



## **HALF YEAR FINANCIAL REPORT**

### **AS AT JUNE 30, 2019**

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## **A/ CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS AS AT JUNE 30, 2019**

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## 1. FINANCIAL STATEMENTS

### 1.1. Statement of net profit or loss

<i>in K€</i>	Notes	H1 2019	H1 2018
Net revenues	4.1	302 043	315 477
Cost of goods sold		- 213 330	- 205 075
<b>Gross margin</b>		<b>88 713</b>	<b>110 402</b>
Gross margin as a percentage of revenue		29,4%	35,0%
Marketing		- 12 101	- 13 327
Logistics & Fulfillment		- 77 364	- 74 673
General & Administrative expenses		- 30 305	- 28 657
<b>Current operating profit</b>		<b>- 31 057</b>	<b>- 6 254</b>
Cost of share based payments		- 134	- 1 742
Other operating income and expenses	4.2	- 12 668	2 657
<b>Operating profit</b>		<b>- 43 859</b>	<b>- 5 339</b>
Income from cash and cash equivalents			- 145
Cost of financial debt		- 210	- 85
<b>Net finance costs</b>		<b>- 210</b>	<b>- 230</b>
<b>Other financial income and expenses</b>		<b>4</b>	<b>214</b>
<b>Profit before tax</b>		<b>- 44 064</b>	<b>- 5 354</b>
Income taxes	4.3	2 645	- 1 129
<b>Net income for the period</b>		<b>- 41 420</b>	<b>- 6 483</b>
Attributable to owners of the Parent		- 41 725	- 6 943
Attributable to third parties		305	459
<b>Earnings per share (in €)</b>			
Basic earnings per share		- 0,81	- 0,20
Diluted earnings per share		- 0,81	- 0,20

### 1.2. Statement of total comprehensive income

	Notes	H1 2019	H1 2018
Net income for the period		- 41 420	- 6 483
Income and expense recognized in equity			
<b>Total comprehensive net income for the period</b>		<b>- 41 420</b>	<b>- 6 483</b>

## 1.3. Consolidated balance sheet

<i>in K€</i>	Notes	30/06/2019	31/12/2018
Goodwill	5.1	123 685	123 685
Other intangible assets	5.2	55 566	53 271
Tangible assets	5.3	39 742	20 762
Financial assets		3 705	3 599
Deferred tax assets		4 990	3 214
<b>Non current assets</b>		<b>227 688</b>	<b>204 531</b>
Inventories	5.4	77 237	99 061
Accounts receivables and similar accounts	5.5	20 386	32 005
Income tax receivables		3 765	4 938
Other receivables	5.6	36 163	37 325
Cash and cash equivalent	5.7	41 152	80 409
<b>Current assets</b>		<b>178 704</b>	<b>253 738</b>
<b>Total Assets</b>		<b>406 392</b>	<b>458 270</b>
Share capital		2 027	2 025
Share premium reserves		211 129	211 158
Treasury shares		- 1 861	- 1 765
Other reserves		11 015	16 188
Net income		- 41 420	- 4 355
<b>Total shareholders' equity</b>		<b>180 890</b>	<b>223 250</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Total equity</b>	1.6	<b>180 890</b>	<b>223 250</b>
Long term financial liabilities	5.9	38 203	19 505
Employee benefits		101	101
Other provisions	5.8	520	545
Deferred tax liabilities		1 773	5 182
<b>Total non current liabilities</b>		<b>40 597</b>	<b>25 333</b>
Short term financial liabilities	5.9	23 212	22 723
Provision for risks and charges	5.8	4 406	1 392
Accounts payables		112 268	140 316
Income tax liability		80	1 299
Other current payables	5.6	44 939	43 956
<b>Total current liabilities</b>		<b>184 905</b>	<b>209 686</b>
<b>Total Liabilities</b>		<b>225 502</b>	<b>235 019</b>
<b>Total Equity and Liabilities</b>		<b>406 392</b>	<b>458 270</b>

## 1.4. Consolidated cash-flow statement

<i>in K€</i>	H1 2019	H1 2018
Net income for the period	- 41 420	- 6 483
Depreciation & Amortization	10 470	- 338
Gains / losses from fair value adjustments		134
Gains / losses on sale of assets	- 605	11
Fair value measurement of stock options	161	1 358
<b>Cash flows from operations before finance costs and income tax</b>	<b>- 31 394</b>	<b>- 5 318</b>
Income taxes for the period	- 2 646	1 129
Net finance costs	210	93
<i>Change in inventories</i>	20 376	- 2 470
<i>Change in accounts receivables and other current assets</i>	10 929	- 5 980
<i>Change in other accounts payables and other current liabilities</i>	- 26 157	- 7 220
Change in working capital	7 826	- 15 669
<b>Cash flow from operating activities before tax</b>	<b>- 26 004</b>	<b>- 19 765</b>
Current income tax paid	- 2 700	1 035
<b>Net cash from operating activities</b>	<b>- 28 704</b>	<b>- 18 730</b>
Change in consolidation scope	- 22 317	
Acquisition of intangible and tangible assets	- 10 835	- 7 571
Net change in non current financial assets	- 137	- 34
Proceeds from sale of intangible and tangible assets	2 834	-
Other flows from investing activities		- 2 320
<b>Net cash from investing activities</b>	<b>- 30 455</b>	<b>- 9 925</b>
Transaction on own shares	- 94	71
Proceeds from stock-options	2	11
New financial liabilities	22 221	21
Repayment of financial liabilities	- 1 990	- 568
Finance costs paid	- 208	
Other flows from financing activities	- 29	254
<b>Net cash from financing activities</b>	<b>19 902</b>	<b>- 211</b>
Impact of changes in exchange rates	3	5
<b>Total cash flow for the period</b>	<b>- 39 254</b>	<b>- 28 861</b>
Cash and cash equivalent at the beginning of the period	80 406	50 878
Cash and cash equivalent at the end of the period	41 152	22 017

The change in the working capital requirement in H1 2019 compared to H1 2018 is mainly related to the impairment of inventories recorded in H1 2019 (see note 5.4) and to the seasonality of the business (see Note 2.6). The composition of cash and cash equivalents at the balance sheet date is detailed in the notes (see note 5.7).

## 1.5. Statement of changes in consolidated equity

In K€	Share capital	Additional paid-in capital	Treasury shares	Other reserves Group			Consolidated retained earnings	Total Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Translation reserves	Other reserves	Total				
<b>At January 1, 2018</b>	<b>1 384</b>	<b>173 281</b>	<b>- 1 641</b>	<b>1</b>	<b>17 088</b>	<b>17 089</b>	<b>6 630</b>	<b>196 743</b>	<b>196 743</b>	
Net income for the period							- 6 483	- 6 483	- 6 483	
<b>Total comprehensive net income for the period</b>							- 6 483	- 6 483	- 6 483	
Currency translation adjustments				11		11		11	11	
Proceeds from stock-options										
Changes in Treasury Shares	1	10	71					82	82	
Free shares and share options charges					1 358	1 358		1 358	1 358	
Other changes					- 1 519	- 1 519		- 1 519	- 1 519	
<b>At June 30, 2018</b>	<b>1 385</b>	<b>173 291</b>	<b>- 1 570</b>	<b>12</b>	<b>16 927</b>	<b>16 939</b>	<b>147</b>	<b>190 192</b>	<b>190 192</b>	
<b>At January 1, 2019</b>	<b>2 025</b>	<b>211 158</b>	<b>- 1 765</b>	<b>4</b>	<b>9 553</b>	<b>9 557</b>	<b>2 275</b>	<b>223 251</b>	<b>223 251</b>	
Net income for the period							- 41 420	- 41 420	- 41 420	
<b>Total comprehensive net income for the period</b>							- 41 420	- 41 420	- 41 420	
Currency translation adjustments				2		2		2	2	
Proceeds from stock-options	2							2	2	
Changes in Treasury Shares			- 96					- 96	- 96	
Free shares and share options charges					161	161		161	161	
Other changes		- 29			- 981	- 981		- 1 010	- 1 010	
<b>At June 30, 2019</b>	<b>2 027</b>	<b>211 129</b>	<b>- 1 861</b>	<b>6</b>	<b>8 733</b>	<b>8 739</b>	<b>- 39 145</b>	<b>180 890</b>	<b>180 890</b>	

The change over the period mainly corresponds to exercise of stock options and share base payments. At June 30, 2019, the share capital of SRP Groupe S.A. consisted of 50,675,366 shares with an nominal value of €0.0 each compared to 50,614,402 shares at December 31, 2018.

"Other changes" relate to the impact of the exercise of the purchase option on the minority shareholders of Beauté Privée.

## 2. ACCOUNTING STANDARDS, CONSOLIDATION METHODS, VALUATION METHODS & PRINCIPLES

### 2.1. The Group

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The attached consolidated interim condensed financial statements show the operations of the company SRP Groupe S.A. (hereafter referred to as “the Company”) and its subsidiaries, together with the Group’s share in companies over which it exercises a significant influence or joint control (the whole hereafter referred to as “the Group”).

The Group’s activity is dedicated to private sales of items on the Internet.

### 2.2. Main events of the financial year

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#### Acquisition of the company Beauté Privée

During the first half, on April 30, 2019, SRP Group bought 40% of the company Beauté Privée SA, which it now holds at 100%.

#### Termination of the lease in the state of future completion

SRP has entered into a lease in the state of future completion in July 2018 for a site replacing the current St Witz site. Following a refocusing of its logistic deployment strategy, the Group has decided to sign a transactional agreement with the lessor to terminate the lease with the payment of a termination indemnity of which a firm and definitive part to be paid during the second half of 2019.

#### Depreciation of inventories

The Group had to deal with malfunctions in its logistics activities, which led to delays mainly in the processing of return stock. Despite the measures taken at the beginning of the year, the group also had to deal with degraded flow conditions and therefore made the decision at the end of the half-year to record a provision for the depreciation of its inventories. The group has already taken action to resolve the situation as soon as possible.

### 2.3. Accounting standards

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#### Statement of compliance and IFRS used

The consolidated interim condensed financial statements were drawn up in compliance with the international financial reporting standard IAS 34, “Interim Financial Reporting.” They do not include all the information required by the IFRS standard for establishment of complete annual financial statements and must be read together with the Group’s financial statements for the financial year ended on December 31, 2018.

The consolidated interim condensed financial statements for the periods from January 1, 2019 to 30 June 2019 and related notes were approved by the Board of Directors on 26 July 2018.

The accounting principles adopted for drawing up the consolidated interim condensed financial statements for the period from January 1, 2019 to June 30, 2019 are identical to those used for presentation of the annual consolidated accounts for the financial year ended on December 31, 2018 except for new standards applicable from January 1, 2019 onwards.

## **New Standards, amendments and interpretations applicable and whose applications are mandatory or which may be applied in advance for financial years starting as from January 2019**

Apart from IFRS 16, Leases, the new standards in effect as of January 1, 2019 and applicable to the Group had no material impact on the consolidated financial statements. They are as follows:

- IFRIC 23, Uncertainty over Income Tax Treatments;
- The Amendment to IFRS 9, Financial Instruments, titled Prepayment Features with Negative Compensation;
- The Amendment to IAS28, Investments in Associates and Joint Ventures, titled Long-term Interests in Associates and Joint Ventures;
- The Amendment to IAS 10, Employee Benefits, titled Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a refund from a Defined Benefit Plan;
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

The Group has not applied in advance the following standards, amendments and interpretations which, as of June 30, 2019, had been issued by the IASB or the IFRSIC (IFRS Interpretations Committee) and adopted by the European Union but whose application was not mandatory as of June 20, 2019.

### **Initial application of IFRS 16, Leases**

IFRS 16, Leases, replaces IAS 17 and specifies how a reporting entity will recognize, measure, present and disclose leases.

- Description of the Group's leasing activities

The Group is solely a lessee, renting buildings for its offices and its logistics warehouses. The lease conditions are negotiated on an individual basis and thus may contain a wide variety of terms. The Group building leases have generally been concluded for a period between 1 year and 9 years.

- Application of the simplified retrospective method and transitional provisions

The primary impact of IFRS16 on the Group's financial statements is that it requires the lessee to use a single model to account for right-of-use assets and lease liabilities under lease contracts. The Group has elected to use the modified retrospective approach. This consists in recognizing the cumulative effect of initially applying IFRS16 as an adjustment to the opening balance of retained earnings for 2019, while measuring any right-of-use asset under a lease at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. Leases whose underlying asset has a replacement value below USD 5,000 are recognized, as previously, as an expense, in accordance with the simplification measures provided for by the standard. Leases with a duration less than 12 months have not been restated. In transition to IFRS16, for leases previously classified as operating leases under IAS 17, the Group measures the lease liability as the present value of the remaining lease payments, discounted at the interest rate implicit in the lease or at the incremental borrowing rate in the relevant country as of January 1, 2019. To determine whether the Group is reasonably certain to exercise its lease extension options, the Group has assessed its accrual lease payments against market rates for comparable leases, and any termination penalties against the lease payments that would apply in the event of a lease extension.

As of January 1, 2019, the whole Group had an average borrowing rate of 1%, determined on the basis of the remaining lease term and the weighted-average rate for its lease liabilities.

Under the modified retrospective approach, the Group has not presented comparative financial information for 2018, considering the impacts of IFRS16 restatement and all the practical expedients mentioned above have been applied. The accounting standard applied to fiscal year 2018 are thus still in accordance with the principles of IAS 17.



- Impact as of January 1, 2019

The Group's application of IFRS 16 entails the recognition as of January 1, 2019 of a right-of-use and lease liabilities for an amount of 20.7 M€.

- Reconciliation of lease obligations as at transition date with off-balance sheet commitments as at December 31,2018

*in M€*

Lease obligations form lease contracts as at December 31, 2018	22.5
Discounting effect	-0.8
Others	-1
Lease obligations as at January 1, 2019 upon initial application of IFRS 16	20.7

### Initial application of IFRIC 23, Uncertainty over Income Tax Treatments

The IFRIC Interpretation IFRIC 23, Uncertainty over Income Tax Treatments, is applicable for annual reporting periods beginning on or after January 1, 2019.

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments.

A reporting entity should recognize uncertain liabilities and assets as income tax payables/receivables according to the probability that the tax authority will not accept an uncertain tax treatment, without considering the probability of non-detection. To reflect the best estimate as to effect of that uncertainty, measurement should be based on either the most likely outcome or the probability-weighted average of all possible outcomes.

The application of IFRIC 23 has had no material impact on the Group's consolidated financial statements.

## 2.4. Use of estimates and assumptions

The preparation of the financial statements in accordance with the IFRS requires Management to exercise judgements, make estimates and assumptions which may have an impact on the application of accounting methods and on the amounts of assets and liabilities, income and expenditure.

These estimates take into account economic data and assumptions that are likely to vary over time and may contain elements of uncertainty. They mainly concern the valuation methods and assumptions used for the purposes of identification of intangible assets in relation to business combinations, monitoring of the Goodwill value, valuation of intangible assets, stock valuation, estimates of provisions and deferred tax assets.

In the context of preparation of the consolidated interim condensed financial statements, the significant assumptions made by Management in order to apply the Group's accounting methods and the main sources of uncertainty relative to estimates are identical to those described in the consolidated financial statements for the financial year closed on December 31, 2018.

## 2.5. Accounting principles and valuation methods

In the context of preparation of the consolidated interim condensed financial statements, the accounting principles and valuation methods are identical to those described in the consolidated financial statements for the financial year closed on December 31, 2018.

## 2.6. Seasonality

Performance in the 2<sup>nd</sup> half-year is better than in the 1<sup>st</sup> half-year since the seasonality of the activity and demand usually reach a peak in the fourth quarter of the year, before the Christmas period. During this period, the Group usually realizes its highest volume of sales and acquires its largest number of new members.

This seasonality has an impact on cash-flow and working capital requirements in the 1<sup>st</sup> half-year. During the first half-year, the Group pays its suppliers for major conditional sales volumes and reconstitute its stocks and marketing costs incurred during the fourth quarter of the previous year are settled during this period.

## 2.7. EBITDA

<i>in K€</i>	Notes	H1 2019	H1 2018
<b>Net income for the period</b>		<b>- 41 420</b>	<b>- 6 483</b>
Amortisation of assets recognized through business combination		567	567
Deprec. & Am. of tangible and intangible assets		7 326	4 914
<i>o/w amort. in Logistics &amp; Fulfillment</i>		1 273	1 145
<i>o/w amort. in G&amp;A</i>		6 053	3 769
Cost of share-based payments	5.12	134	1 742
Non recurring items	4.2	12 668	- 2 657
Net finance costs		210	230
Other financial income and expenses		- 4	- 214
Income taxes	4.3	- 2 645	1 129
<b>Adjusted EBITDA</b>		<b>- 23 164</b>	<b>- 773</b>
<i>EBITDA in % of revenue</i>		<i>-7,67%</i>	<i>-0,24%</i>

The line "Deprec. & Am. of tangible and intangible assets" includes amortization of the IFRS16 usage right for M€ 1.5 M€. The impact of the application of IFRS 16 on EBITDA at June 30, 2019 is therefore M€ 1.5.

### 3. CONSOLIDATION SCOPE

#### 3.1. Scope on June 30, 2019

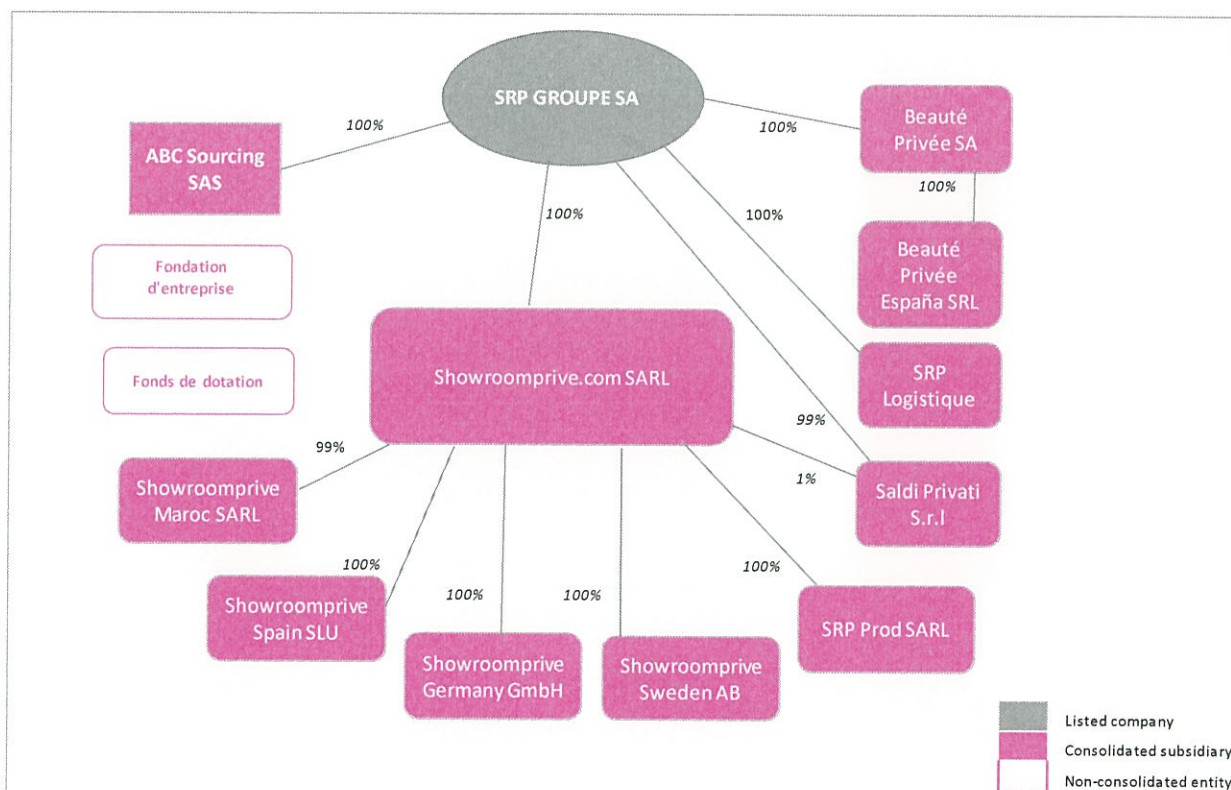
The following entities were part of the consolidation scope as at June 30, 2019:

Legal entities		Conso. method	June 30, 2019		June 30, 2018	
			Share-holding	Controlling interest	Share-holding	Controlling interest
SRP Groupe	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Showroomprivé.com S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Logistique S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Beauté Privée SAS	France	Full	100,00 %	100,00 %	60,00 %	100,00 %
Beauté Privée Espana, S.L.U.	Spain	Full	100,00 %	100,00 %	60,00 %	100,00 %
SRP Spain	Spain	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP GmbH	Germany	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Prod	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Saldi Privati S.r.l.	Italy	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Italie	Italy	NC	-	-	100,00 %	100,00 %
ABC Sourcing SAS	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Sweden	Italy	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Maroc	Morocco	Full	99,99 %	100,00 %	99,99 %	100,00 %

Full = Fully consolidated

NC = Not consolidated

The following is the Group's organizational chart on June 30, 2019:



### 3.2. Development of scope during the period

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#### **Beauté Privée**

On April 30, 2019, the Group bought 40% of the capital of Beauté Privée. The Group now holds 100% of the company's capital.

No other acquisitions or disposals took place during the first half of 2019.

As part of a strategic review, the Group decided to stop sourcing activities managed by local teams in Germany and Poland. The liquidations of SRP Germany GmbH and SRP Sweden are in progress on June 30, 2019.

SRP Italy has been liquidated in November 2018; the activity was taken over by Saldi Privati S.r.l.

## 4. NOTES TO THE PROFIT AND LOSS ACCOUNT

### 4.1. Information by customer geographic area

The geographies presented according to the customers' geographic origin cover the following areas:

France	International
France mainland and overseas regions (DOM-TOM)	Belgium, Spain, Italy, Portugal, Poland, Germany, United Kingdom, Morocco

At June 30, 2019, the Group deploys its offer in France and abroad from its single platform based in France or from its subsidiaries based in Italy and in Morocco.

Sales and EBITDA present themselves as follows:

	S1 2019			S1 2018		
	Total consolidé	France	Internat.	Total consolidé	France	Internat.
Internet sales	297 958	248 888	49 070	307 019	253 416	53 603
<i>Growth</i>	-3%			3%		
Other	4 085	4 058	27	8 458	8 458	
<b>Total net revenue</b>	<b>302 043</b>	<b>252 946</b>	<b>49 097</b>	<b>315 477</b>	<b>261 874</b>	<b>53 603</b>
<b>EBITDA</b>	<b>- 23 164</b>	<b>- 19 503</b>	<b>- 3 661</b>	<b>- 773</b>	<b>3 674</b>	<b>- 4 447</b>
<i>Growth</i>	-4,3%	-3,4%	-8,4%	3,0%	4,1%	-1,8%
<i>EBITDA in % of net revenue</i>	-7,7%	-7,7%	-7,5%	-0,2%	1,4%	-8,3%

The EBITDA per geographic area is based on an allocation of operating expenses according to turnover related to the area's business activity.

## 4.2. Other operating income and expenses

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For the first half of 2019, other operating income and expenditure amounted to M€ 12. and essentially includes the following significant non-recurring elements:

- Stop costs for a logistic project that has become non-strategic - 3.6 M€
- Restructuring costs - 2.3 M€
- Provisions with no impact on the treasury - 5.2 M€
- Non recurring litigation and fees - 0.7 M€

For the same period in 2018, other operating income and expenditure included:

- Saldi Privati S.r.l transaction strategic +5.4 M€
- Shares and stock options allocated to employees -1.7 M€
- Advice on mergers and acquisitions -0.9 M€
- Litigation and fees - 0.9 M€
- Restructuring and transformation measures -0.5 M€

## 4.3. Income Tax

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As at June 30, 2019, the income tax is estimated based on the facts known and anticipated at the closing date, using the projected rate method. This method provides a better estimate of the tax expense for the period, by applying the annual projected tax rate to the half-year results.

Income tax at June 30, 2019, amounting to M€ 2.6, mainly corresponds to the tax revenue related to the activation of tax losses in France less the estimated income tax of the company Beauté Privée (French company excluding of the French tax Group) and the CVAE.

### 5.1. Goodwill

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As a reminder, given its internet sales activity and its organization, the Group has chosen to value its activities in a single cash-generating unit which is SRP Groupe.

At June 30, 2019, following the finding of the result, the Group decided to implement a goodwill impairment test.

#### ➤ Main assumptions

As at June 30, 2019, the main assumptions used to determine the value of this cash generating unit were as follows:

- Valuation method of the cash generating unit: value in use,
- Number of years over which the cash flow is estimated then projected to infinity: 4,5 years (the last year is projected to infinity),
- Long-term growth rate: 2.0% (2018: 2.0%),
- Discount rate: 9.8% (2018: 9.8%).

As part of the underlying forecasts, the Group assumed a logical continuation of its growth path converging gradually towards the perpetual growth rate of the terminal value period. In this context, the underlying profitability trend assumes an improvement above the average rate realized in previous years.

#### ➤ Result of the impairment test

The result of the impairment did not result in any recognition of a loss as at June 30, 2019.

Furthermore, an analysis of the sensitivity of the calculation to the variation of key parameters, as conducted for each financial year, did not show any likely scenario where the recoverable value of the cash generating unit would become lower than its book value of the assets that it employs:

- An increase of 100 basis points in the discount rate,
- A fall of 100 basis points in the long-term growth rate,
- A fall in its operating margin (adjusted EBITDA) of 100 basis points,
- A fall of the revenue growth rate of 500 points (excluding the perpetual growth rate).

Nevertheless, a decrease of around 200 basis points in the operating margin (Adjusted EBITDA) over the normative period could lead to a write-down.

## 5.2. Other intangible assets

<i>in K€</i>	31/12/2018	Acquisitions	Disposals	Amortization	Reclassification	30/06/2019
Development expenses capitalized	21 983	4 251				26 234
Licenses and software	11 113	967			1 394	13 474
Brand	32 419					32 419
Cohort of members	13 258					13 258
Other intangible assets	244					244
<b>Intangible assets</b>	<b>79 017</b>	<b>5 218</b>			<b>1 394</b>	<b>85 629</b>
Amort./Dep. of capitalized dev. Expenses	- 9 479			- 3 073		- 12 552
Amort./dep. Of licenses and software	- 8 509			- 777	198	- 9 088
Amort./Dep of cohort of members	- 7 758			- 652	- 13	- 8 423
<b>Amort./Dep. of intangible assets</b>	<b>- 25 746</b>			<b>- 4 502</b>	<b>185</b>	<b>- 30 063</b>
<b>Total net value</b>	<b>53 271</b>	<b>5 218</b>		<b>- 4 502</b>	<b>1 579</b>	<b>55 566</b>

## 5.3. Tangible assets

The increase of the tangible assets in the first half of 2019 is mainly related to the first application of IFRS 16 as presented below.

### ▪ Assets whose the Group is the owner :

<i>in K€</i>	31/12/2018	Acquisitions	Disposals	Depreciation	Reclass.	30/06/2019
Land	1 223		- 1 223			-
Buildings and refurbishment	1 612		- 1 612			-
Facilities, plant & equipment	8 755	692	- 2 610			6 837
Tangible assets in progress	5 462	4 469			- 1 568	8 363
Advances payments for fixed assets	-					-
Other tangible assets	20 887	456	- 256		- 44	21 043
<b>Tangible assets</b>	<b>37 939</b>	<b>5 617</b>	<b>- 5 701</b>	<b>-</b>	<b>- 1 612</b>	<b>36 243</b>
<i>o/w finance lease</i>	<i>7 812</i>		<i>- 2 835</i>			<i>4 977</i>
Amort/ Dep. of buildings and refurbishment	- 826		850	- 24		-
Amort./Dep. of tech facilities, plant & equipment	- 5 827		2 004	- 444		- 4 267
Amort./Dep. of other tangible assets	- 10 526		172	- 1 174		- 11 528
<b>Amort./Dep. of tangible assets</b>	<b>- 17 179</b>	<b>-</b>	<b>3 026</b>	<b>- 1 642</b>	<b>-</b>	<b>- 15 795</b>
<i>o/w finance lease</i>	<i>- 5 022</i>		<i>850</i>	<i>- 345</i>		<i>- 4 517</i>
<b>Total net value</b>	<b>20 760</b>	<b>5 617</b>	<b>- 2 675</b>	<b>- 1 642</b>	<b>- 1 612</b>	<b>20 448</b>



- Right of use with application of IFRS16

<i>in K€</i>	31/12/2018	First application of IFRS16	Acquisitions	Disposals	Depreciation	30/06/2019
Right of use		20 761				20 761
<b>Tangible assets</b>						<b>20 761</b>
Amort./Dep. of righ of use					- 1 469	- 1 469
Amort./Dep. of tangible assets					- 1 469	- 1 469
<b>Total net value</b>		<b>20 761</b>			<b>- 1 469</b>	<b>19 292</b>

#### 5.4. Inventories

<i>in K€</i>	30/06/2019			31/12/2018		
	Gross book value	Allowance	Net book value	Gross book value	Allowance	Net book value
Packaging and supplies inventory	437		437	652		652
Goods inventory	104 901	- 28 101	76 800	112 403	- 13 994	98 409
<b>Total Inventories</b>	<b>105 338</b>	<b>- 28 101</b>	<b>77 237</b>	<b>113 055</b>	<b>- 13 994</b>	<b>99 061</b>

#### 5.5. Accounts receivables and similar accounts

<i>in K€</i>	30/06/2019			31/12/2018		
	Valeur brute	Dépr.	Valeur nette	Valeur brute	Dépr.	Valeur nette
Accounts receivable	12 280	- 4 149	8 131	14 012	- 221	13 791
Advances and prepayments	13 845	- 1 590	12 255	18 214	-	18 214
<b>Total receivables and similar accounts</b>	<b>26 125</b>	<b>- 5 739</b>	<b>20 386</b>	<b>32 226</b>	<b>- 221</b>	<b>32 005</b>

All customer receivables are due within less than one year.

## 5.6. Other receivables and payables

<i>in K€</i>	30/06/2019	31/12/2018
Deferred expenses	21 917	18 190
Tax and social security receivables	13 846	17 792
Other miscellaneous receivables	400	1 343
<b>Other current receivables</b>	<b>36 163</b>	<b>37 325</b>
Deferred revenue	25 284	23 576
Tax and social security liabilities	14 773	20 092
Other miscellaneous payables	4 882	288
<b>Other current liabilities</b>	<b>44 939</b>	<b>43 956</b>

## 5.7. Cash and cash equivalents

<i>in K€</i>	30/06/2019	31/12/2018
Short-term investments		
Cash at bank	41 152	80 409
Bank overdrafts		
<b>Net cash</b>	<b>41 152</b>	<b>80 409</b>

In the first half of 2019, the net cash change of € 40 million is mainly due to the acquisition of 40% of the capital of Beauté Privée, the seasonality of the group's activity and the decline in profitability during the reporting period.

## 5.8. Provisions

<i>in K€</i>	31/12/2018	Provisions	Reversals of provisions (used)	Reversals of provisions (unused)	Change in scope of consolidation	Other changes	30/06/2019
Provision for litigation (< 1 year)	1 392	3 284	- 270				4 406
<b>Total Provision for risks</b>	<b>1 392</b>	<b>3 284</b>	<b>- 270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 406</b>
Miscellaneous	545		- 25				520
<b>Total Provisions for charges</b>	<b>545</b>	<b>-</b>	<b>- 25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>520</b>

Provisions for litigation booked in 2019 are related to tax risks (M€ 1.391), a conditional compensation payable in connection with the termination of the lease in the state of future completion signed during the first half of 2019 (M€ 1 M€) and restructuring expenses (M€ 0.706).

Showroomprivé.com continues to be subject to a tax audit for the 2015 and 2016 fiscal years as described in the prior year's registration document. At the balance sheet date, and in the context of the contradictory rectification procedure, the company decided to cover the risk related to these adjustments by provisioning a

VAT-related supplement M€ 0.279 and the amounts relating to the research tax credit for an amount of M€ 1.112.

## 5.9. Financial liabilities

<i>in K€</i>	31/12/2018	Effect of changes in the standard ( * )	Loans raised	Loans repaid	Other	30/06/2019
Bank borrowings	19 505		2 200		72	21 777
Non-current lease liabilities	-	17 753			- 1 327	16 426
<b>Mid- and long-term financial liabilities</b>	<b>19 505</b>	<b>17 753</b>	<b>2 200</b>		<b>- 1 255</b>	<b>38 203</b>
Bank borrowings due in less than 1 year	1 334		20 000	- 938	- 72	20 324
Current lease liabilities		3 008		- 1 497	1 327	2 838
Other borrowings due in less than 1 year	21 364			- 21 364		-
Bank overdrafts	25		50	- 25		50
<b>Short-term financial liabilities</b>	<b>22 723</b>	<b>3 008</b>	<b>20 050</b>	<b>- 22 327</b>	<b>1 255</b>	<b>24 709</b>
<i>o/w finance lease</i>	1 385			- 888		497
<b>Total Loans and financial debts</b>	<b>42 228</b>		<b>22 250</b>	<b>- 22 327</b>		<b>62 912</b>

(\*) The effects of changes in standards relate to the application, as of January 1, 2019, of IFRS16 Leases (Note 2.4)

As at June 30, 2019, the change in financial debts excluding rental debts mainly reflects:

- The repayment of the debt related to the put on the minority shareholders of Beauté Privée for –M€ 21.3,
- The drawing of short-term financing lines whose repayments are expected before the end of 2019 for M€ 20.

## 5.10. Definition of classes of financial assets and liabilities by accounting category

<i>in K€</i>		30/06/2019			
Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Financial assets/ Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value	Total carrying amount	Fair value of the category
Financial assets		3 705		3 705	3 705
Operating receivables and other current receivables		56 549		56 549	56 549
Cash and Cash equivalents	41 152			41 152	41 152
<b>TOTAL ASSETS</b>	<b>41 152</b>	<b>60 254</b>		<b>101 407</b>	<b>101 407</b>
Long term financial liabilities		38 203		38 203	38 203
Other non-current liabilities			101	101	101
Short term financial liabilities		23 212		23 212	23 212
Operating liabilities and other current liabilities		157 207		157 207	157 207
<b>TOTAL LIABILITIES</b>		<b>218 622</b>	<b>101</b>	<b>218 723</b>	<b>218 723</b>

<i>in K€</i>		31/12/2018			
Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Assets and liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Total carrying amount	Fair value of the category
Financial assets		3 599		3 599	3 599
Operating receivables and other current receivables		69 330		69 330	69 330
Cash and Cash equivalents	80 409			80 409	80 409
<b>TOTAL ASSETS</b>	<b>80 409</b>	<b>72 929</b>		<b>153 339</b>	<b>153 339</b>
Long term financial liabilities		19 505		19 505	19 505
Other non-current liabilities			101	101	101
Short term financial liabilities		22 723		22 723	22 723
Operating liabilities and other current liabilities		184 272		184 272	184 272
<b>TOTAL LIABILITIES</b>		<b>226 500</b>	<b>101</b>	<b>226 601</b>	<b>226 601</b>

## 5.11. Stock option schemes

On August 5, 2010, the General Meeting of Shareholders authorised the Board of Directors to grant to a certain number of associates of the Group, on one or more occasions and over a period of 38 months, options entitling them to subscribe for shares

On October 27, 2014, the General Meeting of Shareholders authorised the Board of Directors to grant to a given number of employees of the Group, on one or more occasions, and over a period of 38 months, options entitling them to subscribe for new shares.

The main features of these schemes and the basis of calculation are summarised in the table below:

	Plan n°1	Plan n°2	Plan n°3	Plan n°4	Plan n°5	Plan n°6	Plan n°7	Plan n°8	Plan n°9
Date of the General Meeting	05/08/10	05/08/10	05/09/10	05/08/10	05/08/10	05/08/10	05/08/10	05/08/10	27/10/14
Date of the executive board	05/08/10	05/08/10	31/01/11	30/11/11	15/10/12	15/01/13	15/04/13	04/10/13	27/10/14
Total number of options authorized	544 320	1 260 000							84 500
Total number of options attributed over the previous periods	544 320	315 000	293 750	38 750	342 500	50 000	167 500	50 000	70 000
Total number of options attributed over the current year	-	-	-	-	-	-	-	-	-
Total number of options exercised over the previous periods	- 544 320	- 315 000	- 156 898	-	- 160 812	- 43 570	- 74 506	- 40 355	- 36 258
Total number of options exercised over the current year	-	-	- 2 600	-	-	-	-	-	-
Total number of options cancelled	-	-	- 100 000	- 38 750	- 126 406	- 6 430	- 48 438	- 2 343	- 15 624
Total number of remaining options at 30th June 2018	-	-	34 252	-	55 282	-	44 557	7 302	18 118
Weighted average vesting period (in year)	-	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Share price at the granting date / considered equal to the exercise price	4,00	4,00	4,00	4,60	5,20	5,20	5,20	5,60	7,20
Exercise price (€)	4,00	4,00	4,00	4,60	5,20	5,20	5,20	5,60	7,20
Expected volatility	32%	32%	32%	32%	35%	35%	35%	35%	35%
Weighted average fair value at grant date	-	0,29	0,32	0,37	0,42	0,38	0,37	0,77	1,24

It is specified that Scheme Nos. 1 and 2 are intended for senior executives.

In the case of Scheme No. 1, the rights were immediately acquired on the date of incorporation of SRP Groupe and completion of contributions.

As of December 31, 2018 all of these plans have been completely amortized.

## 5.12. Free Share Schemes

On September 25, 2015, May 30, 2016, June 26, 2017 and June 26 2018, the General Meeting of Shareholders authorized the Board of Directors to grant bonus shares to a given number of employees of the Group, on one or more occasions, and over a period of 38 months.

These plans were implemented at the same time as the IPO.

The main features of these plans and the calculation bases are summarized in the following table:

	Date of the General Meeting	Date of the executive board	Total number of free shares authorized	Total number of free shares attributed over the previous periods	Total number of free shares attributed over the current year	Total number of free shares exercised	Total number of free shares cancelled	Total number of remaining free shares at 31st December 2018	Weighted average vesting period (in year)	Share price at the granting date	Weighted average fair value at grant date
Plan n°1	25/09/15	25/09/15	625 000	625 000	-	- 625 000	-	-	1,0	17,62	16,94
Plan n°2	25/09/15	29/10/15	100 000	100 000	-	- 73 546	- 26 454	-	2,0	17,62	16,94
Plan n°3	25/09/15	29/10/15	400 000	400 000	-	- 188 975	- 211 025	-	2,0	17,62	15,24
Plan n°4	30/05/16	30/05/16	52 500	52 500	-	-	- 52 500	-	2,0	19,19	13,83
Plan n°5	30/05/16	30/05/16	24 003	24 003	-	- 15 950	- 8 053	-	2,0	19,19	13,83
Plan n°6	30/05/16	14/02/17	60 956	57 990	1 846	- 37 738	- 22 098	-	2,0	22,69	17,02
Plan n°7	30/05/16	14/02/17	48 969	46 653	351	-	- 47 004	-	2,0	22,69	17,02
Plan n°8	30/05/16	26/06/17	18 133	17 675	458	- 6 988	- 11 145	-	2,0	23,50	17,63
Plan n°9	30/05/16	26/06/17	100 199	95 450	3 407	- 9 310	- 89 547	-	2,0	23,50	17,63
Plan n°10	26/06/17	04/12/17	340 975	330 000	10 309	- 102 300	- 188 781	49 278	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	251 952	243 800	6 514	- 64 284	- 59 271	126 759	2,0	10,00	7,40
Plan n°12	26/06/17	04/12/17	6 302	6 000	302	-	-	6 302	2,0	10,00	7,50
Plan n°13	26/06/17	14/06/18	10 497	10 000	497	- 3 464	-	7 033	2,0	6,44	4,08
Plan n°14	26/06/17	14/06/18	14 698	14 000	698	- 3 464	- 4 201	7 033	2,0	6,44	4,45
Plan n°15	26/06/18	15/02/19	307 102	-	307 102	-	- 34 988	272 114	2,0	2,60	1,82
Plan n°16	26/06/18	15/02/19	15 200	-	15 200	-	-	15 200	2,0	2,60	1,82
Plan n°17	26/06/18	15/02/19	300 000	-	300 000	-	- 300 000	-	2,0	2,60	1,82
Plan n°18	26/06/18	26/06/19	1 177 704	-	1 177 704	-	-	1 177 704	2,0	2,10	1,47

Depending on the parameters used in determining the fair value, and on the basis of an updated assumption of the turnover rate of beneficiary employees, the expense recognized as "Cost of share based payments" amounts to 160 K€ for the first six months of 2019 (not including flat-rate social security charges).

The total amount to be amortized between 2019 and 2022 in respect of this plan is 931 K€.

## 5.13. Earnings per share

### Basic earnings per share

	H1 2018	H1 2018
Net income for the period - part attributable to Group (in K€)	- 41 725	- 6 943
Average number of ordinary shares	51 813 985	34 605 609
Basic earnings per share (in €)	- 0,81	- 0,20

### Diluted earnings per share

Given the net of loss for the first half of 2019 diluted earnings per share correspond to basic earnings per share.

## 6. GROUP EXPOSURE TO FINANCIAL RISKS

### 6.1. Market risk

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#### Foreign exchange risk

The Group is not highly exposed to foreign-exchange risk with respect to its operational activities. The vast majority of transactions undertaken by its customers via the internet is invoiced or paid in Euros. By the same token, most purchases made from suppliers are invoiced and paid in Euros.

If the Euro appreciates (or depreciates) against another currency, the value in Euros of items of assets and liabilities, income and expenditure initially recognized in this other currency will decrease (or increase). Hence, fluctuations in the value of the Euro may have an impact on the Euro value of items of assets and liabilities, income and expenditure not denominated in Euros, even if the value of these items has not changed in the original currency.

A 10% variation in the exchange-rate parity of currencies other than the functional currencies of the subsidiaries would not have a significant impact on the Group's net income on a full-year basis.

#### Interest rate risk

##### ➤ Short-term investments

The Group is exposed to an interest rate risk with regard to its short-term investments.

The impact of a fall in interest rate by 1 point applied to short-term rates would have no significant impact on the Group's net income on a full-year basis.

##### ➤ Bank loans

The Group is exposed to a risk relating to its external loans. These are the following financings:

- The Group raised a bank loan for 15.0 M€ in 2017 in order to fund its investment in Saldi Privati S.r.l. This bank loan carries a variable interest rate.
- In 2018, the Group also contracted variable rate financing to insure investments

The impact of a fall in interest rate by 1 point applied to short-term rates would have a negative impact of 0.21 M€ on the Group's income before tax on a full-year basis.

### 6.2. Liquidity risk

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In order to manage the liquidity risk which may result from repayment of financial liabilities, whether at their contractual maturity or in advance, the Group implements a prudent financial policy. The company has negotiated a set of banking facilities (including RCF and bank overdrafts) that will enable it to meet its liquidity needs.

As part of its banking contracts, SRP Groupe S.A. undertakes to respect financial ratios:

- The first is calculated on the basis of the net financial debt and the restated EBE,
- The second is calculated on the basis of net financial debt and equity.

Compliance with these clauses is determined at the end of the year.

### 6.3. Credit risk

The financial assets which may, by their nature, expose the Group to a credit or counterparty risk essentially concern:

- Customer receivables and trade pre-payments: this risk is monitored on a daily basis through the collection and recovery processes. Furthermore, the high number of individual customers minimizes the credit concentration risk relative to customer receivables.
- Financial investments: the Group's policy is to spread its investments over monetary instruments with short-term maturity, in general for a period of less than 1 month, in compliance with the rules governing diversification and the quality of counterparties.

The book value of financial assets recognized in the financial statements, which is stated after deduction of impairment losses, represents the Group's maximum exposure to credit risk.

The Group does not hold any significant financial assets that are overdue and not amortized.

## 7. RELATED PARTIES

### 7.1. Related parties having control over the Group

On June 30, 2019, the SRP Group had not granted any loan or borrowing in favor of members of the Group's Management.

During the first half of 2019, no significant transaction had been carried out with shareholders and members of management bodies.

The remuneration of senior executives is detailed in the table below:

<i>in K€</i>	H1 2018	H1 2018
Fixed salaries	336	336
Variable salaries	225	-
Cost of share-based payments	-	-
<b>Total</b>	<b>561</b>	<b>336</b>

Subsidiaries within the Group's consolidation scope carry out transactions between themselves, which are eliminated for the purpose of the consolidated financial statements

### 7.2. Other related parties

As part of its normal business, the Group carries out transactions with entities partly owned by some executives of the Group. These transactions, conducted at market prices, essentially relate to the renting of premises in Sables d'Olonne, the head office in Saint-Denis, the head office in Madrid and the warehouse in Saint-Witz:

<i>in K€</i>	H1 2018	H1 2018
Accounts receivable / payable		
Purchase of goods and services	1 384	2 645



## 8. OFF-BALANCE SHEET COMMITMENTS

### 8.1. Commitments received

No commitments were received by the Group by the end of the reporting.

### 8.2. Commitments given

At December 31, 2018, the amount of off-balance sheet commitments relating to future rents amounted to M€ 22.5. In accordance with IFRS 16 and as indicated in note 2.3, most of these commitments are now recognized in the group's balance sheet. There are no longer any commitments given at the closing date.

## 9. OTHER INFORMATION

### 9.1. Employees

<i>No. of employees</i>	30/06/2019	31/12/2018
Officials	532	554
Employees	462	506
<b>Total Staff</b>	<b>994</b>	<b>1 060</b>

### 9.2. Post-balance sheet events

No events to report.

## B/ HALF YEAR BUSINESS REPORT

The consolidated interim condensed financial statements are established pursuant to the IFRS norms.

### 1. KEY FIGURES FOR H1 2019

(€ million)	H1 2018	H1 2019	Growth
<b>Net revenues</b>	<b>315.5</b>	<b>302.0</b>	<b>-4.3%</b>
Total Internet revenues	307.0	298.0	-3.0%
<b>Gross margin</b>	<b>110.4</b>	<b>88.7</b>	<b>-19.6%</b>
as % of revenues	35.0%	29.4%	-5.6pts
<b>Current operating expenses</b>	<b>-116.7</b>	<b>-119.8</b>	<b>2.7%</b>
as % of revenues	37.0%	39.7%	2.7pts
<b>EBITDA</b>	<b>-0.8</b>	<b>-23.2</b>	
<b>Net results</b>	<b>-6.5</b>	<b>-41.4</b>	

### 2. FIRST HALF HIGHLIGHTS

The first half of 2019 was marked by a deviation of the Group's economic performance from the trajectory of the "Performance 2018-2020" plan. The Group has been impacted by economic factors affecting its business, significant logistics overruns – particularly relating to returns handling – and by a more challenging surplus inventory rundown, which led the Group to record significant impairment on inventories.

These factors have masked the tangible results obtained under the "Performance 2018-2020" plan. The Group is however starting the second half of 2019 on more solid footing and intends to return to profitability during the second half.

Furthermore, the Group has continued to develop its strategic projects.

#### ➤ Internationalisation of logistics tools and direct supplier delivery (dropshipping)

Real progress has been made in preparation for the opening of the Group's new logistics warehouse during the period:

- Provision of building and installation of facilities
- Implementation of the mechanization tool and test phase according to schedule

The opening of the new owned warehouse in the second half should help promote greater efficiency in logistics processes, with increased control over incomings and outgoing. The efficiency gains generated by this extra internal space will result in a decrease in the cost per order on around 20 % of shipments by 2020 and will represent full-year EBITDA saving in the order of 4 million euros.

In addition, dropshipping continued to grow in the Group's offering mix to account for 11.8% of gross Internet sales in the first half, up 5 points compared to the first half of 2018.

#### ➤ Continuation of the operational partnership with Carrefour

The two Groups have made progress in the roll-out of the four synergy priorities identified:

- 1.2 million orders already collected at Carrefour stores over the period, at a preferential rate of 1.99 euros. With a penetration rate between 30% and 40% of the out-of-home flow of Showroomprivé, the two Groups are on track to reach a target of 2.5 million packages over the year;
- Progress in the supply of Carrefour's outlet offer, with an initial clearance test run approved for the end of the period;
- Strong momentum recorded in marketing thanks to a full calendar of upcoming operations;
- Launch of the first data campaign postponed to the end of Q3 / start of Q4 2019.

#### ➤ Updates to the online platform

The Group continued its developments over the first half through enhancing the services and features of its online selling platform. The redesigned homepage, the offers' geolocation, a notification centre, a new IT system to manage all travel business and a supplier portal for the dropshipping offer were set up in the first half of the year.

#### ➤ Appointment of a new Chief Financial Officer

Showroomprivé's management team has appointed François de Castelneau Group Chief Financial Officer, who brings with him extensive experience in the distribution sector. His first assignment will be to return the company to profitability under the "Performance 2018-2020" plan.

### 3. DETAILED COMMENTARY PER INDICATOR TYPE

#### Decline in revenue in an unfavourable environment

(€ million)	H1 2018	H1 2019	Growth (%)
Internet revenues			
France	253.4	248.9	-1.8%
International	53.6	49.1	-8.5%
International (like-for-like <sup>1</sup> )			
<b>Total Internet revenues</b>	<b>307.0</b>	<b>298.0</b>	<b>-3.0%</b>
Other revenues	8.5	4.1	-51.7%
<b>Net revenues</b>	<b>315.5</b>	<b>302.0</b>	<b>-4.3%</b>

*1 Retreated from closures of Polish, German and multicurrency websites*

First half revenues were down 4.3% to 302 million euros, due to a sluggish global economic environment over the first six months of the year, and the mechanical decline in revenues expected in International business.

**Internet sales in France** held up well, posting an economic decline of just 1.8%, in a context of optimisation of around a third of marketing investments. These costs have been redirected towards promoting loyalty amongst repeat buyers, rather than recruiting new ones. Nevertheless, the appeal of the Showroomprivé brand has attracted 360,000 new buyers over the first half. SRP Media, one of the key pillars of the Group's strategy, suffered from an unfavourable comparison base with the lack of one major advertising campaign, such as the one realised in H1 2018 which contributed over €2.5 million. Adjusted for this operation, SRP Media's business was up 8% in line with the strategy, which aims to more effectively monetise the Group's assets.

**Internationally**, the decline in revenues can be attributed in equal part to i) closures in certain countries and ii) a refocusing of the offer, particularly at Saldi Privati in Italy, in order to concentrate on the most profitable

business opportunities and return to profitability in the first half. The second quarter shows a better dynamic and marks a rebound which nevertheless was unable to offset the decline of sales in the first quarter.

**Other revenues, including non-internet sales**, fell sharply. The Group offered considerable discounts in an attempt to run down surplus inventories via its non-internet sales channel, due to a sluggish inventory clearance physical market over the first six months of the year. Logistics difficulties in the handling of returns also weighed on business.

#### Key performance indicators\*

	H1 2018	H1 2019	Growth
<b>buyers (in millions)**</b>	2.3	<b>2.2</b>	-4.4%
of which loyal buyers	78.3%	<b>83.2%</b>	4.9pts
<b>Revenue per buyer (€)</b>	126.7	<b>126.3</b>	-0.3%
<b>Number of orders (in millions)</b>	7.0	<b>6.7</b>	-4.2%
<b>Average Number of orders**</b>	3.1	<b>3.1</b>	0.2%
<b>Average Basket size (€)**</b>	41.0	<b>40.8</b>	-0.6%
	<b>31/12/2018</b>	<b>30/06/2019</b>	<b>Growth</b>
<b>Cumulative buyers*** (millions)</b>	9.0	<b>9.4</b>	0.4

\* Excluding Beauteprimee

\*\* IFRS

\*\*\* "Cumulative buyers" are all buyers who have made at least one purchase on the Group platform since its launch

The Group's performance indicators are resilient in the context of a downturn in activity in the first half of the year and the optimization of marketing investments, confirming the solidity of the model.

Revenue per buyer is thus almost at equilibrium given the decline in the number of buyers (particularly new ones), a change directly linked to the optimisation of marketing costs, which have been redirected towards engagement, loyalty and brand preference.

The number of repeat buyers has thus increased over the first half, representing 83% of buyers and generating 88% of revenues, up three points over the previous year. This increase reflects the efforts made to reactivate its customer base and is in line with its strategy to reduce acquisition expenses, while boosting revenues from repeat buyers.

However, Showroomprivé continued to attract more than 360,000 new buyers during the first half, while drastically reducing the related marketing costs.

The mobile continues its rise with a contribution that continues to strongly support the activity. It represents 84% of the traffic and 69% of the revenues, up by 3 and 7 points respectively.

## Operational performance

(€ million)	H1 2018	H1 2019	Growth
<b>Net revenues</b>	<b>315.5</b>	<b>302.0</b>	<b>-4.3%</b>
Cost of goods sold	-205.1	-213.3	4.0%
<b>Gross margin</b>	<b>110.4</b>	<b>88.7</b>	<b>-19.6%</b>
<i>as % of revenues</i>	35.0%	29.4%	-5.6pts
Marketing <sup>1</sup>	-13.3	-12.1	-9.2%
<i>as % of revenues</i>	4.2%	4.0%	-0.2pt
Logistics and order processing	-74.7	-77.4	3.6%
<i>as % of revenues</i>	23.7%	25.6%	1.9pt
General and administrative expenses	-28.7	-30.3	5.8%
<i>as % of revenues</i>	9.1%	10.0%	0.9pt
<b>Total of current operational expenses</b>	<b>-116.7</b>	<b>-119.8</b>	<b>2.7%</b>
<i>as % of revenues</i>	<b>37.0%</b>	<b>39.7%</b>	<b>2.7pts</b>
<b>Operating income before cost of share-based payments and other operating income and expenses</b>	<b>-6.3</b>	<b>-31.1</b>	
<b>EBITDA</b>	<b>-0.8</b>	<b>-23.2</b>	
of which France	<b>3.7</b>	<b>-19.5</b>	
of which International	<b>-4.4</b>	<b>-3.7</b>	

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

The Group posted an **EBITDA loss** of 23.2 million euros, i.e. a decline of 22 million euros, in line with expectations announced on 26 June. The change in the first half was mainly due to:

- A decline in the gross margin of 21.7 million euros (29.4% of revenues, compared to 35.0% in the first half of 2018) due to:
  - a volume effect of 6.6 million euros related to the decline in internet revenues and SRP Média's reduced contribution (important operation in 2018 not repeated in 2019), hiding the improvement of 1.6 million euros from the increase in the margin rate;
  - logistics malfunctions resulting in an exceptional writedown of inventories and sales of surplus inventories under adverse conditions, for a total of 16.7 million euros;
  - Adjusted for the adverse and non-recurring effects of SRP Média, clearance sales and the impairment of inventories, the gross margin amounted to 35.5%, up 0.5 points compared to the first half of 2018.
- The 3.1 million increase in operating expenses is the result of:
  - the punctual increase in logistics charges of 2.7million euros related to the handling of returns, as well as the deployment of dropshipping, which is currently gaining momentum and requires some adjustments;
  - the 1.6 million euros increase in general and administrative expenses related to the decrease in amortization of 0.9 million euros, the recognition of non-recurring, mainly non-cash items of 2.4 million euros masking the 1,4 million euros decrease related to the cost reduction programme;
  - The optimization of marketing investments allowing the reduction of associated costs for 1.2 million euros.

Restated of all non-recurring and essentially non-cash items, EBITDA would amount to a loss of around 8.1 million euros.

Underlying Operating income before cost of share-based payments and other operating income and expenses amounted to a loss of 31.1 million euros, compared to a loss of -6.3 million euros in the first half of 2018.

### Net income (loss)

(€ million)	H1 2018	H1 2019	Growth (%)
<b>Operating income before cost of share-based payments and other operating income and expenses</b>	<b>-6.3</b>	<b>-31.1</b>	
Other operating income and expenses	0.9	-12.8	
<b>Operating income</b>	<b>-5.3</b>	<b>-43.9</b>	
Cost of financial debt	-0.1	-0.2	
Other financial income and expenses	0.1	0.0	
<b>Profit before tax</b>	<b>-5.4</b>	<b>-44.1</b>	
Income tax	-1.1	2.6	
<b>Net income</b>	<b>-6.5</b>	<b>-41.4</b>	

Other operating income and expenses (-12.8 million euros) composed of non-recurring charges, as follows:

- 2.3 million euros of restructuring charges;
- 1.8 million euros in advisory fees and provisions for risks;
- 3.6 million euros relating to the termination of a project that has ceased to be of strategic value;
- Around 5 million euros in various provisions with no impact on cash.

The Group also recognizes a tax income of 2.6 million euros.

As a result, Group net income stands at -41.4 million euros.

### Cash items

(€ million)	H1 2017	H1 2018	H1 2019
Cash flows related to operating activities	-56.0	-18.7	-28.7
Cash flows related to investment activities	-15.2	-9.9	-30.5
Cash flows related to financing activities	15.0	-0.2	19.9
<b>Net change in cash and cash equivalents</b>	<b>-56.2</b>	<b>-28.8</b>	<b>-39.3</b>

The change in cash over H1 2019 amounted to a net outflow of -39.3 million euros, due to:

- cash flow from operating activities, which amounted to an outflow of -28.7 million euros, reflecting:
  - the below-average performance recorded in the first half;

- cash flows from operating activities structurally negative over the first half of each year (and completely or partially offset in the second half) due to the seasonal nature of the Group's business.
- cash flow from investment activities, which amounted to an outflow of -30.5 million euros, reflecting the payment of 22 million euros for the acquisition of 40% of the residual share capital of Beauteprimee and capex net from disposal of fixed assets of around 8 million euros.
- cash flow from financing activities of +19,9 million euros, of which 20 million euros drawn from short-term financing lines with repayments expected before the end of 2019.

#### **4. MAJOR DEVELOPMENTS SINCE JUNE 30, 2019**

Nothing to declare.

#### **5. MAIN RISKS AND UNCERTAINTIES FOR THE SECOND SEMESTER 2018**

Risks and uncertainties for the second semester 2019 are of the same nature than those described in paragraph 4 of the 2018 registered document.

#### **6. MAIN RELATED PARTIES TRANSACTIONS**

The first half year has not seen any new material transaction, which is considered transaction between related parties.

#### **7. GROUPE TARGETS FOR 2019**

The Group will start the second half of the year on a sound and solid basis and aims to see a return to profitability over this period, without being able to compensate for the delay in the first semester. This turnaround will be driven by:

- The solid engagement of a total of some nine million customers, despite cost optimisation efforts;
- Strong positions in the French e-commerce fashion (No. 4) and beauty (No. 2) markets<sup>1</sup>;
- Ongoing, long-standing relations with supplier brands, still won over by the strong distribution capabilities of the Showroomprivé brand;
- The efforts made to optimise the gross margin rate;
- The visible benefits of savings already achieved;
- Streamlined inventories.

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<sup>1</sup> Source: Kantar Worldpanel / Panel Ecommerce / CAM fin septembre 2018 vs. A-1

## **C/ ATTESTATION OF THE PARTY RESPONSIBLE FOR THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS**

I certify that to the best of my knowledge the consolidated interim condensed financial statements for the first half-year of 2019 were drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets liabilities, financial position and results of the company and the consolidated group of entities and that the half year financial report included herein gives a fair and true view of the significant events that occurred during the first six months of the year, of their effect on the consolidated interim condensed financial statements and of the main related-party transactions as well as a description of the main risks and uncertainties in the remaining six months of the year

La Plaine Saint Denis, on *30 July 2019*

Thierry Petit  
Chief Executive Officer





## D/ STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

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

### SRP Groupe S.A.

Registered office: ZAC Montjoie - 1 rue des Blés - 93212 La Plaine Saint-Denis Cedex

### Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1, 2019 to June 30, 2019

To the Shareholders,

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

- the review of the accompanying consolidated interim condensed financial statements of SRP Groupe S.A., for the period from January 1, 2019 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

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

### I. Conclusion on the financial statements

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

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

Without qualifying our conclusion, we draw your attention to the matter set out in note 2.3 "Accounting standards" to the consolidated interim condensed financial statements regarding the first application on January 1, 2019 of IFRS 16 "Leases" and of IFRIC 23 "Uncertainty over Income Tax Treatments".

## II. Specific verification

We have also verified the information presented in the half-yearly management report on the consolidated interim condensed financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the consolidated interim condensed financial statements.

Paris La Défense, on the 30 July 2019

Paris, on the 30 July 2019

KPMG Audit IS

Jérôme Benainous

Jean-Pierre Valensi

Jérôme Benainous

Partner

Partner