

SMCP

sandro • maje • claudie pierlot • fursac



2024 first quarter

Press release - Paris, April 25th, 2024

Q1 sales down by 5%
in a macroeconomic environment that remains challenging
Detailing the action plan to deliver growth and profitability

First quarter sales

- Q1 2024 sales at €287m, decreasing by -5% on an organic basis vs Q1 2023, against strong comparables.
- Good performance in America, resilience in Europe (excl. France) and slow consumption in China
- Sandro and Maje slight organic growth excluding China
- Maintained stringent discount rate policy, with a 2 points improvement of the in-season discount rate, mainly in Europe and North America
- On-going network optimization with 11 net closings during the quarter, mainly in Asia to reach 1,719 points of sales worldwide

Details and targets of mid-term action plan, based on four key priorities:

- Get back to profitable growth and gain market shares
 - From 2026 onward, once the network is optimized, get back to a mid-single digit sales CAGR
 - EBIT margin c.10% in 2026 and c. 12% by 5-years
- Rebalance geographical footprint
 - Retail: network optimisation with c.100 closings of dilutive stores, mainly in China over the 2 coming years
 - Wholesale: acceleration of the expansion, through partnerships
- Gain in agility and leverage on technological innovation to improve efficiency to deliver profitability
 - Increase the Group's negotiating leverage on all types of expenses
 - Action plan rollout from 2024, with progressive effects, to reach €25m additional EBIT in 2026
- Protect cash to deliver a sound financial structure
 - Asset light investments based on a selective approach
 - Free-cash-flow generation of €50m in 2026

Commenting on these results, Isabelle Guichot, CEO of SMCP, stated: « *As anticipated, our first quarter remained on a similar trend to that seen in the second half of 2023. We are satisfied with our performance in the United States and our resilience in Europe, except in France, where consumer spending remains volatile. In Asia, our business continues to be affected in China by low in-store traffic, while our sales are dynamic in South-East Asia. During the first quarter, we continued to implement our medium-term action plan, and over the coming months we expect to fully benefit from our global geographic footprint and accelerating performance in high-potential regions. We also expect to gain from our latest technological investments (particularly in digital technology) to achieve greater efficiency, and to continue our disciplined management to ensure profitable growth and a solid financial structure»*

| €m except % | | | | |
|---------------------------|----------------|----------------|-----------------------|------------------------|
| Unaudited figures | Q1 2023 | Q1 2024 | Organic change | Reported Change |
| Sales by region | | | | |
| France | 106.0 | 98.2 | -7.4% | -7.4% |
| EMEA | 88.6 | 89.4 | +0.1% | +0.9% |
| America | 39.0 | 42.0 | +8.9% | +7.7% |
| APAC | 71.0 | 57.3 | -15.7% | -19.4% |
| Sales by Brand | | | | |
| Sandro | 146.0 | 140.4 | -2.9% | -3.8% |
| Maje | 113.8 | 108.9 | -3.2% | -4.3% |
| Other brands ¹ | 44.8 | 37.5 | -16.4% | -16.2% |
| TOTAL | 304.6 | 286.8 | -5.0% | -5.8% |

SALES BY REGION

In **France**, sales reached €98m in the first quarter, down -7% on an organic basis vs Q1 2023, which marked a record (Q1 2023 was +13% up vs Q1 2022). The trend in the first quarter 2024 was in line with Q4 2023, but saw an improvement following the end of the official sales period for Sandro, Maje and Fursac, thanks to a good reception of their Spring/Summer collections. While B&M sales were resilient with a nearly flat like-for-like performance for Sandro and Maje, digital sales decreased, impacted by a strong basis of comparison in 2023, especially for Claudie Pierlot.

In **EMEA**, sales amounted to €89m, in line with Q1 2023. This good performance, given the high basis of comparison, was driven by the South of Europe, especially in brick & mortar. The quarter was tougher in the UK, in the continuity of Q4 2023. Retail partners registered a good performance, especially in the strategic markets (Middle East and Turkey). Apart from the temporary impact of a few relocations currently under process, the network remained relatively stable.

In **America**, sales were up by +9% organic vs Q1 2023, at €42m. The region signs the best performance of the Group. The US and Mexico recorded a very good performance for both brands Sandro and Maje. Sales in Canada continued to improve sequentially through the quarter and have been back to a positive trend since February. In line with the Group's strategy of geographical rebalancing, the network increased by 3 net openings in Q1.

In **Asia Pacific**, sales at €57m decreased by -16% on an organic basis vs Q1 2023, with a very polarized situation across the continent. While in Greater China, sales continue to be strongly affected by low traffic in malls, the Group delivered a good performance in South-East Asia (strong double-digit positive in Singapore, Malaysia, Thailand, and Vietnam). To be noted also the first delivery of Fursac merchandise to our South Korea partner. As expected, the network decreased with 10 net closings in China, as initially planned.

¹ Claudie Pierlot and Fursac brands

CONCLUSION AND PERSPECTIVES

After a year 2023 impacted by a challenging macroeconomic environment, and the first quarter of 2024 following the same trend, the Group provides today more details on its mid-term action plan, articulated around four key priorities:

1. Reboost growth and gain market shares

- Continue to work on brand desirability and enhance brand relevance and positioning by reaffirming the place and role of each brand within the portfolio of SMCP: expressing identity, cultivating strategic “raison d’être”, reinforcing the specificities of each brand and developing complementarity while reducing overlap
- Optimize collection architecture and product merchandising, by simplifying merchandising, sharpening collection architecture in stores and boosting the men segment
- Maximize product offer beyond Ready-to-wear by reinforcing existing lines (bags, shoes, and glasses) and by developing new opportunities (beauty, perfume, lifestyle, home, travel and experience)
- Transform digital challenges into opportunities to reboost sales, reaffirm omnichannel leverage and regain profitability
- These initiatives lead to a mid-single digit sales CAGR from 2026 onwards, once the network is optimised

2. Leverage global exposure

- On the retail network, the geographical footprint has been rebalanced between regions. In North America, the network is returning to growth in key areas in the US. In Europe, the network will remain largely stable in the mid-term with some selective optimizations (in Northern Europe and for Claudie Pierlot), some qualitative relocations and flagship openings in capitals. In Greater China, the network will decrease by 15-20% in 2024 (40 DOS) and should continue to be optimized in 2025, to improve productivity. In South-East Asia, qualitative openings are scheduled to capitalize on the momentum of those markets. In total, the hundred of closings are mainly scheduled in 2024 and 2025
- Regarding the non-retail network, the acceleration of development with partners is a proven way to explore markets which could otherwise be challenging to penetrate directly, and with a relative effect on EBIT margin. Mid-term target is to open 40 to 50 sales points per year to increase the non-retail share mix by 5 points, from 8% to 13% of Group sales

3. Gain in agility and leverage on innovation to improve efficiency to deliver profitability

- Optimize production process to enhance Gross Margin by implementing stricter and more transversal buying process for raw materials and components (leverage Group negotiations, rationalize suppliers’ portfolio, review contractual terms), while respecting each brand’s DNA and style asperities
- Accelerate on sustainable innovation by mutualizing the reservation of sustainable raw materials and fibers between brands to assess the potential of innovative materials
- Reinforce technical innovation and leverage artificial intelligence
- Be more agile on Claudie Pierlot’s and Fursac’s development by twisting business models to boost profitability:
 - By reviewing Claudie Pierlot’s existing operating model: optimisation of the network with 30 closings by mid-term in Europe and Asia and capitalize on strong digital penetration
 - By concentrating Fursac’s development on department stores (low capex, traffic driver and variable costs structure)

4. Protect cash to deliver a sound financial structure

- The initiatives detailed above will enable the Group to progressively improve the EBIT by €25m until 2026; thanks to savings in all costs categories:
 - Production costs: more transversality in raw materials and components purchases and leveraging Group negotiations with a rationalized suppliers' portfolio
 - OPEX: rent optimisation in stores (renegotiations) and in HQ, adjustment of staff costs, particularly in China; reviewing indirect purchases (IT, logistics, etc.) by a renegotiation of contract terms; lowering weight of D&A by optimising investments
- The Group's 5-year target remains to reach c.12% of EBIT margin (and to reach c.10% in 2026)
- The priority is given to the most relative investments to optimize free-cash-flow generation, reach €50m in 2026, and accelerate net debt reduction

Management remains fully committed to delivering the action plan and expects effects by mid-term.

NEXT EVENTS

June 6th, 2024 – Annual Shareholders' Meeting

July 25th, 2024 (post market close) – Publication of 2024 first semester results

A conference call with investors and analysts will be held today by CEO Isabelle Guichot and CFO Patricia Huyghues Despointes, from 9:00 a.m. (Paris time).

Related slides will also be available on the website (www.smcp.com), in the Finance section.

APPENDICES

Breakdown of DOS

| Number of DOS | Q1-23 | 2023 | Q1-24 | vs. 2023 | vs. Q1-23 |
|-------------------------|--------------|--------------|--------------|-------------|--------------|
| <u>By region</u> | | | | | |
| France | 456 | 470 | 473 | +3 | +17 |
| EMEA | 391 | 411 | 410 | -1 | +19 |
| America | 164 | 176 | 177 | +1 | +13 |
| APAC | 305 | 316 | 304 | -12 | -1 |
| <u>By brand</u> | | | | | |
| Sandro | 569 | 591 | 586 | -5 | +17 |
| Maje | 476 | 490 | 488 | -2 | +12 |
| Claudie Pierlot | 203 | 210 | 209 | -1 | +6 |
| Fursac | 68 | 82 | 81 | -1 | +13 |
| Total DOS | 1,316 | 1,373 | 1,364 | -9 | +48 |

Breakdown of POS

| Number of POS | Q1-23 | 2023 | Q1-24 | vs. 2023 | vs. Q1-23 |
|--------------------------------|--------------|--------------|--------------|-------------|--------------|
| <u>By region</u> | | | | | |
| France | 457 | 471 | 473 | +2 | +16 |
| EMEA | 505 | 555 | 549 | -6 | +44 |
| America | 196 | 215 | 218 | +3 | +22 |
| APAC | 477 | 489 | 479 | -10 | +2 |
| <u>By brand</u> | | | | | |
| Sandro | 733 | 775 | 767 | -8 | +34 |
| Maje | 611 | 640 | 636 | -4 | +25 |
| Claudie Pierlot | 223 | 233 | 234 | +1 | +11 |
| Fursac | 68 | 82 | 82 | - | +14 |
| Total POS | 1,635 | 1,730 | 1,719 | -11 | +84 |
| <i>o/w Partners POS</i> | 319 | 357 | 355 | -2 | +36 |

FINANCIAL INDICATORS NOT DEFINED IN IFRS

Number of points of sale (POS)

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

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. Like-for-like points of sale for a given period include all of the Group's points of sale that were open at the beginning of the previous period 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 Femme to Sandro Homme or to a mixed Sandro Femme and Sandro Homme store).

Like-for-like sales growth percentage is presented at constant exchange rates.

METHODOLOGY NOTE

Unless otherwise indicated, amounts are expressed in millions of euros. 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 based on rounded amounts.

DISCLAIMER: FORWARD-LOOKING STATEMENTS

Certain information contained in this document includes projections and forecasts. These projections and forecasts are based on SMCP management's current views and assumptions. Such forward-looking statements are not guarantees of future performance of the Group. Actual results or performances may differ materially from those in such projections and forecasts as a result of numerous factors, risks and uncertainties. These risks and uncertainties include those discussed or identified under Chapter 3 "Risk factors and internal control" of the Company's Universal Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on 5 April 2024 and available on SMCP's website (www.smcp.com).

This document has not been independently verified. SMCP makes no representation or undertaking as to the accuracy or completeness of such information. None of the SMCP or any of its affiliate's representatives shall bear any liability (in negligence or otherwise) for any loss arising from any use of this document or its contents or otherwise arising in connection with this document.

ABOUT SMCP

SMCP is a global leader in the accessible luxury market with four unique Parisian brands: Sandro, Maje, Claudie Pierlot and Fursac. Present in 46 countries, the Group comprises a network of over 1,600 stores globally and a strong digital presence in all its key markets. Evelyne Chetrite and Judith Milgrom founded Sandro and Maje in Paris, in 1984 and 1998 respectively, and continue to provide creative direction for the brands. Claudie Pierlot and Fursac were respectively acquired by SMCP in 2009 and 2019. SMCP is listed on the Euronext Paris regulated market (compartment A, ISIN Code FR0013214145, ticker: SMCP).

CONTACTS

INVESTORS/PRESS

SMCP

Amélie Dernis

+33 (0) 1 55 80 51 00

amelie.dernis@smcp.com

BRUNSWICK

Hugues Boëton

Tristan Roquet Montegon

+33 (0) 1 53 96 83 83

smcp@brunswickgroup.com