a world report at this stage.

The "number of workplace accidents" indicator covers only workplace and commuting accidents that resulted in lost days, and not the total number of workplace and commuting accidents.

6.8 Summary table of indicators

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
SMCProduct							
Responsible collections	Weight of eco-responsible pieces in all collections	%	3	26	Proportion of pieces that meet the Group's definition of an eco-responsible product: a product is eco-responsible if at least 30% of its raw material is certified (labels guaranteeing organic, recycled materials from sustainably managed forests, from animals treated with dignity) and/or if it has been produced in a factory that has implemented technologies to reduce the environmental impact of the manufacturing process (LWG Gold-certified tanneries, jeans manufacturing plants equipped with an EIM washing system).	Collections De Fursac	World
Strategic suppliers	Number of strategic suppliers	No.	88	107	Number of suppliers considered strategic by the Group. For each of the brands: • TOP10 suppliers of finished ready-to-wear products (in terms of volumes produced); • TOP10 suppliers of cut-and-sew ready-to-wear products (in terms of volumes produced); • TOP10 suppliers of fabric (in terms of order value); • TOP10 suppliers of accessories.	2019: De Fursac suppliers	World
	Percentage of strategic FP and FFP suppliers	%	77	80	Proportion of FP and FFP suppliers (RTW and access) considered strategic out of all FP and FFP suppliers in terms of volumes produced	2019: supplier weight De Fursac	World
	Weight of strategic fabric suppliers	%	65	66	Proportion of fabric suppliers considered strategic across all fabric suppliers in terms of order value	2019: weight of suppliers De Fursac	World

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
Strategic suppliers	Social certifications	%	-	23	Proportion of our strategic suppliers covered by at least one international social certification (WRAP, SMETA, BSCI, SA 8000) valid on 12/31/2020	-	World
	Environmental certifications	%	-	19	Proportion of our strategic suppliers covered by at least one international environmental certification (ISO 14001, Oeko-Tex Step, LWG Gold, LWG Silver, Bluesign) valid on 12/31/2020	-	World
	Coverage	%	-	43	Proportion of our strategic suppliers covered by a social and/or environmental audit carried out by our service provider and/or covered by an international social and/or environmental certification (WRAP, SMETA, BSCI, SA 8000, ISO 14001, Oeko-Tex Step, LWG Gold, LWG Silver, Bluesign) valid on 12/31/2020	-	World
Results of employee and environmental audits	Audits carried out	No.	32	29	Social and environmental audits (initial and follow-up) conducted for the reference year	-	World
	Coverage	%	33	23.4	Proportion of our strategic suppliers covered by a social and/or environmental audit, carried out by our service provider: • for 2020: carried out in 2019 (one-year retroactivity for results) and/or 2020; • for 2019: carried out in 2018 (retroactivity of one year for results) and/or 2019.	-	World
	Cases of social non-compliance observed	No.	7	8	Average number of non-compliance events observed per social audit	-	World
	Social audits – Breakdown of anomalies by type of seriousness	%	45	56	Percentage of minor non-compliance events out of all cases of social non-compliance observed	-	World
	Social audits – Breakdown of anomalies by type of seriousness	%	50	40	Percentage of major non-compliance events out of all social non-compliance events observed	-	World
	Social audits – Breakdown of anomalies by type of seriousness	%	5	4	Percentage of critical non-compliance events out of all social non-compliance cases observed	-	World

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
Results of employee and environmental audits	Observed environmental non-compliance events	No.	3	3	Average number of non-compliance events observed per environmental audit	-	World
	Environmental audits – Breakdown of anomalies by type of seriousness	%	22	52	Percentage of minor non-compliance events out of all environmental non-compliance cases observed	-	World
	Environmental audits – Breakdown of anomalies by type of seriousness	%	78	48	Percentage of major non-compliance events out of all environmental non-compliance cases observed	-	World
	Environmental audits – Breakdown of anomalies by type of seriousness	%	0	0	Percentage of critical non-compliance events out of all environmental non-compliance cases observed	-	World
Production areas of our finished and cut-and-sew products	EMEA	%	62	55	In terms of finished and cut-and-sew, RTW and access products Countries included in 2019: Albania, Belarus, Bosnia, Bulgaria, Spain, United Arab Emirates, France, Great Britain, Italy, Macedonia, Morocco, Poland, Portugal, Romania, Serbia, Slovakia, Tunisia, Turkey, Ukraine Countries included in 2020: Albania, Belarus, Bosnia, Bulgaria, United Arab Emirates, Spain, France, Great Britain, Italy, Lithuania, Morocco, Poland, Portugal, Romania, Serbia, Slovakia, Tunisia, Turkey	De Fursac	World
	Asia	%	37	43	In terms of finished and cut-and-sew, RTW and access products Countries included in 2019: China, India, Countries included in 2020: China, South Korea, Indonesia, Japan, Vietnam	De Fursac	World
	Other	%	1	1	In terms of finished and cut-and-sew, RTW and access products Countries included in 2019: Mauritius, Madagascar, Uruguay and Venezuela Countries included in 2020: Brazil, Mauritius, Madagascar and Uruguay	De Fursac	World

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
Production areas of our components	EMEA	%	62	75.5	In terms of order value (in €) Countries included in 2019: Germany, Albania, Austria, Belgium, Bulgaria, Spain, France, Great Britain, Greece, Italy, Lithuania, Morocco, Netherlands, Poland, Portugal, Czech Republic, Romania, Slovakia, Switzerland, Turkey Countries included in 2020: Albania, Germany, Austria, Belgium, Bulgaria, Spain, France, Great Britain, Greece, Italy, Lithuania, Morocco, Netherlands, Portugal, Czech Republic, Romania, Slovakia, Switzerland, Turkey	De Fursac	World
	Asia	%	33	24.4	In terms of order value (in €) Countries included in 2019: China, South Korea, Hong Kong, India, Indonesia, Japan, Taiwan, Thailand Countries included in 2020: China, South Korea, Hong Kong, India, Indonesia, Japan, Pakistan, Taiwan, Thailand, Vietnam	De Fursac	World
	Other	%	5	0.1	In terms of order value (in €) Countries included in 2019: South Africa, Madagascar, New Zealand, Venezuela Countries included in 2020: South Africa, Sudan	De Fursac	World
SMCPlanet							
Electrical consumption	Head office consumption	kWh	834,527	943,246	Electricity consumption at head offices (lighting, air conditioning, etc.)	2019: De Fursac, Maje and Claudie Pierlot headquarters 2020: De Fursac head office	World
	Consumption of warehouses	kWh	888,968	799,400	Electricity consumption of directly managed warehouses (lighting, air conditioning, etc.)	-	World
	Point of sale energy consumption	kWh	4,413,132	12,065,090	Point of sale electrical consumption (lighting, air conditioning, etc.)	2019: electricity consumption by the heating/air conditioning system, consumption of reserves 2019 and 2020: points of sale managed as concessions, affiliates, wholesale	World

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
Electrical consumption	Points of sale energy consumption	kW/m²	81.4	206	Smoothed electricity consumption by points of sale per square metre Estimate based on part of the France stores scope and applied to the Global scope	2019: electricity consumption by the heating/air conditioning system, consumption of reserves 2019 and 2020: points of sale managed as concessions, affiliates, wholesale	World
Green concept store	LED coverage of our points of sale	%	70	68	Percentage of points of sale with full LED lighting in the sales area	Affiliates, concessions, wholesale	World
	Openings and renovations compliant with the Green Store definition	%	-	80	Percentage of openings and renovations that met the four Green Store criteria: eco-HVAC, LEDs, eco-responsible materials/ long-life cycle materials, signature of code of conduct)	Affiliates, concessions, wholesale	World
Transport	% use of aircraft for upstream transport Asia-France	%	63	28	% use of aircraft for upstream transport Asia-France	-	World
	% use of vessel for upstream transport Asia-France	%	33	66	% use of vessel for upstream transport Asia-France	-	World
	% use of rail for upstream transport Asia-France	%	4	5	% use of rail for upstream transport Asia-France	-	World
GHG emissions	GHG emissions generated by the Group's electricity consumption	$kgCO_2eq$	-	4,282,594	GHG emissions generated exclusively by the Group's electricity consumption	Affiliates, concessions, wholesale, De Fursac head office	World
	GHG emissions generated by the Group's electricity consumption	$kgCO_2eq/m^2$	-	735.9	Smoothed GHG emissions per sq.m., including sq.m. held directly by the Group for warehouses, head offices and points of sale	Affiliates, concessions, wholesale, De Fursac head office	World
SMCPeople							
Employees	Total employees	No.	6,426	5,748	Number of women and men employed by SMCP on December 31, 2020	Temporary staff	World
	Total women	No.	5,258	4,670	Number of women employed by SMCP on December 31, 2020	Temporary staff	World
	Total Men	No.	1,168	1,078	Number of men employed by SMCP on December 31, 2020	Temporary staff	World
	Female members of the Executive Committee	No.	6	7	Number of women on the Executive Committee	-	World
	Men on the Executive Committee	No.	7	6	Number of men on the Executive Committee	-	World

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
Employees	Women on the Board of Directors	No.	8	9	Number of women on the Board of Directors	-	World
	Men on the Board of Directors	No.	6	6	Number of men on the Board of Directors	-	World
	Female managers	No.	368	379	Number of female managers	Temporary staff 2019: De Fursac	France
	Male managers	No.	116	134	Number of male managers	Temporary staff 2019: De Fursac	France
	Non-executive women	No.	1,525	1,378	Number of female non-managers	Temporary staff 2019: De Fursac	France
	Non-executive men	No.	457	468	Number of male non-managers	Temporary staff 2019: De Fursac	France
	Headquarters population	No.	920	898	Number of employees working in the head offices	Temporary staff 2019: De Fursac	World
	Warehouse population	No.	148	153	Number of employees working in warehouses	Temporary staff 2019: De Fursac	World
	Point of sale population	No.	5,358	4,697	Number of employees working in points of sale	Temporary staff 2019: De Fursac	World
	Population aged under 20	No.	171	62	Number of employees under the age of 20	Temporary staff 2019: De Fursac	World
	Population aged 20 to 29	No.	3,194	2,476	Number of employees aged 20 to 29	Temporary staff 2019: De Fursac	World
	Population aged 30 to 39	No.	2,267	2,331	Number of employees aged 30 to 39	Temporary staff 2019: De Fursac	World
	Population aged 40-49	No.	582	642	Number of employees aged 40 to 49	Temporary staff 2019: De Fursac	World
	Population aged over 50	No.	212	237	Number of employees aged over 50	Temporary staff 2019: De Fursac	World
	Geographic breakdown of employees – France	No.	2,466	2,359	Number of employees based in France	Temporary staff 2019: De Fursac	World
	Geographic breakdown of employees – Europe	No.	1,771	1,516	Number of employees based in Europe	Temporary staff 2019: De Fursac	World
	Geographic breakdown of employees – Asia	No.	865	558	Number of employees based in Asia	Temporary staff 2019: De Fursac	World
	Geographic breakdown of employees – North America	No.	1,324	1,315	Number of employees based in North America	Temporary staff 2019: De Fursac	World
Turnover	New hires	No.	3,417	1,268	Number of new hires in 2020	Fixed-term contracts, interns, apprentices, temporary staff	World
	Departures	No.	3,212	2,033	Number of departures, for any reason, in 2020	Fixed-term contracts, interns, apprentices, temporary staff	World

Indicator	Sub-indicator	Unit	2019	2020	Definition	Data excluded	Scope
Turnover	Layoffs	No.	190	162	Number of departures due exclusively to layoff by the employer	Fixed-term contracts, interns, apprentices, temporary staff De Fursac	France
	Internal mobility	%	36	33	Percentage of open positions filled by a person already working within SMCP	Fixed-term contracts, interns, apprentices, temporary staff	World
Compensation	Payroll	Millions of euros	237	200.3	Sum of all gross salaries and employer social security charges, as well as profit-sharing and incentive plans	-	World
Training	Training given in the presence of a trainer (face-to-face and/or virtual classroom)	No.	17,734	8,653	Number of hours of training given in the presence of a trainer in face-to-face and/ or virtual classroom mode	2019: data relating to De Fursac employees	World
	E-learning training	No.	54,307	82,185	Number of training hours delivered via e-learning	2019: data relating to De Fursac employees	World
	Employees who have received at least one training session face-to-face and/or virtual classroom	%	36	20	Percentage of employees having received at least one training session in the presence of a trainer (face-to-face and/or virtual classroom)	2019: data relating to De Fursac employees	World
	Employees who have received at least one e-learning training	%	95	85	Number of employees who have received at least one e-learning training session	2019: data relating to De Fursac employees	World
Workplace accidents	Workplace accidents	No.	107	61	Number of employees with lost days due to a workplace or commuting accident	2019: De Fursac	France

6.9 Independent third-party report

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial performance declaration presented in the Group management report

To the annual shareholders' general meeting,

In our capacity as statutory auditors of SMCP S.A., appointed as independent third party and certified by COFRAC under number 3-1048 (scope of the accreditation available on www.cofrac.fr), we hereby present to you our report on the consolidated statement of non-financial performance for the fiscal year ended December 31, 2020 (hereafter the "Statement"), presented in the Group management report as required by the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R .225-105-1 of the French Commercial Code.

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for drawing up a Statement that is compliant with the laws and regulations, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied to address these risks and the results of these policies, including key performance indicators. The Statement was drawn up by applying the Company's procedures, (hereafter the "Guidelines") the significant elements of which are presented in the Statement and are available from the Company's registered office upon request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions set out in Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of the profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to present a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions set out in Article R. 225-105 of the French Commercial Code;
- the true and fair nature of the disclosures pursuant to Article R. 225-105, Sections I and II, subparagraph 3, including the key performance indicators, and actions relating to main risks, hereafter the "Disclosures".

However, it is not our responsibility to give an opinion on: neither the entity's observance of other applicable legal and regulatory provisions, particularly regarding anti-corruption and anti-tax evasion measures; nor the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

Our work described below was conducted in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code determining the terms in which the independent third-party body conducts its mission and in accordance with the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relating to this intervention [as well as to the international standard ISAE 3000] *(Assurance engagements other than audits or reviews of historical financial information).*

Our work allowed us to assess the compliance of the Statement with the regulatory provisions and the true and fair nature of the Disclosures:

- we obtained an understanding of the activity of all the companies included in the scope of the consolidation, and of the presentation of the main risks;
- we have assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- we verified that the Statement covers each category of information specified in Article L. 225 102 1 Section III on social and environmental reporting as well as the sub-paragraph 2 of Article L. 22-10-36 on compliance with human rights and the fight against corruption and tax evasion;
- we verified that the Statement presents the disclosures described under Section II of Article R. 225-105 when relevant with respect to the main risks and includes, where appropriate, an explanation of the reasons justifying the lack of information required by Article L. 225-102-1, Section III, subparagraph 2;

- we verified that the Statement presents the business model and the main risks linked to the activity of all the entities included in the scope of consolidation, including, when relevant and proportionate, the risks created by its business relations, its products or services as well as the policies, actions and results, including key performance indicators;
- we referred to documentary sources and conducted interviews to:
  - assess the selection process and the validation of the main risks as well as the consistency of the results including the key performance indicators adopted with respect to the main risks and policies presented, and
  - corroborate the qualitative information (actions and results) that we considered the most important[1] – for those relating to certain risks (environment, diversity and inclusion, circular economy), our work was carried out at the level of the consolidating entity, for the others at the level of the consolidating entity and in a selection of entities;
- we checked that the Statement covers the scope of consolidation, namely all the companies included in the scope of consolidation in accordance with Article L. 233-16 with the limits specified in the Statement;
- we reviewed the internal control and risk management procedures set up by the entity and assessed the collection process set up by the entity aimed at ensuring the completeness and fairness of the Disclosures;
- for the key performance indicators and the other quantitative results[2] that we considered the most important, we implemented:
  - analytical procedures consisting of checking that the collected data had been consolidated correctly and the consistency of the changes in this data,
  - detail tests using sampling techniques, consisting of verifying that the definitions and procedures had been applied correctly and comparing the data on supporting documents. This work was carried out with a selection of contributing entities[3] and covered between 38% and all of the consolidated data of key performance indicators and results selected for these tests;
- we assessed the overall consistency of the Statement with respect to our knowledge of the Company.

We believe that the work that we have carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our work mobilised the skills of four people between March and April 2021.

We were assisted in our work by our specialists in sustainability and corporate social responsibility. We conducted approximately ten interviews with the persons responsible for preparing the Statement.

CONCLUSION

The environmental indicators presented in the Statement do not make it possible to report on the Group's performance with regard to its commitments: energy consumption and associated greenhouse gas emissions are limited to electricity consumption and are not sufficiently reliable; the carbon footprint relates to the year 2018.

Based on our work, except for the items described above, we detected no material misstatement likely to call into question the fact that the Statement is compliant with the applicable regulatory provisions and that the Disclosures, taken as a whole, are presented fairly in accordance with the Guidelines.

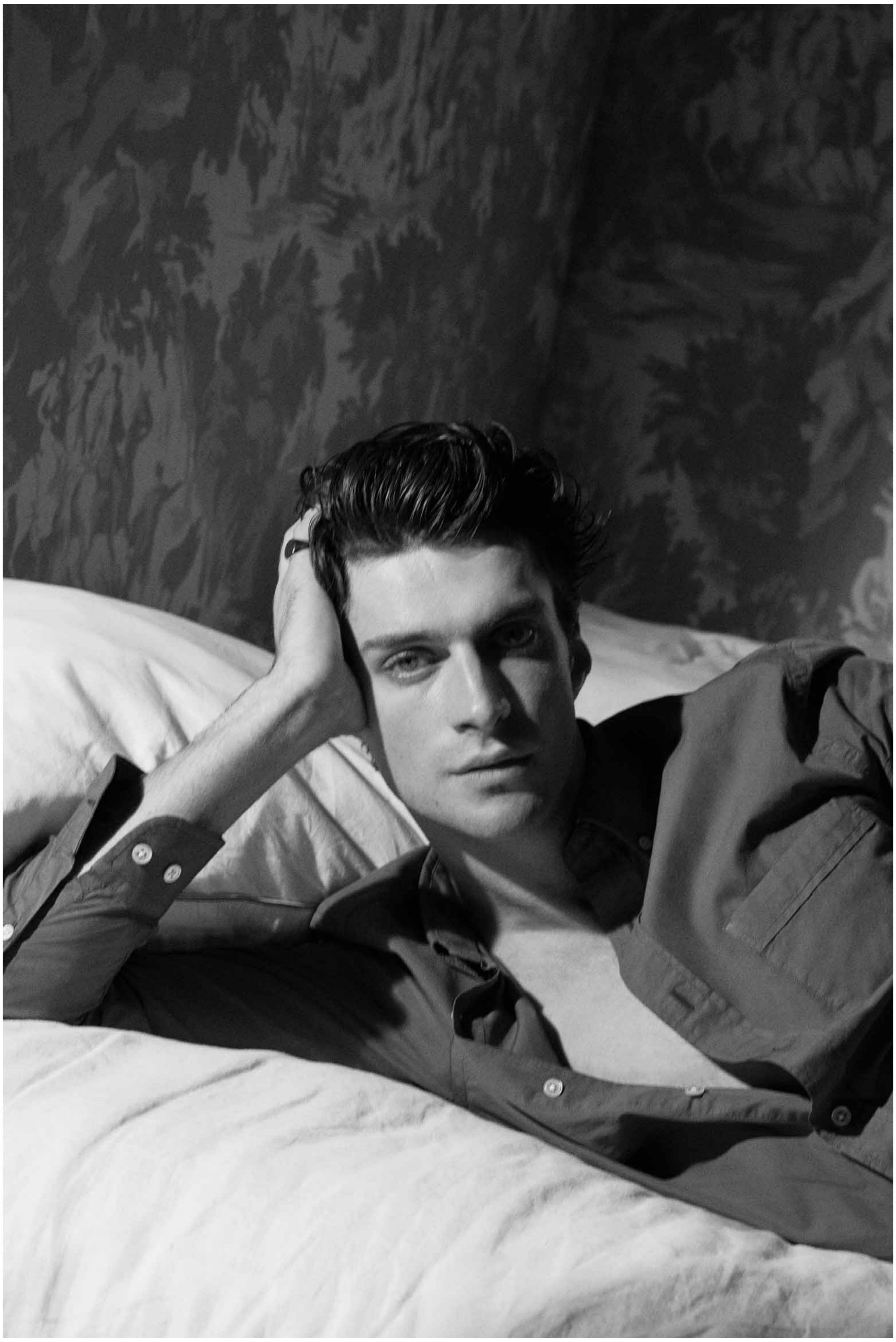
Paris-La Défense, April 30, 2021

One of the statutory auditors

Deloitte & Associés

Albert Aidan Partner, Audit	Julien Rivals Partner, Sustainability Services

(1) Reflection conducted by the Group on the impacts of logistics flows; Group's internal commitment to diversity and inclusion; Responsible management of unsold goods.
(2) Total number of employees; Total number of women; Total number of female managers; Number of new hires; Number of layoffs; Number of departures; Number of hours spent on e-learning; Number of employees who have received at least one e-learning training; Number of internal transfers; Number of social and environmental audits conducted; Coverage of the social and environmental audits conducted; Electricity consumption (head offices, warehouses, points of sale).
(3) Group activity in France and in Europe.



7

Corporate governance

Introduction: Code of Corporate Governance

Since the Company's shares were listed for trading on Euronext Paris regulated market (Euronext Paris) in October 2017, the Company has referred to and, subject to the information below, complied with the Code of Corporate Governance for listed companies published by the *Association Française des Entreprises Privées* (AFEP) and *Mouvement des Entreprises de France* (MEDEF) in its updated version in January 2020 (the "AFEP-MEDEF Code").

The AFEP-MEDEF Code to which the Company refers may be consulted on the internet at the following address: http://www.medef.com. The Company keeps copies of the Code available for members of its corporate bodies at all times.

The Company applies the AFEP-MEDEF Code (as revised in January 2020), with the exception of the following recommendations:

Recommendation of the AFEP-MEDEF Code	Company's comment
Recommendation 17.1 and 18.1 of the AFEP-MEDEF Code **"It *[the committee responsible for nominations]* must not include any corporate executive officer and the majority of the members must be independent directors."** **"It *[the committee responsible for compensation]* must not include any corporate executive officer and the majority of the members must be independent directors. It is recommended that the Chairman of the committee be independent and that a salaried director be a member."**	The Nominations and Compensation Committee is composed of four members, including two independent members, one representative of Shandong Ruyi and Évelyne Chétrite, Deputy General Manager of the Company. As a result, the membership of this committee does not comply with recommendations 17.1 and 18.1 of the AFEP-MEDEF Code, which require a majority of independent directors and the absence of corporate executive officers on the committee. Given the importance of the appointment and compensation of executives for the development of the SMCP Group (the "Group"), it was in fact decided to appoint a representative of the majority shareholder and one of the founders of the Group to sit on this committee. It should be noted that Ms Chétrite does not take part in the deliberations or voting on resolutions of the Nominations and Compensation Committee when she is affected by these resolutions.
Recommendation 14.2 of the AFEP-MEDEF Code **"The scheduling of terms of office is organised in order to avoid block replacements and to promote harmonious replacement of the Board members."**	With the exception of the director representing employees, the terms of the other members of the Board of Directors of the Company will all expire at the Shareholders' General Meeting called to approve the financial statements for the fiscal year ended December 31, 2020. As a result, the staggering of members' terms did not comply with Recommendation 14.2 of the AFEP-MEDEF Code, which recommends avoiding block replacement of the directors, as all Board members were elected simultaneously at the time of the Company's initial public offering. While considering that the absence of staggered renewal does not hinder the proper functioning of the Board of Directors, the Company has taken this recommendation into account in the proposal for appointments made to the General Meeting of June 17, 2021 by setting shorter renewal periods for certain directors.
Recommendation 25.5.1 of the AFEP-MEDEF Code **"The performance conditions set by the Boards for these indemnities must be assessed over a period of at least two years."**	The performance condition set for the payment of the severance package for Daniel Lalonde, Évelyne Chétrite, Judith Milgrom and Ilan Chétrite is assessed on the basis of the last twelve months prior to the termination of their duties in comparison with the performance achieved over the 12-month period preceding this reference period, whereas Recommendation 25.5.1 of the AFEP-MEDEF Code recommends the period for assessment of the performance conditions be at least 24 months. The Company in effect believes that, given the strong historical growth of the Group from one year to the next, the performance of the officers must be assessed over the 12-month period preceding the end of their duties.

The Board of Directors will meet during the 2021 fiscal year to examine any necessary changes within the Company following the update of the AFEP-MEDEF Code.

7.1 Organisation of governance

7.1.1 Management bodies

CHIEF EXECUTIVE OFFICER

The offices of Chairman of the Board and Chief Executive Officer of the Company are separated. Mr. Yafu Qiu will be Chairman of the Board of Directors and Mr. Daniel Lalonde will be Chief Executive Officer of the Company.

DEPUTY GENERAL MANAGERS

The positions of Deputy General Manager in the Company will be assumed respectively by Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite.

PROCEDURES AND FUNCTIONING OF THE MANAGEMENT BODIES

Missions and powers of the Chairman, Chief Executive Officer and the Deputy General Managers

The offices of Chairman of the Board and Chief Executive Officer of the Company are separated. Mr. Yafu Qiu is Chairman of the Board of Directors and Mr. Daniel Lalonde is Chief Executive Officer of the Company. The positions of Deputy General Manager in the Company will be assumed respectively by Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite. Each Deputy General Manager will be responsible for the development of policy for creation, design, artistic direction and marketing strategy of the brand(s) within his or her area of responsibility, namely:

- Sandro and Claudie Pierlot for Ms. Évelyne Chétrite;
- Maje and Claudie Pierlot for Ms. Judith Milgrom;
- Sandro Men for Mr. Ilan Chétrite.

Conduct of Executive Management – Limitations of powers

The offices of Chairman of the Board and Chief Executive Officer of the Company have been separate since the Company's initial public offering. As required by law, the Company's Articles of Association and the internal rules of the Board of Directors, the Chairman of the Company chairs the meetings of the Board and ensures that correct operation of the Company's governing bodies, and ensures, in particular, that the Board members are able to perform their tasks.

The Chief Executive Officer is vested with the most extensive powers to act in all circumstances in the name of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to those powers expressly attributed by law to Shareholders' Meetings and to the Board of Directors.

He or she represents the Company with third parties. The Company is even bound by acts of the Chief Executive Officer that do not fall within the Company purpose, unless it can prove that the third party knew that the act exceeded such purpose or that the party could not fail to be aware of it under the circumstances; publication of the Articles of Association alone is not sufficient to constitute such proof.

Decisions of the Board of Directors limiting the powers of the Chief Executive Officer are not enforceable against third parties.

By agreement with the Chief Executive Officer, the Board of Directors determines the scope and the duration of the powers conferred on the Deputy General Managers. The Deputy General Managers have the same powers as the Chief Executive Officer vis-à-vis third parties.

The Chief Executive Officer or the Deputy General Managers may, subject to the limits set by the legislation in force, delegate the powers they deem appropriate, for one or more specific purposes, to any agents, even from outside the Company, either individually or forming a committee or commission, with or without the power of substitution, subject to the limitations set by law. These powers may be permanent or temporary and may include the power of substitution or otherwise. The delegations thus granted retain their full effects despite expiry of the office of the person conferring them.

Under Article 3.2 of its internal rules, the Board of Directors gives its prior approval, by simple majority vote of the members present or represented, for any act or decision of the Chief Executive Officer concerning the following:

(i) the approval of/or amendments to the annual budget;

(ii) approval or material amendments to the annual business plan;

(iii) any issue of shares, instruments or securities giving rights, immediately or deferred, to the capital of the Group;

(iv) subscription of any indebtedness for an aggregate amount larger than €10,000,000 per year above annual budget and any modification of the terms of the indebtedness, including amendment of financing documentation entered into in connection with the initial public offering;

(v) any decision that may lead to an event of default or an acceleration under the terms of the financing documentation;

(vi) any capital expenditure (CAPEX) more than 10% over the annual budget;

(vii) the conclusion, the termination or any significant modification of any contract representing more than €4,000,000 per year, other than those described in (v) and (ix);

(viii) any expenditure of an individual amount superior to €2,000,000, not present in the annual budget;

(ix) the creation, acquisition, selling, termination or constitution of any guarantee on any activity, subsidiary, or assets for an amount superior to €2,000,000 or representing more than €7,000,000 turnover/Group annual profit or inducing annual investments of more than €3,000,000 (unless approved in the budget);

(x) any firing, dismissal, change of scope of duties or remuneration of any employee or a corporate officer of the Group whose annual gross remuneration (both fixed and variable) exceeds €250,000;

(xi) conclusion of any industrial or commercial joint-venture agreement or merger agreements with a third party that could have a significant impact on the Group;

(xii) any amendment of the methods and accounting principles currently used by the companies within the Group in relation to the establishment of their interim and consolidated accounts;

(xiii) review and approval of the annual and consolidated accounts of any subsidiaries of the Group with an annual turnover of €25,000,000;

(xiv) the opening of a store or a subsidiary or a new activity in a new country;

(xv) the appointment or renewal of Statutory Auditors;

(xvi) any significant transformation or restructuring of a Group entity;

(xvii) the commercialisation of any new line of products;

(xviii) any transaction that directly or indirectly modifies the share capital or equity (including any merger, demerger or spin-off or dividend distribution);

(xix) modification of more than 3% per year of the remuneration of the Group salaries compared to the annual budget;

(xx) the execution, termination or modification of any agreement entered into with the founders or the principal executives of the Group (including their employment contracts or service agreements);

(xxi) the settlement of a dispute representing more than €2,000,000.

7.1.2 Composition of the Board of Directors

7.1.2.1 BOARD OF DIRECTORS

The following table lists the members of the Board of Directors on the date of registration of this universal registration document, as well as the principal offices and positions held by the Board members in the last five years.

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Yafu Qiu[1]	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Chairman of the Board of Directors	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd – Chairman – Shandong Ruyi Woolen Garment Group Co., Ltd. – Chairman of the Board of Directors – Trinity Limited – Chairman of the Board of Directors – Renown Incorporated – Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* None
Daniel Lalonde	Canadian	General Meeting called to approve the financial statements for the year ended December 31, 2020	Chief Executive Officer and Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* – SMCP Holding SAS – President – Claudie Pierlot SAS – President – 341 SMCP SAS – President – SMCP Logistique SAS – President – SMCP Deutschland GmbH – Managing Director – SMS Holding SA – Chairman, Member of the Board of Directors – Claudie Pierlot Suisse SA – Director, Member of the Board of Directors – Maje Suisse SA – Director, Member of the Board of Directors – Sandro Suisse SA – Chairman, Member of the Board of Directors – SMCP USA Inc. – Director – SMCP Canada Inc. – Director – SMCP Asia Ltd. (HK) – Director – SMCP Hong Kong Limited – Director – SMCP Shanghai Trading Co. Ltd. – Director – SMCP Retail Coast Inc. – Director – SMCP Retail West Coast Inc. – Director – AZ Retail – Director – SMCP Portugal – Managing Director – SMCP Sweden – Chairman and Member of the Board of Directors *Outside the Group:* – Puig – Member of the Supervisory Board – Ferretti Group – Member of the Board of Directors – INSEAD – Member of the Advisory Board **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* – INSEAD – Member of the Board of Directors – Trinity Limited – Member of the Board of Directors

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Évelyne Chétrite	French	General Meeting called to approve the financial statements for the year ended December 31, 2020	Deputy General Manager and Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* – Sandro Andy SAS – President: Évelyne Chétrite SASU represented by Évelyne Chétrite *Outside the Group:* – EDID – Manager – Évelyne Chétrite SAS – President – Grand Chene – Manager – Petite Princesse – Manager – Hessed – Manager – Sagesse – Manager – Kemisi – Co-Manager – Kismi – Co-Manager – Maison Blanche – Co-Manager – SIVAN SAS – President – Fonds TAL – President – JOIE S.à.r.l. – Co-manager – ARCHIVES SAS – President **Positions and offices held during the past five years that are no longer held:** *Within the Group:* – SMCP ITALIA srl – Director – SMCP UK Ltd. – Director – Claudie Pierlot Suisse SA – Director – Sandro Suisse SA – Director – SMCP Belgique SARL – Director – PAP Sandro Espana SL – Director – SMCP USA Inc. – Director – Sandro France – Co-Manager – Sandro Andy SAS – President – Groupe SMCP SAS – President – Claudie Pierlot SAS – President *Outside the Group:* – Eve Art – President
Judith Milgrom	French	General Meeting called to approve the financial statements for the year ended December 31, 2020	Deputy General Manager and Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* – Maje SAS – Judith Milgrom SAS – President, represented by Judith Milgrom *Outside the Group:* – SC SAVA – Co-Manager – SC SHMIL – Co-Manager – SC AVANA – Co-Manager – SCI MAJ – Co-Manager – SCI MAIL – Manager – SCI J&A – Co-Manager – JUDITH MILGROM SAS – President – Fonds TODA – President – Judor Investissements SAS – President – HARMONY SAS – SAVA President, represented by Judith Milgrom – SCI PALOMA 2011 – Co-Managing partner **Positions and offices held during the past five years that are no longer held:** *Within the Group:* – Maje Stores Ltd – Director – MajBel SA (Belgium) – Director – Duke Fashion – Director – Maje Suisse SA – Director – SMCP USA Inc. – Director – Maje Boutique – Co-Manager – Maje SAS – President – Groupe SMCP SAS – President – Maje Spain SL – Director *Outside the Group:* – SCI A&J – Co-Manager – SC AMJM – Co-Manager

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Weiying Sun[1]	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None. *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd. – CEO – Trinity Limited – Executive Director – Renown Incorporated – Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* None
Chenran Qiu[1]	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd. – Vice Chairman – Renown Incorporated – Director – Trinity Limited – Executive Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* – SMCP SA – Deputy General Manager *Outside the Group:* None
Xiao Su[1]	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd – President – Shandong Ruyi Woolen Garment Group Co., Ltd. – Director – Trinity Limited – Director **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* None
Kelvin Ho[1]	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Director	**Offices and positions held on the registration date of this universal registration document:** *Within the Group:* None *Outside the Group:* – Shandong Ruyi Technology Group Co., Ltd – Chief Strategy Officer – Ruyi International Fashion (China) Financial Investment Holding Group Limited – Chairman – Trinity Limited – Chief Strategy Officer **Positions and offices held during the past five years that are no longer held:** *Within the Group:* None *Outside the Group:* None

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Orla Noonan	Irish	General Meeting called to approve the financial statements for the year ended December 31, 2020	Independent Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Adevinta – Chairman of the Board of Directors – Iliad SA – Independent Director – Agence France Presse (AFP) – Independent Director – Knightly Investments – Chairman **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Schibsted Media Group – Independent Director – Groupe AB – Chief Executive Officer, Member of the Board of Directors – AB Entertainment – Director – RTL9 – Director – Team Co – Chairman
Xiao Wang[2]	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Independent Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Hillhouse Capital Group – Partner – Hong Xing Mei Kai Long – Director – Longyuan Jianshe – Director **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Lu.com – Deputy Chief Executive Officer – IDG Capital Partners – Partner in charge of M&A
Patrizio di Marco	Italian	General Meeting called to approve the financial statements for the year ended December 31, 2020	Independent Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – Dolce & Gabbana – Director – Golden Goose – Executive Chairman **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – Gucci (Groupe Kering) – Chairman-Chief Executive Officer and member of the Executive Committee

First and last name	Nationality	Expiration date of the term of office	Principal duty performed for the Company	Principal terms of office and duties performed outside the Company during the past five years
Dajun Yang	Chinese	General Meeting called to approve the financial statements for the year ended December 31, 2020	Independent Director	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** None ***Outside the Group:*** – UTA International Brand Inv. Management Co. Ltd. – Chairman and Chief Executive Officer – UI International Brand Management (Beijing) Co. Ltd. – Chairman and Executive Officer – Trinity Group – Member of the Board of Directors – Jihua Group – Executive Director – HCLC – Member of the Board of Directors – China National Garment Association Committee of Experts – Committee Member – China Textile Planning Research Association – Vice-Chairman **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** – UTA Fashion Management Group – Chairman, Chief Executive Officer
Lauren Cohen	French	General Meeting called to approve the financial statements for the fiscal year ended December 31, 2021	Directors representing employees	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** – Europe Development Manager ***Outside the Group:*** – Equerre Conseil – Chairman **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** – Head of international development of stores – Works Council Secretary ***Outside the Group:*** None
Marina Dithurbide	French	General Meeting called to approve the financial statements for the year ended December 31, 2023	Directors representing employees	**Offices and positions held on the registration date of this universal registration document:** ***Within the Group:*** – Supply Chain Director ***Outside the Group:*** None **Positions and offices held during the past five years that are no longer held:** ***Within the Group:*** None ***Outside the Group:*** None

(1) Director appointed by the Shandong Ruyi Group.
(2) Mr Xiao Wang was co-opted by the Board of Directors on April 28, 2021 as a replacement for Ms. Fanny Moizant, who stepped down from her position as director of the Company with effect from February 15, 2021.

Biographical Information about the Members of the Board of Directors

Yafu Qiu, 63, holds an EMBA from the University of Tsinghua (China), a master in textile industry management from the University of Donghua and a Bachelor's in textile industry from the University of Donghua (China). Mr. Qiu also has a diploma in Engineering Technology Application and received, as an expert, the Special Government Allowances of the State Council. Mr. Qiu has over 40 years' experience in the textile industry in China and has been Chairman of Shandong Ruyi since 1998. Mr. Qiu has received the first prize at the National Science & Technology Advancement Awards and a National Labour Medal and was ranked as one of the ten most influential figures of the Chinese textile and apparel industry in 2010. Mr. Qiu has been elected at the National People's Congress of the People's Republic of China for four consecutive terms.

Daniel Lalonde, 57, holds an MBA from INSEAD and a Bachelor's degree in Mathematics from the University of Waterloo in Ontario (Canada). He became CEO of the Group in April 2014 on the basis of his extensive experience with major international groups in Europe and North America. He began his management career as the President and Chief Executive Officer of Nespresso North America and then as Global Chief Executive Officer of Nestlé Nespresso. He then joined the LVMH Group, spending ten years there, firstly as President and Chief Executive Officer of LVMH Watches & Jewelry North America, and then as President and Chief Executive Officer of Louis Vuitton North America. He then took over at Moët & Chandon/Dom Pérignon as President and Chief Executive Officer. His most recent post before joining the Group was as International President of Ralph Lauren Corporation, New York. Mr. Lalonde is also a member of the Supervisory Board of Puig and of the Board of Directors of Ferretti Group. Mr. Lalonde is Chief Executive Officer and a member of the Board of Directors of the Company.

Évelyne Chétrite, 63, studied law at the University Paris 1 Panthéon-Sorbonne. Passionate about fashion and styling, Ms. Chétrite created the Sandro brand in 1984 with her husband Didier Chétrite. The first store opened in 2004 in the heart of the Marais district of Paris. Under the creative impetus and vision of Ms. Chétrite, Sandro quickly became a leading brand in the market ready-to-wear. Since the creation of the brand, Ms. Chétrite creates and directs Sandro collections as Creative Director. In addition to these operational duties, Ms. Chétrite, who served for many years as Chairman of the Group, is currently a member of the Board of Directors, and Deputy General Manager of the Company charged with the design and marketing strategy of Sandro and Claudie Pierlot.

Judith Milgrom, 56, worked for many years in creation and design, passionate about fashion and style. With this experience, Ms. Milgrom founded Maje in 1998, for which she creates and directs the collections since the creation of the brand. Maje opened its first shop in Paris in 2003 and quickly became a leading brand in the ready-to-wear market. Ms. Milgrom is currently Artistic Director of Maje. In addition to these operational duties, Ms. Milgrom is currently a member of the Board of Directors and Deputy General Manager of the Company charged with the design policy and the marketing strategy of Maje and Claudie Pierlot.

Weiying Sun, 50, obtained a Bachelor's degree in Textiles Engineering from Tianjin Textiles Institute in 1993 and a Master's degree in Textiles Management from Donghua University in 2004. She has over 20 years of experience in textiles and apparel production and sales businesses and has devoted her career entirely in Ruyi. She joined Shandong Ruyi Wool Spinning Group Co., Ltd. in 1993 as a Technician of the First Weaving Mill, and was promoted to the Vice Minister of the Technology Development Department in 1996 and to the director of the First Weaving Mill in 1999. She then joined Shandong Jining Ruyi Woolen Textile Co., Ltd. in 2000 as the Vice General Manager and the Director of Technology Development Department, and as a member of its Board from 2000 to 2003. She has been working with Shandong Ruyi Technology Group Co., Ltd. since 2003, successively holding various positions including the Vice President and the General Manager of the Cotton Spinning Group. She is currently Chief Executive Officer of Shandong Ruyi Technology Group Co., Ltd.. She is also a member of the Board of Directors of Renown Incorporated and Trinity Limited.

Chenran Qiu, 40, holds a Master's from the University of Manchester (United Kingdom) and a Bachelor's degree from Soochow University. Ms. Qiu is currently Vice Chairman of Shandong Ruyi Technology Group Co, Ltd and a member of the Board of Directors of Renown Incorporated and Trinity Limited. Ms. Qiu is currently in charge of the development of the Ruyi brand and of the international investments. Ms. Qiu received several awards in the industry sector, such as the "Fashion Innovation Award" of the China National Garment Association and the "Brand Builder" award of the Shandong region.

Xiao Su, 45, holds a Master's degree from the University of Tsinghua in China. She has been working within the Shandong Ruyi Technology Group Co, Ltd since July 1999 having successively held the positions of General Manager of the Investment Development Department, of Deputy Chief Accountant, Chief Economist and Vice President. Ms. Su is currently President of Shandong Ruyi Technology Group as well as a member of the Boards of Directors of Shandong Ruyi Woolen Garment Group Co, Ltd and Trinity Limited. She is also responsible for the Group's investments.

Kelvin Ho Cheuk Yin, 47 years old, holds a bachelor's degree in economics from the University of Hong Kong (1995) and a Master's in Business Administration from London Business School (2004). He holds the title of Chartered Financial Analyst. Mr. Ho has more than 14 years of experience in corporate finance and in mergers and acquisitions. He worked in the teams of the BNP Paribas investment bank in Hong and Paris from 2004 to 2007. Between July 2007 and December 2017, he worked for J.P. Morgan Securities (Asia Pacific) Limited. Mr. Ho joined the Ruyi Group in December 2017 as Chief Strategy Officer of Shandong Ruyi Technology Group Co., Ltd. and as Chairman of Ruyi International Fashion (China) Financial Investment Holding Group Limited, in charge of the Group's strategic development and acquisitions. He was appointed Executive Director and Chief Strategy Officer of Trinity Limited in April and May 2018, respectively. He is in charge of corporate development strategy, investments and acquisitions.

Orla Noonan, 51, is a graduate of HEC in France (1994) and holds a Bachelor of Arts (Economics) from Trinity College in Dublin (1992). She began her career in 1994 with the investment bank Salomon Brothers International in London as a financial analyst, particularly in the telecom and media sectors. She joined Groupe AB in 1996 as Deputy Director of Financial Communication and Business Development. She directed the IPOs in New York and Paris, then external growth transactions, including the acquisitions of the television channels RTL9 and TMC. She served as President of the television channel NT1 between 2005 and 2010. Ms. Noonan then became Executive Vice-President of Groupe AB in 1999 and a member of the Board of Directors in 2003, then Chief Executive Officer of the same group. In 2018 Orla Noonan was appointed Chairman of the Board of Directors of Adevinta. In addition, she has been a member of the Board of Directors of Iliad SA since 2009. Ms. Noonan was an independent member of the Board of Directors of Schibsted Media Group between 2017 and 2019. She is also an independent member of the Board of Agence France Presse (AFP) and Chairman of Knightly Investments.

Mr Xiao Wang, 46, is a graduate of Fudan University and London Business School. He has 15 years of experience in Finance, notably in Banking, at the Shanghai Stock Exchange and the regulatory commission. Mr Wang held the position of Deputy Chief Executive Officer at Lu.com, then was a member of the Group Executive Committee of Ping An Group. For four and a half years, in his capacity as partner, he jointly managed mergers & acquisitions for IDG Capital Partners. Since 2020, he has been a partner at Hillhouse Capital Group. He is also a member of the boards of directors of Hong Xing Mei Kai Long and Longyuan Jianshe.

Patrizio di Marco, 59, holds a Bachelor's degree in Business Administration from the *Università Degli Studi* of Modena and a Master's in Corporate Management, Business Management and Administration from the Polytechnic School of Milan. He started his career in the textile industry in 1988 at GFT in Japan, before occupying various positions at Prada Japan Ltd. He was appointed Chairman and Chief Executive Officer of Prada America Corp in 1994, functions he would carry out for four years. He became Chairman of Celine Inc. in 1999 before being appointed as Senior Vice-President of Market and Communication for Louis Vuitton Americas until 2001. Mr. di Marco then joined the Kering Group, where he successively served as Chairman-Chief Executive Officer of Bottega Veneta from 2001 to 2008, then as Chairman-Chief Executive Officer and member of the Executive Committee of Gucci from 2009 to 2015. Mr. di Marco joined Dolce & Gabbana in 2016 where he currently serves on the Board of Directors and as a Consultant. Since September 2018, Mr. di Marco has been Executive President of Golden Goose.

Dajun Yang, 53, holds an MBA from the International University of Commerce, Agriculture and Technology of Dhaka in Bangladesh. From 1998 to 2012, he served as Chairman and Chief Executive Officer of the UTA Fashion Management Group, and then in 2012 served as Chairman and Chief Executive Officer of the company UTA International Brand Inv. Management Co. Ltd. Mr. Yang is the author of several works on fashion markets. Backed by more than 25 years of experience in the fashion industry, Mr. Yang is regularly consulted about investments in China by European companies.

Lauren Cohen, 39 years old, graduated from ESCP Europe in France (2006) and holds a Master's degree in Finance from the University of Paris Dauphine (2003). She began her career in 2006 by launching her own company in the sector of wines and spirits, focused primarily on exporting to Asia, and later acquired an existing French wine retailing company to develop the French market. After nearly 10 years of entrepreneurship, Ms. Cohen decided to join the SMCP Group. From May 2015 to December 2016, she was Manager of International Store Planning, and later became Development Manager for the four brands in France and in Europe.

Marina Dithurbide, 43 years old, holds an Engineer degree from Polytech'Orleans in France (2002) and a Master's degree in Supply Chain from HEC (2006). She began her career in 2002 with CGI, working on ERP integrations for LVMH brands (Louis Vuitton then Kenzo). She joined Rexel in 2006, where she worked for 2 years in the suppliers Sourcing and Procurement Department. After a 3-years stint with Celine (LVMH Group) where she was supply chain manager, Ms. Dithurbide came back to Rexel in 2010 where she was a member of the International Business development team and worked on energy efficiency offer strategy. She joined SMCP in 2012 as Logistics Director and led the internalisation of the three brands for Europe. She became Supply Chain Director in 2015.

Independent members of the Board of Directors

Four members of the Board of Directors are independent pursuant to the AFEP-MEDEF Code. Following the resignation of Ms. Fanny Moizant from her position as director of the Company, with effect from February 15, 2021, the number of independent directors on the Board was reduced to three, which is below the recommendation of the AFEP-MEDEF Code, which is to have one third of directors independent. The Board co-opted Mr. Xiao Wang as new independent director in its meeting of April 28, 2021. The General Meeting of June 17, 2021 will issue a statement on the ratification of this co-opting.

Gender Balance representation of women and men

At December 31, 2020, the Board of Directors had seven female members (not including the two directors representing employees who are not taken into account in the calculation of the percentage of women on the Board, in accordance with the applicable legal provisions). Since the resignation of Ms. Fanny Moizant on February 15, 2021, the Board comprises six female members. It is therefore in compliance with the provisions of law no. 2011-103 of January 27, 2011 on the balanced representation of men and women on Boards of Directors and Supervisory Boards, and gender equality.

Non-voting director

Mr. Ilan Chétrite is a non-voting member of the Company's Board of Directors.

Mr. Ilan Chétrite studied finance at the University Paris-Dauphine prior joining Sandro in 2006. He opened Sandro to male clientele by founding Sandro Men in 2007. He is the brand's founding Artistic Director since its creation. He is also an Deputy General Manager of the Company.

7.1.2.2 RULES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company's Articles of Association stipulate that the Company's Board of Directors (the "Board" or the "Board of Directors") have between three and eighteen members, subject to exceptions provided by law. As of December 31, 2020, the Board of Directors had 14 members.

Pursuant to Article 16 of the Articles of Association, the term of office of directors is four years and may be renewed. This term of offices complies with the recommendations of the AFEP-MEDEF Code. Directors must not be more than 75 years of age (it being stipulated that the number of directors of more than 70 years of age may not be greater than one-third of the directors in office) and are subject to the statutory and regulatory provisions applicable to the accumulation of offices.

Directors are elected by the General Meeting on the recommendation of the Board of Directors, which receives proposals from the Nominations and Compensation Committee. They may be dismissed by the Ordinary General Meeting at any time. The term of each director expires at the end of the Ordinary General Meeting that has been called to approve the financial statements for the previous year and is held in the year the term expires.

7.1.2.3 INDEPENDENCE OF DIRECTORS

Pursuant to the AFEP-MEDEF Code used by the Company as a reference, the Board of Directors shall assess the independence of each of its members (or candidates) at the occasion of each renewal or appointment of a member of the Board of Directors and at least once a year prior to the publication of the Company's corporate governance report. During this assessment, after obtaining the opinion of the Nominations and Compensation Committee, the Board of Directors reviews the qualifications of each of its members (or candidates), in terms of the criteria of the AFEP-MEDEF Code, the particular circumstances and situation of the individual concerned in relation to the Company. The conclusions of this review are presented to shareholders in the annual report and, where appropriate, to the General Meeting at the time of the appointment of Board members.

At December 31, 2020, the Board of Directors had four independent members: Ms. Orla Noonan, Ms. Fanny Moizant, Mr. Patrizio di Marco and Mr. Dajun Yang, or a third of directors, in line with the recommendation of the AFEP-MEDEF Code. Following the resignation of Ms. Fanny Moizant from her position as director of the Company, with effect from February 15, 2021, the number of independent directors on the Board was reduced to three, which is below the recommendation of the AFEP-MEDEF Code, which is to have one third of directors independent. The Board co-opted Mr. Xiao Wang] as new independent director in its meeting of April 28, 2021. The General Meeting of June 17, 2021 will issue a statement on the ratification of this co-opting and on the appointment of a fifth independent director.

At its meeting of April 19, 2021, the Nominations and Compensation Committee carried out the annual assessment of the independence of the members of the Board of Directors with regard to all the criteria set by the AFEP-MEDEF Code and directors that are proposed to the General Meeting of June 17, 2021 to appoint or renew. The conclusions of the Nominations and Compensation Committee were presented to and approved by the Board of Directors at its meeting on April 28, 2021.

Under the terms of this analysis, the Board of Directors concluded, after consulting the Nominations and Compensation Committee, that among the directors to be renewed, two are independent (Ms. Orla Noonan and Mr. Dajun Yang) and that of the new directors to proposed for appointment, two are independent.

7.1.3 Functioning of the Board of Directors

7.1.3.1 INTERNAL RULES

The Board of Directors has internal rules intended to specify the operating conditions of the Board, in addition to the applicable laws and regulations and the Company's Articles of Association. In addition, as attachments to the Board's internal rules, the Audit Committee and the Nominations and Compensation Committee each have internal rules.

The internal rules of the Board of Directors follow marketplace recommendations aimed at guaranteeing compliance with the basic principles of corporate governance, and in particular those specified in the AFEP-MEDEF Code. These internal rules describe the operating method, the powers and attributions of the Board of Directors and specify the ethical rules applicable to its members. In particular, they provide for the rules applicable to the organisation of Board of Directors' meetings, as well as the provisions on the frequency of meetings, the presence of directors and their disclosure obligations regarding the rules on multiple terms of office and conflict of interest.

The Articles of Association and internal rules of the Company are available on the Company's website (www.smcp.com).

7.1.3.2 MISSIONS

The first priority of the Board of Directors is to determine the strategic directions of the Company. The Board reviews and decides major transactions. The members of the Board of Directors are informed of market changes, the competitive environment and the principal challenges, including in the area of the Company's social and environmental responsibility.

The Board of Directors assumes the tasks and exercises the powers conferred on it by the law, the Company's Articles of Association and the internal rules of the Board of Directors. The Board of Directors determines and addresses the Company's business strategy and objectives and monitors its implementation. Subject to the powers expressly attributed to Shareholders' Meetings and within the limits of the Company purpose, it deals with any questions concerning the proper running of the Company and settles the business that concerns it through its resolutions.

The Board of Directors also conducts the checks and verifications it deems appropriate and can request the communication of the documents that it considers useful for carrying out its task.

The Board of Directors sets the limits to the powers of the Chief Executive Officer, where applicable, pursuant to its internal rules, by targeting the operations for which the prior authorisation of the Board of Directors is required (for more information, see Section 7.1.1 "Conduct of Executive Management – Limitations of powers" of this universal registration document).

The Board ensures good corporate governance for the Company and the Group, respecting the socially responsible principles and practices of the Group and of its executive corporate officers and employees.

The Board ensures that shareholders and investors receive relevant, balanced and educational information about the strategy, the business model, the consideration of significant non-financial challenges for the Company, and about its long-term prospects.

The internal rules define the procedures for informing Board members. The rules specify, in particular, that the Chairman of the Board of Directors provides to Board members, with sufficient time, except in emergency situations, the information or the documents in its possession that will allow the members to property perform their duties. Any member of the Board who has been unable to deliberate with full knowledge has a duty to so inform the Board and to demand the information crucial to the performance of his or her duties.

7.1.3.3 ORGANISATION AND WORK OF THE BOARD

Meetings and deliberations of the Board of Directors

The internal rules of the Board of Directors stipulate the conditions for Board meetings. Thus, a meeting of the Board of Directors is called by the Chairman or one of the members, by any means, even verbally. The author of the notice of meeting sets the agenda for the meeting.

The Board meets at least four (4) times a year and at any other time, as often as the interest of the Company requires. The frequency and duration of Board meetings must be such as to allow for in-depth examination and discussion of the matters falling within the jurisdiction of the Board.

Board of Directors' meetings are chaired by the Chairman. In the event of the absence of the Chairman, Board meetings are chaired by a member of the Board of Directors nominated by the Board of Directors.

Decisions of the Board of Directors are only valid if at least one half if its members are present. For the calculation of a quorum and majority, members are deemed present to attend meetings *via* videoconferencing or telecommunications that allow them to be identified and guarantee their effective participation, under the conditions set forth by the applicable laws and regulations.

Each meeting of the Board of Directors and the committees established by the Board must be long enough to properly discuss the agenda in detail. Decisions are taken by a simple majority of members present or represented. In the event of a tie vote, the Chairman of the meeting casts the deciding vote.

The internal rules of the Board of Directors also set out the obligations for members of the Board, as they are described in the AFEP-MEDEF Code. In particular, the internal rules stipulate that the members of the Board may receive, when they are nominated, from additional training on the specific characteristics of the Company and the companies it controls, their businesses, and their business sector, and that they may periodically hear from the principal executives of the Company, who may be called to attend Board meetings.

Finally, it is stipulated that the Board of Directors is regularly informed about the financial position, the cash position, and the commitments of the Company and the Group, and that the Chairman and the Chief Executive Officer shall continually communicate to the Board members any information about the Company which they learn and which they believe to be useful or pertinent. The Board of Directors and the committees also have the option to hear from experts in the areas which fall within their respective expertise.

Pursuant to the internal rules, each member of the Board of Directors is required to notify the Board of any situation of conflict of interest, even potential, and should refrain from participating in the corresponding deliberation.

Functioning of the Board of Directors

(a) Composition: members of the Board of Directors at December 31, 2020

The table below shows the members of the Board of Directors at December 31, 2020:

Name	Age	Gender	Nationality	Date of first appointment	Date of General Meeting approving the last appointment	Expiration date of the term of office	Nominations and Compensation Committee	Audit Committee	Principal duty performed for the Company
Yafu Qiu	63	M	Chinese	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	No	Chairman of the Board of Directors
Daniel Lalonde	57	M	Canadian	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	No	Chief Executive Officer Director
Évelyne Chétrite	63	F	French	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	Yes	No	Deputy General Manager Director
Judith Milgrom	56	F	French	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	No	Deputy General Manager Director
Weiying Sun	50	F	Chinese	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	No	Director
Chenran Qiu	40	F	Chinese	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	Yes	No	Director
Xiao Su	45	F	Chinese	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	Yes	Director
Kelvin Ho	47	M	Chinese	March 20, 2019	June 7, 2019	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	No	Director
Orla Noonan	51	F	Irish	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	Yes	Independent Director
Fanny Moizant*	45	F	French	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	Yes	No	Independent Director

Name	Age	Gender	Nationality	Date of first appointment	Date of General Meeting approving the last appointment	Expiration date of the term of office	Nominations and Compensation Committee	Audit Committee	Principal duty performed for the Company
Patrizio di Marco	59	M	Italian	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	Yes	No	Independent Director
Dajun Yang	53	M	Chinese	October 5, 2017	October 5, 2017	General Meeting called to approve the financial statements for the year ended December 31, 2020	No	Yes	Independent Director
Lauren Cohen	38	F	French	June 18, 2018	June 18, 2018	General Meeting called to approve the financial statements for the year ended December 31, 2021	No	No	Directors representing employees Europe Development Manager
Marina Dithurbide	43	F	French	June 4, 2020	June 4, 2020	General Meeting called to approve the financial statements for the year ended December 31, 2023	No	No	Directors representing employees Supply *Chain Director*

* Ms. Fanny Moizant stepped down from her position as director of the Company with effect from February 15, 2021.

The list other current offices and biographies of the members of the Board whose mandates are underway on April 30, 2021 is indicated in Section 7.1.2.1 of the Company's universal registration document for the year ended December 31, 2020 (the "universal registration document").

At December 31, 2020, the Board of Directors of the Company was composed of the following fourteen members: Mr. Yafu Qiu, Mr. Daniel Lalonde, Ms. Évelyne Chétrite, Ms. Judith Milgrom, Ms. Weiying Sun, Ms. Chenran Qiu, Ms. Xiao Su, Mr. Kelvin Ho, Ms. Orla Noonan, Ms. Fanny Moizant, Mr. Patrizio di Marco, Mr. Dajun Yang, Ms. Lauren Cohen and Ms. Marina Dithurbide. Ms. Fanny Moizant stepped down from her position as director of the Company with effect from February 15, 2021. The Board co-opted Mr. Xiao Wang as new independent director in its meeting of April 28, 2021. The General Meeting of June 17, 2021 will vote on the ratification of this co-option. In addition, Mr. Ilan Chétrite was re-appointed non-voting member of the Company by the Board of Directors at its meeting of April 28, 2021, for a renewable term of four years.

The composition of the Board at December 31, 2020 before the resignation of Ms. Fanny Moizant was in line with the recommendation of the AFEP-MEDEF Code, which recommends that the proportion of independent directors must be at least one third. Since the co-option of Mr. Xiao Wang as a new independent director by the Board of Directors at its meeting of April 28, 2021, the composition of the Board is once again in line with this recommendation of the AFEP-MEDEF Code. The composition of the Board of Directors on the date of this universal registration document also complies with the recommendation of the AMF on the diversification of directors in terms of international experience; over two thirds of the Board members are foreign nationals.

Pursuant to Article L. 225-27-1 of the French Commercial Code, and insofar as the Board of Directors consists of more than eight directors, the Board of Directors must include at least two directors representing employees, appointed by the Group's Works Council. Ms. Lauren Cohen was appointed as an employee representative director by the Works Council on October 16, 2018 following a resolution of the General Meeting of June 18, 2018. Ms. Marina Dithurbide was appointed Director representing the employees by the Works Council on November 19, 2020 following a resolution of the General Meeting of June 4, 2020.

CHANGES TO THE BOARD FOLLOWING THE 2021 GENERAL MEETING

At the annual general meeting of June 17, 2021, the shareholders of the Company will be asked to vote on (i) the renewal of 11 members of the Board of Directors whose terms of office are due to expire (Mr Yafu Qiu, Mr Daniel Lalonde, Ms Evelyne Chétrite, Ms Judith Milgrom, Ms Weiying Sun, Ms Chenran Qiu, Ms Xiao Su, Mr Kelvin Ho, Ms Orla Noonan, Mr Dajun Yang, and Mr Xiao Wang), as well as (ii) the appointment of two new members of the Board of Directors.

In this context, the Board of Directors proposed the following appointments, on the recommendation of its Nominations and Compensation Committee:

FIFTH RESOLUTION
(Ratification of the co-option of Mr Xiao Wang as a director)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, ratifies the co-option of Mr Xiao Wang, as a Director as of April 28, 2021, decided by the Board of Directors on April 28, 2021, replacing Ms Fanny Moizant, who resigned.

SIXTH RESOLUTION
(Renewal of the term of office of Mr Yafu Qiu)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Mr Yafu Qiu for a period of four years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

SEVENTH RESOLUTION
(Renewal of the term of office of Mr Daniel Lalonde)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Mr Daniel Lalonde for a period of four years which will expire after the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

EIGHTH RESOLUTION
(Renewal of the term of office of Ms Evelyne Chétrite)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Ms Evelyne Chétrite for a period of four years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

NINTH RESOLUTION
(Renewal of the term of office of Ms Judith Milgrom)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Ms Judith Milgrom for a period of four years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

TENTH RESOLUTION
(Renewal of the term of office of Ms Weiying Sun)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Ms Weiying Sun for a period of 4 years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

ELEVENTH RESOLUTION
(Renewal of the term of office of Ms Chenran Qiu)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Ms Chenran Qiu for a period of 4 years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

TWELFTH RESOLUTION
(Renewal of the term of office of Ms Xiao Su)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Ms Xiao Su for a period of 3 years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2023 subject to the condition precedent of the adoption by this general meeting of the 44th resolution below.

THIRTEENTH RESOLUTION
(Renewal of the term of office of Mr Kelvin Ho)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Mr Kelvin Ho for a period of 3 years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2023, subject to the condition precedent of the adoption by this general meeting of the 44th resolution below.

FOURTEENTH RESOLUTION
(Renewal of the term of office of Ms Orla Noonan)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Ms Orla Noonan for a period of two years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2022, subject to the condition precedent of the adoption by this general meeting of the 44th resolution below.

FIFTEENTH RESOLUTION
(Renewal of the term of office of Mr Dajun Yang)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Mr Dajun Yang for a period of 2 years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2022, subject to the condition precedent of the adoption by this general meeting of the 44th resolution below.

SIXTEENTH RESOLUTION
(Renewal of the term of office of Mr Xiao Wang)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, renews the term of office of Director of Mr Xiao Wang for a period of four years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

SEVENTEENTH RESOLUTION
(Appointment of Mr Christophe Cuvillier as Director)

The annual general meeting, deliberating under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, appoints Mr Christophe Cuvillier as an independent director for a period of four years which will expire at the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2024.

EIGHTEENTH RESOLUTION
(Appointment of [xx][1] as Director)

The annual general meeting, acting under the conditions of quorum and majority required for ordinary general meetings, on the proposal of the Board of Directors, appoints [xx][1] as an independent director for a term of four years which will expire after the general meeting called to approve the financial statements for the fiscal year ended on December 31, 2024.

Subject to the favourable vote of the shareholders' general meeting of June 17, 2021, the Board of Directors would therefore be composed of 15 members, including at least eight women and five members considered by the Board of Directors to be independent according to the criteria of the AFEP-MEDEF Code.

(1) The name of the director will be communicated upon publication of the notice of SMCP SA in May 2021.

(b) *Activities of the Board of Directors during the fiscal year ended December 31, 2020*

The Board of Directors met five (5) times in 2020. The attendance rate at these meetings for all directors was 92.4%.

The following table presents each director's attendance rate at Board of Directors' meetings:

Director	Presence at meetings	Total number of meetings	Individual attendance rate
Yafu Qiu	5	5	100%
Daniel Lalonde	5	5	100%
Évelyne Chétrite	5	5	100%
Judith Milgrom	4	5	80%
Weiying Sun	5	5	100%
Chenran Qiu	5	5	100%
Xiao Su	5	5	100%
Kelvin Ho	5	5	100%
Orla Noonan	5	5	100%
Fanny Moizant	4	5	80%
Patrizio di Marco	2	5	40%
Dajun Yang	5	5	100%
Lauren Cohen	5	5	100%
Marina Dithurbide*	1	1	100%

* Ms. Marina Dithurbide was appointed employee representative by the Works Council on November 19, 2020.

On **March 24,** 2020, the Board of Directors held a meeting that was attended by 11 members. The Board examined the following points in particular:

- 2019 financial results;
- 2019 bonuses and 2020 salaries;
- the composition of the Board;
- bonus share allocation.

On **April 21,** 2020, the Board of Directors held a meeting that was attended by 13 members. The Board examined the following points in particular:

- the 2019 registration document;
- report of the Chairman of the Board on corporate governance;
- the 2019 non-financial performance declaration;
- sales for the first quarter 2020;
- invitation to the ordinary General Meeting of Shareholders (June 4, 2020).

On **June 2,** 2020, the Board of Directors held a meeting that was attended by 11 members. In particular, the Board approved the use of a state-guaranteed loan (PGE).

On **September 3,** 2020, the Board of Directors held a meeting that was attended by 12 members. The Board examined the following points in particular:

- Business Plan;
- 2020 first half results.

On **December 17,** 2020, the Board of Directors held a meeting that was attended by 14 members. The Board examined the following points in particular:

- 2021 budget;
- bonus share allocation;
- share buyback programme.

(c) *Description of the diversity policy for the Board of Directors as defined by Article L. 22-10-10 2° of the French Commercial Code*

The Board monitors the balance of its members and the balance on the committees it creates, specifically in terms of diversity (international experience, expertise, etc.). Based on recommendations made by the Nominations and Compensation Committee, directors are appointed on the basis of their qualifications, their professional skills and independent mindset at General Meeting or through co-optation.

The directors of the Company come from different backgrounds and have a variety of experience and skills and thus reflect the objectives of the Board.

The presentation of each director's profile in Section 7.1.2.1 of the Company's universal registration document sheds further light on this diversity and complementarity skill sets.

(d) Information on balanced gender representation on the Board of Directors

At December 31, 2020, the Board of Directors included seven women: Évelyne Chétrite, Judith Milgrom, Weiying Sun, Chenran Qiu, Xiao Su, Orla Noonan and Fanny Moizant, represent 58% of the Board.

The Board thus is in compliance with the provisions of law no. 2011-103 of January 27, 2011 on the balanced representation of men and women on Boards of Directors and Supervisory Boards and equal opportunity in business, and the proportion of female directors is greater than 40% as required by Article L. 225-18-1 and et L. 22-10-3 of the French Commercial Code.

Ms. Lauren Cohen and Ms. Marina Dithurbide, employee-representative directors, are not included in the calculation of the proportion of directors of each gender pursuant to the provisions of Article L. 225-27-1 of the French Commercial Code.

(e) Annual assessment of the Board of Directors

The internal rules of the Board of Directors stipulate the conditions under which the Board must evaluate its ability to respond to the expectations of shareholders by periodically analysing its membership, organisation and functions. For this purpose, once a year, the Board, on the report of the Nominations and Compensation Committee, must devote one item on its agenda to an evaluation of its operating conditions and procedures, a verification that important questions are properly prepared and discussed within the Board of Directors, and an assessment of the actual contribution of each member to the work of the Board on the basis of the member's expertise and participation in deliberations. This evaluation is performed on the basis of answers to an individual, anonymous questionnaire sent to each member of the Board of Directors once a year.

The Board of Directors assessed its composition, organisation and functioning, as well as that of its committees, by means of a questionnaire and discussion during the Board of Directors' meetings of March 24 and April 21, 2020. The directors considered these items to be satisfactory and raised some points for improvement. The Board of Directors assessed its composition in the context of the end of the term of office of most of its members at its meeting of April 28, 2021. It will carry out a new assessment of its composition, organisation and functioning in 2022.

Directors' compensation

Under Article 6 of its internal rules, the Board, on the recommendation of the Nominations and Compensation Committee, freely distributes among its members the directors' compensation allocated to the Board by the Shareholders' General Meeting, by taking into account the actual participation of directors on the Board and on specialised committees. A share fixed by the Board, and taken from the amount of compensation allocated to the Board, is paid to the members of the specialised committees, also taking into consideration the effective participation of those members in the meetings of said specialised committees.

The criteria for the distribution of directors' compensation are presented in Section 7.2.1.3 "Components of directors' compensation" in this universal registration document.

Non-voting director

Under Article 16 of the Articles of Association, the Board of Directors may appoint one or more non-voting members up to a maximum of three. The non-voting members are natural or legal persons, selected from among the shareholders or otherwise. The term of office of non-voting members is four years, except in the event of resignation or early termination of office as decided by the Board. The arrangements for performance of the non-voting members' task, including any compensation, are decided by the Board of Directors. Non-voting members may be re-elected. They are invited to meetings of the Board of Directors and take part in the deliberations in an advisory capacity.

By a decision of the Board on April 28, 2021, Mr. Ilan Chétrite, Deputy General Manager, was re-appointed a non-voting member for a term of four years, ending at the end of the Ordinary General Meeting called to approve the financial statements for the year ended December 31, 2024, in accordance with Article 16 of the Company Articles of Association.

7.1.4 Committees

Introduction: specialised committees of the Board of Directors

At its meeting of October 23, 2017, the Board of Directors of the Company decided to form two Board committees: an Audit Committee and a Nominations and Compensation Committee to assist it in some of its missions and to contribute effectively to the preparation of certain specific issues submitted for its approval. Each of these committees has internal rules (attached to the internal rules of the Board).

The meetings of the specialised committees of the Board of Directors are regularly reported to the Board of Directors. The members of these specialised committees, detailed below, complies with the recommendations of the AFEP-MEDEF Code, except with respect to Recommendations 16.1 and 17.1 concerning the absence of executive corporate officers on the Nominations and Compensation Committee.

7.1.4.1 AUDIT COMMITTEE

(a) Composition of the Audit Committee on December 31, 2020

Under the terms of Article 2 of its internal rules, the Audit Committee is composed of three members, two of whom are appointed from among the independent members of the Board of Directors on the recommendation of the Nominations and Compensation Committee. The composition of the Audit Committee may be amended by the Board of Directors and, in any event, must be modified in the event of any change in the general composition of the Board of Directors. In particular, pursuant to the applicable legal provisions, members of the committee must have specific expertise in financial and/or accounting matters. The term of office of the members of the Audit Committee coincides with their terms on the Board of Directors. It may be renewed at the same time as their term on the Board of Directors.

After careful consideration, the Chairman of the Audit Committee is appointed by the Board of Directors from among the independent members, on the recommendation of the Nominations and Compensation Committee. The Audit Committee may not include executive corporate officers. The Audit Committee is chaired by an independent member of the Board of Directors.

At December 31, 2020, the Audit Committee was made up of three members: Ms. Orla Noonan (Chairman and independent director), Mr. Dajun Yang (independent director) and Ms. Xiao Su (Director).

(b) Missions of the Audit Committee

Under the terms of Article 1 of the internal rules of the Audit Committee, the committee is tasked with following up on matters relating to the preparation and audit of accounting and financial information, to ensure the effectiveness of the risk monitoring and operational internal control process, and assist Board of Directors in is mission of control and verification in this area.

In this context, the Audit Committee performs the following primary duties:

- monitor the process for preparing financial information;
- monitor the effectiveness of the systems for internal control, internal audit and risk management relating to financial and accounting information;
- monitor the legal audit of the corporate and consolidated financial statements by the Company's auditors; and
- monitor the independence of the Statutory Auditors.

As required by its internal rules, the Audit Committee reports regularly to the Board of Directors on the performance of its missions and informs the Board promptly of any difficulties encountered.

(c) Meetings and work of the Audit Committee during the fiscal year ended December 31, 2020

As required by its internal rules, the Audit Committee meets at least twice a year when the annual and half-year financial statements are prepared.

The Audit Committee met four (4) times in 2020.

The attendance rate at these meetings for all directors was 100%.

The following table presents each director's attendance rate at Audit Committee meetings:

Director	Presence at meetings	Total number of meetings	Individual attendance rate
Orla Noonan			100%
Dajun Yang	4		100%
Xiao Su	4		100%

On **March 23,** 2020, the Audit Committee held a meeting attended by three members. The committee reviewed in particular the following issues:

- presentation of the financial statements of fiscal year 2019;
- review of the statement of main accounting principles.

On **June 22,** 2020, the Audit Committee held a meeting attended by three members. The committee reviewed in particular the status of the audit plan.

On **August 31,** 2020, the Audit Committee held a meeting attended by three members. The committee reviewed in particular the following issues:

- presentation of 2020 first half results;
- Statutory Auditors' report on the financial statements for the first half of 2020.

On **December 16,** 2020, the Audit Committee held a meeting attended by three members. The committee mainly reviewed the audit plan.

7.1.4.2 NOMINATIONS AND COMPENSATION COMMITTEE

(a) Composition of the Nominations and Compensation Committee as of December 31, 2020

Under the terms of Article 2 of its internal rules, the Nominations and Compensation Committee is composed of four members, two of whom are independent members of the Board. They are appointed by the Board of Directors from the members and in consideration of their independence and expertise in the selection and compensation of executive corporate officers of listed companies. The composition of the committee may be modified by the Board of Directors and, in any event, must be modified in the event of any change in the general composition of the Board of Directors. The term of office of the members of the Nominations and Compensation Committee coincides with their term on the Board of Directors. It may be renewed at the same time as their term on the Board of Directors.

As of December 31, 2020, the Nominations and Compensation Committee had four members, two of whom are independent: Mr. Patrizio di Marco (Chairman and independent director), Ms. Fanny Moizant (independent director), Ms. Chenran Qiu and Ms. Évelyne Chétrite. It should be noted that Ms Chétrite does not take part in the deliberations or vote on resolutions of the Nominations and Compensation Committee when she is concerned by these resolutions.

Mr Xiao Wang was co-opted by the Board of Directors on April 28, 2021 to replace Ms Fanny Moizant, who resigned from her position as a director of the Company with effect from February 15, 2021. Mr Xiao Wang is a member of the Nominations and Compensation Committee as of the date of this Universal Registration Document.

(b) Missions of the Nominations and Compensation Committee

Under the terms of Article 1 of its internal rules, the Nominations and Compensation Committee is a specialized committee of the Board of Directors with the principal mission to assist the Board in (i) the composition of the management bodies of the Company and its Group and (ii) to determine and regularly assess all compensation and benefits packages for executive corporate officers or executives of the Group, including all deferred benefits and/or Group voluntary or compulsory severance packages. In the context of its nominations role, the committee performs the following tasks:

- recommends nominations for members of the Board of Directors, Executive Management and Board committees; and
- conducts an annual review of the independence of members of the Board of Directors.

In the context of its role relating to compensation, it performs the following tasks:

- reviews and recommends to the Board of Directors all aspects of the components and conditions of compensation for the Group's key executives;
- reviews and recommends to the Board of Directors the method for apportioning directors' compensation; and
- consults for recommendation to the Board of Directors on all other exceptional compensation for special assignments which the Board of Directors may assign, if necessary, to certain of its members.

(c) Activities and work of the Nominations and Compensation Committee during the fiscal year ended December 31, 2020

Under its internal rules, the Nominations and Compensation Committee meets as often as necessary and, in any event, at least once a year, prior to the Board of Directors' meeting to decide on the situation of the members of the Board in terms of the independence criteria adopted by the Company and, in any event, prior to any meeting of the Board of Directors to set the compensation of the executive corporate officers and on the distribution of directors' compensation.

In 2020, the Nominations and Compensation Committee held two (2) meetings.

The attendance rate at these meetings for all directors was 87.5%.

The following table presents each director's attendance rate at Nominations and Compensation Committee meetings:

Director	Presence at meetings	Total number of meetings	Individual attendance rate
Patrizio di Marco	1	2	50%
Fanny Moizant	2	2	100%
Chenran Qiu	2	2	100%
Évelyne Chétrite	2	2	100%

On **March 23,** 2020, the Nominations and Compensation Committee held a meeting attended by three members. The committee reviewed in particular the following issues:

- 2020 bonus;
- allocation of free shares and delivery of plans:
- composition and organization of the Board.

On **December 16,** 2020, the Nominations and Compensation Committee held a meeting attended by four members. The committee reviewed in particular the following issues:

- bonus share allocation plan;
- appointments.

7.1.5 Declarations relating to members of the administrative and management bodies and conflicts of interest

DECLARATIONS RELATING TO ADMINISTRATIVE BODIES

Ms. Évelyne Chétrite, Deputy General Manager and director, is the sister of Ms. Judith Milgrom, also Deputy General Manager and director; Ms. Évelyne Chétrite is also the mother of Mr. Ilan Chétrite, non-voting member and Deputy General Manager of the Company. Ms. Chenran Qiu, director, is the daughter of Mr. Yafu Qiu, Chairman of the Board of Directors of the Company. Other than these circumstances, there are, as far as the Company is aware, no other family relationships between the members of the Board of Directors, the Chief Executive Officer and the Deputy General Managers.

In addition, to the Company's knowledge, over the last five years: (i) no convictions for fraud have been handed down against any member of the Board of Directors, Chief Executive Officer or Deputy General Managers; (ii) no member of the Board of Directors, Chief Executive Officer or Deputy General Managers have been involved in bankruptcy, receivership or liquidation; (iii) there have been no official implications of, and/or no official public sanctions handed down against, any member of the Board of Directors, Chief Executive Officer or Deputy General Managers by statutory or regulatory authorities (including designated professional bodies); and (iv) no member of the Board of Directors, Chief Executive Officer or Deputy General Managers has been prohibited by a court from acting as a member of an administrative body, a Board of Directors or a Supervisory Board of an issuer, or from involvement in the management or conduct of an issuer's business.

CONFLICTS OF INTEREST

To the Company's knowledge, on the date of registration of this universal registration document, there are no potential conflicts of interest between the corporate obligations of the members of the Company's Board of Directors , Chief Executive Officer and Deputy General Managers, and their private interests and/or other duties.

INFORMATION ON AGREEMENTS OR ARRANGEMENTS BETWEEN THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OR ANY OF ITS SUBSIDIARIES

To the best of the Company's knowledge, as of the date of this Universal Registration Document, there is no such arrangement or agreement entered into with the main shareholders or with customers, suppliers or others, under which one of the members of the Board of Directors, the Chief Executive Officer or one of the Deputy General Managers has been selected as a member of an administrative, management or supervisory body or as a member of Executive Management.

SHARES HELD BY DIRECTORS

Under the terms of Article 16 of the Articles of Association, each member of the Board of Directors (with the exception of directors representing employees) must own at least 100 shares in the Company throughout their term of office and, in any event, within twelve (12) months of their appointment at the latest. Share loans by the Company to the members of the Board of Directors are not permitted in order to meet this obligation. At the time of taking up their duties, members of the Board of Directors must register the securities they hold. The same applies to any securities subsequently acquired.

Details of the number of shares held by the directors are given in Section 8.1.6 "Equity interest and stock options held by members of the Board of Directors and executive management" of the universal registration document.

7.2 Compensation and Benefits

7.2.1 Compensation policy for corporate officers for 2021

The developments below make up the compensation policy of the Company's corporate officers for 2021. They describe the components of fixed and variable compensation and explain the decision-making process used to calculate, revise, and implement it.

Pursuant to Article L. 22-10-8 of the French Commercial Code, the compensation policy presented below is subject to the approval of the shareholders' Combined General Meeting on June 17, 2021.

It is recalled that the last annual approval of the compensation policy for the Company's executive corporate officers took place at the shareholders' Combined General Meeting on June 4, 2020.

7.2.1.1 GENERAL PRINCIPLES

Principles and decision-making processes followed to determine, revise, and implement the Group's compensation policy

The Group's compensation policy, in accordance with the corporate interest of the Company and market and industry practices, aims to guarantee competitive compensation levels while ensuring that strong ties are kept with the Company's performance and maintaining a balance between short-term and medium/long-term performance, to support the Group's commercial strategy and permanence.

The Group's compensation policy, including the compensation for executive corporate officers, at the date of this report, Mr. Yafu Qiu, as Chairman of the Board of Directors, Mr. Daniel Lalonde as Chief Executive Officer, Ms. Évelyne Chétrite and Ms. Judith Milgrom as well as Mr. Ilan Chétrite, Deputy General Managers is approved by the Board of Directors after review and an opinion from the Nominations and Compensation Committee. The Board of Directors applies the recommendations of the AFEP-MEDEF Code, amended in January 2020, concerning the compensation of executive corporate officers of publicly traded companies.

In this context, the Board of Directors defines the principles for determining the compensation of the Chairman of the Board of Director, the Chief Executive Officer, the Deputy General Managers and the directors of the Company, by ensuring respect for the following principles in particular:

- principle of balance and measurement: the Board ensures that each component of the compensation of the Chairman of the Board, the Chief Executive Officer, and the Deputy General Managers is clearly explained and that none of these components is disproportionate;
- principle of competitiveness: the Board ensures that the compensation of the Chairman of the Board, the Chief Executive Officer and the Deputy General Managers is competitive, primarily through sector compensation surveys;
- principle of alignment of interests: the compensation policy is both a management tool designed to attract, motivate and retain the talent necessary to the enterprise, but is also a response to the expectations of the shareholders and other stakeholders of the enterprise, particularly in terms of the relation to performance;
- principle of performance: the compensation of the Chief Executive Officer and the Deputy General Managers is closely tied to the Group's performance, primarily using a variable compensation measured every year. The payment of this variable portion depends on the achievement of one or more demanding objectives (both economic and personal), which are simple and measurable and closely tied to the objectives of the Group and regularly communicated to the shareholders. It is specified that these variable annual elements result in no minimum guaranteed payment and in 2021 are based, subject to the approval by the General Meeting of shareholders on June 17, 2021, on one or more operational performance criteria that are clear and stringent (fixed on (i) the Group's target EBIT for the Chief Executive Officer (taking into account the performance of each of the Group's brands) and (ii) the target EBIT of the Group and of one of the Group's brands for the Deputy General Managers). Until 2021, the operational performance criteria were set on EBITDA. CSR targets has been added to these operational performance criteria since 2020.

The compensation of the Chief Executive Officer and the Deputy General Managers in 2021 is composed of a fixed portion and a variable portion on the basis of one or more objectives defined on an annual basis. At the end of each year, on the recommendation of the Nominations and Compensation Committee, the Board of Directors set the amount of the gross fixed annual compensation of the Chief Executive Officer and the Deputy General Managers for the following year and, if applicable, the cap on their annual variable compensation for the following year, and the quantitative criterion or criteria on the basis of which this variable portion will be calculated. At the beginning of each year, the Board of Directors, on the recommendation of the Nominations and Compensation Committee, determines the amount of the variable annual compensation of the Chief Executive Officer and the Deputy General Managers owed for the previous year, on the basis of the results of the previous year and the achievement of the quantitative applicable objective(s).

The Group also aims to fully involve its employees in its development by giving them a stake in the Company's share capital. The employee shareholding policy is a strategic priority for supporting the Group's profitable and sustainable growth that the Group intends to actively pursue. In addition, in order to associate the Chief Executive Officer and the Deputy General Managers in the long-term performance, a portion of their compensation consists of performance shares. This component of compensation is directly related to the Group's performance, since the number of shares vested by the Chief Executive Officer and the Deputy General Managers at the end of the vesting period is a function of the Group's performance in EBIT or consolidated EBITDA, a target for total shareholders return (TSR) and a CSR targets (these objectives, the quantitative or qualitative elements of which are set each year by the Board of Directors, are based on the three strategic axes SMCProduct, SMCPlanet and SMCPeople detailed in Section 6.1.2 of this universal registration document, which guide the Group in building its CSR strategy).

Lastly, as part of say on pay, the Company's executive compensation policy, as well as the components of compensation and benefits granted to corporate officers in the year just ended, described in Chapter 7, are submitted every year to the Company's Annual Shareholders' General Meeting for approval, as required by the provisions of Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code.

As indicated above, Article L. 22-10-34 (I.) of the French Commercial Code provides for a shareholder vote on the information mentioned in I. of Article L. 22-10-9 of the French Commercial Code relating to all compensation paid or allocated during the previous fiscal year to corporate officers in respect of their term of office. If this resolution is rejected by the general meeting, the Board of Directors submits a revised compensation policy, taking into account the shareholder vote, for approval at the next general meeting. The payment of the sum allocated to the directors and corporate officers for the current fiscal year is suspended until the approval of the revised compensation policy. If the general meeting does not approve the draft resolution presenting the revised compensation policy, the suspended amount cannot be paid, and the same effects as those associated with the non-approval of the draft resolution mentioned above apply.

Accordingly, the information mentioned in this Section 7.2 will be submitted to the shareholders' vote in accordance with Article L. 22-10-34 I of the French Commercial Code for approval of the information mentioned in Section I of Article L. 22-10-9 of the French Commercial Code ("global ex post say on pay"). For the executive corporate officers, the information concerning them will also be submitted to the shareholders' vote in accordance with Article L. 22-10-34 II of the French Commercial Code ("individual ex post say on pay").

The General Meeting of June 4, 2020 thus authorised, after consulting the Nominations and Compensation Committee, the Board of Directors to temporarily depart from the compensation policy for the Chief Executive Officer and/or the Deputy General Managers of the Company in the event of exceptional circumstances and providing that the changes made are in line with the corporate interest and are necessary to guarantee the Group's continuity or viability. The general meeting thus authorised the Board of Directors, in such an exceptional context, to depart from the principles governing annual variable compensation as well as the elements of long-term compensation (in particular the allocation of free shares), specifying that these derogations may consist of an increase in the compensation concerned or changes to the conditions for awarding the elements of long-term compensation. Events that could result in the use of this option to change the compensation policy may, but are not limited to, a major economic or health crisis impacting the Group's business sector.

For the year ended December 31, 2021, the Nominations and Compensation Committee proposed to the Board of Directors on April 28, 2021 to not change the fixed and variable compensation of the Chief Executive Officer and of the Deputy General Managers of the Company, and that the clauses for each of their new terms of office be left as they are, subject to slight adjustments.

Significant changes to the compensation policy compared with that approved by the general meeting of June 4, 2020

Changes implemented by the Board of Directors to the policy approved by the general meeting of June 4, 2020 are as follows:

- for the Chief Executive Officer and the Deputy General Managers, the replacement of the performance condition relating to EBITDA (applicable to variable, long-term compensation due or likely to be due as a result of the termination of their duties) by a performance condition relating to EBIT;
- the amount of the Chief Executive Officer's severance pay, increased from 150% to 200% of the gross annual fixed compensation over the last twelve months prior to the end of his term of office and the variable compensation paid in respect of the fiscal year preceding the end of his term of office;
- for the Chief Executive Officer and the Deputy General Managers, the combined application of the severance payment and the non-compete payment shall not exceed two years of compensation, calculated on the basis of the fixed and theoretical variable compensation of the last 12 months preceding the date of departure (in relation to compensation calculated on the basis of the fixed and actual variable amounts of the last 12 months preceding the date of departure);
- for the Chief Executive Officer and the Deputy General Managers, the terms of the long-term compensation that would be granted from the general meeting of June 17, 2021 will provide, in the event of a forced departure related to a change of control of the Company, a mechanism for accelerating the definitive allocation of said shares and for maintaining all the rights by deeming that all the allocation conditions (including any presence and/or performance condition) have been met.

From 2021, the Company has decided to modify the financial criterion (from EBITDA to EBIT) taken into account as a performance condition for all compensation components (variable and long-term) for all its employees. This exemption also applies to corporate officers, subject to ratification by the general meeting of June 17, 2021.

Exceptional circumstances: taking into account the impact of the Covid-19 pandemic

Given the exceptional context linked to the Covid-19 health crisis, the impact of the public policies put in place (lockdown, closure of clothing stores, drastic reduction in tourist flows on a local and global scale, etc.) and the structure of the long-term compensation plans (internal performance conditions (EBITDA target), external performance plans (target return on the SMCP TSR compared to the return on the median TSR of a panel of comparable companies) and CSR performance plans, measured over several fiscal years, and the very significant weighting (70%) of the EBITDA condition), the decrease in EBITDA in 2020 due to the scale of the Covid-19 pandemic would produce a very significant impact on the long-term compensation plans put in place in 2017, 2018 and 2019.

This impact was reflected in an EBITDA level in the first half of 2020 of €179.6 million (a decrease of -37%) compared to the EBITDA level of the first half of 2019 of €286.3 million. This drop in EBITDA was observed for all of the Group's brands. This decrease, which is the immediate result of the unpredictable circumstance of the Covid-19 pandemic, could not be anticipated and included in the EBITDA targets when the long-term compensation plans were put in place or when the targets were set for variable compensation.

Given the SMCP Group's policy of providing long-term compensation plans to a large part of the Group's workforce (approximately 100 corporate officers and employees), this negative impact linked to the Covid-19 pandemic has an immediate impact on the compensation of this entire population.

Therefore, a low level of compensation for the annual variable compensation and these plans would greatly undermine the objective of retention and attractiveness and consequently would compromise the long-term viability of the company, in a context of significant competition between in the luxury goods sector. Especially since the Board of Directors meeting of June 2, 2020 had capped the amount of the annual variable compensation due, in the event of the achievement of the objectives then set, at 70% of the theoretical bonus for all employees and at 62% for the Chief Executive Officer and the Deputy General Managers.

The Board of Directors on March 23, 2021, after consulting the Nominations and Compensation Committee, took the exceptional decision to neutralise, to a certain extent, the significant impact of this Covid-19 pandemic in order to ensure:

- retaining and motivating beneficiaries of impacted plans;
- maintaining the alignment of interests between beneficiaries and shareholders who are responsible for the implementation of these plans.

Given the need to send a positive message to all beneficiaries without altering the main characteristic of these compensation components, namely the quest for performance over the remaining period, the Board of Directors deemed it necessary to make this decision.

It is in this unpredictable context that the Board of Directors decided to note, during its meetings of December 17, 2020 and March 23, 2021, that there was a significant departure from the assumptions under which the EBITDA targets had been constructed, triggered by the pandemic, and to adjust the calculation of the achievement of these EBITDA targets for the annual variable compensation and the free share plans in order, on a special, exceptional and temporary basis, to take this difference into account and thus neutralise certain effects of the Covid-19 pandemic.

7.2.1.2 COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

Components of executive corporate officers' compensation

Compensation of executive corporate officers includes:

(a) Fixed compensation

The Board of Directors, on the recommendation of the Compensation Committee, determines the fixed annual compensation of the Chairman of the Board, the Chief Executive Officer and the Deputy General Managers with respect in particular to a detailed study of the fixed and variable compensations of the executives of comparable companies performed by the Company.

The gross annual fixed portion of the compensation of the Chief Executive Officer and of the Deputy General Managers was set by the Board meeting of April 28, 2021 for 2021 as follows:

- €900,000 for Mr. Daniel Lalonde as the Chief Executive Officer of SMCP SA;
- €995,000 in fixed compensation includes fixed compensation paid in respect of the corporate offices of (i) Ms. Évelyne Chétrite as Deputy General Manager of SMCP SA and (ii) Évelyne Chétrite SASU as President of Sandro Andy SAS;
- €995,000 in fixed compensation includes fixed compensation paid in respect of the corporate offices of (i) Ms. Judith Milgrom as Deputy General Manager of SMCP SA and (ii) Judith Milgrom SASU as President of Maje SAS;
- €650,000 for Mr. Ilan Chétrite, (i) as the Deputy General Manager of SMCP SA and (ii) as the Chief Executive Officer of Sandro Andy SAS.

Mr. Yafu Qiu, Chairman of the Board of Directors, receives no compensation for his position.

(b) Variable compensation

The Board of Directors, on the recommendation of the Compensation Committee, uses quantitative criterion or criteria to determine the variable annual compensation of the Chief Executive Officer and of the Deputy General Managers. For the 2021 fiscal year, the Board meeting of April 28, 2021, at the proposal of the Nominations and Compensation Committee, decided to submit to the approval of the Shareholders' General Meeting scheduled for June 17, 2021, the criteria for determining and awarding the variable compensation under the fiscal year ended December 31, 2021 as follows:

Mr. Daniel Lalonde, Chief Executive Officer:

- Mr. Daniel Lalonde will receive variable annual compensation, 75% subject to a performance condition assessed at the rate of the achievement of Group EBIT provided for in the budget, and up to 25% subject to the achievement of CSR objectives defined by the Board of Directors on December 17, 2020, of a maximum of €900,000. If the performance condition is significantly exceeded (particularly the achievement of a pre-defined threshold exceeding the target EBIT), this variable compensation shall be proportionally increased up to a maximum amount of €1,800,000 (the condition of achieving the CSR targets does not apply to this outperformance bonus). In the event of non-achievement of the performance condition, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the fiscal year ended December 31, 2021 and paid, if applicable, after the General Meeting has voted on the payment of this compensation.

Ms. Évelyne Chétrite, Deputy General Manager:

- Ms. Évelyne Chétrite will receive variable compensation paid for the management positions of Ms. Évelyne Chétrite as Deputy General Manager of SMCP SA and for Évelyne Chétrite SASU as President of the company Sandro Andy SAS, subject to performance conditions. The variable compensation paid for management positions amount to a maximum of €995,000, if the objectives are reached. In view of the role played by Ms. Évelyne Chétrite both in the management of the Sandro brand and as Deputy General Manager of the Group, the objectives are up to 25% linked to the achievement of the Sandro Women brand EBIT, up to 50% to the achievement of the Group's EBIT forecast in the annual budget, and up to 25% to the meeting of CSR objectives defined by the Board of Directors on December 17, 2020. In case of significant outperformance, the bonus can be doubled (which is, on the basis of the 2021 compensation, a maximum of €1,990,000 gross; the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the fiscal year ended December 31, 2021 and paid, if applicable, after the General Meeting has voted on the payment of this compensation.

Ms. Judith Milgrom, Deputy General Manager:

- Ms. Judith Milgrom will receive variable compensation paid for the management positions of Ms. Judith Milgrom as Deputy General Manager of SMCP SA and Judith Milgrom SASU as President of the company Maje SAS, subject to performance conditions. The variable compensation paid for management positions amount to a maximum of €995,000, if the objectives are reached. In view of the role played by Ms. Judith Milgrom both in the management of the Maje brand and as Deputy General Manager of the Group, the objectives are up to 25% linked to the achievement of the EBIT of the Maje brand, up to 50% to achievement of the Group's EBIT forecast in the annual budget and up to 25% to the meeting of CSR objectives defined by the Board of Directors on December 17, 2020. In case of significant outperformance, the bonus can be doubled (which is, on the basis of the 2021 compensation, a maximum of €1,990,000 gross; the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the fiscal year ended December 31, 2021 and paid, if applicable, after the General Meeting has voted on the payment of this compensation.

Mr. Ilan Chétrite:

- Mr. Ilan Chétrite's annual compensation includes compensation paid for his management position as Deputy General Manager of SMCP SA and as General Manager of the company Sandro Andy SAS, subject to performance conditions. Mr. Ilan Chétrite's annual variable compensation amounts to a maximum of €650,000, if the objectives are reached. The objectives are linked up to 25% to the achievement of the EBIT of the Sandro Men brand, up to 50% to the achievement of the Group's EBIT set in the annual budget and up to 25% to a condition for achieving the CSR objectives defined by the Board of Directors on December 17, 2020. In case of significant outperformance, the bonus can be doubled (which is, on the basis of proposed 2021 compensation, a maximum of €1,300,000 gross; the condition of achieving the CSR objectives does not apply to this outperformance bonus). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition will be reviewed and noted at the end of the fiscal year ended December 31, 2021 and paid, if applicable, after the General Meeting has voted on the payment of this compensation.

(c) Bonus share allocation plan

Since its IPO on the Euronext Paris market in October 2017, the Group implements a compensation policy aimed at retaining and motivating the Group's talents and associating executives and employees in its performances, particularly through the free allocation of shares linked to the Group's long-term strategy. The Group awards bonus shares to executive corporate officers and to executives, and to senior executives, expatriates and employees to reward their performance and commitment.

With regard to the Chief Executive Officer and the Deputy General Managers, in accordance with Article L. 225-197-1 of the French Commercial Code, the Board of Directors decided that 25% of the ordinary shares from which they could benefit in the event of the fulfilment of the conditions provided for in the various bonus share allocation plans must be held in registered form until the termination of their positions as Chief Executive Officer or Deputy General Managers within the Company.

The General Meeting of June 18, 2018 authorised, under its 28th resolution, the Board of Directors to carry out, in one or several operations, bonus share allocations to executive officers within the limit of 35,000 shares (Plan no. 3).

The Board of Directors, at its March 20, 2019 meeting, used this authorisation to decide on the allocation of bonus shares of the Company to executive corporate officers and to the salaried employees of the Company and its subsidiaries. The Group thus allocated performance shares, for which vesting is subject to the Group's performance criteria, to Mr. Daniel Lalonde, Chief Executive Officer and Mr. Ilan Chétrite, Deputy General Manager.

On June 7, 2019, the Extraordinary General Meeting of the Company, under the terms of the 29th resolution, authorised the Board of Directors, under certain conditions, to award new or existing bonus shares to certain employees and executive corporate officers of the Company or of the companies affiliated with the Company, under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code, up to a maximum of 3% of the share capital on the date of the Board's decision (Plan no. 4).

At its meeting of December 5, 2019, the Board of Directors used this authorisation to decide on the allocation of bonus shares of the Company to executive corporate officers and to the salaried employees of the Company and its subsidiaries. The Group thus awarded performance shares, for which vesting is subject to the Group's performance criteria, to Mr. Daniel Lalonde, Chief Executive Officer, and to Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite, Deputy General Managers.

The number of bonus share allocations by the General Meeting to each executive corporate officer is detailed in Section 7.2.1.2 of the universal registration document.

DESCRIPTION OF THE MARCH 2019 PLAN (PLAN NO. 3) (PERFORMANCE SHARES) SET UP BY THE BOARD MEETING OF MARCH 20, 2019

At its meeting on March 20, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting on June 18, 2018 (Plan no. 3), established a bonus share allocation plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

Vesting of shares was subject to conditions of employment (for the entire duration of the period in question indicated below) and conditions of internal performance (70%) (achievement of a level of EBITDA) and external performance (30%) (depending on a target TSR compared to the median TSR of the companies included in the SBF 120 index).

The performance shares vested in accordance with the extent to which the plan's performance criteria were met were delivered to beneficiaries on April 17, 2021.

DESCRIPTION OF THE JANUARY 2020 PLAN (PLAN NO. 4) (PERFORMANCE SHARES) SET UP BY THE BOARD MEETING OF DECEMBER 5, 2019

At its meeting on December 5, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting on June 7, 2019 (Plan no. 4), established a bonus share allocation plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

Under this program, the Company decided to allocate 870,460 performance shares to certain executive corporate officers and employees of the Group. Vesting of shares is subject to conditions of employment (for the entire duration of the period in question indicated below) and conditions of internal performance (70%) (achievement of a level of EBITDA) and external performance (20%) (dependent on a TSR target compared to the median TSR of the companies included in the CAC Mid and Small index) and CSR objectives (10%).

The performance shares will be fully vested for beneficiaries (subject to meeting the employment and performance conditions) by half, at the end of two vesting periods of two and three years that begin on the allocation date, therefore:

- one half of the allocated shares shall be fully vested and delivered to beneficiaries on March 31, 2022; and
- another half of the allocated shares shall be fully vested and delivered to beneficiaries on March 31, 2023.

Under the January 2020 Plan, 110,040 performance shares were awarded to Mr. Daniel Lalonde, 110,773 each to Ms. Évelyne Chétrite and Ms. Judith Milgrom and 69,962 to Mr. Ilan Chétrite.

DESCRIPTION OF THE JANUARY 2021 PLAN (PLAN NO. 5) (PERFORMANCE SHARES) SET UP BY THE BOARD MEETING OF DECEMBER 17, 2020

At its meeting on December 17, 2020, the Board of Directors, on the basis of the authority granted by the General Meeting on June 4, 2020 (Plan no. 5), established a bonus share allocation plan for executive corporate officers and salaried employees of the Company and its subsidiaries.

In this context, the Company decided to allocate 1,437,694 bonus performance shares to certain executive corporate officers and employees of the Group. The vesting of these shares is 70% subject to presence conditions (throughout the relevant period indicated below) and internal performance conditions (the achievement of an EBIT level), 20% subject to external performance conditions (dependent on a TSR target compared to the median TSR of companies in the CAC Mid and Small index) and 10% subject to CSR targets.

The performance shares will be fully vested for beneficiaries (subject to meeting the employment and performance conditions) by half, at the end of two vesting periods of two and three years that begin on the allocation date, therefore:

- another half of the allocated shares shall be fully vested and delivered to beneficiaries on March 31, 2023;
- another half of the allocated shares shall be fully vested and delivered to beneficiaries on March 31, 2024.

Under the January 2021 Plan, 180,806 performance shares were awarded to Mr. Daniel Lalonde, 180,806 each to Ms. Évelyne Chétrite and Ms. Judith Milgrom and 118,115 to Mr. Ilan Chétrite.

(d) Benefits in kind

Mr. Daniel Lalonde benefits from a company car. In addition, Mr. Daniel Lalonde is covered by the executive corporate officers' unemployment insurance policy ("GSC"). Ms. Évelyne Chétrite benefits from a company car.

Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite can also be covered by the executive corporate officers' unemployment insurance plan ("GSC"). These benefits were not used by the beneficiaries in the fiscal year ended December 31, 2020 and the aforesaid corporate officers have waived these benefits for 2021.

(e) Pension scheme

Executive corporate officers are not covered by a supplementary pension scheme.

(f) Severance package and no-compete indemnity

SEVERANCE PACKAGE

Mr. Daniel Lalonde benefits from a severance package for a gross amount equal to a maximum 200% of the sum of the gross annual fixed compensation over the last 12 months preceding the end of his appointment and the variable compensation paid for the year preceding the end of his appointment. This package would be due in the event of termination of his appointment as Chief Executive Officer, unless he were dismissed for negligence or resigns his points for a reason other than a forced departure. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months.

Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite benefit from a severance payment in the event of forced termination of their positions as Deputy General Managers and/or, in any of their roles performed individually or through any entity they may control (this currently includes Évelyne Chétrite SASU and Judith Milgrom SASU), within the SMCP Group, as part of a corporate office, for a gross amount equal to 200% of the fixed and variable compensation received by these parties during the 12 months prior to said termination, subject to meeting certain performance conditions tied to the Group EBIT recorded for the previous 12 months.

SEVERANCE UNDER A NON-COMPETE CLAUSE

Mr. Daniel Lalonde is also bound by a non-compete commitment for a period of one year and, for this commitment, would receive a gross monthly fixed indemnity equal to 70% of his monthly compensation calculated on the average of his gross compensation (fixed and variable) received during the 12 months prior to his departure date and for the effective duration of the non-compete commitment. In the event of the application of both the severance package described above and the non-compete indemnity, the total of these two items must not exceed two years of Mr. Lalonde's compensation (fixed and theoretical variable during the last 12 months prior to the date of his departure).

Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite are bound to the companies of the Group by a non-compete commitment for a period of one year from the date of termination of their management duties within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package described above and the non-compete indemnity, the total of these two items must not exceed two years of the compensation (fixed and theoretical variable received during the last 12 months prior to the date of departure).

(g) *Shares held by executive corporate officers*

Shares held by executive officers are detailed in Section 8.1.1. of the universal registration document.

TABLE SUMMARIZING THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND ATTRIBUTABLE TO THE CHIEF EXECUTIVE OFFICER AND DEPUTY GENERAL MANAGERS

Elements of compensation	Principle	Determination criteria
Fixed compensation	The Chief Executive Officer and the Deputy General Managers receive a fixed compensation in twelve monthly instalments.	For fiscal year 2021, the gross annual amount is fixed at: Mr. Daniel Lalonde, Chief Executive Officer: €900,000 Ms. Évelyne Chétrite, Deputy General Manager of SMCP SA and Évelyne Chétrite SASU, President of Sandro Andy SAS: €995,000 Ms. Judith Milgrom, Deputy General Manager of SMCP SA and Judith Milgrom SASU, President of Maje SAS: €995,000 Mr. Ilan Chétrite, Deputy General Manager of SMCP SA and President of Sandro Andy SAS: €650,000
Variable compensation	The Chief Executive Officer and the Deputy General Managers receive variable compensation based on the Group's performance. This compensation is paid during the fiscal year following the one under which the performances were recorded. Pursuant to Article L. 22-10-8 of the French Commercial Code, the payment of the variable compensation is contingent on the approval by an Ordinary General Meeting of the compensation of the Chief Executive Officer and the Deputy General Managers under the conditions specified in in Articles L. 22-10-34 and L. 22-10-9 of the French Commercial Code.	For the 2021 fiscal year, for Mr. Daniel Lalonde: This component of the compensation is directly linked, up to 75%, to the performance of the Group (achievement of the target Group EBIT), and up to 25%, to the achievement of the CSR objectives defined by the Board of Directors' meeting of December 17, 2020, for a maximum amount of €900,000. If the performance condition is significantly exceeded, this variable compensation shall be proportionally increased up to a maximum amount of €1,800,000. The condition of achieving the CSR objectives does not apply to this outperformance bonus. In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. For the 2021 fiscal year, for Ms. Évelyne Chétrite: This component of the compensation, for a maximum gross amount of €995,000, may be allocated, subject to the achievement of objectives linked to the achievement of a target Group EBIT (up to 50%), a target EBIT for the Sandro brand (up to 25%) and CSR objectives defined by the Board of Directors on December 17, 2020 (up to 25%). If the performance target is exceeded, the supplementary compensation of Ms. Évelyne Chétrite and of Évelyne Chétrite SASU is raised proportionally, up to an amount of €1,990,000. The condition of achieving the CSR objectives does not apply to this outperformance bonus. In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. For the 2021 fiscal year, for Ms. Judith Milgrom: This component of the compensation, for a maximum gross amount of €995,000, may be allocated, subject to the achievement of objectives linked to a target Group EBIT (up to 50%), a target EBIT for the Maje brand (up to 25%) and CSR objectives defined by the Board of Directors on December 17, 2020 (up to 25%). If the performance target is exceeded, the supplementary compensation of Ms. Judith Milgrom and Judith Milgrom SASU is raised proportionally, up to an amount of €1,990,000. The condition of achieving the CSR objectives does not apply to this outperformance bonus. In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. For the 2021 fiscal year, for Mr. Ilan Chétrite: This component of the compensation of a maximum gross amount of €650,000 may be allocated, subject to the achievement of objectives relating to Group EBIT (up to 50%), the EBIT of Sandro Men (25%) and CSR objectives defined by the Board of Directors on December 17, 2020 (up to 25%). If the performance target is exceeded, the supplementary compensation of Mr. Ilan Chétrite is raised proportionally, up to an amount of €1,300,000. The condition of achieving the CSR objectives does not apply to this outperformance bonus. In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement.

Elements of compensation	Principle	Determination criteria
Long-term compensation (performance shares)	The Chief Executive Officer and the Deputy General Managers receive a conditional allocation of the Company's shares.	The number of allocated bonus shares transferred in full ownership to each beneficiary at the end of the vesting period varies depending on the achievement level of the objectives detailed in Section 7.2.1.2 (c) above[1]. The terms of the long-term compensation that would be granted from the date of the general meeting approving the financial statements for the fiscal year ended on December 31, 2020 to the Chief Executive Officer or the Deputy General Managers (notably in the form of performance shares) will involve, in the event of forced departure, a mechanism to accelerate the definitive allocation of said shares and to maintain all the rights by deeming that all the conditions for allocation (including any condition of presence and/or performance) linked to a change in control of the Company.
Long-term compensation (stock options or share purchase options)	N/A	N/A
Pension scheme	N/A	N/A
Severance package and non-compete indemnity	The Chief Executive Officer and the Deputy General Managers receive a severance package in the event of termination of their positions.	Mr. Daniel Lalonde benefits from a severance package for a gross amount equal to a maximum 200% of the sum of the gross annual fixed compensation over the last 12 months preceding the end of his appointment and the variable compensation paid for the year preceding the end of his appointment. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months. Mr. Daniel Lalonde is bound by a non-compete commitment for a period of one year and, for this commitment, would receive a gross monthly fixed indemnity equal to 70% of his monthly compensation calculated on the average of his gross contractual compensation (fixed and variable) received during the 12 months prior to his departure date and for the effective duration of the non-compete commitment. In the event of the application of both the severance package described above and the non-compete indemnity, the total of these two items must not exceed two years of Mr. Lalonde's compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure). Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite benefit from an indemnity in the event of forced termination of their positions as Deputy General Managers and/or any of their duties performed individually or through any entity that they may control (this currently includes Évelyne Chétrite SASU and Judith Milgrom SASU), within the SMCP Group, in the context of a management position, for a gross amount equal to 200% of the fixed and variable compensations received by these parties in the last 12 months preceding such terminations, subject to the fulfilment of certain performance conditions related to the Group's EBIT. Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite are bound to the companies of the Group by a non-compete for a period of one year from the date of termination of their management duties within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package described above and the non-compete indemnity, the total of these two items must not exceed two years of the compensation (fixed and theoretical variable received during the last 12 months prior to the date of departure).
Fringe benefits	The Chief Executive Officer benefits from a company car and from the executive corporate officers' insurance policy ("GSC"). Ms. Évelyne Chétrite as the Deputy General Manager, benefits from a car company.	N/A

(1) Mr. Daniel Lalonde, Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite also benefit from the allotment of class G preferred shares carried out prior to the Company's IPO; these preferred shares have been convertible into the Company's common shares since January 1, 2019 (see Section 7.2.1.2(c) of this report).

Draft resolutions drawn up by the Board of Directors pursuant to Articles L. 22-10-8 of the French Commercial Code and submitted to the Combined General Meeting on June 17, 2021

TWENTY-FOURTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Mr Yafu Qiu in his capacity as Chairman of the Board of Directors)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Mr Yafu Qiu, Chairman of the Board of Directors, as presented in the aforesaid report.

TWENTY-FIFTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Mr Daniel Lalonde in his capacity as Chief Executive Officer)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Mr Daniel Lalonde, Chief Executive Officer, as presented in the aforesaid report.

TWENTY-SIXTH RESOLUTION

(Approval, in accordance with Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Ms Evelyne Chétrite in her capacity as Deputy General Manager)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Ms Evelyne Chétrite, Deputy General Manager, as presented in the aforesaid report.

TWENTY-SEVENTH RESOLUTION

(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy of Ms Judith Milgrom in her capacity as Deputy General Manager)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy of Ms Judith Milgrom, Deputy General Manager, as presented in the aforesaid report.

TWENTY-EIGHTH RESOLUTION

(Approval, in accordance with Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for Mr Ilan Chétrite in his capacity as Deputy General Manager)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy of Mr Ilan Chétrite, Deputy General Manager, as presented in the aforesaid report.

7.2.1.3 COMPENSATION OF DIRECTORS

Components of directors' compensation

As recommended by the Nominations and Compensation Committee, the Board of Directors distributes the compensation allocated to the Board by the Shareholders' General Meeting to its members based on their effective participation in Board and Committee procedures. A portion fixed by the Board and taken from the amount of compensation allocated to the Board is paid to the members of the committees, also taking into consideration the effective participation of those members in said committees. The non-independent directors have waived their right to receive directors' compensation for their term of office for the 2021 fiscal year.

For their participation on the Board, a fixed annual compensation of €30,000 is allocated to each independent director as compensation for their duties. In addition to this fixed compensation, a variable amount of €2,000 is payable for each Board meeting attended by the independent director concerned.

For their participation in Board Committees, (i) for the Audit Committee, a fixed annual compensation of €6,500 (increased to €10,000 for the Chairman of the Audit Committee) is allocated to each independent director as compensation for their duties, and (ii) for the Nominations and Compensation Committee, a fixed annual fee of €3,000 (increased to €6,000 for the Chairman of the Nominations and Compensation Committee) is allocated to each independent director as compensation for their duties. In addition to this fixed compensation, a variable amount of €1,000 (increased to €2,000 for the Chairman of the committee) is payable for each Committee meeting attended by the independent director concerned.

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 22-10-34 of the French Commercial Code and submitted to the Combined General Meeting on June 17, 2021

THIRTIETH RESOLUTION

(Approval , pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for directors)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for directors, as presented in the aforesaid report.

7.2.2 Compensation of corporate officers in 2020

In accordance with Article L. 225-100 of the French Commercial Code, the Annual General Meeting will vote on a draft resolution concerning the information mentioned in sub-section I of Article L. 22-10-9 of the French Commercial Code, which must be included in the corporate governance report and includes the components of compensation paid in respect of the term of office for the fiscal year just ended or allocated in respect of the term of office held for the same year, *i.e.* the fiscal year ended on December 31, 2020. These components are presented in Sections 7.2.2.1 and 7.2.2.2 below for executive corporate officers and directors.

Furthermore, pursuant to Articles L. 22-10-34 and L. 22-10-8 of the French Commercial Code, the Annual General Meeting decides on the fixed, variable and exceptional components of the total compensation and benefits of any kind due or awarded for the prior year. These components are presented in Section 7.2.2.1 below for the Company's Chief Executive Officer and the Deputy General Managers.

As such, the Combined General Meeting on June 17, 2021 will be asked to approve, under separate resolutions, the information mentioned in sub-section I of Article L. 22-10-9 of the French Commercial Code, including the components presented in Sections 7.2.2.1 and 7.2.2.2 below, and the components of compensation paid or awarded under the fiscal year ended December 31, 2020 to the Chief Executive Officer and Deputy General Managers, pursuant to the principles and criteria for compensation approved by the shareholders' Combined General Meeting of June 4, 2020, as presented in Section 7.2.2.1 below.

7.2.2.1 CHIEF EXECUTIVE OFFICER AND DEPUTY GENERAL MANAGERS

Components of the compensation paid or awarded under the fiscal year ended December 31, 2020 to Mr. Daniel Lalonde, Chief Executive Officer

Fixed compensation	€828,900[1]
Variable compensation	€540,090[2]
Exceptional compensation	€15,000
Compensation as director	None
Free shares – Preferred shares	180,806 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target TSR (20%), and CSR objectives (10%)
Pension scheme	None
Non-compete indemnity	A non-compete commitment for a period of one year, receiving a gross monthly fixed severance package equal to 70% of his monthly compensation calculated on the average of his gross contractual compensation (fixed and variable) received during the 12 months prior to his departure date and for the effective duration of the non-compete commitment. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable over the 12 months prior to the date of his departure).
Termination indemnities	A severance package for a gross amount equal to a maximum 200% of the sum of the gross annual fixed compensation over the last 12 months preceding the end of his appointment and the variable compensation paid for the year preceding the end of his appointment. Payment of this severance package would be subject to a target EBIT over the last 12 months measured as a function of the EBIT achieved for the previous 12 months.
Fringe benefits	Company car Coverage by an executive corporate officers' insurance plan ("GSC")

(1) In 2020, Mr Lalonde decided to reduce his fixed compensation in the context of the Covid-19 pandemic.
(2) 46.7% achievement of Group EBITDA target and 100% achievement of CSR targets.

Components of the compensation paid or awarded under the fiscal year ended December 31, 2020 to Ms. Évelyne Chétrite, Deputy General Manager

Fixed compensation	€920,375[1]
Variable compensation	€599,289[2]
Exceptional compensation	None
Compensation as director	None
Free shares – Preferred shares	180,806 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target TSR (20%), and CSR objectives (10%)
Pension scheme	None
Non-compete indemnity	Non-compete commitment for a period of one year after the termination of management functions within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure).
Termination indemnities	Indemnity in the event of forced termination of her positions as Deputy General Manager and/or any of her positions held as an individual or through any entity that she may control (this currently includes Évelyne Chétrite SASU), within the Group, in the context of a management position, for a gross amount equal to 200% of the fixed and variable compensations received by these parties in the last 12 months preceding these terminations, subject to the fulfilment of certain performance conditions linked to the Group's EBIT.
Fringe benefits	Company car.

(1) In 2020, Ms Chétrite decided to reduce her fixed compensation in the context of the Covid-19 pandemic.
(2) 46.7% achievement of the Group EBITDA target, 47.6% achievement of the Sandro EBITDA target and 100% achievement of CSR targets.

Components of the compensation paid or awarded under the fiscal year ended December 31, 2020 to Ms. Judith Milgrom, Deputy General Manager

Fixed compensation	€920,375[1]
Variable compensation	€599,786[2]
Exceptional compensation	None
Compensation as director	None
Free shares – Preferred shares	180,806 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target TSR (20%), and CSR objectives (10%)
Pension scheme	None
Non-compete indemnity	Non-compete commitment for a period of one year after the termination of management functions within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure).
Termination indemnities	Indemnity in the event of forced termination of her positions as Deputy General Manager and/or any of her positions held as an individual or through any entity that she may control (this currently includes Judith Milgrom SASU), within the Group, in the context of a management position, for a gross amount equal to 200% of the fixed and variable compensations received by these parties in the last 12 months preceding these terminations, subject to the fulfilment of certain performance conditions linked to the Group's EBIT.
Fringe benefits	None

(1) In 2020, Ms Milgrom decided to reduce her fixed compensation in the context of the Covid-19 pandemic.
(2) 46.7% achievement of Group EBITDA target, 47.8% achievement of Maje EBITDA target and 100% achievement of CSR targets.

Components of the compensation paid or awarded under the fiscal year ended December 31, 2020 to Mr. Ilan Chétrite, Deputy General Manager

Fixed compensation	€598,650[1]
Variable compensation	€395,460[2]
Exceptional compensation	None
Compensation as director	None
Free shares – Preferred shares	118,115 free performance shares. Performance conditions tied to a target EBIT for the Group (70%), a target TSR (20%), and CSR objectives (10%)
Pension scheme	None
Non-compete indemnity	Non-compete commitment for a period of one year after the termination of management functions within the Company. This commitment will be compensated at 70% of their gross fixed and variable, direct and indirect compensation paid during the 12 months preceding the end date of the positions in question. In the event of the application of both the severance package and the non-compete indemnity, the total of these two items must not exceed two years of compensation (fixed and theoretical variable received during the last 12 months prior to the date of his departure).
Termination indemnities	Indemnity in the event of forced termination of his positions as Deputy General Manager and/or any of his positions held as an individual or through any entity that he may control within the Group, in the context of a management position, for a gross amount equal to 200% of the fixed and variable compensations received by these parties in the last 12 months preceding these terminations, subject to the fulfilment of certain performance conditions linked to the Group's EBIT.
Fringe benefits	None

(1) In 2020, Mr Chétrite decided to reduce his fixed compensation in the context of the Covid-19 pandemic.
(2) 46.7% achievement of the Group EBITDA target, 50% achievement of the Sandro Men EBITDA target and 100% achievement of CSR targets.

Table 1 AMF nomenclature

Summary table of compensation and shares and options allocated to each executive corporate officer (in euros):

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER

(Amounts in euros)	2019 fiscal year	2020 fiscal year
Yafu Qiu, Chairman of the Board of Directors		
Compensation due for the year *(detailed in Table 2)*	None	None
Valuation of multi-year variable compensation paid during the year	None	None
Valuation of the options awarded during the year *(detailed in Table 4)*	None	None
Valuation of the bonus shares allotted *(detailed in Table 6)*	None	None
TOTAL	**0**	**0**

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER

(Amounts in euros)	2019 fiscal year	2020 fiscal year
Daniel Lalonde, Chief Executive Officer		
Compensation due for the year *(detailed in Table 2)*	€1,072,854	€1,398,221
Valuation of multi-year variable compensation paid during the year	0	0
Valuation of the options awarded during the year *(detailed in Table 4)*	None	None
Valuation of the bonus shares allotted *(detailed in Table 6)*	€1,022,272	€902,222
TOTAL	**€2,095,126**	**€2,300,442**

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER

(Amounts in euros)	2019 fiscal year	2020 fiscal year
Évelyne Chétrite, Deputy General Manager		
Compensation due for the year *(detailed in Table 2)*	€1,160,255	€1,525,671
Valuation of multi-year variable compensation paid during the year	0	0
Valuation of the options awarded during the year *(detailed in Table 4)*	None	None
Valuation of the bonus shares allotted *(detailed in Table 6)*	€1,029,081	€902,222
TOTAL	**€2,189,336**	**€2,427,893**

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER

(Amounts in euros)	2019 fiscal year	2020 fiscal year
Judith Milgrom, Deputy General Manager		
Compensation due for the year *(detailed in Table 2)*	€1,318,375	€1,520,161
Valuation of multi-year variable compensation paid during the year	0	0
Valuation of the options awarded during the year *(detailed in Table 4)*	None	None
Valuation of the bonus shares allotted *(detailed in Table 6)*	€1,029,081	€902,222
TOTAL	**€2,347,456**	**€2,422,383**

SUMMARY TABLE OF COMPENSATION, OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE CORPORATE OFFICER

(Amounts in euros)	2019 fiscal year	2020 fiscal year
Ilan Chétrite, Deputy General Manager		
Compensation due for the year *(detailed in Table 2)*	€722,800	€994,110
Valuation of multi-year variable compensation paid during the year	0	0
Valuation of the options awarded during the year *(detailed in Table 4)*	None	None
Valuation of the bonus shares allotted *(detailed in Table 6)*	€649,947	€589,394
TOTAL	**€1,372,747**	**€1,583,504**

Table 2 AMF nomenclature

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2019 fiscal year		2020 fiscal year	
(Amounts in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Yafu Qiu, Chairman of the Board of Directors				
Fixed compensation	None	None	None	None
Annual variable compensation	None	None	None	None
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Fringe benefits	None	None	None	None
TOTAL	**0**	**0**	**0**	**0**

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2019 fiscal year		2020 fiscal year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Daniel Lalonde, Chief Executive Officer				
Fixed compensation[1]	€900,000	€900,000	€828,900	€828,900
Annual variable compensation[2]	€144,000	€639,000	€540,090	€144,000
Multi-year variable compensation	None	None	None	None
Exceptional compensation[3]	€15,000	€15,000	€15,000	€15,000
Fringe benefits[4]	€13,854	€13,854	€14,231	€14,231
TOTAL	**€1,072,854**	**€1,567,854**	**€1,398,221**	**€1,002,131**

(1) The fixed annual compensation of Mr. Daniel Lalonde was set at €900,000 for 2020. However, he decided to give up part of his salary in 2020 in the context of the Covid-19 pandemic.

(2) The annual variable compensation of Mr. Daniel Lalonde is €900,000 if the performance targets are met. In 2020, 75% of the objectives are linked to the achievement of the Group's EBITDA provided for in the annual budget, as well as to the achievement of the CSR objectives defined by the Board of Directors on November 21, 2019. In case of significant overachievement of the objective (notably by reaching a predefined threshold beyond a target EBITDA), the bonus is increased proportionally and can be doubled (i.e. a maximum of €1,800,000 gross). Exceptionally, due to the Covid-19 pandemic, variable compensation for 2020 was capped by the Board of Directors at €562,500 (i.e. 62.5% of theoretical variable compensation). In the event of non-achievement of the performance condition, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each year and the variable compensation for year N is paid in year N+1. For fiscal year 2019 and 2020, the performance conditions were not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance.

(3) The exceptional compensation corresponds to compensation paid by the Group relating to contributions and salary costs bore by Mr. Lalonde owing to the fringe benefits gained from the GSC insurance for 2019 and 2020. The payment of this amount, to be repeated in 2021, remains exceptional. However, if this compensation were to become recurrent, the Group would consider including it in the amount of fixed compensation paid to Mr. Lalonde.

(4) This amount includes a company car.

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2019 fiscal year		2020 fiscal year	
(Amount in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Évelyne Chétrite, Deputy General Manager				
Fixed compensation[1]	€995,000	€995,000	€920,375	€920,375
Annual variable compensation[2]	€159,200	€494,515	€599,289	€159,200
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Fringe benefits[3]	€6,055	€6,055	€6,007	€6,007
TOTAL	**€1,160,255**	**€1,495,570**	**€1,525,671**	**€1,085,582**

(1) The fixed compensation includes fixed compensation paid in respect of the corporate offices of (i) Évelyne Chétrite as Deputy General Manager of SMCP SA and (ii) Évelyne Chétrite SASU as President of Sandro Andy. The fixed annual compensation of Ms. Évelyne Chétrite was set at €995,000 for 2020. Ms. Évelyne Chetrite nevertheless decided to give up part of her salary in 2020 in the context of the Covid-19 pandemic.

(2) The annual variable compensation for Ms. Évelyne Chétrite includes compensation paid for the management positions of Ms. Évelyne Chétrite as Deputy General Manager of SMCP SA and for Évelyne Chétrite SASU as President of the company Sandro Andy, subject to performance conditions. The variable compensation paid in respect of corporate offices amounts to €995,000, if the performance objectives are met. Given the role played by Ms. Évelyne Chétrite in both the management of the Sandro brand and as a Deputy General Manager of the Group, up to 25% of the objectives for 2020 relate to achievement of the EBITDA of Sandro brand, up to 50% to the attainment of the Group EBITDA set out in the annual budget and up to 25% to the attainment of CSR targets set by the Board of Directors. If the targets are significantly exceeded, the bonus can be doubled (i.e. a maximum gross amount of €1,990,000). Exceptionally, due to the Covid-19 pandemic, variable compensation for 2020 was capped by the Board of Directors at €621,875 (i.e. 62.5% of the theoretical variable compensation). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each year and the variable compensation for year N is paid in year N+1. For fiscal year 2019 and 2020, the performance condition was not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance.

(3) This amount includes a company car.

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2019 fiscal year		2020 fiscal year	
(Amount in euros)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Judith Milgrom, Deputy General Manager				
Fixed compensation[1]	€995,000	€995,000	€920,375	€920,375
Annual variable compensation[2]	€323,375	€631,825	€599,786	€323,375
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Fringe benefits	None	None	None	None
TOTAL	**€1,318,375**	**€1,626,825**	**€1,520,161**	**€1,243,750**

(1) The fixed compensation includes fixed compensation paid in respect of the corporate offices of (i) Ms. Judith Milgrom as Deputy General Manager of SMCP SA and (ii) Judith Milgrom SASU as President of Maje. The fixed annual compensation of Ms. Judith Milgrom was set at €995,000 for 2020. Ms. Judith Milgrom nevertheless decided to give up part of her salary in 2020 in the context of the Covid-19 pandemic.

(2) The variable annual compensation of Ms. Judith Milgrom includes compensation paid for the management positions of Ms. Judith Milgrom as Deputy General Manager of SMCP SA and Judith Milgrom SASU as President of the company Maje, subject to performance conditions. The variable compensation paid in respect of corporate offices amounts to €995,000, if the performance objectives are met. Given the role played by Ms. Judith Milgrom in both the management of the Maje brand and as a Deputy General Manager of the Group, the targets are up to 25% linked to the achievement of the EBITDA of the Maje brand, up to 50% to the achievement of the Group EBITDA target in the annual budget and up to 25% to the attainment of CSR targets defined by the Board of Directors on November 21, 2019. If the targets are significantly exceeded, the bonus can be doubled (i.e. a maximum gross amount of €1,990,000). Exceptionally, due to the Codid-19 pandemic, variable compensation for 2020 was capped by the Board of Directors at €621,875 (i.e. 62.5% of theoretical variable compensation). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each year and the variable compensation for year N is paid in year N+1. For fiscal year 2019 and 2020, the performance conditions were not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance.

SUMMARY TABLE OF COMPENSATION PAID TO EACH EXECUTIVE CORPORATE OFFICER

	2019 fiscal year		2020 fiscal year	
(Amount in euros)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Ilan Chétrite, Deputy General Manager				
Fixed compensation[1]	€650,000	€650,000	€598,650	€598,650
Annual variable compensation[2]	€72,800	€323,050	€395,460	€72,800
Multi-year variable compensation	None	None	None	None
Exceptional compensation	None	None	None	None
Fringe benefits	None	None	None	None
TOTAL	**€722,800**	**€973,050**	**€994,110**	**€671,450**

(1) The fixed compensation includes the fixed compensation paid in respect of the corporate offices of (i) Mr. Ilan Chétrite as Deputy General Manager of SMCP SA and (ii) Sandro Andy SAS as President. The annual fixed compensation of Mr. Ilan Chétrite was set at €650,000 for 2020. Mr. Ilan Chétrite nevertheless decided to give up part of his salary in 2020 in the context of the Covid-19 pandemic.

(2) Mr. Ilan Chétrite's annual compensation includes compensation paid for his management position as Deputy General Manager of SMCP SA and as President of the company Sandro Andy SAS, subject to performance conditions. The variable compensation paid in respect of corporate offices amounts to €650,000, if the objectives are met. The performance objectives for 2020 are up to 25% linked to the achievement of the EBITDA of the Sandro Men brand, they are up to 50% linked to the achievement of the Group EBITDA figure in the annual budget and up to 25% to the achievement of the CSR objectives defined by the Board of Directors on November 21, 2019. If the targets are significantly exceeded, the bonus can be doubled (i.e. a maximum gross amount of €1,300,000). Exceptionally, due to the Covid-19 pandemic, the variable compensation for 2020 was capped by the Board of Directors at €381,875 (i.e. 62.5% of theoretical variable compensation). In the event of non-achievement of these performance conditions, this variable compensation is not paid; in case of partial achievement, it is paid in proportion to its achievement. Achievement of the performance condition is reviewed and noted at the end of each year and the variable compensation for year N is paid in year N+1. For fiscal year 2019 and 2020, the performance condition was not 100% achieved, hence the partial payment of the variable compensation, in proportion to said performance.

Table 3 AMF nomenclature

TABLE FOR COMPENSATION RECEIVED BY MEMBERS OF THE BOARD OF DIRECTORS

	2019 fiscal year		2020 fiscal year	
Members of the Board of Directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Yafu Qiu	None	None	None	None
Daniel Lalonde	None	None	None	None
Evelyne Chétrite	None	None	None	None
Judith Milgrom	None	None	None	None
Weiying Sun	None	None	None	None
Chenran Qiu	None	None	None	None
Xiao Su	None	None	None	None
Kelvin Ho	None	None	None	None
Orla Noonan	€66,000	€62,000	€53,200	€57,200
Fanny Moizant[1]	€49,000	€48,000	€38,925	€41,925
Patrizio di Marco	€28,000	€50,000	€38,700	€36,700
Dajun Yang	€52,500	€50,500	€46,263	€49,263
Lauren Cohen	None	None	None	None
Marina Dithurbide	N/A	N/A	N/A	None
TOTAL	**€195,500**	**€210,500**	**€177,088**	**€185,088**

(1) Ms. Fanny Moizant stepped down from her position as director of the Company with effect from February 15, 2021.

Table 4 AMF nomenclature

SHARE SUBSCRIPTION AND SHARE PURCHASE OPTIONS AWARDED DURING THE YEAR TO EACH EXECUTIVE CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP

Name of the executive corporate officer	No. and date of plan	Type of option (new or existing shares)	Valuation of options according to the method used in the consolidated financial statements	Number of options allocated during the fiscal year	Exercise price	Exercise period
Yafu Qiu, Chairman of the Board of Directors	None					
Daniel Lalonde, Chief Executive Officer	None					
Évelyne Chétrite, Deputy General Manager	None					
Judith Milgrom, Deputy General Manager	None					
Ilan Chétrite, Deputy General Manager	None					

Table 5 AMF nomenclature

STOCK OPTIONS FOR NEW OR EXISTING SHARES EXERCISED DURING THE FISCAL YEAR BY EACH EXECUTIVE CORPORATE OFFICER

Name of the executive corporate officer	No. and date of plan	Number of options exercised during the fiscal year	Exercise price
Yafu Qiu, Chairman of the Board of Directors	None		
Daniel Lalonde, Chief Executive Officer	None		
Évelyne Chétrite, Deputy General Manager	None		
Judith Milgrom, Deputy General Manager	None		
Ilan Chétrite, Deputy General Manager	None		

Table 6 AMF nomenclature

Bonus shares allocated during the fiscal year to each executive corporate officer by the issuer and any Group company (named list)	No. and date of plan	Number of shares allocated during fiscal year	Valuation of shares according to method used for consolidated financial statements	Acquisition date	Availability date	Performance conditions
Yafu Qiu, Chairman of the Board of Directors	Plan no. 5 12/17/2020	None	None	None	None	None
Daniel Lalonde, Chief Executive Officer	Plan no. 5 12/17/2020	180,806	902,222	03/31/2023 03/31/2024	03/31/2023 03/31/2024	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)
Évelyne Chétrite, Deputy General Manager	Plan no. 5 12/17/2020	180,806	902,222	03/31/2023 03/31/2024	03/31/2023 03/31/2024	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)
Judith Milgrom, Deputy General Manager	Plan no. 5 12/17/2020	180,806	902,222	03/31/2023 03/31/2024	03/31/2023 03/31/2024	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)
Ilan Chétrite, Deputy General Manager	Plan no. 5 12/17/2020	118,115	589,394	03/31/2023 03/31/2024	03/31/2023 03/31/2024	Performance conditions tied to an EBIT target for the Group (70%), a target TSR* (20%) and CSR targets (10%)

* Total shareholders return.

Table 7 AMF nomenclature

Bonus shares made available for each executive corporate officers	No. and date of plan	Number of shares becoming available during the fiscal year
Yafu Qiu, Chairman of the Board of Directors	None	0
Daniel Lalonde, Chief Executive Officer(1)(5)	Plan no. 2 of 23/11/2017	45,418
Évelyne Chétrite, Deputy General Manager(2)(5)	Plan no. 2 of 23/11/2017	56,748
Judith Milgrom, Deputy General Manager(3)(5)	Plan no. 2 of 23/11/2017	56,748
Ilan Chétrite, Deputy General Manager(4)(5)	Plan no. 2 of 23/11/2017	36,351

(1) The EBITDA adjustment impacted the delivery of +4,223 shares for Mr Daniel Lalonde.
(2) The EBITDA adjustment impacted the delivery of +5,289 shares for Ms Evelyne Chétrite.
(3) The EBITDA adjustment impacted the delivery of +5,289 shares for Ms Judith Milgrom.
(4) The EBITDA adjustment impacted the delivery of +3,388 shares for Mr Ilan Chétrite.
(5) The adjustment to the EBITDA for 2019 was of 2.2% to neutralise the impact of the closure of the Group's stores related to the yellow vests *(gilets jaunes)* crisis in France and the political situation in Hong Kong.

Table 8 AMF nomenclature

History of allocation of stock options or share purchase options				
Information on stock options or share purchase options				
Date of General Meeting	**Plan no. 1**	**Plan no. 2**	**Plan no. 3**	**Etc.**
Date of the Board of Directors				
Total number of shares which may be subscribed or purchased, including the number which may be subscribed or purchased by:				
Starting point for exercise of options				
Expiration date				
Subscription or purchase price	None			
Option exercise procedures (if the plan incorporates several tranches)				
Number of shares subscribed on [...] (most recent date)				
Cumulative number of share subscription or purchase options cancelled or expired				
Options for subscription or purchase of shares and allocation of bonus shares				

Table 9 AMF nomenclature

Stock options for new or existing shares allocated to the top ten employees who are not executive corporate officers and options exercised by these employees	Total number of options allocated/shares subscribed or purchased	Weighted average price	Plan no. 1	Plan no. 2
Options granted during the fiscal year by the issuer and any other company included in the scope of allocation of options, to the ten employees of the issuer and any company included in said scope, to whom the greatest number of options is granted (global information)	None			
Options held in the issuer and the aforementioned companies and exercised, during the fiscal year, by the ten employees of the issuer and said companies, who have purchased or subscribed the greatest number of options (global information)				

Table 10 AMF nomenclature

History of allocation of bonus shares

Information on allocated bonus shares

Free allocation plan	Plan no. 1 (first tranche)	Plan no. 1 (second tranche)	Plan no. 1 (third tranche)	Plan no. 2	Plan no. 3	Plan no. 4	Plan no. 5
Date of General Meeting	10/10/2016	10/10/2016	10/10/2016	10/05/2021	06/18/2018	06/07/2019	06/04/2020
Date of Chairman's decision	10/10/2016	12/14/2016	02/27/2017	11/23/2017	03/20/2019	12/05/2019	12/17/2020
Total number of bonus shares allocated, including the number awarded to:	12,768,753	1,520,100	393,000	2,038,324	132,000	870,460	1,437,694
Executive corporate officers:	6,855,000	None	None	1,040,498	35,000	401,548	660,533
Yafu Qiu, Chairman of the Board of Directors	None	None	None	None	None	None	None
Daniel Lalonde, Chief Executive Officer	1,605,000[(1)]	None	None	242,018	29,000	110,040	180,806
Évelyne Chétrite, Deputy General Manager	1,750,000[(2)]	None	None	302,390	None	110,773	180,806
Judith Milgrom, Deputy General Manager	1,750,000[(3)]	None	None	302,390	None	110,773	180,806
Ilan Chétrite, Deputy General Manager	1,750,000[(4)]	None	None	193,700	6,000	69,962	118,115
Date of acquisition of shares	10/10/2017	12/14/2017	02/27/2018	03/31/2020 03/31/2021 03/31/2022	04/17/2021	03/31/2022 03/31/2023	03/31/2023 03/31/2024
Date of end of holding period	10/10/2018	12/14/2018	02/27/2019	03/31/2020 03/31/2021 03/31/2022	04/17/2021	03/31/2022 03/31/2023	03/31/2023 03/31/2024
Number of shares subscribed	None	None	None	None	None	None	None
Cumulative number of shares cancelled or expired	307,178	150,600	0	256,047	0	0	0
Bonus shares remaining at the end of the fiscal year	12,461,575	1,369,500	393,000	1,782,277	132,000	870,460	1,437,694

(1) Following the June 2018 reverse stock-split (see Section 8.1.6), the number of shares held by Mr. Daniel Lalonde is 145,909 Class G preferred shares, which may be converted into 572,411 ordinary shares. The next possible conversion date will be January 1, 2022.
(2) Following the June 2018 reverse stock-split (see Section 8.1.6), the number of shares held by Ms. Évelyne Chétrite is 159,090 Class G preferred shares, which may be converted into 624,121 ordinary shares. The next possible conversion date will be January 1, 2022.
(3) Following the June 2018 reverse stock-split (see Section 8.1.6), the number of shares held by Ms. Judith Milgrom is 159,090 Class G preferred shares, which may be converted into 624,121 ordinary shares. The next possible conversion date will be January 1, 2022.
(4) Following the June 2018 reverse stock-split (see Section 8.1.6), the number of shares held by Mr. Ilan Chétrite is 159,090 Class G preferred shares, which may be converted into 624,297 ordinary shares. The next possible conversion date will be January 1, 2022.

7

EBITDA for 2019 was adjusted by 2.2% to neutralise, to a certain extent, the impact of the closure of the Group's stores linked to the yellow vest crisis in France and the political situation in Hong Kong. The EBITDA for 2020 was adjusted by 5% to neutralise, to a certain extent, the Covid-19 pandemic. These neutralisations have an impact on the number of shares to be delivered under some of the above plans.

Table 11 AMF nomenclature

	Employment contract		Supplementary pension scheme		Severance or benefits due or which may be due on termination of or a change of post		Severance under a non-compete clause	
Executive corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Yafu Qiu, Chairman of the Board of Directors		X		X		X		X
Daniel Lalonde, Chief Executive Officer		X		X	X		X	
Évelyne Chétrite, Deputy General Manager		X		X	X		X	
Judith Milgrom, Deputy General Manager		X		X	X		X	
Ilan Chétrite, Deputy General Manager		X		X	X		X	

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 22-10-34 of the French Commercial Code subject to a Combined General Meeting of June 17, 2021

NINETEENTH RESOLUTION

(Approval, in accordance with Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the fiscal year ended December 31, 2020 or awarded for the same period to Mr Yafu Qiu, in his capacity as Chairman of the Board of Directors)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits in kind paid or awarded for the fiscal year ended December 31, 2020 to Mr Yafu Qiu, Chairman of the Board of Directors, as detailed in the aforesaid report.

TWENTIETH RESOLUTION

(Approval, in accordance with Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the fiscal year ended December 31, 2020 or awarded for the same period to Mr Daniel Lalonde, in his capacity as Chief Executive Officer)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or awarded for the fiscal year ended December 31, 2020 to Mr Daniel Lalonde, Chief Executive Officer, as detailed in the aforementioned report.

TWENTY-FIRST RESOLUTION

(Approval, in accordance with Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the fiscal year ended December 31, 2020 or awarded for the same period to Ms Evelyne Chétrite, in her capacity as Deputy General Manager)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or awarded for the fiscal year ended December 31, 2020 to Ms Evelyne Chétrite, Deputy General Manager, as detailed in the aforesaid report.

TWENTY-SECOND RESOLUTION

(Approval, in accordance with Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the fiscal year ended December 31, 2020 or awarded for the same period to Ms Judith Milgrom, in her capacity as Deputy General Manager)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or awarded for the fiscal year ended December 31, 2020 to Ms Judith Milgrom, Deputy General Manager, as detailed in the aforementioned report.

TWENTY-THIRD RESOLUTION

(Approval, in accordance with Article L. 22-10-34 II of the French Commercial Code, of the fixed, variable and exceptional items which make up the total compensation and benefits in kind paid during the fiscal year ended December 31, 2020 or awarded for the same period to Mr Ilan Chétrite, in his capacity as Deputy General Manager)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components comprising the total compensation and benefits in kind paid or awarded for the fiscal year ended December 31, 2020 to Mr Ilan Chétrite, Deputy General Manager, as detailed in the aforementioned report.

7.2.2.2 DIRECTORS

The table below shows the compensation received by members of the Board of Directors for fiscal years 2019 and 2020:

Table 3 AMF nomenclature

TABLE FOR COMPENSATION RECEIVED BY MEMBERS OF THE BOARD OF DIRECTORS

	2019 fiscal year		2020 fiscal year	
Members of the Board of Directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Yafu Qiu	None	None	None	None
Daniel Lalonde	None	None	None	None
Evelyne Chétrite	None	None	None	None
Judith Milgrom	None	None	None	None
Weiying Sun	None	None	None	None
Chenran Qiu	None	None	None	None
Xiao Su	None	None	None	None
Kelvin Ho	None	None	None	None
Orla Noonan	€66,000	€62,000	€53,200	€57,200
Fanny Moizant[1]	€49,000	€48,000	€38,925	€41,925
Patrizio di Marco	€28,000	€50,000	€38,700	€36,700
Dajun Yang	€52,500	€50,500	€46,263	€49,263
Lauren Cohen	None	None	None	None
Marina Dithurbide	N/A	N/A	N/A	None
TOTAL	**€195,500**	**€210,500**	**€177,088**	**€185,088**

Draft resolution drawn up by the Board of Directors pursuant to Article L. 22-10-8 II of the French Commercial Code and submitted to the combined annual general meeting on June 17, 2021

THIRTIETH RESOLUTION
(Approval, pursuant to Article L. 22-10-8 II of the French Commercial Code, of the compensation policy for directors)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in section 7.2 of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for directors, as presented in the aforesaid report.

7.2.2.3 LEVEL OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS IN RELATION TO THE COMPENSATION OF COMPANY EMPLOYEES

Ratio between the compensation level of the Chief Executive Officer and Deputy General Managers and the average and median compensation of the Company's employees

To calculate the ratios presented below in accordance with Article L. 22-10-9 I para. 6 of the French Commercial Code, the Company referred to the guidelines of the AFEP-MEDEF Code dated February 2021.

In particular:

- the ratios below were calculated on the basis of the fixed and variable compensation paid during the fiscal years mentioned as well as the performance shares allocated during the same periods and valued at their carrying amount at the time they were allocated;
- for employees, the compensation used in the calculation is the full-time equivalent compensation (FTE) ;
- Company employees (not including the leader) were included in the calculation of the equity ratios, this change of methodology was applied in order to comply with the AFEP recommendations of February 2021;
- adjusted EBITDA is a performance indicator regularly monitored by the Group to analyse and evaluate its businesses and their trends, measure their performance, prepare earnings forecasts and make strategic decisions.

COMPARISON OF THE LEVEL OF COMPENSATION OF EXECUTIVE CORPORATE OFFICERS IN RELATION TO THE COMPANY'S EMPLOYEES

	2018 fiscal year		2019 fiscal year		2020 fiscal year	
Corporate executive officer	Ratio of average compensation	Ratio of median compensation	Ratio of average compensation	Ratio of median compensation	Ratio of average compensation	Ratio of median compensation
Yafu Qiu	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Lalonde	18.20	25.81	30.43	47.64	17.13	25.34
Evelyne Chétrite	17.36	24.62	25.38	39.75	17.89	26.45
Judith Milgrom	22.31	31.65	26.71	41.82	19.31	28.55
Ilan Chétrite	15.55	22.06	17.23	26.97	11.34	16.78
Chenran Qiu	N/A	N/A	N/A	N/A	N/A	N/A

ANNUAL CHANGES IN THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS AND EMPLOYEES IN RELATION TO THE COMPANY'S PERFORMANCE

	2018 fiscal year	2019 fiscal year	2020 fiscal year
Compensation for Yafu Qiu, Chairman of the Board of Directors *(in euros)*	None	None	None
Compensation for Daniel Lalonde, Chief Executive Officer *(in euros)*	1,568,048	3,020,235	1,904,352
Compensation for Evelyne Chétrite, Deputy General Manager *(in euros)*	1,495,692	2,519,728	1,987,804
Compensation for Judith Milgrom, Deputy General Manager *(in euros)*	1,922,608	2,650,983	2,145,972
Compensation for Ilan Chétrite, Deputy General Manager *(in euros)*	1,340,461	1,709,888	1,260,844
Compensation for Chenran Qiu, Deputy General Manager *(in euros)*	None	None	None
Adjusted EBITDA *(excluding IFRS, in thousands of euros)*	171,494	171,510	53,989
Average compensation of employees on an FTE basis *(in euros)*	86,180	99,261	111,142

7.2.3 Draft resolutions submitted to the General Meeting of June 17, 2021

Draft resolutions drawn up by the Board of Directors pursuant to Article L. 225-100 II of the French Commercial Code and submitted to the Combined General Meeting on June 17, 2021

TWENTY-NINTH RESOLUTION
(Approval of the information mentioned in I of Article L. 22-10-9 of the French Commercial Code)

The annual general meeting, after acknowledging the Board of Directors' report on corporate governance drawn up in accordance with Article L. 225-37 of the French Commercial Code and provided in Section 7.2 of of the Company's 2020 universal registration document, deliberating under the conditions of quorum and majority required for ordinary general meetings, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information mentioned in Article L. 22-10-9 I of the French Commercial Code as presented in the aforesaid report.

7.3 Commitments with related parties and Agreements

7.3.1 Transactions with related parties

The Group's related parties include the shareholders of the Company, companies with a controlling interest in the Group and the main members of the Group's management and supervisory bodies (and their immediate family members).

Quantified data detailing relationships with these related parties is provided in Note 7.3 to the consolidated financial statements for the fiscal year ended December 31, 2020, presented in Section 5.1.2 of this universal registration document.

In fiscal year 2021, the Board of Directors will meet to set up a procedure for the annual assessment of agreements concerning current arm's length transactions. As part of this assessment, the Board of Directors, which meets to review the annual financial statements, will review the criteria for determining whether current agreements have been entered into at arm's length to ensure that they are still suitable and comply with market practices and will analyse more particularly whether the financial conditions of the agreements included in its assessment are normal. The agreements that no longer meet said criteria will be subsequently reclassified as regulated agreements and will then be subject to the authorisation of the Board of Directors.

7.3.1.1 AGREEMENTS AND COMMITMENTS AUTHORISED AND CONCLUDED DURING THE YEAR

No new agreement or commitment was authorised and concluded during the fiscal year ended, pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

7.3.1.2 PREVIOUSLY APPROVED AGREEMENTS AND COMMITMENTS THAT REMAINED IN FORCE DURING THE YEAR

The General Meeting of June 4, 2020 already approved the following agreements and commitments, which remained in force during the year ended.

Compensation of Ms. Évelyne Chétrite, member of the Board of Directors

Ms. Évelyne Chétrite's compensation in her capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Up until 2019, the objectives concerned the EBITDA of the Sandro brand (30%) and Group EBITDA per the annual budget (70%). In 2020, Ms. Chétrite's annual variable compensation was subject to attainment of the EBITDA target for the Sandro brand (25%), of the Group's EBITDA in the annual budget (50%) and CSR targets (25%). In 2021, EBITDA will be replaced by EBIT as the metric for targets, the proportions of which will remain unchanged. In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus).

Ms. Évelyne Chétrite was paid total compensation of €190,335 during the period ended December 31, 2020.

The said commitment will be submitted to the Shareholders' General Meeting of June 17, 2021 for approval.

Compensation of Ms. Judith Milgrom, member of the Board of Directors

Ms. Judith Milgrom's compensation in her capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Up until 2019, the objectives concerned the EBITDA of the Maje brand (30%) and Group EBITDA per the annual budget (70%). In 2020, Ms. Milgrom's annual variable compensation was subject to attainment of the EBITDA target for the Maje brand (25%), of the Group's EBITDA in the annual budget (50%) and CSR targets (25%). In 2021, EBITDA will be replaced by EBIT as the metric for targets, the proportions of which will remain unchanged. In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus).

Ms. Judith Milgrom was paid total compensation of €225,770 during the period ended December 31, 2020.

The said commitment will be submitted to the Shareholders' General Meeting of June 17, 2021 for approval.

Compensation of Mr. Daniel Lalonde, member of the Board of Directors

Mr. Daniel Lalonde's compensation in his capacity as Chief Executive Officer of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €900,000 and a variable component of €900,000 if objectives are attained. Up until 2019, the objective was tied to the achievement of the Group's EBITDA (taking into account the performances of each of the Group's trademarks) specified in the annual budget. In 2020, the annual variable compensation of Mr. Lalonde is subject to a performance condition assessed at the level of the target Group EBITDA provided for in the budget (75%), and the achievement of CSR objectives (25%). In 2021, EBITDA will be replaced by EBIT as the metric for targets, the proportions of which will remain unchanged. In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus).

Mr. Daniel Lalonde was paid total compensation of €1,002,131 during the fiscal year ended December 31, 2020.

The said commitment will be submitted to the Shareholders' General Meeting of June 17, 2021 for approval.

Compensation of Mr. Ilan Chétrite, member of the Board of Directors

Mr. Ilan Chétrite's compensation in his capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €650,000 and a variable component of €650,000 if objectives are attained. Up until 2019, the objectives concerned the EBITDA of the Sandro Men brand (30%) and Group EBITDA per the annual budget (70%). In 2020, the annual variable compensation of Mr. Chétrite was subject to the achievement of the EBITDA of the Sandro Men brand (25%), the achievement of the Group's EBITDA provided for in the budget (50%) and CSR targets (25%). In 2021, EBITDA will be replaced by EBIT as the metric for targets, the proportions of which will remain unchanged. In case of significant overachievement, the bonus can be doubled (the condition of achieving the CSR targets does not apply to this outperformance bonus).

Mr. Ilan Chétrite was paid total compensation of €650,728 during the period ended December 31, 2020.

The said commitment will be submitted to the Shareholders' General Meeting of June 17, 2021 for approval.

7.3.2 Statutory Auditors' report on regulated agreements

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

General Meeting to approve the accounts for fiscal year ended December 31, 2020

To the SMCP SA General Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code *(Code de commerce)* relating to the implementation during the past year of agreements previously approved by the General Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors *(Compagnie Nationale des Commissaires aux Comptes)* relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements subject to approval by the General Meeting

Agreements authorised and concluded during the year

Please note that we were not advised of any agreement authorised and entered into during the prior fiscal year to be submitted to the General Meeting for approval as required by the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

Previously approved agreements that remained in force during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we were informed that the performance of the following agreements, already approved by the General Meeting in prior years, continued in the fiscal year ended.

Compensation of Ms. Évelyne Chétrite, member of the Board of Directors

PERSON CONCERNED: MS. ÉVELYNE CHÉTRITE, DEPUTY GENERAL MANAGER

Ms. Évelyne Chétrite's compensation in her capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Up until 2019, the objectives concerned the EBITDA of the Sandro brand (30%) and Group EBITDA per the annual budget (70%). In 2020, the objectives concerned the EBITDA of the Sandro brand (25%), Group EBITDA per the annual budget (50%), and a CSR objective (25%). The objectives to be achieved concern the EBITDA of the Sandro brand (30%) and the Group's EBITDA as set out in the annual budget (70%). The bonus may be doubled if these targets are significantly exceeded.

Ms. Évelyne Chétrite was paid total compensation of €190,335 during the period ended December 31, 2020.

Compensation of Ms. Judith Milgrom, member of the Board of Directors

PERSON CONCERNED: MS. JUDITH MILGROM, DEPUTY GENERAL MANAGER

Ms. Judith Milgrom's compensation in her capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, her compensation comprises a fixed component of €156,505 and a variable component of €251,165 if objectives are attained. Up until 2019, the objectives concerned the EBITDA of the Sandro brand (30%) and Group EBITDA per the annual budget (70%). In 2020, the objectives concerned the EBITDA of the Sandro brand (25%), Group EBITDA per the annual budget (50%), and a CSR objective (25%). The bonus may be doubled if these targets are significantly exceeded.

Ms. Judith Milgrom was paid total compensation of €225,770 during the period ended December 31, 2020.

Compensation of Mr. Daniel Lalonde, member of the Board of Directors

PERSON CONCERNED: MR. DANIEL LALONDE, CHIEF EXECUTIVE OFFICER

Mr. Daniel Lalonde's compensation in his capacity as Chief Executive Officer of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €900,000 and a variable component of €900,000 if objectives are attained. Until 2019, the objectives were linked to the achievement of the EBITDA of the Group and of each of the brands provided for in the annual budget. In 2020, 75% of the targets were linked to the achievement of the Group's EBITDA provided for in the annual budget, and up to 25% to the achievement of a CSR target. The bonus may be doubled if these targets are significantly exceeded.

Mr. Daniel Lalonde was paid total compensation of €1,002,131 during the fiscal year ended December 31, 2020.

Purpose: Compensation of Mr. Ilan Chétrite, member of the Board of Directors

PERSON CONCERNED: MR. ILAN CHÉTRITE, DEPUTY GENERAL MANAGER

Mr. Ilan Chétrite's compensation in his capacity as Deputy General Manager of SMCP SA was set by the General Meeting of October 10, 2016 and reviewed by the General Meeting of October 5, 2017. Since this date, his compensation comprises a fixed component of €650,000 and a variable component of €650,000 if objectives are attained. Up until 2019, the objectives concerned the EBITDA of the Sandro Men brand (30%) and Group EBITDA per the annual budget (70%). In 2020, the objectives to be achieved concerned the EBITDA of the Sandro Men brand (25%) and the Group's EBITDA as set out in the annual budget (50%), and the attainment of a CSR objective (25%). The bonus may be doubled if these targets are significantly exceeded.

Mr. Ilan Chétrite was paid total compensation of €650,728 during the period ended December 31, 2020.

Paris La Défense, on April 30, 2021

The Statutory Auditors

KPMG SA
Valéry FOUSSE
Partner

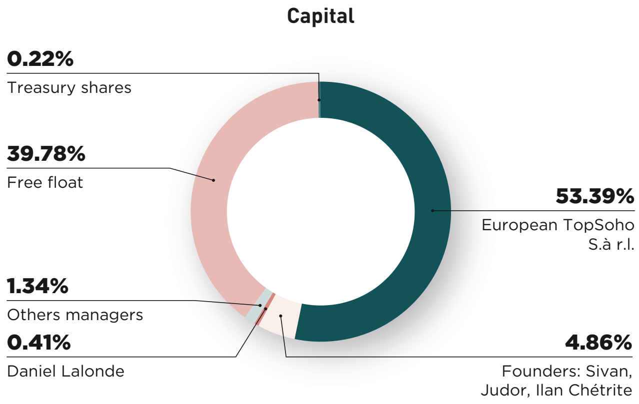
Deloitte & Associés
Albert AIDAN
Partner

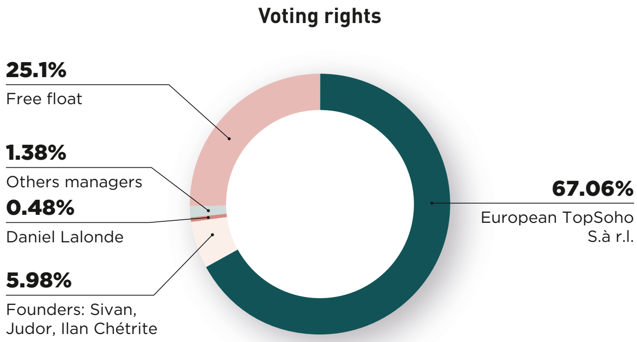
8

Share capital and shareholders

8.1 Shareholders

8.1.1 Breakdown of share capital and voting rights





SHAREHOLDING

The following table shows shareholders of the Company as of December 31, 2020:

Shareholders	Number of ordinary shares	Number of Class G preferred shares [4]	Total number of voting rights	% share capital	% of voting rights
European TopSoho S.à r.l.[1]	40,135,102	0	80,270,204	53.39%	67.06%
Founders: Sivan[2] Judor[3] Ilan Chétrite	3,175,239	477,315	7,155,261	4.86%	5.98%
Managers					
Daniel Lalonde:	164,643	145,909	575,686	0.41%	0.48%
Other managers:	712,798	292,247	1,654,407	1.34%	1.38%
Free float	29,767,987	137,059	30,042,105	39.78%	25.1%
Treasury shares	161,991	0	0	0.22%	0
TOTAL	**74,117,760**	**1,052,530**	**119,697,663**	**100%**	**100%**

(1) Entity 51.8% held indirectly by Shandong Ruyi Technology Group and 48.2% by Yinchuan WeiXin Industry Funds Ltd Partnership. Yinchuan WeiXin Industry Funds Ltd Partnership is indirectly and majority-owned by investment funds of the Popular Republic of China.
(2) Entity held by Ms Evelyne Chétrite.
(3) Entity held by Ms Judith Milgrom.
(4) The terms and conditions of the G preferred shares are detailed in Section 8.1.6 of this universal registration document.

Shandong Ruyi

Founded in 1972, Shandong Ruyi is one of the largest textile manufacturers in China and ranks among the Top 100 Chinese multi-national enterprises. The Group predominately engages in textile offerings and owns a fully-integrated value chain with operations spanning across raw materials cultivation, textiles processing, and design and sale of brands & apparel.

Headquartered in Jining, Shandong Ruyi Group operates 13 domestic industrial parks and boasts some of the largest production lines and advanced technology in China. Shandong Ruyi Group also has a significant distribution and point of sales network that services a global customer base spread across six continents. In Asia Pacific alone, the Group operates over 3,000 points of sale. Shandong Ruyi Group has over 20 subsidiaries, with four listed subsidiaries in China, Hong Kong, Paris and Japan.

Shareholding of the founding family

As at December 31, 2020, Ms. Évelyne Chétrite, founder of Sandro, and Ms. Judith Milgrom, founder of Maje, respectively hold, through the companies Sivan and Judor, 2.21% and 2.03% of the capital and 2.30% and 2.50% of the voting rights of the Company.

Mr. Ilan Chétrite, founder of Sandro Men, is a shareholder of the Company. As at December 31, 2020, he holds 0.62% of the share capital and 0.74% of the voting rights of the Company.

Shareholding managers

Certain managers, current executives and key employees, *i.e.*, 97 people to date, including Mr. Daniel Lalonde, Chief Executive Officer, have become shareholders of the Company in the context of the acquisition of the Group by Shandong Ruyi. As at December 31, 2020, together they hold 1.75% of the share capital and 1.86% of the voting rights of the Company.

STATEMENT ON THE CONTROL OF THE COMPANY

At the Company's initial public offering, Ms. Évelyne Chétrite, Ms. Judith Milgrom, Mr. Ilan Chétrite, Sivan S.à r.l.[1] and Judor S.à r.l.[2], and European TopSoho S.à r.l., established the principal terms of a shareholders' agreement which was entered into for a period that expired on June 30, 2020. No new shareholders' agreement has been concluded.

8.1.2 Threshold crossing

For as long as the Company's shares are admitted to trading on a regulated market, besides the declarations on crossing of thresholds expressly provided for by the laws and regulations in force, any natural or legal persons finding themselves, directly or indirectly, alone or jointly, in possession of a portion of the capital or voting rights (calculated in accordance with the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code and the provisions of the general regulations of the French *Autorité des Marchés Financiers*), equal to or greater than 1% of the capital or voting rights, or any multiple thereof, including beyond the thresholds set by the legal and regulatory framework, must inform the Company of the total number (i) of shares and voting rights they own, directly or indirectly, alone or jointly; (ii) of the securities granting future access to the Company capital that they own, directly or indirectly, alone or jointly, and the voting rights potentially attached thereto; and (iii) of the shares already issued which those persons may acquire under an agreement or a financial instrument mentioned in Article L. 211-1 of the French Monetary and Financial Code. Such notification must be given, by registered letter with acknowledgment of receipt, within a period of four business days as from the crossing of the threshold concerned.

The obligation to inform the Company also applies, within the same periods and under the same conditions, when the shareholder's interest in the capital, or voting rights, falls below one of the aforesaid thresholds.

In the event of failure to comply with the obligation to make the aforementioned declaration of crossing of thresholds and at the request, recorded in the minutes of the General Meeting, of one or more shareholders representing at least 5% of the Company's capital or voting rights, those shares exceeding the portion that should have been declared will be deprived of voting rights up until the expiry of a period of two years following the date of that the situation with regard to notification was rectified.

The Company reserves the right to inform the public and the shareholders either of the information notified to it or of failure to meet the aforesaid obligation by the person concerned.

There was no threshold crossing as stipulated by the legal provisions in 2020.

On January 6, 2021, SMCP took note of the declaration of crossing of the threshold published with the French Financial Markets Authority *(Autorité des Marchés Financiers)* by GLAS, in its capacity as Trustee for the bonds exchangeable into SMCP shares issued in September 2018 by European TopSoho S.à r.l., main shareholder of SMCP. In the context of this declaration, GLAS indicated that there had been a notification of default concerning the guarantor on this bond, and therefore that it was now entitled to instruct 34,792,512 corresponding voting rights of the Company corresponding to 29% of the voting rights of the Company attached to the shares underlying these bonds (it being specified that the total number of SMCP shares underlying these bonds represents 34% of the share capital of the Company and that the ownership of these shares was not transferred to GLAS). GLAS had indicated that it does not envisage taking control of the Company. European TopSoho S.à r.l. published a press release on January 18, 2021 indicating that it disputed the reality of the alleged default, as agreements had been reached by the guarantor concerning the receivables at stake before the latter was notified, and that it had written to GLAS to inform them.

On March 8, 2021, the Company also took note of the press release of European TopSoho S.à r.l. indicating that an agreement in principle had been reached between it and a group of bondholders representing more than 75% of the exchangeable bonds, under the terms of which the latter would notably waive the right to rely on the alleged default. The press release specifies that the proposed transaction is nevertheless subject to the conclusion of a final documentation and the agreement of the bondholders by means of a consent process.

As of the date of this report, the Company had not been notified of any threshold crossing as stipulated by the legal provisions since the end of fiscal year 2020.

(1) *Company held by Ms. Évelyne Chétrite.*
(2) *Company held by Ms. Judith Milgrom.*

8.1.3 Changes in the distribution of share capital and voting rights over the last three fiscal years

Change in distribution of the Company's capital over the last three fiscal years:

Shareholders	2018 Number of ordinary shares	2018 Number of Class G preferred shares[4]	2018 Total number of shares	2019 Number of ordinary shares	2019 Number of Class G preferred shares[4]	2019 Total number of shares	2020 Number of ordinary shares	2020 Number of Class G preferred shares[4]	2020 Total number of shares
European TopSoho S.à r.l.[1]	40,135,102	0	40,135,102	40,135,102	0	40,135,102	40,135,102	0	40,135,102
Founders: Sivan[2] Judor[3] Ilan Chétrite	3,025,392	477,315	3,502,707	3,025,392	477,315	3,502,707	3,175,239	477,315	3,652,554
Managers									
Daniel Lalonde:	119,225	145,909	265,134	119,225	145,909	265,134	164,643	145,909	310,552
Other managers:	205,409	567,689	773,098	681,278	418,952	1,100,230	712,798	292,247	1,005,045
Free float	29,609,635	102,185	29,711,820	29,095,360	155,063	29,250,369	29,770,987	137,059	29,908,046
Treasury shares	79,252	0	79,252	493,765	0	493,765	158,991	0	158,991
TOTAL	**73 174 015**	**1 293 098**	**74 467 113**	**73,550,068**	**1,197,239**	**74,747,307**	**74,117,760**	**1,052,530**	**75,170,290**

(1) Entity 51.8% held indirectly by Shandong Ruyi Technology Group and 48.2% by Yinchuan WeiXin Industry Funds Ltd Partnership. Yinchuan WeiXin Industry Funds Ltd Partnership is indirectly and majority-owned by investment funds of the Popular Republic of China.
(2) Entity held by Ms Evelyne Chétrite.
(3) Entity held by Ms Judith Milgrom.
(4) The terms and conditions of the G preferred shares are detailed in Section 8.1.6 of the universal registration document.

Change in distribution of the Company's capital over the last three fiscal years:

Shareholders	2018 Total number of voting rights	2018 % of voting rights	2019 Total number of voting rights	2019 % of voting rights	2020 Total number of voting rights	2020 % of voting rights
European TopSoho S.à r.l.[1]	40,135,102	53,90%	80,270,204	67.38%	80,270,204	67.06%
Founders: Sivan[2] Judor[3] Ilan Chétrite	3,502,707	4,70%	7,005,414	5.88%	7,155,261	5.98%
Managers						
Daniel Lalonde:	265,134	0,36%	530,268	0.45%	575,686	0.48%
Other managers:	773,098	1,04%	1,922,490	1.61%	1,654,407	1.38%
Free float	29,711,820	39,90%	29,393,842	24.67%	30,045,105	25.10%
TOTAL	**79,252**	**100%**	**119,124,662**	**100%**	**119,700,663**	**100%**

(1) Entity 51.8% held indirectly by Shandong Ruyi Technology Group and 48.2% by Yinchuan WeiXin Industry Funds Ltd Partnership. Yinchuan WeiXin Industry Funds Ltd Partnership is indirectly and majority-owned by investment funds of the Popular Republic of China.
(2) Entity held by Ms Evelyne Chétrite.
(3) Entity held by Ms Judith Milgrom.
(4) The terms and conditions of the G preferred shares are detailed in Section 8.1.6 of the universal registration document.

8.1.4 Profit-sharing agreements and incentive schemes

PROFIT-SHARING AGREEMENTS

In France, the employees of certain Group companies (Sandro Andy SAS, Maje SAS, Claudie Pierlot SAS and SMCP Logistique SAS) are entitled to profit sharing under a collective agreement concluded on September 1, 2012. Under this agreement, the special reserve for profit sharing is indexed to the earnings of the companies included in the scope of the agreement in the form of deferred financial profit-sharing entitlements calculated on the basis of the relevant companies' net profit. To be entitled to distribution of the special reserve, employees must be able to demonstrate at least three months' service in one or more companies that are signatories to the agreement. The special profit-sharing reserve is calculated pursuant to applicable legal provisions (Article L. 3324-1 of the Labour Code) and the amounts are distributed in proportion to the gross salary received in the reference year.

In 2019, the amount was approximately 0.92 months of gross salary (before CSG/CRDS) for an employee present all year round.

For 2020, this amount was zero.

At De Fursac, employees benefit from profit sharing under a collective agreement signed in 2002. The special profit-sharing reserve is calculated pursuant to applicable legal provisions (Article L. 3324-1 of the Labour Code) and the amounts are distributed in proportion to the gross salary received in the reference year. For 2019 and 2020, the amount of the special profit-sharing reserve is nil.

INCENTIVE SCHEMES

None.

COMPANY SAVINGS SCHEMES AND SIMILAR PLANS

The Group has a Company savings scheme with five funds of different types offering varying degrees of risk and performance outlook (monetary, bonds, shares etc.). De Fursac has a Company savings scheme which can receive payments of the amounts received under the profit-sharing plan.

8.1.5 Employee shareholding

Certain executives and employees of the Group are shareholders of the Company (see Section 8.1.1 of this universal registration document).

The Board of Directors meeting of November 23, 2017, on the basis of the authorisation granted by the General Meeting held on October 5, 2017 (Plan no. 2), set up:

- a free allocation of bonus shares reserved for certain salaried employees of the Company and its subsidiaries (the "First November 2017 Plan"). Within this framework, the Company decided on the bonus allocation of 3,992 shares to certain employees of the Group. The vesting date for these shares is November 23, 2018; and
- a free allocation of bonus shares for corporate officers and members of the salaried employees of the Company and its subsidiaries (the "Second November 2017 Plan). Within this framework, the Company decided on the bonus allocation of 2,038,324 performance shares to certain executive corporate officers and employees of the Group. The vesting date for the last third of these performance shares is November 23, 2021.

Meeting on April 25, 2018, the Board of Directors, on the basis of the authority granted by the General Meeting of October 5, 2017 (Plan no. 2), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "April 2018 Plan"). Within this framework, the Company decided on the bonus allocation of 25,709 performance shares to certain employees of the Group. The vesting date for the last third of these performance shares is March 31, 2022.

Meeting on August 30 and 31, 2018, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "August 2018 Plan"). Within this framework, the Company decided on the bonus allocation of 98,171 performance shares to certain employees of the Group. The vesting date for the last half of these performance shares is November 23, 2021.

Meeting on November 20, 2018, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "November 2018 Plan"). Within this framework, the Company decided on the bonus allocation of 57,694 performance shares to certain employees of the Group. The vesting date for the last half of these performance shares is November 23, 2021.

Meeting on March 20, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 18, 2018 (Plan no. 3), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "March 2019 Plan"). Within this framework, the Company decided on the bonus allocation of 132,000 performance shares to certain employees of the Group. The vesting date for these performance shares was April 17, 2021.

Meeting on April 17, 2019, the Board of Directors, on the basis of the authority granted by the Shareholders' Meeting of June 18, 2018 (Plan no. 3), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "April 2019 Plan"). Within this framework, the Company decided on the bonus allocation of 30,000 performance shares to certain employees of the Group. The vesting date for these performance shares was April 17, 2021.

Meeting on November 21, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 7, 2019 (Plan no. 4), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "December 2019 Plan"). Within this framework, the Company decided on the bonus allocation of 4,064 shares to certain employees of the Group. The vesting date for these shares was December 31, 2020.

Meeting on December 5, 2019, the Board of Directors, on the basis of the authority granted by the General Meeting of June 7, 2019 (Plan no. 4), established a bonus share allocation plan solely for the benefit of certain staff members of the Company and its subsidiaries (the "January 2020 Plan"). Within this framework, the Company decided on the bonus allocation of 870,460 performance shares to certain employees of the Group. The vesting date for the last half of these performance shares is March 31, 2023.

Meeting on March 24, 2020, the Board of Directors, on the basis of the authority granted by the general meeting of June 7, 2019 (Plan No. 4), established a bonus share allocation plan for salaried employees of the Company and its subsidiaries (the "July 2020 Plan"). Within this framework, the Company decided on the bonus allocation of 34,256 performance shares to certain employees of the Group. The vesting date for the last half of these performance shares is September 30, 2023.

The Board of Directors meeting of December 17, 2020, on the basis of the authorisation granted by the General Meeting held on June 4, 2020 (Plan no. 5), set up:

- a free allocation of bonus shares reserved for certain salaried employees of the Company and its subsidiaries (the "December 2020 Plan"). Within this framework, the Company decided on the bonus allocation of 8,632 shares to certain employees of the Group. The vesting date for these shares is December 31, 2021; and
- a free allocation of bonus shares for corporate officers and salaried employees of the Company and its subsidiaries (the "January 2021 Plan"). Within this framework, the Company decided on the bonus allocation of 1,437,694 performance shares to certain executive corporate officers and employees of the Group. The vesting date for the last third of these performance shares is March 31, 2024.

Meeting on April 28, 2021, the Board of Directors, on the basis of the authority granted by the general meeting of June 4, 2020 (Plan No. 5), established a bonus share allocation plan for certain salaried employees of the Company and its subsidiaries (the "April 2021 Plan"). Within this framework, the Company decided on the bonus allocation of 61,289 performance shares to certain employees of the Group. The vesting date for the last half of these performance shares is September 30, 2024.

8.1.6 Equity interest and stock options held by members of the Board of Directors and Executive Management

INCENTIVES FOR MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Mr. Daniel Lalonde, Chief Executive Officer and director of the Company, is a shareholder of the Company (see Section 8.1.1 of this universal registration document).

Ms. Évelyne Chétrite, director and Deputy General Manager of the Company and Ms. Judith Milgrom, director and Deputy General Manager of the Company, are indirect shareholders of the Company through the Sivan and Judor companies. Mr. Ilan Chétrite, non-voting member of the Board and Deputy General Manager of the Company, is a direct shareholder of the Company (see Section 8.1.1 of this universal registration document).

Mr. Yafu Qiu, director and Chairman of the Board of Directors of the Company, Ms. Chenran Qiu, director of the Company, Ms. Weiying Sun, director of the Company, Ms. Xiao Su, director of the Company, and Mr. Kelvin Ho, director of the Company, are members of the management team of the Shandong Ruyi Group, the majority shareholder of European TopSoho S.à r.l. (see Section 8.1.1 of this universal registration document).

OPTIONS FOR SUBSCRIPTION OR PURCHASE OF SHARES AND FREE ALLOCATION OF SHARES

In 2016 and 2017, the Group allocated 14,224,075 category G preference shares to certain senior executives of the Group (including Mr. Daniel Lalonde, Mr. Ilan Chétrite, Ms. Évelyne Chétrite and Ms. Judith Milgrom), On November 23, 2017, the Group allocated 2,038,324 bonus shares to certain coporate officers of the Group (including Messrs Daniel Lalonde and Ilan Chétrite and Mses Évelyne Chétrite and Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

In June 2018, a reverse split of the G PS was completed, under which 11 old G PS, each with a par value of €0.10, was exchanged for one new G PS, with a par value of €1.10. At the end of this reverse split, the total number of G PS was 1,293,098 with a par value of €1.10.

As of January 1, 2019, 95,859 class G preferred shares had been converted into ordinary shares by 17 managers of the Company. Consequently, 376,053 new common shares were issued and the Company's Articles of Association were modified accordingly.

On March 20, 2019, the Group allocated 132,000 bonus shares to certain corporate officers of the Group (including Messrs Daniel Lalonde and Ilan Chétrite) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

On December 5, 2019, the Group allocated 870,460 bonus shares to certain corporate officers of the Group (including Messrs Daniel Lalonde and Ilan Chétrite and Mses Évelyne Chétrite and Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

As of January 1, 2020, 143,809 G PS had been converted into common shares by 25 managers of the Company. Consequently, 564,162 new common shares were issued and the Company's Articles of Association were modified accordingly. On January 2, 2020, it was noted that the conversion of 900 class G preferred shares into 3,530 common shares by one Company manager had been omitted by mistake during the conversion on January 1. Consequently, the Group proceeded to the issue of these additional 3,530 newly-created common shares and the Company's Articles of Association were amended accordingly.

On December 17, 2020, the Group allocated 1,437,694 bonus performance shares to certain executive officers of the Group (including Mr Daniel Lalonde, Mr Ilan Chétrite, Ms Evelyne Chétrite and Ms Judith Milgrom) and certain Group employees, as detailed in Section 7.2.1.2 of this universal registration document.

As of January 1, 2021, 153,039 class G preferred shares had been converted into common shares by 9 managers of the Company. Consequently, 600,379 new common shares were issued and the Company's Articles of Association were modified accordingly.

8.2 Dividends

No dividend was distributed by the Company for the fiscal year ended December 31, 2020.

The Company does not expect to pay dividends in the short term. As a priority, the Group's free cash flow will be used to finance its operating activities for the duration of the Covid-19 crisis.

8.3 General Meeting and voting rights

Procedures for shareholders to attend General Meetings

NOTICE TO ATTEND AND PARTICIPATE IN GENERAL MEETINGS

Shareholders' decisions are taken at General Meetings. The ordinary General Meeting is the meeting called to take all decisions that do not amend the Articles of Association. It takes place at least once a year, within six months of the end of each fiscal year, to rule on the financial statements for that year and on the consolidated financial statements.

The Extraordinary General Meeting alone is authorised to amend all the provisions of the Articles of Association.

General Meetings are convened by the Board of Directors under the conditions and within the periods stipulated by law. The General Meetings are held at the registered office or at any other place indicated in the notice of meeting.

Any shareholder may participate in meetings, either personally or through a representative, under the conditions laid down by the regulations in force, subject to providing proof of their identity and ownership of their securities in the form of accounting registration of their securities under the conditions provided for by the laws and regulations in force. Any shareholder may vote remotely or confer power of attorney in accordance with the regulations in force.

Meetings are chaired by the Chairman of the Board of Directors or, in their absence or otherwise failing this, by the member of the Board delegated director for such purpose by the Board of Directors. Failing that, the meeting elects its Chairman itself.

The duties of tellers are performed by the two members of the meeting, present and accepting such duties, holding the highest number of votes, either themselves or as representatives.

The officers appoint the secretary, who need not be a shareholder.

EXERCISE OF VOTING RIGHTS, DOUBLE VOTING RIGHTS, LIMITATIONS TO VOTING RIGHTS

Each ordinary share grants the right to a share in the Company's profits and assets, in proportion to the amount of capital it represents. Each ordinary share also grants the right to vote and be represented at General Meetings, under the statutory conditions and the conditions of the Articles of Association.

A voting right is awarded to every share in the company.

A double voting right is introduced for fully paid-up ordinary shares that have been held continuously as registered shares by the same holder for a minimum period of at least two (2) years.

In accordance with Article L. 225-123, Section 2 of the French Commercial Code, in the event of an increase in capital through the incorporation of reserves, profits or issue premiums, the double voting right is granted to the new ordinary shares allocated free of charge to a shareholder as from the issue thereof, on the basis of the former ordinary shares for which they are already entitled to this right.

This double voting right may be exercised at any meeting.

The double voting right ceases automatically when the ordinary share is converted to a bearer share or ownership is transferred.

Class G preferred shares do not carry financial rights and are therefore not entitled, in the profits and capital assets, to a share proportional to the percentage of capital that it represents so long as they are not converted into common shares.

8.4 Elements likely to have an impact in the event of a public offering

The elements that could have an impact in the event of a public offering are described below.

8.4.1 Capital structure of the Company

See Sections 8.1.1, 8.1.2 & 8.1.3

8.4.2 The restrictions defined by the Articles of Association on the exercise of voting rights and stock transfers, or the clauses of agreements of which the Company has been informed pursuant to Article L. 233-11 of the French Commercial Code

The restrictions defined by the Articles of Association on the exercise of voting rights and stock transfers, or the clauses of agreements of which the Company has been informed pursuant to Article L. 233-11 of the French Commercial Code, as well as the rules governing the nomination and replacement of members of the Board of Directors, and the agreements among shareholders of the Company known by the Company which may result in restrictions on stock transfers and the exercise of voting rights are described in Sections 7.1.2.2, 7.1.3 and 8.4.5 in the universal registration document. The powers of the Board of Directors, particularly the issuance and purchase of shares, and the agreements signed by the Company that have been amended or end if control of the Company changes, are described in Sections 8.4.6 and 8.4.7 respectively of the universal registration document.

8.4.3 Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code

Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are described in the investors table above (see Section 8.1.1 of the universal registration document.

8.4.4 List of persons holding any security with special control rights and a description of those rights or control mechanisms stipulated in a potential employee shareholding system, when the control rights are not exercised by employees

There are no persons holding any security that carries special control rights or control mechanisms stipulated in a potential employee shareholding system, when the control rights are not exercised by employees.

8.4.5 Shareholders agreements of which the Company is aware and which could result in restrictions on the transfer of shares and the exercise of voting rights

At the Company's initial public offering, Ms. Évelyne Chétrite, Ms. Judith Milgrom, Mr. Ilan Chétrite, Sivan S.à r.l. (company held by Ms. Évelyne Chétrite) and Judor S.à r.l. (company held by Ms. Judith Milgrom), and European TopSoho S.à r.l., established the principal terms of a shareholders' agreement which was entered into for a period expiring on June 30, 2020. No new shareholders' agreement was signed.

8.4.6 Powers of the Board of Directors for capital increase and share buyback

Information regarding the powers of the Board of Directors for capital increase is provided in the Company's articles of association and in Section 7.1 of this universal registration document.

SHARE BUYBACK PROGRAM

The Shareholders' General Meeting of June 4, 2020 authorised the Board of Directors, for a period of 18 months from the date of the meeting, with the option of sub-delegation in accordance with laws and regulations and pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase on one or more occasions at the times it shall establish, a number of shares of the Company that may not exceed 10% of the total number of shares composing the share capital, at any time, or 5% of the total number of shares composing the share capital for shares acquired by the Company in order to retain them and subsequently remit such shares as payment or exchange within a merger, demerger or spin-off transaction; it is specified that the number of shares held by the Company may not under any circumstances result in the Company holding at any time more than 10% of the shares composing its share capital.

The shares may be acquired, by resolution of the Board of Directors, in order to:

- ensure liquidity and stimulate the Company securities market through an investment service provider acting independently under a liquidity contract in accordance with the ethics charter recognised by the AMF;
- allocate shares to members of the Company's personnel, particularly in respect of (i) Company profit-sharing; (ii) any Company share purchase option plan, under the provisions of Articles L. 225-177 *et seq.* of the Commercial Code; or (iii) any savings plan pursuant to Articles L. 3331-1 ff. of the Employment Code or any free allocation of shares under the provisions of Articles L. 225-197-1 *et seq.* of the Commercial Code, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hand over the Company shares at the time of exercise of the rights attached to securities granting the right, by repayment, conversion, exchange, presentation of a note or in any other way, to the allocation of shares of the Company under the regulations in force, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hold the Company shares and remit them at a later date for payment or exchange in connections any external growth transactions;
- cancel the shares of the Company in connection with a reduction in share capital;
- implement any market practice that may be accepted by the AMF and, more generally, perform any transactions complying with the regulations in force.

The maximum unit purchase price, excluding fees, may not be greater than €44.

In the event of transactions in the Company's capital, particularly a change in the nominal value of the share, an increase in capital through the incorporation of reserves followed by the creation and the free allocation of shares, or the division or grouping of securities, the Board of Directors may adjust the aforementioned maximum purchase price, however, in order to account for the effect of these transactions on the Company's share value.

These shares may be acquired, disposed of or transferred and paid for by any means authorised by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internaliser or over the counter, particularly through the acquisition or transfer of blocks of shares, the use of options or other derivative financial instruments, or notes or, more generally, to securities granting the right to shares of the Company, at times determined by the Board of Directors, excluding public offer periods involving the Company's securities.

The Board of Directors will have all powers, with the option of sub-delegation under the statutory and regulatory conditions, to effect the permitted reallocations of shares bought back with a view to one of the objectives of the program or to one or more of its other objectives, or to transfer them, on or off the market, in adherence to the relevant statutory and regulatory provisions.

The Board of Directors will inform the General Meeting of the transactions performed, under the statutory conditions.

At its meeting on December 17, 2020, the Board of Directors approved the implementation of a 415,000 share buyback programme to be completed before April 2, 2021. The programme was approved on February 2, 2021. Under this programme, as of April 2, 2021, SMCP SA had repurchased 415,000 shares.

LIQUIDITY AGREEMENT

Liquidity contract was signed with Exane BNP Paribas to stimulate the shares of the Company. The contract came into effect on November 28, 2017 and expired on December 31, 2020, and may be renewed tacitly for one-year periods.

As of December 31, 2020, pursuant to its liquidity contract, the Company held 112,184 treasury shares in addition to €0.09 million in cash.

8.4.7 Agreements signed by the Company that have been amended or end if control of the Company changes

The agreements signed by the Company that have been amended or end if control of the Company changes are provided in Section 8.5 of the universal registration document.

8.4.8 Agreements stipulating indemnities for members of the Board of Directors or employees if they resign or are dismissed without real and serious cause, or if their employment ends because of a public offering

The Group has established agreements that stipulated severance packages for the termination of the Chief Executive Officer and for Ms. Évelyne Chétrite, Ms. Judith Milgrom and Mr. Ilan Chétrite in their capacity as Deputy General Managers. Detailed information is presented in Section 7.2.1.2 of the universal registration document.

8.4.9 Statement summarising the transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code during fiscal year 2020

No transaction mentioned in Article L. 621-18-2 of the French Monetary and Financial Code was made during fiscal year 2020.

8.5 Change of control

As at the date of registration of this universal registration document, there are no agreements which, if implemented, could result in a change of control of the Company.

8.6 Information on the share capital

8.6.1 Share capital subscribed and share capital authorised but not issued

On the date of this universal registration document, the Company's capital totalled €83,267,404, divided as follows:

- 74,798,149 shares of common stock with a par value of €1.10; and
- 899,491 class G preferred shares with a par value of €1.10 (the "G PS") (also see Section "Post closing significant events" of this universal registration document).

The ordinary shares and the class G preferred shares are issued and fully paid up.

The Company Shareholders' General Meeting held on June 4, 2020 approved the following capital increase financial delegations:

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)	Utilisation in fiscal year 2020
18th resolution	Authorisation for operations on the Company's shares (phare buyback programme)	18 months	Subject to a limit of 10% of the total number of shares forming the share capital or 5% of the total number of shares with a view to their retention and subsequent remittance for payment or exchange in connection with external growth transactions Maximum purchase price: €44	Liquidity contract with Exane BNP Paribas to stimulate the shares of the Company. The contract came into effect on November 28, 2017 and expires on December 31, 2018, and may be renewed tacitly for one-year periods. At December 31, 2020, 112,184 SMCP SA shares were reported as contract assets.
19th resolution	Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Subject to a limit of 10% of the share capital every 24 months	None.
20th resolution	Delegation of authority to the Board of Directors to increase the share capital through the capitalisation of reserves, profits or premiums or any other sum that may be capitalised	26 months	€16,000,000 (Approximately 20% of the capital)	None.

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)	Utilisation in fiscal year 2020
21st resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, maintaining preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued	26 months	For capital increases: €32,000,000 (Approximately 40% of the capital[1]) For issues of debt securities: €500,000,000[2]	None.
22nd resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings other than those covered by Article L. 411-2 of the French Monetary and Financial Code[5]	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[2]) For issues of debt securities: €500,000,000[3]	None
23rd resolution	Delegation of authority given to the Board of Directors to increase the share capital through the issuance, with elimination of preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving the right to the allocation of debt securities and/or of securities giving rights to equity securities to be issued, in the context of the public offerings covered by in paragraph 1 of Article L. 411-2 of the French Monetary and Financial Code[1]	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[2]) For issues of debt securities: €500,000,000[3]	None.
24th resolution	Authority to the Board of Directors, in the event of an issue with elimination of the preemptive subscription right, in order to set the issue price in accordance with the conditions established by the General Meeting, up to a limit of 10% of the capital per year.	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[1] per year) For issues of debt securities: €500,000,000[3]	None.
25th resolution	Authority given to the Board of Directors to increase the amount of issues with or without preemptive subscription rights	26 months	Limit laid down by the applicable regulations (currently 15% of the initial issue)[1]	None.

Resolution	Nature of the delegation	Duration (maximum)	Nominal amount (maximum)	Utilisation in fiscal year 2020
26th resolution	Delegation of authority to the Board of Directors to increase capital through the issue of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in consideration for in-kind contributions up to a limit of 10% of the share capital	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[1]) For issues of debt securities: €500,000,000[3]	None.
27th resolution	Delegation of authority to the Board of Directors to increase share capital, with elimination of the preemptive subscription right, through the issuance of shares of the Company reserved for the participants in a company savings plan	26 months	3% of the capital[1][4]	None.
28th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance of shares, with elimination of preemptive subscription rights, to a defined category of beneficiaries	18 months	3% of the capital[1][4]	None.
29th resolution	Authority given to the Board of Directors to allot existing or new bonus shares to certain employees and officers of the Company and affiliated companies, with removal of the preferential subscription right of shareholders	38 months	3% of the capital[1][4]	Board of Directors meeting of December 17, 2020
30th resolution	Authority given to the Board of Directors to award stock options to the eligible employees and officers of the Group	38 months	3% of the capital[1][4]	None.

(1) Delegation subject to the total ceiling of €32,000,000 for capital increases (40% of the share capital).
(2) Delegation subject to the total ceiling of €32,000,000 for capital increases (40% of the share capital).
(3) Delegation subject to the total ceiling of €500 million for issues of debt securities.
(4) The maximum total of the capital increases that may be executed under this authority is charged against the total ceiling for operations reserved for employees that is set at €2,400,000.
(5) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).

The table below shows the financial resolutions relating to a capital increase to be recommended for adoption to the Company Shareholders' General Meeting scheduled on June 17, 2021:

Resolution	Nature of the delegation	Maximum duration	Maximum nominal amount
31st resolution	Authorisation for operations on the Company's shares (share buyback programme)	18 months	Subject to a limit of 10% of the total number of shares forming the share capital or 5% of the total number of shares with a view to their retention and subsequent remittance for payment or exchange in connection with external growth transactions Maximum purchase price: €44
32nd resolution	Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Subject to a limit of 10% of the share capital every 24 months
33rd resolution	Delegation of authority to the Board of Directors to increase the share capital through the capitalisation of reserves, profits or premiums or any other sum that may be capitalised	26 months	€16,000,000 (Approximately 20% of the capital)
34th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, maintaining preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued	26 months	For capital increases: €32,000,000 (Approximately 40% of the capital[1]) For issues of debt securities: €500,000,000[2]
35th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings other than those described in Article L. 411-2 of the French Commercial Code[5]	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[2]) For issues of debt securities: €500,000,000[3]
36th resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance, eliminating preemptive subscription rights, of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in the context of public offerings described in Article L. 411-2 of the French Commercial Code[1]	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[2]) For issues of debt securities: €500,000,000[3]
37th resolution	Authorisation to the Board of Directors in case of issue with elimination of preemptive subscription right, by public offerings in order to set the issue price in line with the conditions set by the General Meeting within the limit of 10% of the capital per year.	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital[1] per year) For issues of debt securities: €500,000,000[3]
38th resolution	Authority given to the Board of Directors to increase the amount of issues with or without preemptive subscription rights	26 months	Limit laid down by the applicable regulations (currently 15% of the initial issue)[1]

Resolution	Nature of the delegation	Maximum duration	Maximum nominal amount
39th resolution	Delegation of authority to the Board of Directors to increase capital through the issue of shares and/or equity securities giving rights to other equity securities and/or giving rights to the allocation of debt securities and/or securities giving rights to equity securities to be issued in consideration for in-kind contributions up to a limit of 10% of the share capital	26 months	For capital increases: €8,000,000 (i.e. 10% of the capital(1)) For issues of debt securities: €500,000,000(3)
40th resolution	Delegation of authority to the Board of Directors to increase share capital, with elimination of the preemptive subscription right, through the issuance of shares of the Company reserved for the participants in a company savings plan	26 months	3% of the capital(1)(4)
41st resolution	Delegation of authority to the Board of Directors to increase the share capital through the issuance of shares, with elimination of preemptive subscription rights, to a defined category of beneficiaries	18 months	3% of the capital(1)(4)
42nd resolution	Authority given to the Board of Directors to allot existing or new bonus shares to the employees and officers of the Company and affiliated companies, with removal of the shareholders' preferential subscription right	38 months	3% of the capital(1)(4)
43rd resolution	Authority given to the Board of Directors to award stock options to eligible employees and executive corporate officers of the Group	38 months	3% of the capital(1)(4)

(1) Delegation subject to the total ceiling of €32,000,000 for capital increases (40% of the share capital).
(2) Delegation subject to the total ceiling of €32,000,000 for capital increases (40% of the share capital).
(3) Delegation subject to the total ceiling of €500 million for issues of debt securities.
(4) The maximum total of the capital increases that may be executed under this authority is charged against the total ceiling for operations reserved for employees that is set at €2,400,000.
(5) Including as part of a public exchange offer initiated by the Company (Article L. 22-10-54 of the French Commercial Code).

8.6.2 Financial instruments not representing capital

As of the date of this universal registration document, the Company has not issued any non-equity securities.

8.6.3 Shares held by the Company or on its own behalf

As of December 31, 2020, pursuant to its liquidity contract signed with Exane BNP Paribas, the Company held 112,184 treasury shares (par value of €1.10; for the carrying amount of these shares, see Section 5.2.2 of this universal registration document) in addition to €0.09 million in cash.

The Shareholders' General Meeting of June 4, 2020 authorised the Board of Directors, for a period of 18 months from the date of the meeting, with the option of sub-delegation in accordance with laws and regulations and pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, to purchase on one or more occasions at the times it shall establish, a number of shares of the Company that may not exceed 10% of the total number of shares composing the share capital, at any time, or 5% of the total number of shares composing the share capital for shares acquired by the Company in order to retain them and subsequently remit such shares as payment or exchange within a merger, demerger or spin-off transaction; it is specified that the number of shares held by the Company may not under any circumstances result in the Company holding at any time more than 10% of the shares composing its share capital.

The shares may be acquired, by resolution of the Board of Directors, in order to:

- ensure liquidity and stimulate the Company securities market through an investment service provider acting independently under a liquidity contract in accordance with the ethics charter recognised by the AMF;
- allocate shares to members of the Company's personnel, particularly in respect of (i) Company profit-sharing; (ii) any Company share purchase option plan, under the provisions of Articles L. 225-177 *et seq.* of the Commercial Code; or (iii) any savings plan pursuant to Articles L. 3331-1 *et seq.* of the French Labour Code or any free allocation of shares under the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hand over the Company shares at the time of exercise of the rights attached to securities granting the right, by repayment, conversion, exchange, presentation of a note or in any other way, to the allocation of shares of the Company under the regulations in force, and perform any hedging transactions relating to these transactions, under the conditions laid down by the market authorities and at the times which the Board of Directors or the person acting by delegation of the Board of Directors will determine;
- hold the Company shares and remit them at a later date for payment or exchange in connections any external growth transactions;
- cancel the shares of the Company in connection with a reduction in share capital;
- implement any market practice that may be accepted by the AMF and, more generally, perform any transactions complying with the regulations in force.

The maximum unit purchase price, excluding fees, may not be greater than €44.

In the event of transactions in the Company's capital, particularly a change in the nominal value of the share, an increase in capital through the incorporation of reserves followed by the creation and the free allocation of shares, or the division or grouping of securities, the Board of Directors may adjust the aforementioned maximum purchase price, however, in order to account for the effect of these transactions on the Company's share value.

These shares may be acquired, disposed of or transferred and paid for by any means authorised by the regulations in force, on a regulated market, on a multilateral trading system, with a systematic internaliser or over the counter, particularly through the acquisition or transfer of blocks of shares, the use of options or other derivative financial instruments, or notes or, more generally, to securities granting the right to shares of the Company, at times determined by the Board of Directors, excluding public offer periods involving the Company's securities.

The Board of Directors will have all powers, with the option of sub-delegation under the statutory and regulatory conditions, to effect the permitted reallocations of shares bought back with a view to one of the objectives of the program or to one or more of its other objectives, or to transfer them, on or off the market, in adherence to the relevant statutory and regulatory provisions.

The Board of Directors will inform the General Meeting of the transactions performed, under the statutory conditions.

At its meeting on December 17, 2020, the Board of Directors approved the implementation of a 415,000 share buyback programme to be completed before April 2, 2021. The programme was approved on February 2, 2021. Under this programme, as of April 2, 2021, SMCP SA had repurchased 415,000 shares.

8.6.4 Other securities giving access to share capital

As of the date of this universal registration document, the Company had not issued any securities giving rights to capital other than ordinary shares, the Class G preferred shares, and the performance shares described in Section 8.1.6 of this universal registration document.

8.6.5 Change in the Company's capital over the last three fiscal years

Date	Nature of the transaction	Capital before the transaction	Number of shares before the transaction
September 13, 2017	Capital increase	58,168,480.20	581,684,802 shares divided into: 575,671,600 ordinary shares 6,013,202 Class 1 preferred shares
October 19, 2017	Capital increase (issue of Class G preferred shares, reverse stock split of ordinary shares and conversion of Class 1 preferred shares into ordinary shares)	58,168,480.20	581,684,807 shares divided into: 575,671,602 ordinary shares 6,013,205 Class 1 preferred shares
December 14, 2017	Capital increase	81,733,182.80	85,631,598 shares divided into: 73,170,023 ordinary shares 12,461,575 Class G preferred shares
February 27, 2018	Capital increase	81,870,132.80	87,001,098 shares divided into: 73,170,023 ordinary shares 13,831,075 Class G preferred shares
March 20, 2018	Capital increase	81,909,432.80	87,394,098 shares divided into: 73,170,023 ordinary shares 14,224,075 Class G preferred shares
June 6, 2018	Grouping of class G preferred shares	81,909,433.10	87,394,101 shares divided into: 73,170,023 ordinary shares 14,224,078 Class G preferred shares
November 23, 2018	Capital increase	81,909,433.10	74,463,121 shares divided into: 73,170,023 ordinary shares 1,293,098 Class G preferred shares
January 1, 2019	Capital increase	81,913,824.30	74,467,113 shares divided into: 73,174,015 ordinary shares 1,293,098 Class G preferred shares
January 1, 2020	Capital increase	82,222,037.60	74,747,307 shares divided into: 73,550,068 ordinary shares 1,197,239 Class G preferred shares
January 2, 2020	Capital increase	82,684,426	75,167,660 shares divided into: 74,114,230 ordinary shares 1,053,430 Class G preferred shares
January 1, 2021	Capital increase	82,687,319	75,170,290 shares divided into: 74,117,760 ordinary shares 1,052,530 Class G preferred shares
April 17, 2021	Capital increase	83,179,393	75,617,630 shares divided into: 74,718,139 ordinary shares 899,491 Class G preferred shares

Number of shares after the transaction	Unit price per share *(in €)*	Par value *(in €)*	Capital after operation *(in €)*
581,684,807 shares divided into: 575,671,602 ordinary shares 6,013,205 Class 1 preferred shares	0.10	0.10	58,168,480.70
85,631,598 shares divided into: 73,170,023 ordinary shares 12,461,575 Class G preferred shares	Ordinary shares: 22 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,733,182.80
87,001,098 shares divided into: 73,170,023 ordinary shares 13,831,075 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,870,132.80
87,394,098 shares divided into: 73,170,023 ordinary shares 14,224,075 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,909,432.80
87,394,101 shares divided into: 73,170,023 ordinary shares 14,224,078 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 0.10	Ordinary shares: 1.10 Class G preferred shares: 0.10	81,909,433.10
74,463,121 shares divided into: 73,170,023 ordinary shares 1,293,098 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	81,909,433.10
74,467,113 shares divided into: 73,174,015 ordinary shares 1,293,098 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	81,913,824.30
74,747,307 shares divided into: 73,550,068 ordinary shares 1,197,239 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	82,222,037.70
75,167,660 shares divided into: 74,114,230 ordinary shares 1,053,430 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	82,684,426
75,170,290 shares divided into: 74,117,760 ordinary shares 1,052,530 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	82,687,319
75,617,630 shares divided into: 74,718,139 ordinary shares 899,491 Class G preferred shares	Ordinary shares: 1.10 Class G preferred shares: 1.10	Ordinary shares: 1.10 Class G preferred shares: 1.10	83,179,393
75,697,640 shares divided into: 74,798,149 ordinary shares 899,491 Class G preferred shares	Ordinary shares: 1.10 Preferred shares Category G: 1.10	Ordinary shares: 1.10 Preferred shares Category G: 1.10	83,267,404

Universal registration document cross-reference table

Information required by Annexes 1 and 2 of the Delegated Regulation (EC) no. 2019/980 of March 14, 2019 in accordance with the universal registration document scheme.

Headings		Pages	Chapters
18.1.6	*Consolidated financial statements*	*93 et seq.*	*5*
18.1.7	*Date of latest financial information*	*93 et seq.; 144 et seq.*	*5*
18.2	Interim and other financial information (audit or review reports where applicable)	N/A	N/A
18.3	Audit of historical annual financial information		
18.3.1	*Independent audit of historical annual financial information*	*137 et seq.; 155 et seq.*	*5*
18.3.2	*Other audited information*	*N/A*	*N/A*
18.3.3	*Unaudited financial information*	*N/A*	*N/A*
18.4	Pro forma financial information	N/A	N/A
18.5	Dividend distribution policy		
18.5.1	*Description of the dividend distribution policy and any applicable restrictions*	*253*	*8*
18.5.2	*Amount of dividend per share*	*N/A*	*N/A*
18.6	Administrative, legal and arbitration proceedings	61; 62; 131 *et seq.*	3; 5
18.7	Significant change in financial position	68; 142 *et seq.*; 152 *et seq.*	4; 5
19.	**Additional information**		
19.1	Information on share capital		
19.1.1	*Amount of share capital subscribed, number of shares issued and fully paid up and par value per share, number of shares authorised*	*127; 255 et seq.; 254*	*5; 8*
19.1.2	*Information on shares not representing share capital*	*262*	*8*
19.1.3	*Number, book value and par value of shares held by the Company*	*127; 263*	*5; 8*
19.1.4	*Convertible securities, exchangeable securities or securities accompanied by warrants*	*263*	*8*
19.1.5	*Conditions governing any right of acquisition and/or any obligation attached to the capital subscribed but not paid up, or on any undertaking to increase the capital*	*254 et seq.*	*8*
19.1.6	*Conditional or unconditional option or agreement of any Group member*	*NA*	*NA*
19.1.7	*History of share capital*	*268 et seq.*	*8*
19.2	Memorandum and Articles of Association		
19.2.1	*Register and company purpose*	*4*	*1*
19.2.2	*Rights, privileges and restrictions attached to each category of shares*	*127; 255 et seq.*	*5; 8*
19.2.3	*Provisions delaying, deferring or preventing a change of control*	*82*	*2*
20.	**Major contracts**	**83**	**4.4.2.2**
21.	**Available documents**	**6**	**1**

Management report cross-reference table

Headings	Reference texts	Pages	Chapters
1. Company situation and activity			
Company situation and objective and exhaustive analysis of the evolution of the business, the results and the financial situation of the Company, in particular its debt position in view of the volume and complexity of its business	Articles L. 225-100-1, I., 1 °, L. 232-1, II., L. 233-6 and L. 233-26 of the French Commercial Code	67 *et seq.*	4
Financial key performance indicators	Article L. 225-100-1, I., 2 ° of the French Commercial Code	89 *et seq.*	5
Non-financial key performance indicators related to the specific activity of the Company	Article L. 225-100-1, I., 2 ° of the French Commercial Code	161 *et seq.*; 185 *et seq.*; 187 *et seq.*	6
Significant events occurring between the reporting date of the fiscal year and the date on which the management report was prepared	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	66; 85; 136; 147 *et seq.*	4; 5
Existing free-standing stores	Article L. 232-1, II of the French Commercial Code	18 *et seq.*; 83 *et seq.*	2; 4
Equity investment in a Company with its registered office in France on French territory	Article L. 233-6 par. 1 of the French Commercial Code	78; 100	4; 5
Disposal of cross-holdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	NA	NA
Foreseeable development of the Company's situation and future outlook	Article L. 232-1, II and L. 233-26 of the French Commercial Code	6; 65 *et seq.*; 84 *et seq.*	1; 4; 5
Research and development activities	Article L. 232-1, II and L. 233-26 of the French Commercial Code	85 *et seq.*	4
Table showing the Company's results for each of the last five fiscal years	Article R. 225-102 of the French Commercial Code	158	5
Information on payment terms for suppliers and customers	Article D. 441-4 of the French Commercial Code	81	4
Amount of inter-company loans granted and statutory auditor's statement	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	153	5
2. Internal control and risk management			
Main risks and uncertainties facing the Company	Article L. 225-100-1, I., 3 ° of the French Commercial Code	43 *et seq.*; 128 *et seq.*; 164 *et seq.*	3; 5
Financial risks related to the effects of climate change and presentation of measures taken to reduce them	Article L. 22-10-35.1 ° of the French Commercial Code	165; 174 *et seq.*	6
Main characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2 ° of the French Commercial Code	61 *et seq.*	3
Objectives and hedging policy for each category of transaction and the Company's exposure to price, credit, liquidity and cash flow risks. The indications include the use by the Company of financial instruments	Article L. 225-100-1, I., 4 ° of the French Commercial Code	55 *et seq.*; 60; 127 *et seq.*; 128 *et seq.*	3; 5
Anti-corruption system	So-called "Sapin 2" Law no. 2016-1691 of December 9, 2016	62 *et seq.*; 166; 183	3; 6
Vigilance plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	NA	NA
3. Share capital and shareholding			
Structure, change in the Company's capital and crossing of thresholds	Article L. 233-13 of the French Commercial Code	123; 136; 148; 244 *et seq.*	5; 8
Acquisition and disposal by the Company of its treasury shares	Article L. 225-111 of the French Commercial Code	252 *et seq.*; 259	8
Employee profit-sharing status	Article L. 225-102 paragraph 1 of the French Commercial Code	217; 247 *et seq.*	7; 8

Headings	Reference texts	Pages	Chapters
Statement of any adjustments for securities giving access to the share capital in the event of share buybacks or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	253	8
Information on transactions by Executive Management and related persons on the Company's shares	Article L. 621-18-2 of the French Monetary and Financial Code	253	8
Amount of dividends distributed over the last three fiscal years	Article 243 bis of the French General Tax Code	82; 158; 249	4; 5; 8
4. Statement of non-financial performance (SNFP)			
Business model	Articles L. 225-102-1 and R. 225-105 of the French Commercial Code	167 *et seq.*	6
Description of the main risks related to the Company's activity	Articles L. 225-102-1 and R. 225-105, I.1 ° of the French Commercial Code	164 *et seq.*	6
Information on the way in which the Company takes into account the social and environmental consequences of its activity, as well as the effects of this activity on respect for human rights and the fight against corruption	Art. L. 225-102-1, III, R. 225-104 and R. 225-105, I, 2 ° of the French Commercial Code.	165 *et seq.*	6
Results of policies applied by the Company or Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I.3 ° of the French Commercial Code	169 *et seq.*	6
Social information (employment, work organisation, health and safety, labour relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II, A, 1 ° of the French Commercial Code.	176 *et seq.*	6
Environmental information (general environmental policy, pollution, circular economy, climate change)	Articles L. 225-102-1 and R. 225-105, II, A, 2 ° of the French Commercial Code.	173 *et seq.*	6
Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II, A, 3 ° of the French Commercial Code	169 *et seq.*	6
Information on the fight against corruption	Articles L. 225-102-1 and R. 225-105, II, B, 1 ° of the French Commercial Code	166; 170 *et seq.*; 183	6
Information on actions in favour of human rights	Articles L. 225-102-1 and R. 225-105, II, B, 2 ° of the French Commercial Code	46; 165; 170	3; 6
Specific information on SEVESO facilities	Article L. 225-102-2 of the French Commercial Code	NA	NA
Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	39; 180; 247	2; 6; 8
Certification of the independent third party on the presence of the indicators in the SNFP	Art. L. 225-102-1 III and R. 225-105-2 of the French Commercial Code	194 *et seq.*	6
5. Additional information required for the preparation of the management report			
Additional tax information	Articles 223 quater and 223 quinquies of the French General Tax Code	58; 166; 183	3; 6
Financial injunctions or sanctions for anti-competitive practices	Article L. 464-2 of the French Commercial Code	NA	NA
Any changes in the presentation of the annual financial statements	Article L. 232-6 of the French Commercial Code	NA	NA

Cross-reference table for the corporate governance report

Headings	Reference texts	Pages	Chapters
1. Compensation information			
Corporate officer compensation policy	Article L. 22-10-8, I., paragraph 2 of the French Commercial Code	217 *et seq.*	7
Total compensation and benefits of any kind paid during the fiscal year or awarded in respect of the fiscal year to each corporate officer	Article L. 22-10-9, I., 1 ° of the French Commercial Code	225 *et seq.*; 234	7
Relative proportion of fixed and variable compensation	Article L. 22-10-9, I., 2 ° of the French Commercial Code	217 *et seq.*	7
Use of the option to request the return of variable compensation	Article L. 22-10-9, I., 3 ° of the French Commercial Code	NA	NA
Commitments of any kind made by the Company for the benefit of its corporate officers	Article L. 22-10-9, I., 4 ° of the French Commercial Code	79; 92; 125 *et seq.*; 134; 146	5
Compensation paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code.	Article L. 22-10-9, I., 5 ° of the French Commercial Code	NA	NA
Ratios between the level of compensation of each corporate officer and the **average** and **median** compensation of the Company's employees	Article L. 22-10-9, I., 6 ° of the French Commercial Code	235 *et seq.*	7
Annual change in compensation, the Company's performance, the average compensation of the Company's employees and the aforementioned ratios over the five most recent fiscal years.	Article L. 22-10-9, I., 7 ° of the French Commercial Code	236	7
Explanation of how the total compensation complies with the adopted compensation policy, including how it contributes to the long-term performance of the Company and how the performance criteria were applied	Article L. 22-10-9, I., 8 ° of the French Commercial Code	219 *et seq.*	7
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