

FIRST HALF 2020 RESULTS

RETURN TO POSITIVE EBITDA OF €7 MILLION AND STRENGTHENED FINANCIAL STRUCTURE

La Plaine Saint Denis, 27 July 2020 – Showroomprivé (SRP Group), a leading European online retailer specialising in fashion for the Digital Woman, has published its results for the first half of 2020 ended 30 June.

Against a more favourable backdrop for e-commerce in the second quarter, SRP Group began reaping the rewards of its strategic decisions and 2018-2020 Performance Plan to optimise processes, as economic indicators improved

Return to growth in Q2 (up 19%), making up for the 20% decline in Q1

- Strong business momentum since April (consumer shift towards e-commerce), which continued post-lockdown
- Successful revitalisation of the offering (appeal, new brands)
- Customer loyalty and a proven ability to attract new buyers through controlled investments in marketing

Return to positive first half EBITDA¹ at €7 million, vs. a €23 million loss in H1 2019

- Sharp increase in the gross margin to 37.1% (from 29.4% in H1 2019) thanks to strategic measures (increased selectivity of business, shift away from the firm purchase model towards conditional purchases and dropshipping, improved returns and inventory management) and the change of delivery terms during the confinement period
- Optimisation of operating expenses, particularly marketing and logistics

First half net loss reduced by nearly €35 million to €6.6 million

- Despite €3.7 million in non-recurring expenses (restructuring) and a €0.9 million tax charge

Strengthened financial structure by agreement with banks

- Shareholders' equity of €146 million, to be strengthened through a c. €10 million capital increase
- Gross cash and cash equivalents of €118.3 million, with a semester positive free cash flow of €26.5 million
- Net borrowings reduced to €3.4 million (including €21.6 million lease liabilities under IFRS 16)

Performance continues to improve

Consistently strong positioning and business assets:

- 9th biggest French e-commerce website – base of 10 million members, +1 million new members in H1

Strong growth and profitability drivers identified

- Continued transition of the purchasing model towards conditional purchases and dropshipping
- Gradual ramp-up of the SRP Media contribution
- Development of digital offers (Ticketing/Travel)

Operating expenses under control – Stabilised operational management

¹ EBITDA, as defined by the Company, includes the net income before amortization of intangible assets recognized at the time of business combinations, the amortization of tangible and intangible assets, the non-recurring items, the cost of shares based payments including expenses from the issue of free shares and share options allocated to employees, net financial cost and other financial income and expenses as well as income taxes. EBITDA is not a measure of financial performance under IFRS standards and the definition of the term used by the Group may not be comparable to similar terms used by other companies.

H1 2020 KEY FIGURES

(€ million)	H1 2019	H1 2020	Variation
Net revenues	302.0	302.7	+0.7
Total Internet revenues	298.0	300.6	+2.6
Gross margin	88.7	112.4	+23.7
as % of revenues	29.4%	37.1%	+7.7pts
Current operating expenses	119.8	114.0	-5.8
as % of revenues	39.7%	37.7%	-2.0pts
EBITDA	-23.2	7.0	+30.2
EBITDA margin	-7.7%	2.3%	+10.0pts
Net results	-41.4	-6.6	+34.8

Showroomprivé co-founders and co-CEOs Thierry Petit and David Dayan, said:

*“Our first-half results have exceeded our initial expectations. **We were able to step up our recovery in the second quarter thanks to a healthy combination of internal and external factors.** While we undeniably benefited from a consumer shift towards e-commerce during the health crisis, **we were also able to capitalise on a renewed and more attractive offering, thanks to business initiatives set up with our partner brands.** We also focused on providing a more efficient service to our customers, which has helped increase customer satisfaction and grow our loyal customer base. **Our growth momentum continued post-lockdown.***

Another highlight was of course the return to positive EBITDA in the first half, confirming the trend towards a gradual improvement in profitability.** This growth is a key factor in the Performance Plan launched in 2018, as reflected by the gross margin increase and the reduction in operating expenses. The bottom line is still negative but has improved significantly. In addition to these encouraging results, **our financial position has also been bolstered with net debt nearing zero, thanks to solid cash flow generation in the first half.

*We have also secured medium-term financing thanks to renewed confidence from our banking partners, while our cash position will be further strengthened by the c. €10 million capital increase currently underway. **All indicators are gradually turning green. However, we remain vigilant given the current environment, and aim to continue along the trajectory we’ve been following for the past few months.***

DETAILED COMMENTS BY TYPE OF INDICATOR

Revenues

(€ thousand)	H1 2019	H1 2020	Variation
Internet revenues			
France	248,888	255,136	+2.5%
International	49,070	45,433	-7.4%
International	297,958	300,568	+0.9%
Total Internet revenues	4,085	2,165	-47.2%
Other revenues	302,043	302,733	+0.2%

H1 2020 net revenues were stable compared to H1 2019 at €302.7 million, with Q2 growth of 19% offsetting the Q1 20% decline. Since April 2020, the Group has enjoyed a strong business recovery which continued post-lockdown, partly driven by the consumer shift towards e-commerce. Showroomprivé has been able to capture this momentum in e-commerce through a series of decisive strategic decisions:

- The roll-out of attractive and updated offerings under the guidance of the new sales management, and the expansion of teams to offer a dynamic sales platform
- Rapid adaptation of our purchasing and delivery conditions to palliate the constraints of the health crisis.

The Group also posted a high degree of customer satisfaction and delivery quality during this period, helping to strengthen its loyal customer base (NPS² of 43%, up from 34% in H1 2019).

Online sales in **France** amounted to €255.1 million, up 2.5%, driven by the core online sales business in Q2 2020 and by the development of growth drivers such as SRP media. However, the health crisis curbed revenues from other non-core businesses by around €6 million.

International revenues fell 7.4% to €45.4 million, mainly resulting from a decrease in Saldi Privati revenues due to greater selectivity of offerings and an impact on the behaviour of local consumers during the health crisis.

Other non-strategic revenues, including non-internet sales, were down 47.2% year-on-year. This decrease is mainly due to a volume effect, as the Group decided to switch from a firm purchasing model to conditional purchases and dropshipping, resulting in fewer products sold through the physical sales channel (wholesale). This strategy aims to clear stock with the purpose of reducing the related logistical costs.

Key performance indicators (without Beauteprivee)

	H1 2019	H1 2020	Variation
Cumulative buyers* (millions)	9.394	10.149	+8.0%
Buyers** (in millions)	2.166	2.114	-2.4%
of which loyal buyers***	1.8	1.8	-3.0%
in % of total buyers	83%	83%	-
Number of orders (in millions)	6,708	6,413	-4.4%
Revenue per buyer	126.3	128.9	2.1%
Average Number of orders	3.1	3.0	-2.0%
Average Basket size (€)	40.8	42.5	+4.2%

* All buyers who have made at least one purchase on the group's platform since its launch

** Member who made at least one order during the year

*** Member who made at least one order during the year and at least one order during previous years

The number of buyers in the first half of the year was more or less stable, with a Q2 rebound of around 7% largely making up for the decline in Q1. This performance is in line with the continued optimisation of acquisition marketing investments.

However, the concentration of marketing efforts helped consolidate the loyal customer base at 1.8 million over the period, in line with measures aimed at boosting engagement, loyalty and brand preference. This base now represents 83% of the total number of buyers and generated 88% of Group revenues.

Furthermore, the brand's consistent appeal has helped the Group strengthen its base of first-time buyers, with around 360k new buyers in H1 2020, while sustaining a healthy average basket value in the order of €130.

² Net promoter score - indicator of customer loyalty

Cost structure

(€ million)	H1 2019	H1 2020	Variation
Net revenues	302.0	302.7	+0.7
Cost of goods sold	213.3	190.4	+23.0
Gross margin	88.7	112.4	+23.7
as % of revenues	29.4%	37.1%	+7.7pts
Marketing*	12.1	7.7	-4.4
as % of revenues	4.0%	2.6%	-1.4pt
Logistics and order processing	77.4	76.0	-1.4
as % of revenues	25.6%	25.1%	-0.5pt
General and administrative expenses	30.3	30.3	-
as % of revenues	10.0%	10.0%	-
Total of current operational expenses	-119.8	-114.0	-5.8
as % of revenues	39.7%	37.7%	-2.0pts
Operating income	-31.1	-1.6	+29.4

EBITDA	-23.2	7.0	+30.2
of which France	-19.5	7.0	+26.5
of which International	-3.7	0	+3.7

*In accordance with AMF recommendations, the amortisation of intangible assets recognised during a business combination is presented under "underlying EBIT", as marketing costs.

H1 2020 gross margin increased sharply by €23.7 million to €112.4 million. Gross margin accounted for 37.1% of revenues, versus 29.4% in H1 2019. This 7.7 percentage point increase breaks down as follows:

- +3.8 pp from 2019 inventory clearance and more efficient returns management;
- +3.5 pp from the increase in the gross margin of online sales due to greater business selectivity and the shift away from a firm purchasing model towards conditional purchases and dropshipping. The change in delivery terms during the confinement period contributed 1.2 points;
- -0.5 pp related to the lack of activity on the travel due to the health situation;
- +0.7 pp from the ramp-up of SRP Media;
- +0.3 pp from improved wholesale conditions (fewer inventories from firm purchases).

This positive change in the gross margin vindicates the Group's strategic decisions. These developments were also accompanied by a **€5.8 million reduction in operating expenses, (€6.6 million before depreciation and amortisation) in line with the objectives of the Performance plan launched in 2018.** This optimisation includes:

- **a significant €4.4 million reduction in marketing expenditure**, due to decreased marketing pressure at the beginning of the year and access to attractive advertising rates in the second quarter;
- **a €1.4 million decrease in logistics costs** compared to H1 2019. The Group is beginning to reap the rewards of the gradual streamlining of its logistics chain (warehouses and subcontractors). The reduction was curbed by the increase in home deliveries during the lockdown, due to the closure of pick-up points;
- **stable general and administrative expenses.** The impact of the savings measures implemented over the past year on payroll are still masked by the recognition of non-recurring expenses of around €2 million in H1.

Finally, the Group returned to positive EBITDA in H1 2020 at €7.0 million, versus EBITDA losses of €23.2 million in H1 2019 and €8.3 million in H2 2019, thereby confirming the trend towards a gradual improvement in profitability.

After depreciation, amortisation and provisions, operating income before cost of share-based payments and other operating income and expenses amounted to €1.6 million loss, nonetheless an improvement on H1 2019.

Net income

(€ million)	H1 2019	H1 2020	Variation
Operating income before cost of share-based payments and other operating income and expenses	-31.1	-1.6	+29.4
Other operating income and expenses	-12.8	-3.7	+9.1
Operating income	-43.9	-5.4	+38.5
Cost of financial debt	-0.2	-0.3	-0.1
Other financial income and expenses	-44.1	-5.7	+38.4
Profit before tax	2.6	-0.9	-3.5
Income tax	-41.4	-6.6	+34.8

Other operating income and expenses (€3.7 million net expense) comprise sundry non-recurring expenses totalling €3.1 million (disputes, fees, impairment loss linked to the discontinuation of a project) and €600,000 in costs of share-based payments.

Financial expenses remained under control at €0,3 million and the Group recorded a tax charge of €0,9 (CVAE business value-added tax).

Accordingly, the Group posted a net loss of €6.6 million, i.e. an improvement of close to €35 million versus H1 2019.

Cash-flow elements

(€ million)	H1 2019	H1 2020
Cash flows related to operating activities	-28.7	31.3
Cash flows related to investment activities	-30.5	-4.8
Cash flows related to financing activities	19.9	42.8
Net change in cash and cash equivalents	-39.3	69.3

Cash flow from operating activities rose sharply to €31.3 million, compared to a €28.7 million outflow in H1 2019, because of a significant €27.0 million reduction in working capital requirement, improved operating earnings and a healthy EBITDA cash conversion ratio. The improvement in working capital was the result especially of a cyclical effect linked to the progression of the supplier position due to the level of activity in the second half of the year.

These cash flows largely financed net cash outflows on capital expenditure, which were limited to €4.8 million for the period. **As such, the Group generated a free cash flow surplus of €26.5 million, all of which was used to strengthen its cash position.**

Cash flows from financing activities amounted to €42.8 million, including two new lines of credit granted by CAIDF (Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île-de-France) comprising a €35 million 90% state-guaranteed PGE loan, under the agreement signed with banking partners on April 29, 2020, and a second loan of €10 million.

Balance sheet

ASSETS (€ million)	31/12/2019	30/06/2020	LIABILITIES (€ million)	31/12/2019	30/06/2020
Total non-current assets	224.3	219.1	Total shareholders' equity	152.2	146.1
Total current assets	164.1	246.3	Total non-current liabilities	20.8	118.5
<i>o/w Inventory</i>	48.4	46.4	<i>o/w financial debt</i>	20.3	118.0
<i>o/w Cash and cash equivalents</i>	49.0	118.3	Total current liabilities	215.4	200.9
			<i>o/w financial debt</i>	58.1	3.7
Total Assets	388.4	465.5	Total liabilities and shareholders' equity	388.4	465.5

Shareholders' equity stood at €146.1 million at 30 June 2020.

The Group had solid gross cash and cash equivalents of €118.3 million at 30 June 2020. Cash flow generation in the first half helped reduce net financial debt to €3.4 million at 30 June 2020, compared to €29.4 million at 31 December 2019.

Net financial debt includes €21.6 million in lease liabilities (under IFRS 16) at 30 June 2020. Without this accounting item, the Group would have posted positive net cash of €18.2 million.

Most of the gross financial debt is due in more than one year, reflecting the new financing arrangements and extension of maturities obtained from banking partners under the agreement signed in April.

The current capital increase is an integral part of the agreement with the creditors. For a maximum amount of €10 million, guaranteed by the founding directors up to 75%, this capital increase will strengthen the cash position.

The Group is therefore in a solid financial position that will enable it to embark on the next stages of its road map with confidence.

FORWARD-LOOKING STATEMENTS

This press release solely contains summary information and is not intended to be detailed. This press release may contain forward-looking information and statements relating to the Group and its subsidiaries. These statements include financial projections and estimates and their underlying hypotheses, statements with respect to plans, to objectives and to expectations relating to operations that are still to come, to future revenues and services, and statements with respect to future performance. Forward-looking statements can be identified by the words “believe”, “anticipate”, “objective” or similar expressions. Even if the Group believes that the expectations reflected by such forward looking statements are reasonable, investors and shareholders of the Group are advised of the fact that the information and forward-looking statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally out of the control of the Group, which could imply that the effective results and events can differ significantly and in an unfavourable manner from those that are communicated, implied or indicated by this information and these forward looking statements. These risks and uncertainties include those that are advanced or identified in the documents filed or that are to be filed with the Financial Markets Authority by the Group (in particular those detailed in chapter 4 of the reference document of the Company). The Group does not take on any commitment to publish updates of the forward-looking information, this whether subsequent to new information, to future events or to any other element.

UPCOMING INFORMATION

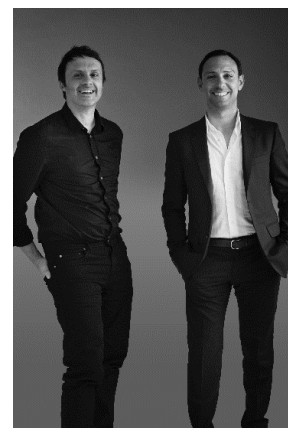
Revenue of the 3rd quarter of 2020: end October 2020

ABOUT SHOWROOMPRIVE.COM

Showroomprivé.com is a European player in event-driven online sales that is innovative and specialized in fashion. Showroomprivé proposes a daily selection of more than 2,000 partner brands over its mobile applications or its Internet site in France and in six other countries. Since its creation in 2006, the company has undergone quick growth.

Listed on the Euronext Paris market (code: SRP), Showroomprivé achieved a gross business volume with all taxes included of more than 821 million euros in 2019, and net revenue of 616 million euros. The Group employs more than 950 people.

For more information : <https://www.showroomprivégroupe.com>



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APPENDICES

INCOME STATEMENT

(€ thousands)	2018	2019	%Change	H1 2019	H1 2020	%Change
Net revenues	672,233	615,562	-8.4%	302,043	302,733	+0.2%
Cost of goods sold	-428,465	-428,018	-0.1%	-213,330	-190,360	-10.8%
Gross margin	243,769	187,544	-23.1%	88,713	112,373	+26.7%
<i>Gross margin as % of revenues</i>	36.3%	30.5%	-5.8,pt	29.4%	37.1%	+7.7,pt
Marketing ¹	-34,551	-24,706	-28.5,%	-12,101	-7,721	-36.2%
<i>As % of revenues</i>	5.1%	4.0%	-1.1,pt	4.0%	2.6%	-1.4,pt
Logistics & fulfilment	-157,895	-152,373	-3.5%	-77,364	-75,997	-1.8%
<i>As % of revenues</i>	23.5%	24.8%	+1.3,pt	25.6%	25.1%	-0.5,pt
General & administrative expenses	-56,976	-57,247	+0.5%	-30,305	-30,297	-
<i>As % of revenues</i>	8.5%	9.3%	+0.8,pt	10.0%	10.0%	-
Total Opex	-249,422	-234,326	-6.1%	-119,770	-114,015	-4.8%
As % of revenues	37.1%	38.1%	+1.0,pt	39.7%	37.7%	-2.0,pt
Current operating profit	-5,653	-46,782	<i>N.A</i>	-31,057	-1,642	-94.7%
Other operating income and expenses	-681	-21,638	<i>N.A</i>	-12,802	-3,726	-70.9%
Operating profit	-6,334	-68,420	<i>N.A</i>	-43,859	-5,368	-87.8%
Net finance costs	-224	-591	+163.8%	-210	-354	+68.8%
Other financial income and expenses	-77	-122	<i>N.A</i>	4	26	+518.3%
Profit before tax	-6,636	-69,133	<i>N.A</i>	-44,064	-5,695	-87.1%
Income taxes	2,280	-1,329	<i>N.A</i>	2,645	-896	<i>N.A</i>
Net income	-4,356	-70,462	<i>N.A</i>	-41,420	-6,591	-84.1%
EBITDA	5,120	-31,440	<i>N.A</i>	-23,164	7,049	<i>N.A</i>
<i>EBITDA as % of revenues</i>	0.8%	<i>N.A</i>	<i>N.A</i>	-7.7%	2.3%	+10.0,pt

¹ In compliance with the recommendations of the AMF, amortization of intangible assets recognized upon business combinations is indicated in the "Current Operating Income" within marketing expenses

PERFORMANCE INDICATORS¹

	2018	2019	%Change	H1 2019	H1 2020	%Change
CUSTOMERS METRICS						
Cumulative buyers (in thousands)	9,031	9,785	+8.3%	9,394	10,149	+8.0%
<i>France</i>	7,200	7,749	+7.6%	7,462	8,023	+7.5%
<i>International</i>	1,831	2,035	+11.2%	1,932	2,126	+10.1%
Buyers (in thousands)	3,481	3,162	-9.2%	2,166	2,114	-2.4%
<i>France</i>	2,783	2,533	-9.0%	1,747	1,718	-1.6%
<i>International</i>	698	629	-9.9%	420	395	-5.7%
Revenue per Buyers (€)	176.0	176.0	0.0%	126.3	128.9	+2.1%
<i>France</i>	180.3	181.2	+0.5%	128.9	132.6	+2.8%
<i>International</i>	159.1	155.3	-2.4%	115.4	113.0	-2.0%
ORDERS						
Total orders (in thousands)	15,085	13,368	-11.4%	6,708	6,413	-4.4%
<i>France</i>	12,232	10,837	-11.4%	5,443	5,229	-3.9%
<i>International</i>	2,854	2,530	-11.3%	1,266	1,183	-6.5%
Average Orders per Buyer (in number of orders)	4.3	4.2	-2.4%	3.1	3.0	-2.0%
<i>France</i>	4.4	4.3	-2.6%	3.1	3.0	-2.3%
<i>International</i>	4.1	4.0	-1.6%	3.0	3.0	-0.8%
Average Basket Size	40.6	41.6	+2.5%	40.8	42.5	4.2%
<i>France</i>	41.0	42.3	+3.2%	41.4	43.6	5.3%
<i>International</i>	38.9	38.6	-0.8%	38.2	37.8	-1.2%

¹ Hors Beauteprimee

BALANCE SHEET

<i>(€ thousands)</i>	31/12/2019	30/06/2020
NON-CURRENT ASSETS		
Goodwill	123,685	123,685
Other intangible assets	54,466	52,623
Tangible assets	44,849	41,563
Other non-current assets	1,347	1,273
Total non-current assets	224,348	219,144
CURRENT ASSETS		
Inventory	48,373	46,427
Accounts receivable	20,548	23,090
Deferred tax assets	4,657	4,828
Other current assets	41,443	53,676
Cash and cash equivalents	49,049	118,333
Total current assets	164,070	246,355
Total assets	123,685	123,685
NON-CURRENT LIABILITIES		
Long term financial debt	20,349	118,004
Obligations to personnel	65	65
Other provisions	347	352
Deferred taxes	77	77
Total non-current liabilities	20,838	118,498
Short-term financial debt	58,064	3,654
Accounts payable	110,470	137,548
Other current liabilities	46,870	59,675
Total current liabilities	215,405	200,877
Total liabilities	236,243	319,375
Total shareholders' equity	152,175	146,124
Total liabilities and shareholders' equity	388,418	465,499

CASH FLOWS

(€ thousands)	2018	2019	H1 2019	H1 2020
Net income for the period	-4,355	-70,462	- 41,420	- 6,591
<i>Adjustments for non-cash items</i>	5,542	20,360	10,026	11,110
Cash flow from operations before finance costs and income tax	1,187	-50,101	- 31,394	4,519
<i>Elim of accrued income tax expense</i>	-2,280	1,329	- 2,646	896
<i>Elim of cost of net financial debt</i>	224	591	210	353
Impact of change in working capital	5,533	26,385	7,826	27,023
Cash flow from operating activities before tax	4,664	-21,796	- 26,004	32,790
Income tax paid	2,046	-4,226	- 2,700	- 1,487
Cash flow from operating activities	6,710	-26,022	- 28,703	31,303
Impact of changes in perimeter	0	-22,317	- 22,317	-
Acquisitions of property plant & equipment and intangible assets	-18,306	-16,720	- 10,835	- 4,893
Changes in loans and advances	84	-48	- 137	62
Other investing cash flows	292	2,898	2,834	1
Net cash flows from investing activities	-17,930	-36,187	- 30,455	- 4,830
Capital increase	37,978	-	-	-
Transaction on own shares	-183	-	- 94	- 45
Increase in share capital and share premium reserves	39	-	2	-
Issuance of indebtedness	21,700	35,827	22,221	45,000
Repayment of borrowings	-18,595	-4,339	- 1,990	- 1,766
Net interest expense	-202	-613	- 208	- 342
Other flows from financing activities			- 29	
Net cash flows from financing activities	40,737	30,839	19,902	42,847
Net change in cash	29,527	-31,356	- 39,253	69,283

RECONCILIATION OF THE EBITDA

(€ thousand)	S1 2019	S1 2020
Net result	-41,420	-6,591
Am. of intangible assets recognized on the occasion of a business combination	567	567
Am. and dep. fixed assets	7,326	8,124
<i>of which depreciation in Logistics and order processing</i>	1,273	2,462
<i>of which depreciation in General and administrative expenses</i>	6,053	5,662
Cost of share-based payments	134	611
Non-recurring items	12,668	3,115
Cost of financial debt	210	354
Other financial income and expenses	-4	-26
Income tax	-2,645	896
EBITDA	-23,164	7,049