SRP GROUPE
Public limited company (*société anonyme*) with share capital of €1,367,658.76
Registered office:
1, rue des Blés ZAC Montjoie
93212 La Plaine Saint-Denis Cedex France
524 055 613 Trade and Companies Register of Bobigny

2016 REGISTRATION DOCUMENT

(including the annual financial report)

In accordance with its General Regulation (*Règlement Général*) and, in particular Article 212-13 thereof, the *Autorité des marchés financiers* (the "AMF") registered this Registration Document on April 27, 2017 under number R.17-028. This document may not be used in the context of any securities offering unless supplemented by a Prospectus approved by the AMF. The Registration Document has been prepared by the issuer and its signatories are responsible for its contents.

The registration was granted after verification by the AMF that the document is complete and comprehensible and that the information it contains is consistent, in accordance with the provisions of Article L.621-8-1-I of the French Monetary and Financial Code. It does not imply that the AMF has verified the accounting and financial information presented herein.

Copies of this Registration Document may be obtained free of charge at SRP Groupe's registered office at 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France, as well as on the websites of SRP Groupe, (www.showroomprivegroup.com) and of the AMF (www.amf-france.org).

NOTE

Unless otherwise specified, in this Registration Document:

- the terms the "Company" and "SRP Groupe" mean SRP Groupe S.A.;
- the term "Group" means SRP Groupe S.A. and its consolidated subsidiaries, collectively;
- the term "Base Prospectus" refers to the base prospectus filed with the AMF on September 8, 2015 under number I.15-066;
- the term "2015 Registration Document" (*Document de Référence 2015*) refers to the registration document filed with the AMF on April 28, 2016 under number R.16-034.

Forward-looking Statements

This Registration Document contains statements regarding the prospects and growth strategies of the Group. These statements are sometimes identified by the use of the future or conditional tense, or by the use of forward-looking terms such as "plans", "will", "considers", "envisages", "thinks", "aims", "expects", "intends", "should", "anticipates", "estimates", "believes", "wishes" and "might", or, if applicable, the negative form of such terms and similar expressions or terminology. Forward-looking statements are not historical in nature and should not be interpreted as a guarantee of future performance. The Group's forward-looking statements are based on data, assumptions, and estimates that the Group considers reasonable. They are subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments, including those set forth in Chapter 4 "Risk Factors". Forward-looking statements are contained in several chapters of this Registration Document and include statements relating to the Group's intentions, estimates and targets with respect to its markets, strategies, growth, results of operations, financial position and liquidity. The forward-looking statements referred to in this Registration Document are only made as of the date of this Registration Document. In the absence of any applicable legal or regulatory requirement, the Group expressly disclaims any obligation to release any updates to any forward-looking statements contained in this Registration Document to reflect any change in its objectives or any change in events, conditions or circumstances, on which any forward-looking statement contained in this Registration Document is based. The Group operates in a competitive and rapidly evolving environment; it is therefore unable to anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

Information on the Market and Competitive Environment

This Registration Document contains, notably in Chapter 6 "Business", information relating to the Group's markets and to its competitive position. Some of the information contained in this Registration Document comes from publicly available information that the Group considers relevant, but which has not been verified by an independent expert, including, in particular, information and estimates relating to trends in the online sales sector, sales via mobile devices and tablets as well as trends and characteristics in the event sales industry and the excess inventory sector. The Group believes that this information is helpful in assessing the trends and primary factors affecting its markets. However, given the rapidly evolving and dynamic market in which the Group operates, and the fact that many companies in the market are private and provide limited public information on their financial condition and results of operations, this third-party information may prove to be incorrect or outdated. The Group cannot guarantee that a third party using different methods to collect, analyze or compute market data would arrive at the same results. The Group does not guarantee and can give no assurance as to the accuracy of this information.

Estimation of Mobile Data

Figures relating to the number of visits to the Group's platform from mobile devices and the percentage of overall platform visits generated on mobile devices are determined using a Google Analytics tool which gives an estimation of relevant mobile data based on a large sample of the activity on the Group's platform.

Risk Factors

Investors should carefully consider the risk factors in Chapter 4 "Risk Factors". The occurrence of all or any of these risks could have an adverse effect on the Group's business, reputation, results of operation, financial position or prospects. Furthermore, other risks that have not yet been identified or that are not considered material by the Group on the filing date of this Registration Document could produce adverse effects.

Glossary

A glossary defining certain technical terms used in this Registration Document can be found in Annex I.

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1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

David Dayan, Chairman of the Board of Directors and Chief Executive Officer of the Company

1.2 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT CONTAINING THE ANNUAL FINANCIAL REPORT

"I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this Registration Document is in accordance with the facts and that it makes no omission likely to affect its import.

I certify that, to my knowledge, the financial statements in this document have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, the financial position, and the results of the Company and of all consolidated companies, and that the management report referred to in the cross-reference table in Annex VI of this Registration Document presents a true and fair view of the business trends, results, and financial position of the Company and of all consolidated companies, as well as a description of the principal risks and uncertainties that they face.

I have obtained from the statutory auditors, upon completion of their work, a letter in which they state that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and that they have read the entire Registration Document."

April 27, 2017

David Dayan

Chairman of the Board of Directors and Chief Executive Officer

1.3 NAME AND POSITION OF THE PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Nicolas Woussen
Group CFO
1, rue des Blés, ZAC Montjoie, 93212 La Plaine Saint-Denis Cedex, France
Tel: +33 (0)1 49 46 05 67

2. STATUTORY AUDITORS

2.1 STATUTORY AUDITORS

KPMG Audit IS SAS

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

Represented by Mr. Jean-Pierre Valensi

KPMG – Tour Eqho – 2 avenue Gambetta, 92066 Paris La Défense

Appointed statutory auditor by decision of the general shareholders' meeting of August 5, 2010, for a term of six fiscal years to end at the general shareholders' meeting to be convened to adopt the financial statements for the fiscal year ending December 31, 2016.

At the Annual Shareholders' Meeting of June 26, 2017 convened to adopt the financial statements for the fiscal year ended December 31, 2016, the shareholders will be asked to renew the term of office of KPMG Audit IS SAS for a term of six years, i.e. until the Shareholders' Meeting convened to adopt the financial statements for the fiscal year ended December 31, 2022.

Mr. Jérôme Benaïnous

Member of the *Compagnie Régionale des Commissaires aux Comptes de Paris* (the Regional Association of Auditors of Paris).

80, rue de Prony, 75017 Paris

Appointed statutory auditor in the Company's articles of incorporation and bylaws dated July 29, 2010, for a term of six fiscal years to end at the general shareholders' meeting to be convened to adopt the financial statements for the fiscal year ending December 31, 2016.

At the Annual Shareholders' Meeting of June 26, 2017 convened to adopt the financial statements for the fiscal year ended December 31, 2016, the shareholders will be asked to renew the term of office of Jérôme Benaïnous for six years, i.e. until the Shareholders' Meeting convened to adopt the financial statements for the fiscal year ended December 31, 2022.

2.2 ALTERNATE STATUTORY AUDITORS

KPMG Audit ID SAS

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

Represented by Mr. Jean-Paul Vellutini

KPMG – Tour Eqho – 2 avenue Gambetta, 92066 Paris La Défense

Appointed alternate statutory auditor by decision of the general shareholders' meeting of August 5, 2010, for a term of six fiscal years to end at the general shareholders' meeting to be convened to adopt the financial statements for the fiscal year ending December 31, 2016.

In accordance with paragraph 2 of Article L.823-1 of the French Commercial Code, in its new edition resulting from Law no. 2016-1691 of December 9, 2016, sales companies are now exempt from having to appoint an alternate statutory auditor when the incumbent statutory auditor is neither an

individual nor a one-person business. Consequently, KPMG Audit ID SAS's term of office as an alternate statutory auditor will not be renewed.

Mr. Gad Hazout

Member of the *Compagnie Régionale des Commissaires aux Comptes de Paris* (the Regional Association of Auditors of Paris).

12, rue Guynemer, 94160 Saint-Mandé

Appointed alternate statutory auditor in the Company's articles of incorporation and bylaws dated July 29, 2010, for a term of six fiscal years to end at the general shareholders' meeting to be convened to adopt the financial statements for the fiscal year ending December 31, 2016.

The term of office of Mr. Gad Hazout, alternate statutory auditor, will not be renewed. As a replacement, at the Annual Shareholders' Meeting on June [7], 2017 convened to adopt the financial statements for the year-ended December 31, 2016, shareholders will be asked to appoint Alain Pater SAS (27 ter rue Dauviliers – 91290 Arpajon), member of the *Compagnie Régionale des Commissaires aux Comptes de Paris* (the Regional Association of Auditors of Paris) and represented by Mr. Alain Pater, for a six-year term, i.e. until the Shareholders' Meeting convened to adopt the financial statements for the year ended December 31, 2022.

3. SELECTED FINANCIAL INFORMATION AND OTHER DATA

The selected financial information presented below has been derived from the Group's consolidated and audited financial statements for the year ended December 31, 2016, shown in Section 20.1.1 "Group Consolidated Financial Statements for the year ended December 31, 2016" in this Registration Document.

The Group's annual consolidated financial statements for the year ended December 31, 2016 have been prepared in accordance with IFRS as published by the IASB and adopted by the European Union. They also include comparative information for the year ended December 31, 2015.

These consolidated financial statements were audited by KPMG Audit IS SAS and Jérôme Benaïnous, independent statutory auditors for the Company and members of the *Compagnie Nationale des Commissaires aux Comptes*. The statutory auditors' report on the Group's consolidated financial statements for the fiscal year ended December 31, 2016 is included in Section 20.1.2 "Statutory Auditors' Report on the Group's Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016".

The information shown in this Chapter must be read together with the information contained in Chapter 9 "Operating and Financial Review" in this Registration Document, in Chapter 10 "Group Liquidity and Equity Capital" in this Registration Document and in Section 20.1.1 "Group Consolidated Financial Statements for the Year Ended December 31, 2016" in this Registration Document.

In accordance with Article 28-1 of EC Regulation No. 809/2004, the selected financial information and other Group data for the year ended December 31, 2014 shown in Chapter 3 "Selected Financial Information and Other Data" in the 2015 Registration Document are included for reference purposes in this Registration Document.

3.1 SELECTED FINANCIAL INFORMATION

3.1.1 Income Statement Data

	For the year ended December 31,	
(€ thousands)	**2016**	**2015**
Internet sales		
France	453,729	370,012
International markets	71,709	63,236
Total internet sales	**525,438**	**433,248**
Other revenue [(1)]	14,266	9,584
Total net revenues	**539,704**	**442,832**
Cost of goods sold	332,028	263,679
Gross margin	**207,676**	**179,153**
Gross margin as a % of net revenues	*38.5%*	*40.5%*
Marketing	(25,683)	(26,897)
Logistics & fulfillment	(122,084)	(102,650)
General & administrative expenses	(36,887)	(29,861)
Current income	**23,022**	**19,745**
Depreciation of assets recognized at the time of a merger	(804)	(783)
Cost of share-based payments	(13,295)	(4,089)
Other operating income and expenses	(6,322)	(4,017)

Operating profit	**2,601**	**10,856**
Net finance costs	(690)	(137)
Other financial income and expenses	580	(106)
Profit before tax	**2,491**	**10,613**
Income tax	(2,741)	(5,470)
Net income for the period	**(250)**	**5,143**
EBITDA[2]	**28,251**	**23,723**
EBITDA as a % of net revenues	*5.2%*	*5.4%*

(1) "Other revenue" consists of the Group's sales of products and services offline. This line item is composed primarily of sales made offline to wholesale partners and revenues associated with certain offline promotional services provided to businesses.

(2) The Group calculates EBITDA as net income for the period before expenses for amortization, payments based on shares, non-recurring items, the cost of financial debt, other financing income and expenses and income taxes. EBITDA is not a measure of financial performance under IFRS and the definition of the term used by the Group may not be comparable to similar terms used by other companies. See Section 3.1.6 "EBITDA Reconciliation to Net Income" in this Registration Document for a reconciliation of EBITDA to net income.

3.1.2 Selected Financial Data by Geographic Region

	For the year ended December 31,	
(€ thousands)	**2016**	**2015**
Internet sales		
France	453,729	370,012
International	71,709	63,236
Total internet sales	**525,438**	**433,248**
Other revenues	14,266	9,584
Total net revenues	**539,704**	**442,832**
EBITDA[1]		
France	35,141	30,888
France EBITDA as a % of net revenues[2]	*7.5%*	*8.1%*
International EBITDA	(6,890)	(7,165)
International EBITDA as a % of net revenues[2]	*9.6%*	*(11.3)%*
Total EBITD	**28,251**	**23,723**
Total EBITDA as a % of net revenues	*5.2%*	*5.4%*

(1) See Section 3.1.6 "EBITDA Reconciliation to Net Income", in this Registration Document, for more details.

(2) As a percentage of net revenues in the relevant geographic region (France or International).

3.1.3 Selected Balance Sheet Data

(€ thousands)	As of December 31, 2016	As of December 31, 2015
Goodwill	102,782	81,576
Other intangible assets	39,289	28,861
Tangible assets	15,626	14,833
Other non-current assets[(1)]	6,902	1,180
Total non-current assets	**164,599**	**126,450**
Current assets inventory	82,638	57,068
Trade receivables and similar accounts	36,612	24,014
Income tax receivable	3,519	3,058
Other current assets[(2)]	36,915	27,952
Cash and cash equivalents	97,004	102,982
Total current assets	**256,688**	**215,074**
Total assets	**421,287**	**341,524**
Borrowings and financial liabilities	2,038	2,962
Employee benefits	88	116
Deferred tax	11,628	9,883
Total non-current liabilities	**13,754**	**12,961**
Short-term financial liabilities	966	916
Accounts payable	148,504	100,108
Other current liabilities[(3)]	55,509	39,492
Total current liabilities	**204,979**	**140,516**
Total liabilities	**218,733**	**153,477**
Total shareholders' equity	**202,554**	**188,047**
Total liabilities and shareholders' equity	**421,287**	**341,524**

(1) "Other non-current assets" includes the line items "Other financial assets" and "Deferred tax assets" from the Group's consolidated balance sheet. See Notes 4.4 and 4.12 to the Group's consolidated financial statements.

(2) "Other current assets" mainly includes tax receivables but excludes corporate income taxes and other receivables and pre-paid expenses. See Note 4.7 to the Group's consolidated financial statements.

(3) "Other current liabilities" includes the "Short-term provisions for risks and charges", "Income tax liability" and "Other current liabilities" line items from the Group's consolidated balance sheet. See Notes 4.8 and 4.11 to the Group's consolidated financial statements.

3.1.4 Selected Cash Flow Statement Data

(€ thousands)	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash flow from operating activities before tax	**35,017**	**19,087**
of which change in working capital	13,608	*(303)*
Current income tax paid	*(2,261)*	*(5,141)*
Net cash from operating activities	**32,756**	**13,946**
Net cash from investing activities	**(39,880)**	**(6,408)**
of which acquisition of tangible and intangible assets	(8,400)	*(6,348)*
Net cash from financing activities	**1,146**	**47,714**
of which capital increase and stock option exercises	*2,737*	*48,888*

of which repayment of financial liabilities	*(901)*	*(1,037)*
of which net financial interest paid	*(690)*	*(137)*
Total cash flow for the period	**5,978**	**55,252**

3.1.5 *Free Cash Flow* Reconciliation

	For the year ended December 31,	
(€ thousands)	**2016**	**2015**
Net cash from operating activities	32,756	13,946
Acquisition of tangible and intangible assets	(8,400)	(6,348)
Free cash flow[(1)]	**24,356**[(2)]	**7,598**

(1) Free cash flow is calculated by subtracting capital expenditures and tangible and intangible assets from cash flows related to the Group's operating activities. Free cash flow is not a measure of financial performance under IFRS, and the definition of the term used by the Group may not be comparable to similar terms used by other companies.

(2) The Group's free cash flow in 2016 reflects impacts from changes in working capital, which generated €13.6 million in positive cash flow in 2016. See Sections 10.4 "The Dynamics of Working Capital Requirements" and 10.5.1 "Net Cash from Operating Activities".

3.1.6 EBITDA Reconciliation to Net Income

	For the year ended December 31,	
(€ thousands)	**2016**	**2015**
Net income for the period	**(250)**	**5,143**
Depreciation of assets recognized at the time of a merger	804	783
Depreciation and amortization of tangible and intangible assets[(1)]	5,229	3,978
of which amort. in logistics & fulfillment	*1,787*	*1,665*
of which amort. in general & admin. expenses	*3,442*	*2,313*
Cost of share-based payments[(2)]	13,295	4,089
Non-recurring items[(3)]	6,322	4,017
Net finance costs	690	137
Other financial income and expenses	(580)	106
Income tax	2,741	5,470
EBITDA[(4)]	**28,251**	**23,723**

(1) "Depreciation and amortization of tangible and intangible assets" is composed of amortization and depreciation expenses included in the line items "Logistics & fulfillment" and "General & administration expenses" of the Group's consolidated income statement. See Notes 4.2 and 4.3 to the Group's consolidated financial statements.

(2) See Notes 4.15 and 4.16 to the Group's consolidated financial statements.

(3) "Non-recurring items" is composed of the costs that the Group views as non-recurring. In 2016, these costs mainly included expenses relating to the cessation of business activity of SR30, the fees associated with the acquisition of Saldi Privati, donations to the Enterprise Showroomprivé Foundation and restructuring costs for the Purchasing, Logistics and Support functions. In 2015, these costs primarily related to the costs associated with the admission of the Company's shares to trading on the regulated market of Euronext Paris in October 2015.

(4) EBITDA is not a measure of financial performance under IFRS, and the definition of the term used by the Group may not be comparable to similar terms used by other companies.

3.2 SELECTED OPERATING INFORMATION

	December 31, 2016*	2015
Members[(1)]		
(as of the date indicated)		
France	19,553,044	16,786,641
International	8,728,590	7,781,145
Total members[(1)]	**28,281,634**	**24,567,786**
Buyers[(2)]		
(for the year or six months ending at the date indicated)		
France	2,767,336	2,388,603
International	466,265	478,817
Total buyers	**3,233,601**	**2,867,420**
Cumulative buyers[(3)]		
(as of the date indicated)		
France	5,561,567	4,520,179
International	1,195,263	996,611
Total cumulative buyers	**6,756,830**	**5,516,790**
Orders[(4)]		
(for the year or six months ending at the date indicated)		
France	11,944,652	10,042,947
International	1,660,404	1,704,738
Total orders	**13,605,056**	**11,747,685**
Average internet revenue per buyer[(5)]		
(for the year or six months ending at the date indicated)		
France	164.0	154.9
International	135.7	132.1
Total Group	**159.9**	**151.1**
Average number of orders per buyer[(6)]		
(for the year or six months ending at the date indicated)		
France	4.3	4.2
International	3.6	3.6
Total Group	**4.2**	**4.1**
Average basket size[(7)]		
(for the year or six months ending at the date indicated)		
France	38.0	36.8
International	38.1	37.1
Total Group	**38.0**	**36.9**

* The selected operating information for fiscal year 2016 is provided without taking into account the consolidation of Saldi Privati.

(1) "Members" is defined as the cumulative number of registered accounts on the Group's platform.

(2) "Buyers" is defined as the number of buyers who have made at least one purchase on the Group's platform during the applicable period.

(3) "Cumulative buyers" is defined as the cumulative number of buyers that have made at least one purchase on the Group's platform at any time since its launch.

(4) "Orders" is defined as the total number of orders placed on the Group's platform during the applicable period.

(5) "Average internet revenue per buyer" is calculated as the Group's total net internet sales in the applicable period divided by the number of buyers during the applicable period.

(6) "Average orders per buyer" is calculated as total orders in the applicable period divided by the number of buyers during the applicable period.

(7) "Average basket size" is calculated as the Group's total net internet sales in the applicable period divided by total orders made on the Group's platform in the applicable period.

4. RISK FACTORS

Investors should carefully consider all the information set forth in this Registration Document, including the risk factors described in this Chapter. At the filing date of this Registration Document, these are risks that the Company believes could have a material adverse effect on its business, results of operations, financial position and outlook, if they were to occur. Investors should note that there may be other risks that have not yet been identified at the filing date of this Registration Document, or the occurrence of which, at said date, is not considered likely to have a material adverse effect on the Group's business, results of operations, financial position and outlook.

4.1 RISKS ASSOCIATED WITH THE BUSINESS AND THE INDUSTRY SECTOR

4.1.1 Risks Associated with the Group's Product Offering and Event Sales Model

4.1.1.1 If the online event sales model ceases to be attractive to consumers or brand partners or if the market becomes saturated, the Group's business, financial position and results of operations may suffer.

The online event sales model adopted by the Group differs from the traditional online retail model in many respects. If consumers or brand partners are dissatisfied with their experience during the Group's event sales or with event sales offered by competitors, their interest and enthusiasm for event sales in general may decline. This could make it more difficult for the Group to attract new members to its platform, to convert members into buyers, to retain them and encourage repeat sales, or to forge and retain relationships with partner brands. If consumers no longer consider the online event sales to be a shopping experience that is enjoyable, entertaining or a source of value, or if for some other reason they were to lose interest in shopping in this manner, or if brand partners lose interest in selling goods via this channel, the Group may be unable to maintain its growth or achieve its objectives. If the market for online event sales were to become saturated or decline generally, this could have a material adverse impact on the Group's business, financial position and results of operations.

4.1.1.2 An inability to offer products at consistently significant discounts could reduce the appeal of the Group's online sales platform.

The success of the Group's online event sales model is highly dependent on its ability to offer products at significant discounts to retail prices. The Group operates in a fiercely competitive sector. Consumers, including the Group's members, are increasingly tech-savvy and able to compare prices between various sites. If the Group is unable to provide compelling discounts to consumers, it may be more difficult for it to recruit them as members and grow its membership base. Additionally, members of the Group could decide not to buy the Group's products and not return to the online sales platform if the prices for merchandise are not perceived by them as competitive. In this case, the Group's membership numbers, website and mobile traffic as well as sales could decline. Its reputation could suffer, and the Group could become a less attractive partner for brand partners. The Group could be unable to offer discounts at attractive levels for a variety of reasons which may not be within its control, including reduced availability of excess inventories from brand partners, increased competition for excess inventories, general supply and demand dynamics in this particular market, increases in brand partners' cost of sales or operating costs, or changes in brand partners' preferences regarding the channels they use to distribute inventory. Inability to continue to offer attractive prices could have a material adverse effect on the Group's business, financial position and results of operations.

4.1.1.3 The Group may be unable to maintain its current relationships with popular brands or build relationships with other popular brands on acceptable terms.

The success of the Group's online sales platform is highly dependent on its ability to offer an attractive and diversified range of products from quality brands. The ability to do so depends on the

Group's relationships with its brand partners. Although the Group has long-term relationships with certain brand partners, it does not have long-term or exclusive supply contracts with its brand partners. Maintaining strong relationships with brand partners and establishing relationships with new brand partners are factors that are important for ensuring that the Group has sufficient continual supply. The Group works with a large number of brand partners (the top ten brands that generated the highest amount of gross internet sales in 2016 did not account for a substantial percentage of its gross internet sales), which limits its exposure to any specific brand partner. However, if popular brands ceased doing business with the Group, stopped supplying it with popular items, or materially changed, negatively for the Group, the terms on which they supply their products, the Group might be unable to offer attractive products to its members, and its popularity and own brand could be negatively affected. If the number of popular brand products offered on the Group's platform were to fall, the platform could become less attractive for other brand partners and/or consumers and might result in a decrease in membership growth and the loss of active members, platform traffic and sales, which could have a material adverse effect on the Group's business, financial position, operating results and revenue.

4.1.1.4 Failure to anticipate and respond to fashion and other retail product trends may materially and adversely affect the Group's business, financial position and operating results.

The Group's products must appeal to a broad range of current and potential members whose preferences are subjective, difficult to predict and subject to change. The Group's growth and financial performance depend on its ability to identify, originate and define retail product trends and to anticipate, gauge and react to ever-changing consumer preferences quickly and efficiently. If the Group were unable to offer attractive products that appeal to its target consumer base, it could find it difficult to sell the products it offers, fail to sustain growth in new members or be unable to maintain the loyalty of existing members. The occurrence of any one of these factors could adversely affect the Group's business, financial position and operating results.

Consumer trends and expectations change rapidly and are difficult to predict. The Group's presence in numerous countries and multiple product categories may intensify this effect. The fashion industry, in particular, is highly sensitive to changes in consumer preferences, fluctuations in fashion trends, and seasonality. The Group derives a significant portion of its revenues from fashion-related merchandise (see Section 6.5.5 "Product Offering" of this Registration Document), which accounted for 53%[1] of gross internet sales in 2016. Fashion-related merchandise is a category that is particularly important for the Group's business. Although the Group endeavors to select items with timeless appeal that are less subject to changing trends in style and a significant part of its fashion items are typically sourced from current year collections, the Group also sources some fashion items sold on its sites from prior year collections or prior seasons. If the Group is unable to offer an attractive mix of fashion products for its members, its fashion sales will suffer, which could have a material adverse impact on its business, financial position and operating results.

The Group also offers other product categories such as beauty products, home decor, furniture, equipment, household and electronic appliances, food & beverages and travel. Each of these categories is subject to its own set of consumer tastes and preferences. The Group's experience and expertise in identifying trends relating to the Group's current product categories may not be applicable to new product categories into which it might expand. Failure to successfully identify and respond to constantly changing consumer tastes and preferences in the each product category that the Group offers could adversely affect the Group's business, financial position and operating results.

4.1.1.5 The Group's inability to convert existing members into buyers or to generate member loyalty and drive repeat purchases could make it more difficult to generate revenues.

1 Excluding the contribution of Saldi Privati

The Group has historically been successful at converting members into buyers, even long after they first register on the platform. The Group schedules its operations and forecasts business based on analysis of historical rates of conversion, but there is no guarantee that it will be able to continue to convert members to buyers at the current rate, or at all, and any failure to convert existing members could have an adverse effect on growth and revenues.

The Group's revenues also rely heavily on repeat buyers to generate revenues, with sales to such buyers generating 75% of its gross internet sales in 2016. If the Group fails to encourage loyalty and repeat purchases for any reason, especially due to an inability to offer buyers sufficiently attractive products and services or an inability to effectively re-engage buyers with the Group's platform, it could have a material adverse effect on the Group's revenues. The Group schedules its operations and strategy on the assumption that it will be able generate such loyalty among its members and if these assumptions prove to be incorrect, the Group may fail to achieve its expected results. In addition, because attracting new members and converting new buyers is more expensive for the Group than converting existing members into buyers and re-engaging with existing buyers, any failure to maintain conversion rates or generate member loyalty may force the Group to incur increased marketing and member acquisition costs. As a result, the Group's business, financial position and operating results may be materially and adversely affected.

4.1.1.6 The Group bases decisions regarding expenditures on new member acquisition primarily on its analysis of the net sales generated from members acquired in prior periods. The estimates and assumptions the Group makes in the course of this analysis may not accurately reflect its future results, and may lead to inefficient marketing allocations.

The Group's success depends in large part on its ability to attract new members and to convert them into buyers cost effectively. To determine an efficient strategy, the Group relies on analysis of the net sales generated from members acquired in earlier periods, compared to the cost of acquiring these members. The data thus analyzed inherently reflects a distinct group of brand partners and members and may not be representative of the current or future composition of the Group's brand partners or members, particularly as the Group grows and its number of Members broadens. If the Group's assumptions regarding repeat purchase rates of active buyers, expected order sizes, member loyalty rates or other key performance indicators prove to be incorrect, the cost of acquiring members or converting them into active members may be higher than expected. If the Group's assumptions regarding marketing are inaccurate, the Group may allocate resources to marketing strategies that ultimately prove to be less effective than expected. The Group's ability to generate net sales from its investments in new member acquisitions may be lower than it has assumed or than it has experienced in the past. The Group may need to increase expenses or otherwise alter its strategy, which could have a material adverse effect on its business, financial position and operating results.

4.1.1.7 The failure by brand partners to deliver quality goods, on time, could have a materially adverse effect on the Group's business, financial position and operating results.

The Group sources products from numerous domestic and international manufacturers, distributors and resellers. The Group's brand partners are subject to various risks that could limit their ability to provide the Group with high-quality merchandise on a timely basis, and on the agreed terms. These risks include, among others, labor disputes, boycotts, natural disasters, trade restrictions or disruptions, currency fluctuations and general supply and demand dynamics in this particular market and the political environment. The Group could also become subject to legal or regulatory prosecution if suppliers provide it with products that do not comply with applicable laws or regulations, including laws and regulations relating to product safety, embargoes, environmental protection, and standards relating to employment and factory conditions, geographical selling restrictions or distribution channel restrictions of brands. If the Group's suppliers provide it with products on terms that the manufacturers or other retailers of these products consider to be in violation of distribution contract restrictions, the sale by the Group of such products could damage the Group's reputation with such manufacturers, with other of the Group's brand partners or with its customers. Suppliers also may

supply the Group with counterfeit products or products that are unsafe or do not comply with consumer protection regulations. If the public thought that unsafe, non-authentic or counterfeit goods were being sold on the Group's website, this could damage the Group's reputation, reduce the Group's ability to attract new members or retain the Group's current members, and diminish the value of the Group's brand. Failure by brand partners to provide products that meet the Group's quality standards or the quality standards of its members, or late delivery of products, could damage the brand and reputation of the Group and oblige it to incur additional costs. The Group also uses solutions and means furnished by certain commercial partners through agreements allowing it to do business on a white label basis. Any one-time or complete default by one of the suppliers with which the Group does business could result in lost revenues and damage to the Group's reputation with its customers.

4.1.1.8 Failure to achieve an appropriate mix between the Group's consignment sales and firm sales models may lead to reduced sales or profitability.

The Group sells products through a mix of firm sales and consignment sales. In 2016, 80% of all gross internet sales were generated by private product consignment sales and 20% of gross internet sales were generated by private firm sales. This mix has remained stable over the past several years. Increases in the percentage of the Group's sales that are made on a firm basis will generally increase the Group's inventory risk. In the event such firm sales are not successful or trends change, the Group may be left with excess inventory, which may become obsolete or outdated and thus lose value, and may be forced to liquidate such inventory in a manner that is not cost-effective or may be unable to dispose of it at all, which could affect operating results. Increases in the percentage of sales that are operated on the consignment sales model may reduce the percentage of items that the Group can deliver on an express basis because the Group generally does not order the inventory until the products have been ordered by buyers. Inability to deliver purchases promptly could decrease member satisfaction and the perceived value of the Group's service. If the Group fails to properly manage the risks of the different sales models offered on its platform, it could have a material adverse effect on the Group's business, financial position and operating results.

4.1.1.9 The majority of the Group's purchases from brand partners are made on a consignment basis. For these sales, the Group generally does not hold inventory until products have been ordered by buyers, which results in slower delivery time than other e-commerce retailers.

For consignment sales, which make up the majority of the Group's sales by volume and revenue, the Group usually does not order inventory from its brand partners until after the products have been ordered by its buyers. As a result, the time from when an order is placed on its sales platform to when the product is delivered to the buyer is longer than for many other traditional e-commerce retailers who carry significant inventory and are able to offer quicker delivery. The slower delivery times inherent in consignment sales may limit consumer enthusiasm for online private sales retailers relying on such consignment sales. If the Group is obliged to reduce its delivery times to meet consumers' demands, it may need to increase the number of its purchases that are made on a firm basis, which could increase its working capital requirements and exposure to unsold inventory, require larger facilities to house the additional inventory and could adversely affect its business, financial position and operating results, in general.

4.1.2 Risks Related to the Group's Expansion Strategy

4.1.2.1 The Group's international operations and expansion strategy exposes it to risks.

Targeted international expansion is a key part of the Group's growth strategy. Although the Group's largest market and its headquarters are in France, at December 31, 2016 the Group sells its products in seven other markets through dedicated websites, and makes it possible for members from over 160 countries to make purchases in their local currency through the Group's English-language website. In addition, the Group has been rolling out a multi-location international development strategy since

2016 to get closer to its client base and boost local teams. As a result, the Group has opened local offices in Spain, Germany and Italy, notably with the acquisition of Saldi Privati, and had more than 110 employees abroad in 2016. The Group also sources its products from international brand partners, and especially from European brands. In 2016, nearly 43% of the Group's brands were international. The Group's international business accounted for 13.3% of Group revenues, and for 18.4% when Saldi Privati's contribution over 12 months is included.

The international scope of its operations exposes the Group to complexities that increase the risks associated with its business, that include in particular:

- the need to localize the Group's product offerings, payment options, delivery options and member care services, including translation of materials into foreign languages, adapting to local practices and cultural standards, as well as to compete against other retailers or competitors who may be more familiar with the local market;

- exposure to different consumer demand dynamics that may impact the success or attractiveness of the online private sales model or require the Group to adopt different strategies that may carry more risk to the Group's business;

- subjecting the Group's operations to different legal and regulatory requirements;

- the potential for unexpected changes in legal, political or economic conditions in the countries from which the Group sources, or into which it sells, its merchandise; and

- fluctuations in foreign exchange rates against the euro, in the case of the Group's operations outside the Eurozone (currently, mostly the exchange rate with Polish zloty and, to a lesser extent, the British pound sterling).

If the Group fails to adequately manage the risks associated with its international operations, or if one or more of the risks associated with international operations materializes, it could have a material adverse effect on the Group's reputation, business, financial position and operating results.

4.1.2.2 The Group's potential expansion into new product categories may not be successful.

The Group may choose to expand its online private sales model into new product categories. Any such expansion would require the Group to select and work with different brand partners and to understand different market dynamics and consumer preferences. The Group's experience and expertise with respect to product selection in its current product categories may not be applicable to the new product categories into which it expands. Moreover, consumers may be less comfortable purchasing certain product categories through an online or mobile platform. If the Group offers new products or categories that members do not like, it may incur expenses that are not offset by sales, its sales may fall short of expectations, and its reputation may suffer. Furthermore, if the related products were purchased from brand partners on a firm rather than on a consignment basis, the Group may be forced to hold hard-to-sell excess inventory or sell this inventory below cost, which could negatively impact the Group's operating results.

4.1.2.3 The Group may from time to time pursue acquisitions which may result in significant additional expenses, or difficulties in merging the acquired operations, or failure to achieve anticipated benefits.

To accelerate its growth, particularly in international markets, the Group may decide to acquire other companies, businesses or assets. Thus, in November 2016, the Group acquired Saldi Privati, a major online sales company in Italy that has 2.7 million members and achieved €44 million in revenues in

2015, making the Group the second largest online event sales company in Italy[1] (for more information, see Section 5.1.5 "Group History" in this Registration Document). The Group intends to continue expanding its international business through meticulously selected acquisitions in markets where buying a dynamic local company would enable the Group to effectively grow its presence.

However, acquisitions involve numerous risks, including but not limited to:

- difficulties in integrating the technologies, operations, existing contracts and personnel of acquired businesses;
- difficulties in supporting and transitioning customers, service providers or suppliers of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance, accounting practices or employee or member issues;
- occurrence of unexpected events, circumstances, litigation or legal obligations related to companies or customers acquired without the Group being certain that it can be compensated by the vendor(s) pursuant to indemnity warranties or commitments granted as part of the acquisition concerned, where applicable;
- difficulties adapting the Group's services to local market demands or local business practices where the acquired companies operate;
- risks of entering new markets in which the Group has limited or no experience;
- potential loss of key employees, buyers and brand partners from the Group's current business or an acquired company's business;
- inability to generate sufficient net revenue to offset acquisition costs;
- additional costs or equity dilution associated with funding the acquisition; and
- potential write-offs or impairment charges relating to acquired businesses.

If, in the context of an acquisition, the Group fails to properly assess the merits of the acquisition target, incurs additional costs that are not offset by increased revenues, fails to integrate the target acquisition into its business properly and in a cost-efficient manner, or incurs liabilities that prove to be larger than anticipated, it could have a material and adverse effect on the Group's business, financial position and operating results.

4.1.2.4 Failure by the Group to effectively manage and provide for growth may negatively affect its business, financial position, operating results and prospects.

The rapid growth of the Group's business to date has placed, and any future growth is expected to continue to place, significant demands on its management, its operational infrastructure and its

1 Company calculation using the Osservatorio eCommerce B2c Netcomm – Politecnico di Milano and Bureau van Dijk databases.

financing capacity. In an uncertain and changing market environment, the Group's managers must predict its future business needs and initiate effective plans to provide for sufficient business capacities and achieve growth or to manage any challenges that may arise as the Group implements its growth strategy. Any failure to accurately foresee the needs of the Group's business may result in service interruptions, slower or interrupted growth, or an inefficient or suboptimal allocation of resources.

There can be no assurance that the Group will successfully execute its strategies for expansion or properly allocate its resources, or that its strategies will lead to growth or be cost efficient in a timely manner or at all. Any failure to successfully plan for growth and execute an effective strategy may have a material adverse effect on the Group's business, financial position and operating results.

4.1.3 Risks Related to the Group's Industry and Competitive Environment

4.1.3.1 If the percentage of consumers buying goods and services online and via mobile devices grows at slower than expected rates, fails to grow or declines, the Group may have difficulty meeting its growth objectives.

Growth in the percentage of consumers that buy goods and services online is important for the Group's business because it increases the Group's pool of potential new members. Although e-commerce and mobile commerce penetration have grown rapidly in recent years in each of the European markets where the Group operates, the rate of future growth and the ultimate penetration rates these sales channels will achieve are uncertain. The online or mobile retail markets in Europe may fail to grow at rates experienced in the recent past, at rates projected by industry analysts, or at all. Slowing growth, stagnation or contraction in e-commerce or m-commerce penetration could make it more difficult or more expensive for the Group to achieve its growth objectives, which could have a material adverse effect on the Group's business, financial position and operating results.

4.1.3.2 Failure to successfully adopt new technologies or to adapt the Group's websites and mobile apps to changing consumer preferences in a timely manner may make it more difficult to attract new members or sustain platform traffic and sales.

The e-commerce and m-commerce markets are characterized by rapid technological change. If the Group fails to adapt to such changes and continually improve its current technological platform, the attractiveness of the Group's sales platform could decline, which could limit its growth or lead to declining revenue. If competitors introduce new technologies or capabilities, including innovations in search and sorting functions, online marketing communications, social networking or other services to enhance users' online experience and the Group is unable to effectively and rapidly offer similar technologies or capabilities, the popularity of the Group's sites and mobile apps may decline. The Group's efforts to develop new, efficient and attractive online interfaces and mobile apps for a variety of devices in a timely and cost-effective manner may entail significant investment and may ultimately fail to meet desired objectives or address the changing preferences of consumers. The Group's international operations also may place additional pressure on it to innovate and tailor its technological platform to adapt to local needs. Failure to successfully respond to changing technology could have a material adverse effect on the Group's business, financial position and operating results.

4.1.3.3 If the Group is unable to keep pace with changing mobile technology and effectively respond to consumer preferences for shopping with mobile devices, its business, financial position and operating results may be adversely affected.

The Group believes that mobile apps and websites are important for its future growth because they generate traffic, constitute a marketing contact, increase member engagement, increase sales and increase member loyalty. Any deterioration in the ability of consumers to access the Group's website or applications on mobile devices could diminish platform traffic and sales.

To optimize the mobile shopping experience, the Group is dependent on its members downloading its specific mobile apps for their device as opposed to accessing its websites from an Internet browser on their mobile device. Mobile is a quickly-developing market space, and as new mobile devices and platforms are released, the Group may encounter difficulties in developing applications for these devices and platforms. The Group may need to devote significant resources to the creation, support and maintenance of such applications. If problems arise in the Group's relationships with providers of mobile operating systems or mobile app download stores or if the Group's applications receive unfavorable treatment compared to competing applications, the Group could face increased costs to distribute or to have members use its mobile app. The occurrence of any of these risks could negatively affect the Group's mobile growth.

Any development that makes it more difficult or more expensive for consumers to access and use the Group's websites and applications on their mobile devices could adversely affect membership growth, traffic and engagement. Continued growth in the mobile space depends on the Group's various geographic markets continuing to have effective and accessibly-priced mobile telephone and internet networks. Significant increases or changes in rates charged to access internet on mobile devices could adversely affect the use of the Group's mobile apps and mobile sites.

4.1.3.4 The Group operates in a competitive industry, and competitive pressures could affect the Group's sales and growth.

The Group operates in a rapidly evolving and intensely competitive industry. The Group faces significant competition from both established and more recent competitors and may face competition from new entrants in the future. The Group competes for consumers in the market on the basis of a number of factors, including price, the convenience, efficiency and reliability of its user experience, brand partner relationships, product quality and selection, variety of product categories and brands, customer service and fulfillment, convenient payment methods and delivery capabilities. The Group also competes to attract brand partners based on a number of factors, including the size, composition and purchasing habits of its consumer base, its reputation and brand strength and its marketing and production values. The Group may fail to establish or maintain a sustainable competitive advantage in any or all of these categories.

The Group's main competitors are other online private event sales retailers. General e-commerce retailers, traditional offline retailers and online marketplaces may also employ private event sale practices. The Group's competitors may have greater scale, more comprehensive product offerings, more expansive geographic coverage, greater financial, technical, marketing and personnel resources, more developed logistical capabilities, a larger number of members, greater brand name recognition and/or longer-established relationships with brands and consumers than the Group has. New market entrants may appear with different competitive advantages including new business models, and some competitors that are smaller today may be acquired by, receive investment from, or enter into strategic relationships with well-established and well-financed companies or investors who would enhance their competitive positions. Moreover, many of the Group's brand partners sell their products directly to end-purchasers through other channels. The Group could experience additional competitive pressure if such partners initiate or successfully expand their own retail operations to include their own online private sales channels. These competitive pressures may have a material adverse effect on the Group's business, financial position and operating results.

4.1.3.5 The Group operates in an evolving industry. Consequently, the Group's past results may not be relevant in enabling it to plan and provide for future performance, and the price of its shares may be affected by fluctuations in its future results.

The Group has experienced substantial growth in many key performance indicators and revenues over the past few years. However, given the rapidly evolving nature of its industry, it is difficult to assess its prospects and forecast its needs in terms of operational capacity and resources, technology requirements and product volumes and customer services. The Group uses accumulated data

regarding its business to assist in its business decision-making but there can be no assurance that this data will be relevant or provide predictive value. Changes in its industry, and the unpredictability of the Group's business could result in big fluctuations and unpredictable semi-annual and annual operating results. As a result, comparing operating results on a period-to-period basis may not be meaningful. The Group's past results should not be relied on as an indication of its future performance. This variability and unpredictability could also result in the Group failing to meet its objectives.

4.1.3.6 The Group's business is subject to seasonal revenue fluctuations.

The Group experiences seasonal trends in its business, and its mix of product offerings varies from day-to-day. A significant portion of the Group's revenues come from fashion-related products the sales of which are highly seasonal in nature. The fourth quarter of the year typically provides a greater proportion of the Group's revenues than the other three quarters – in 2016, for example, the Group achieved 35% of its gross internet sales during the fourth quarter. The month of November is typically the Group's strongest sales month as members make purchases ahead of the year-end holiday season. Members tend to purchase different types of products, and in different volumes, throughout the year. This variability may make it difficult to predict sales and can result in significant fluctuations in the Group's net sales from period-to-period. It may also make it more difficult for the Group to effectively determine the mix of sales to offer and the quantities of merchandise that it should source from brand partners. The Group bases its investment plans on its estimates of net sales and gross margins and it may be unable to adjust its spending quickly if net sales or gross margins diverge from expectations.

Moreover, as a result of this seasonality in the Group's business, any factor that negatively affects its operations during periods in which it usually generates more revenue than other periods, particularly in the fourth quarter of the year, could have a disproportionately adverse effect on its revenue for the year. These factors include unfavorable economic conditions in the markets in which it operates at the relevant time, disruptions to the Group's or its partners' logistics or fulfillment platforms, and adverse weather conditions such as unusually warm winters or late summers. If the Group's business growth slows or ceases, the impact of these seasonal fluctuations on its operating results could increase. Seasonal variations could also cause the Group's inventory, working capital requirements and cash flows to vary from quarter to quarter. Any one or more of these factors could have a material adverse effect on the Group's business, financial position and operating results.

4.1.3.7 Failure to develop and maintain a strong brand for Showroomprivé could adversely affect the Group's reputation, business and growth prospects.

In a highly competitive market, the Group relies on the recognition and reputation of its brands - particularly the showroomprive.com brand - to attract new members, distinguish itself from its competitors, sustain interest in its online private sales events, as well as attract and retain brand partners. Building and maintaining the showroomprive.com brand depends on effective brand marketing campaigns, reliable delivery of high-quality products, strong service to members, and on providing an effective and financially attractive market for the Group's brand partners. The Group's brand advertising campaigns may require significant investments yet ultimately fail to achieve their objectives. Member complaints or negative publicity about the Group's websites, mobile apps, products, delivery times, returns processes, member data handling and security practices, member support or other matters particular to internet platforms, such as blogs, online ratings, review services and social media websites could have a material negative impact on the Group's reputation and on the popularity of its online sales platform. Adverse publicity affecting the brand could require the Group to make substantial investments in an effort to build, support or repair its brand image, and such investments may not be successful. If the Group fails to build the showroomprive.com brand or if it incurs excessive or misdirected expenses in this effort, it could have a material adverse effect on its business, financial position and operating results.

4.1.3.8 Economic downturns in the markets in which the Group operates may adversely affect consumer demand.

The Group's performance depends on global and regional economic conditions affecting its markets. Economic conditions may be affected by numerous factors (including reduced consumer spending, an economic slowdown in the wake of terrorist activity, or related to the fear that such activity will occur). Certain product categories that the Group sells, including the fashion-related products from which it generates the majority of its revenue, are particularly sensitive to economic downturns. The Group generates a large majority of its revenues in France and substantially all of its revenues in Europe. Both France and Europe generally have experienced a weak economic environment in recent years, which may persist in the future. In January 2017, for example, the IMF projected Eurozone GDP growth of 1.6% in 2017 and 2018, and GDP growth in France of 1.3% in 2017 and 1.6% in 2018 (Source: IMF World Economic Outlook, January 2017). If members of the Group reduce the quantity or value of their purchases on the Group's platform because of a weak economic environment throughout the markets in which the Group operates, it could have a material adverse effect on its business, financial position and operating results.

4.1.4 Risks Related to the Group's Operations

4.1.4.1 Interruptions of service on the Group's platforms could lead to lower sales, processing delays, loss of members or brand partners, and loss of data.

The Group's business, its ability to acquire, retain and serve its members, and its reputation, are dependent on the reliable performance of its technology platform and the underlying network infrastructure. Although the Group has designed its systems to be scalable, significant future investments may be needed to allow the Group to keep pace with growth in the number of members and orders or to add new functionality to its existing systems. If the Group experiences interruptions in any of its main front or back office systems, whether due to system failures, computer viruses, physical or electronic break-ins, undetected errors, design faults, unexpected spikes in platform traffic (including as a result of distributed denial-of-service attacks) or to other unexpected events or causes, this could affect the availability or functionality of the Group's websites and mobile apps, or prevent its members from accessing its sites or purchasing goods and services.

The Group currently makes use of several data center hosting facilities located in France that are managed by a third-party service provider. Although the Group has installed back-up systems to mitigate the risk of component or system failure, any damage to, or failure of, the Group's servers in these facilities or the systems of the Group's other third-party IT service providers, could result in breakdowns in the availability or functionality of the Group's platform, data or business intelligence and data analytics platform. The occurrence of a natural disaster, an act of terrorism, vandalism or sabotage, or other unanticipated problems could lead to such interruptions and cause the Group to incur additional expenses to put new facilities in place. If any such problem were to occur, it could have a material adverse effect on the Group's business, financial position and operating results.

4.1.4.2 Security breaches affecting the Group's websites, mobile apps, databases, online security systems or logistics management systems could damage the Group's reputation and substantially harm its business and operating results.

The Group operates websites, networks and other data systems through which it collects, maintains, transmits and stores information about its business, members, brand partners and other parties, including personal information, credit card information, and other confidential and proprietary data. A fundamental requirement for online commerce and communication is the secure transmission of confidential information over public networks. The Group also employs third-party service providers that may store, process and/or transmit proprietary, personal and confidential information on its behalf, particularly when processing credit card payments. While the Group takes steps to protect the security, integrity and confidentiality of the information it collects, stores and transmits, including

utilizing SSL encryption, the Group or its third-party providers could be subject to attempts to break into their respective systems. The Group and its service providers may not have the resources or technical sophistication to anticipate or prevent all types of attacks and techniques used to sabotage or obtain unauthorized access to its systems, particularly because such techniques change frequently and may not be known until launched against its systems or those of its third-party service providers. Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches may occur as a result of other problems, including intentional or inadvertent security breaches by the Group's employees or by persons with whom it has commercial relationships. For example, inadvertent security vulnerabilities may be introduced when updating versions of sites or applications, or a member may choose a less secure password. Any security vulnerability introduced may take time to detect or address and the Group may be unable to detect or determine the existence or scope of any unauthorized use of data accessed by exploiting such vulnerabilities. There can be no assurance that inadvertent or unauthorized use or access to its websites, mobile apps, networks and systems will not occur in the future, or that third parties will not gain unauthorized access to sensitive information despite its efforts.

Any breaches of the Group's security measures or those of its third-party service providers or other cybersecurity incidents could result in unauthorized access to, and misappropriation of, members' personally identifiable information, including payment details, or other confidential or proprietary information about the Group or third parties. Any unauthorized access to member information could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity, a potentially severe loss of confidence in the Group's security measures among consumers and damage to its brand. The Group may also be required to incur significant expenses or mobilize other significant resources to address such violations. Actual or anticipated attacks may cause the Group to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. Any resources devoted to investigating, alleviating and/or preventing such breaches will be diverted from the Group's business purposes. Each of these risks, alone or in combination, could have a material adverse effect on the Group's reputation, business, financial position and operating results.

4.1.4.3 The payment methods the Group accepts expose it to operational, regulatory and fraud risks, which could adversely affect its business.

The Group accepts payments using a variety of methods including credit cards, debit cards, PayPal and bank account transfers. Any operational failures in its checkout process could adversely affect its sales conversion rate. The payment options the Group offers to members may subject it to additional regulations, compliance requirements and fraud. The Group outsources credit card processing functions to third-party service providers. If the Group or its service providers fail to comply with the rules or requirements of any provider of a payment method it accepts, the Group may, in particular, incur fines or higher transaction fees, may need to switch service providers, and may lose or face restrictions placed upon its ability to accept credit and debit card payments from members or facilitate other types of online payments. The Group may also incur significant expenses in order to comply with such regulations, and these expenses may increase if there are changes in regulation. If any of these events were to occur, the Group's business, financial position and operating results could be materially and adversely affected.

The Group may also incur significant losses from fraud. It may incur losses because of allegations that the buyer had not authorized the purchase, fraud, erroneous transfers, and buyers who do not have valid bank accounts or have insufficient funds in them to complete the payments. In addition to the direct costs of such losses, if they are related to credit card transactions and become excessive, it could potentially result in the Group losing the right to accept credit cards for payment. Under current credit card practices in the markets in which the Group operates, the Group is liable for fraudulent or contested credit card transactions and some other bank payment methods because it does not obtain the signature of the cardholder. The Group is not currently insured against this risk. Any failure to

adequately control fraudulent transactions could damage the Group's reputation and brand, and result in litigation or regulatory action, causing an increase in legal expenses and fees, and could have a material adverse effect on its business, financial position and operating results.

4.1.4.4 The Group's business success depends on the performance of certain key managers and highly skilled personnel, and any failure to attract, retain and motivate well-qualified employees could harm its business.

The Group believes that its success has depended, and continues to depend, on the efforts and talents of its founders, David Dayan and Thierry Petit, and other key members of its management team. The loss of any member of the Group's senior management could materially and adversely affect its ability to formulate and implement an effective business plan, and it may be unable to find adequate replacements. The Group's success also depends on the performance of the Group's employees across its operations, including its IT, purchasing and marketing functions. Most of the Group's employees are free to terminate their employment contracts at any time, and knowledge of the Group's business and industry may in some cases be difficult or expensive to replace, or may be used for the benefit of new or existing competitors. Any failure by the Group to attract, develop, motivate and retain highly qualified personnel may reduce the effectiveness of its organization and its ability to execute its business plans and growth strategy.

4.1.4.5 The Group's marketing efforts may not be successful or cost-effective.

The Group's success and profitability depends on traffic increasing on its websites and mobile apps, on growth in its number of Members, and on converting members into active buyers on its platform and doing so at an acceptable cost. The Group has made, and expects to continue to make, significant investments relating to member acquisition and conversion, including marketing through a broad range of media channels. These investments include substantial outlays for offline marketing, in particular television advertising, which may not result in the cost-effective acquisition of new members. The Group also engages in significant online marketing such as search engine marketing, marketing on social networks, and online brand partnerships. These partnerships may not result in the success originally expected, and notably may not succeed in generating the amount of traffic expected. Additionally, existing partnerships may not be renewed and the Group may not be able to forge new and effective partnerships. Moreover, members drawn to the Group's platform by such marketing campaigns might not reach the anticipated volume of purchases. Competitors could also dispute the Group's right to use certain key words in search engine marketing campaigns, which could lead to litigation or otherwise make it more difficult or more expensive to use certain key words. Moreover, changes to search engines' algorithms or terms of use could exclude the Group's websites from, or rank them lower in, search results. In addition, prices for these types of marketing may increase in the future including due to changes in business models or the media used. See Section 20.5 "Judicial, Administrative and Arbitration Proceedings" of this Registration Document. There can be no assurance that any of the Group's marketing efforts will be effective in increasing brand awareness, contributing to membership growth or increasing sales. Furthermore, some of the Group's marketing initiatives to boost member conversion and loyalty, such as the roll-out in 2015 of Infinity (a subscription-based, free and unlimited delivery service for €20 per year), are likely to have a dilutive effect on the Group's gross margin (for more information, see Section 9.2.2 "Gross Margin" of this Registration Document). Moreover, the Group cannot guarantee that the rollout of these initiatives will necessarily increase member engagement and loyalty, accelerate the conversion of members to buyers, or offset the adverse impact of these marketing initiatives on the Group's gross margin. In particular, net sales from new members acquired through such efforts may not ultimately exceed the cost of acquiring them. In markets where the Group has achieved some level of market penetration, acquiring additional members may become more difficult and costly than it has been in the past. If the Group's marketing efforts are not successful in attracting a sufficient number of new members and converting members into buyers at an acceptable cost, it could materially and adversely affect the Group's business, financial position and operating results.

The Group believes that it acquires many of its new members by word-of-mouth and other non-paid referrals from existing members. The Group must ensure that existing members remain satisfied in order to continue receiving these referrals. If the Group's efforts to satisfy its existing members are not successful, it may not be able to acquire new members in sufficient numbers to continue to grow its business, or it may be required to incur significantly higher marketing expenses in order to acquire new members in line with its projections or historical performance. A significant reduction of growth in the numbers of new members or in the number of visits or time spent on the Group's websites and mobile apps by existing members, would have a material adverse effect on the Group's business, financial position and operating results.

4.1.4.6 The Group's marketing efforts rely significantly on e-mail and messaging through mobile apps and social networks, and any inability to rapidly deliver such communications could adversely affect its member acquisition and retention efforts and net sales.

The Group's business is highly dependent upon e-mail and other messaging services for promoting its websites, applications and products to members. The Group believes its daily e-mails and mobile alerts to members are an important part of its user experience and help generate a significant portion of its net sales. If the Group is unable to successfully deliver e-mails or other messages to its members, or if members decline to open the e-mails or messages, the Group's net sales and profitability may be adversely affected. Changes in how webmail applications organize and prioritize e-mails may reduce the number of members opening the Group's e-mails. For example, e-mail services may categorize and sort incoming e-mails by type or content, which may result in the Group's e-mails being delivered in a less prominent location in a member's inbox or being labeled as "spam", and may reduce the likelihood of that member opening the e-mails. Actions by third parties to block, impose restrictions on or charge for the delivery of e-mails or other messages could also materially and adversely impact the Group's business. From time to time, internet service providers or other third parties may block bulk e-mail transmissions or otherwise experience technical difficulties that result in the Group's inability to successfully deliver e-mails or other messages to third parties. Changes in the laws or regulations that limit the Group's ability to send such communications or impose additional requirements upon it in connection with sending such communications could also materially and adversely impact its business. The Group's use of e-mail and other messaging services to send communications about its websites and mobile apps or other matters may also result in legal claims against it, including under laws relating to mass distribution of e-mails, which may cause it to incur increased expenses. If such legal claims are successful, they could result in fines and orders with potentially costly reporting and compliance obligations or could limit the Group's ability to send e-mails or other messages. The Group also relies on social networking messaging services to send communications and to encourage members to send communications. Changes to the terms of these social networking services that limit or increase the cost of promotional communications, or that limit the Group's ability or its members' ability to send communications through their services, or disruptions or downtime experienced by these social networking services or a decline in members' and consumers' use of, or engagement with, social networking services could reduce the effectiveness of the Group's marketing, increase marketing costs, reduce website and mobile traffic and decrease net sales.

Any restriction on the distribution of the Group's e-mails or other messages or any increase in the costs associated with its e-mail and other messaging activities could materially and adversely affect its business, financial position and operating results.

4.1.4.7 Failure by the Group to efficiently manage the logistics and fulfillment of orders and to appropriately expand them in line with the growth of the Group's business could have a material adverse effect on the Group's business, operating results or financial position.

Effective management and growth of the Group's logistics network are important for the Group's business models, activity and growth strategy. The Group currently outsources portions of its logistics and fulfillment processes, particularly packaging and shipping orders, to third-party service providers,

and keeps in-house certain core strategic functions, such as inventory sorting and returns management. If the Group does not manage its logistics network successfully and efficiently, it could experience excess or insufficient logistical capacity, increased costs, damage to its member relationships or other harm to its business. In order to support its in-house sorting function, the Group has invested in an automatic sorting machine to automate certain sorting functions, enabling the Group to substantially increase efficiency and sharply reduce the amount of operations outsourced. However, if efforts rolled out by the Group to automate some of its operations do not keep up with the pace of its business growth, the Group could outsource more of its operations. The Group leases various properties to house its logistics infrastructure. If the Group is unable to successfully extend or renew such leases, it may incur significant relocation expenses.

As the Group grows and expands its product offering and geographic coverage, it will require greater logistical processing capacity and its logistical requirements will become increasingly complex. Although the Group has entered into agreements with third-party logistics service providers to secure sufficient fulfillment capacity, additional capacity could be required later to handle future increases in the Group's sales volume or product offering. The majority of the Group's outsourced logistics functions are currently handled by its logistics partners, Dispeo, Deret and Viapost, since the fourth quarter of 2016. As a result, the performance of the Group's logistics platform depends to a large extent on Dispeo's, Deret's and Viapost's effectiveness. For more information, see Section 4.1.4.10 "4.1.4.10 The Group relies on a limited number of third-party service providers to perform certain functions that are important to its business' success. Failures by such providers could harm the Group's reputation and slow or prevent its growth." in this Registration Document. Any failure or interruption, partial or complete, of the Group's logistics network or the operations of its service providers - particularly Dispeo, Deret or Viapost - for example, as a result of IT malfunctions, equipment failures, strikes, accidents, natural disasters, acts of terrorism, vandalism or sabotage, theft and product damage, failure to comply with applicable regulations or other interruptions, could impair the Group's ability to process sales or deliver its buyers' purchases in a timely manner, which could harm its reputation. Any damage to, or destruction of, one or more of the Group's warehouses or those of its logistics service providers, or any theft or vandalism affecting said warehouses, could result in the destruction or loss of all or part of the Group's inventory and tangible assets located in such warehouses which could hinder the fulfillment of certain orders and adversely affect the Group's financial position. In addition, if the Group experiences an increase in logistics costs for any reason, it may be unable to pass on the impact of this cost increase to the consumers. The occurrence of any one or more of these risks could have a material adverse effect on the Group's business, financial position, operating results or prospects.

4.1.4.8 An increase in the return rates of the Group's products could have material adverse on its business, financial position and operating results.

Online purchases of apparel, fashion accessories and other items may be subject to a higher return rates than merchandise sold at bricks-and-mortar stores. The Group allows product returns during a limited period in compliance with European Union and applicable local regulations. If product return rates are higher than expected, including because of changes in the habits or behavior of members, the Group's revenues may be negatively impacted. In addition, with respect to certain Group's sales, especially firm sales, the Group may not be able to return some products to its brand partners and if return rates for such products increase significantly, it may experience an increase in its net inventory, which may adversely affect its working capital. The Group may also not be able to dispose of inventory through its wholesale business on attractive commercial terms, or at all. As a result, the Group's business, financial position and operating results may be materially and adversely affected.

4.1.4.9 Dissatisfaction with the Group's customer service could prevent it from retaining customers.

A satisfied and loyal customer base is crucial to the Group's continued growth. Strong customer service is required to ensure that customer complaints are dealt with in a timely manner and to the

customer's satisfaction. Because the Group does not have the direct face-to-face contact with customers which is afforded through offline retail, the way that it interacts with members through its customer service team and those of its third-party customer service providers is a crucial factor in maintaining positive customer relationships. The Group and its service providers respond to customer requests and inquiries through e-mail and a telephone hotline. Any actual or perceived failure or unsatisfactory response to member inquiries or complaints could negatively impact member satisfaction and loyalty, particularly when members share negative reviews on blogs, online ratings, review services and social media websites. Failure to retain and engage members due to a lack of satisfactory customer service could have a material adverse effect on the Group's business, financial position and operating results.

4.1.4.10 The Group relies on a limited number of third-party service providers to perform certain functions that are important to its business' success. Failures by such providers could harm the Group's reputation and slow or prevent its growth.

The Group relies on third-party service providers to perform certain functions that are important to its business, including the majority its of logistics and fulfillment operations, which the Group mostly outsources to its partners Dispeo, Deret and Viapost (as described in Section 6.5.11.2.1 "The Logistics Network and Warehouse Management" of this Registration Document).The Group outsources delivery to customers, which is handled by various third-party delivery service providers including La Poste, Mondial Relay, Relais Colis and Chronopost (as described in Section 6.5.11.2.2 "Delivery" of this Registration Document). The Group also outsources some of its customer service functions, the management of which is handled by third-party service providers such as ADM Value, Outsourcia, TELUS International Europe, and the new customer service provider Webhelp (as described in Section 6.5.13 "Customer Service" of this Registration Document). The processing of payments is an activity that the Group also outsources, using specialized third-party service providers such as Atos Worldline. The Group outsources part of the management of certain IT functions, such as server hosting, maintenance and monitoring to third party service providers such as Econocom Group (as described in Section 6.5.12.1.1 "Hardware" of this Registration Document). These service providers may provide services that are not consistent with the Group's standards of quality or the quality of service that the Group would achieve if it performed such functions in-house. In addition, any one or more of these service providers may experience business difficulties or other events beyond their control that could make it impossible or commercially impracticable to continue to provide these services, including as a result of work stoppages, increases in the cost of materials or operations, natural disasters, acts of terrorism, failure to comply with applicable regulations, or trade restrictions, which may require the Group to incur additional expenses to locate replacements or may cause the provider to increase its prices. Any failure by these third parties to consistently deliver high-quality services at acceptable prices, or any termination of such services could negatively impact the Group's operations at various levels, including problems with platform availability, order processing or delivery delays, increases in the Group's prices and damage to the Group's members' or brand partners' loyalty. The Group's members are likely to attribute any such failures to the Group, which could damage its reputation, lead to decreased traffic and sales and have a material adverse effect on the Group's business, financial position and operating results.

4.1.4.11 The Group's business is subject to risks which may not be fully covered by its insurance.

The Group's business is exposed to a wide range of risks beyond its control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to the interruption of its business operations, personal injuries, or damage to third-party property. Although the Group insures itself against such losses, to a level and at a cost it deems appropriate, its insurance policies are subject to exclusions and limitations, and there can be no guarantee that all material events of damage or loss will be fully or adequately covered by these insurance policies. As a result, the amount of any costs, including fines or damages that the Group might incur in such circumstances, could substantially exceed any insurance taken out to cover such losses. In addition, its insurance providers could become insolvent

and unable to pay claims. Any of these events occurring, alone or in combination, could have a material adverse effect on the Group's business, financial position and operating results. For more details, see Section 4.4.1 "Insurance" of this Registration Document.

4.1.5 Risks Related to the Group's Finances

4.1.5.1 The Group's ability to raise capital in the future may be limited.

In the future, the Group may raise additional capital through public or private financing or other arrangements in order to finance its expansion strategy or for other reasons. Such financing might not be available on acceptable terms, or at all. Factors that could increase the difficulty of obtaining financing include, but are not necessarily limited to: a deterioration in economic conditions globally, in the Eurozone generally, or in the specific markets in which the Group operates at the date of such financing; higher interest rates; a deterioration in the Group's financial results or position; insufficient competition among banks or other potential sources of financing; and insufficient demand for securities in the debt or equity capital markets. Any inability to raise capital as and when required could prevent the Group from growing its business or responding to competitive pressures, and could have a material adverse effect on its business, financial position and operating results.

4.1.5.2 The Group may be required to recognize an impairment in goodwill, which could negatively affect its net income and stockholders' equity.

At December 31, 2016 the Group had on its balance sheet €102.8 million in goodwill and €39.3 million in other intangible non-current assets (notably the value of its brand). See Notes 4.1 and 4.2 to the Group's consolidated annual financial statements, which are included in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016" of this Registration Document. In accordance with IFRS, the Group periodically reviews goodwill and intangible assets for impairment. If all or part of its goodwill and of its other intangible assets were to become impaired for any reason, the Group would be required to record charges to earnings, which could have a material adverse effect on its business, financial position and operating results.

4.2 REGULATORY AND LEGAL RISKS

4.2.1 The Group is Subject to a Wide Range of Laws and Regulations That May Change or Be Applied in Ways That Adversely Affect its Business.

Laws and regulations applicable to the sale of goods and services online and via mobile devices, as well as laws and regulations of broader application that apply to the Group's business - such as product safety, consumer protection and data security laws - are evolving at a rapid pace and can differ, or be subject to differing interpretation, from one jurisdiction to another. The Group currently operates mainly in member states of the European Union and is planning to continue expanding its activities internationally. As a result of its international footprint, the Group is subject to a wide range of laws and regulations, including laws and regulations relating to consumer protection, data protection, product safety, competition, unfair trading, advertising, employment, customs, personal privacy, laws imposing restrictions on sales and other taxes and other laws and regulations that are directly or indirectly related to the Group's business in these jurisdictions. New laws or regulations or unexpected changes in the regulatory requirements in the European Union, or in any of the individual countries in which the Group operates, could increase the Group's cost of doing business, decrease demand for its products and services or reduce the Group's flexibility. For example, the European Union has announced a series of initiatives to promote a "single digital market" in the European Union. Initiatives announced in these fields include initiatives such as harmonization of e-commerce rules relating to information to be provided to consumers, consumer rights to cancel sales and remedies for non-performance, enhancing the availability of affordable and high-quality cross-border delivery services, limiting unnecessary "geo-blocking" restrictions that impose geographic restrictions on purchasing from websites, potential changes to the ePrivacy Directive, and a range of other

initiatives. Many of these initiatives may ultimately prove beneficial to the Group by making it easier to sell merchandise in other countries outside France and harmonizing applicable regulations. Nevertheless, many of these initiatives are only in their preliminary stages, and the specific legal and regulatory provisions that are ultimately adopted will determine their exact impact on the Group's business. It is possible that some of these laws and regulations could impose additional burdens or costs, or require the Group to make changes to its practices, which could adversely affect the Group's business. For more details, see Section 6.6 "Regulation" of this Registration Document. If the Group violates or is alleged to have violated applicable laws or regulations or fails to adapt to amended laws or regulations, it could become subject to significant fines, legal fees and related costs, reputational damage and other potential costs or liabilities. Any of these events occurring, alone or in combination, could have a material adverse effect on the Group's business, financial position and operating results.

4.2.1.1 Complying with evolving consumer protection laws and laws governing the sale of goods over the internet or any failure or perceived failure to comply with laws could increase the Group's costs or adversely affect its business and reputation.

The Group is subject to general consumer protection and similar laws and regulations relating to the sale of goods, as well as laws specifically governing sales on the internet and promotional sales. Any failure or perceived failure to comply with any of these laws and regulations could result in damage to the Group's reputation, a loss in business and proceedings or actions against it. Since 2014, in France, duly authorized associations for the defense of consumers have been permitted to bring consumer class actions in the event of any failure by a company to comply with its legal or contractual obligations in the context of a sale of goods or supply of services, or with respect to anticompetitive practices. If the Group were to become subject to such a class action, it could negatively impact its business and reputation. Any change in the rules and regulations applicable to the Group, or their interpretation, in particular regarding information that must be provided to the consumer, pricing, right of withdrawal, invoicing, unfair terms or restrictions on advertisements may have a significant impact on the Group's business.

4.2.1.2 Changes in laws or interpretations of laws governing discounts or sales could adversely affect the Group's business.

The Group sells products and services with typical savings of 50-70% of retail prices at all times of the year. In some of the markets in which the Group operates, the use of sales and discounts may be limited or regulated. New or amended laws or regulations governing the use of discounts or sales announcements, or unexpected changes in the interpretation of those laws or regulations in any of the countries in which the Group operates may have an adverse effect on its business. For example, in France and in many other markets in which the Group operates (other than the United Kingdom), applicable laws place limitations on "sales periods", i.e. periods during which retailers can advertise that they are holding a sale. While the Group is not directly impacted by these regulations because it sells very small proportions of inventory during the sales periods defined in applicable regulations, the existence of sales period regulations may have an indirect effect on the availability of excess inventory, the normal channels through which such inventory can be sold by the Group's brand partners, and consumer behavior during purchasing. Because sales periods tend to encourage many consumers, including the Group's members, to engage in increased overall shopping and bargain hunting during sales periods, the existence of sales periods can often have a positive effect on the Group's sales. Changes to sales regulations that change the length of sales periods or make it easier for brands to advertise discounts throughout the year could adversely impact the Group's business in many ways, including by making it easier for brands to dispose of discounted merchandise through other sales channels and making sales periods less of a driver of increased shopping activity. An adverse change in the laws relating to sales and discount advertisements could have a material adverse effect on the Group's business.

4.2.1.3 Evolving privacy and personal data protection laws and consumer attitudes towards privacy could adversely affect the Group's business.

A variety of national and international laws and regulations govern the collection, use, retention, sharing and security of personal data relating to consumers, employees or other natural persons. The Group endeavors to comply with all applicable laws, regulations and other legal obligations relating to privacy, personal data and consumer protection, including those relating to the use of personal data for marketing purposes, the transfer of personal data outside the European Economic Area, or the "opt in" regime applicable in most jurisdictions in which the Group operates, which requires that it obtain the express consent of users to the use of cookies on its websites. However, these obligations may be inconsistent from one jurisdiction to another or may conflict with the Group's practices or other rules applicable to its business and the Group cannot guarantee full compliance with all these requirements. The Group's privacy policies concerning the collection, use and disclosure of users' personal data are posted on the Group's websites. Any failure or perceived failure to comply with posted privacy policies or with any privacy, personal data or consumer protection-related laws, regulations, regulatory guidance or orders to which the Group may be subject could adversely affect its reputation, brand and business. Such failure or perceived failure may also result in (i) claims or proceedings against the Group by governmental entities or concerned individuals; (ii) significant time and expenses in defense of such claims or proceedings; (iii) orders from courts or governmental authorities obliging the Group to change its business practices; (iv) an increase in the Group's operating costs; (v) a loss of members and brand partners; and (vi) the imposition of monetary penalties, fines or even criminal sanctions.

Various legislative and regulatory bodies in the jurisdictions in which the Group operates may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, personal data and consumer protection. Adverse changes in laws or regulations applicable to the Group could cause it to incur substantial costs or require it to change its business practices, prevent it from performing certain types of data analysis that it believes is important to its business model and compromise its ability to effectively pursue its growth strategy. In addition, the EU parliament adopted a new regulation on personal data on April 14, 2016. This regulation introduces substantial changes to the EU personal data protection regime, and replaces the current national personal data protection laws with a directly applicable EU regulation. This will impose a substantially higher compliance burden on the Group's business, including a maximum level of fines capped at €10 to 20 million or at 2 to 4% of global annual revenues for companies, and also enables users to obtain damages for compliance failures, if applicable. The new regulation will enter into force in the first half of 2018.

4.2.2 Judicial, Administrative, Arbitration or Other Legal Proceedings Could Adversely Affect the Group's Business, Financial Position or Operating Results.

The Group may be involved from time to time in judicial, administrative, arbitration or legal proceedings initiated by employees, brand partners, customers, competitors, government agencies or others. The results of any such proceedings are inherently unpredictable. Any claims against the Group, whether meritorious or not, could be time-consuming, result in costly litigation, damage its reputation, require significant amounts of management time and divert significant resources. In particular, the Group operates in a highly competitive industry in which certain competitors, including Vente Privée, have in the past, and may in future, resort to litigation against the Group. If any legal proceedings were to be determined adversely for the Group, or if the Group were to settle a case, it could be exposed to monetary damages or limits on its ability to operate its business, which could have a material adverse effect on its business, financial position and operating results. For more information on judicial, administrative, arbitration or legal proceedings see Section 20.5 "Judicial, Administrative and Arbitration Proceedings".

4.2.3 Risks Relating to Intellectual Property Rights

The Group believes that its trademarks, domain names, member databases, copyrights, know-how, proprietary technology and similar intellectual property are critical to its success. No assurance can be given that measures taken in France and abroad to protect the Group's intellectual property rights will

be effective, that third parties will not infringe upon or misappropriate the Group's intellectual property rights, or that the Group is not infringing upon the intellectual property rights of third parties, and particularly their brands. Should any one of these events occur, it could have a material adverse effect on the Group's reputation, business, financial position, results or outlook.

4.2.3.1 The Group may be unable to effectively protect its brands and particularly its "showroomprive.com" brand, or to secure and protect its domain names in certain jurisdictions.

The Group is the owner of several brands, including the "showroomprive.com" brand in several jurisdictions, and has also registered internet domain names containing the term "showroomprive" and other complementary names in those jurisdictions where it is active (for example, "showroomprive.it" in Italy). Domain names are generally regulated by internet regulatory bodies and are also subject to trademark laws and other related laws of each country. If the Group does not have or cannot obtain or maintain its right to use its "showroomprive.com" trademark in a particular country, or to use or register its associated domain names, it could be forced either to incur significant additional expenses to market its products within that country, including the development of a new brand and the creation of new promotional materials and packaging, or to elect not to sell products in that country.

Furthermore, the regulations governing domain names and laws protecting trademarks and similar proprietary rights could change in ways that block or interfere with the Group's ability to use relevant domains or its current brand. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, the Group might not be able to register, use or maintain the domain names that utilize the name "showroomprive" in all the countries in which it currently conducts business or intends to conduct business in the future. In addition, the Group might not be able to prevent third parties from registering, using or retaining domain names that interfere with its consumer communications or infringe or otherwise decrease the value of its trademarks, domain names and other similar proprietary rights.

4.2.3.2 The Group may be unable to adequately protect its intellectual property rights.

The Group relies on a combination of legal and contractual regimes to protect its intellectual property rights. The Group has developed, and intends to continue to develop, a substantial number of programs, processes and other know-how on a proprietary basis (but partly based on open source codes) that are of key importance to the successful functioning of its business. The Group might not be able to obtain effective intellectual property protection in every country in which it is active or in which such protection is relevant, and its efforts to protect its intellectual property could require the expenditure of significant financial, managerial and operational resources. Any of its intellectual property rights could be challenged or invalidated through administrative processes or litigation, which may be expensive and time-consuming. The Group cannot be certain that its competitors have not developed, or will not independently develop or otherwise acquire equivalent or superior technology. Also, it cannot be certain that its competitors have not already or will not acquire intellectual property rights for such technology. The Group also relies on contracts with certain employees and service providers to develop and protect its intellectual property rights, but these contracts may be challenged or invalidated and may not be effective in preventing damage to the Group's intellectual property rights or unauthorized use of its proprietary confidential information.

The Group may be required to spend significant resources to monitor the unauthorized use of its intellectual property rights. It may not be able to discover or determine the extent of each infringement, misappropriation or other violation of its intellectual property rights and other proprietary rights. The Group may be obliged to initiate claims or litigation against third parties to defend itself against the infringement, misappropriation or violation of its intellectual property rights or proprietary rights or to establish the validity of such rights. Any litigation, whether or not it is resolved in the Group's favor, could result in significant expense and divert the efforts of the Group's

technical and management staff. Despite the Group's efforts, it may be unable to prevent third parties from infringing upon, misappropriating, or otherwise violating its intellectual property rights and other proprietary rights.

4.2.3.3 Third parties may make claims of infringement of their intellectual property rights.

The e-commerce industry, and the fashion industry in general, is characterized by the vigorous enforcement of intellectual property rights. The Group might be subject to claims asserting that it has infringed, misappropriated or violated the intellectual property rights and technology of third parties, including as a result of the display, advertisement, distribution and sale of products supplied to it by third parties which allegedly infringe third party rights, such as trademarks, design rights or copyright. It may also be subject to risks from such claims against its suppliers and third-party service providers. The Group may be held liable or jointly liable for such infringement pursuant to Directive 2000/31/EC (Directive on eCommerce) and to the national laws implementing such Directive (including French law no. 2004-575 of June 21, 2004 for "trust in the digital economy").

These claims may raise complex legal questions, cause delays or disruptions, and divert the efforts of the Group's technical and management personnel. The costs of defending against such actions can be high, and there is no guarantee that the Group's defenses will be successful. Many potential litigants have the ability to dedicate substantially greater resources to enforce their intellectual property rights and to defend the claims that may be brought against them. In addition, as the Group's business expands and the number of competitors in its markets increases, actions against it could increase in number and in size. If successful, a claimant could secure a judgment against the Group for substantial damages or prevent it from conducting its business as it has historically done, or may desire to do in the future. The Group could also be required to seek licenses or pay royalties for the use of the intellectual property it needs to conduct its business, which might not be available on commercially acceptable terms or at all and, in this case, the Group may have to develop its own technology, which could be expensive and/or unsuccessful.

4.2.3.4 Some of the Group's software and systems contain open source software, which may pose particular risks to its proprietary software and solutions.

The Group makes use of open source software in its systems and it plans to continue to do so in the future. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. From time to time, the Group may face claims from third parties demanding the release or license of the open source software or derivative works that it develops using such software (which could include its proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require the Group to publicly release the affected portions of its source code, be limited in the licensing of its technologies or cease offering the implicated solutions unless and until it can re-engineer them to avoid the use of the implicated open source software. In addition, licensing terms applicable to certain open source software can lead to greater risks than those associated to third-party commercial software, as open source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, non-infringement or functionality). The Group's use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach the Group's systems that rely on open source software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on the Group's business, financial position and operating results.

4.2.4 Tax Risks

4.2.4.1 Changes in tax treatment of companies engaged in e-commerce may adversely affect the commercial use of the Company's sites and financial results.

Due to the global nature of the internet, it is possible that various states or foreign countries might attempt to impose new or revised regulations on the business of the Company or levy additional or new sales, income or other taxes relating to its activities. Tax authorities worldwide are currently reviewing the appropriate treatment of companies engaged in e-commerce. New or revised regulations may subject the Company or its customers to additional sales, income and other taxes. The Company cannot predict the effect of such initiatives. New or revised taxes, and in particular sales taxes, VAT and similar taxes, would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling products over the internet. New taxes could also create significant increases in the Group's internal costs to capture data and collect and remit taxes. Any of these events could have a material and adverse effect on the business of the Group, its financial position and operating results.

On October 5, 2015, the OECD published the final version of the measures resulting from the Base Erosion and Profit Shifting (BEPS) Action Plan, to coordinate the fight against tax evasion at the international level. The report prepared with respect to the first item in this action plan relates to tax challenges posed by the digital economy (in particular questions related to the allocation of profits and value added to various jurisdictions, the inadequacy of the concepts of source and residence, and certain other problems relating to the qualification of income), with the goal of better aligning the place of taxation with the place where the economic activity is carried out and where the value is created.

The measures recommended by the OECD include redefining the concept of permanent establishment included in tax treaties in order to limit the scope of certain exceptions to said concept, as well as amending the principles applicable to transfer pricing, in order to take into account the particularities of the digital economy. These measures are to be implemented by amending internal laws and regulations and the applicable transfer pricing principles published by the OECD, as well as by drawing up a multilateral convention adopted by more than 100 jurisdictions on November 24, 2016, which will be signed in June 2017 at a ceremony with a large number of signatory countries in attendance. That being said, this multilateral convention will only be applicable if at least five countries ratify it. Since the first signatures will occur in June 2017 prior to any ratification, it is currently not possible to determine if this convention will take effect during 2017.

Some of these measures (especially those concerning revising the applicable transfer pricing principles) are to be applied immediately, given that they are only automatically incorporated into national law in certain countries. The measures adopted apply in and with countries that are not members of the OECD but that decide to participate in this initiative.

Although they were not the subject of OECD recommendations, when the final BEPS Action Plan was published, the work also reviewed the following as part of Action 1: "*Addressing Tax Challenges of the Digital Economy*", several approaches in response to concerns related to the digital economy, especially regarding VAT, as well as taxing intangible items and the principle of territoriality being seen as a significant economic presence. The OECD has not made any recommendations on these points, deeming at this stage that the biggest risks from other proposed actions in the BEPS Action Plan must be handled, which leaves other countries free to decide to introduce these types of mechanisms in their own national legislation. For instance, through Article 78 of the 2017 French Budget Act, the French legislature tried to create a new, more extensive definition of territorial income tax to fight schemes that aim to avoid being classified as a permanent establishment as defined in tax conventions. This proposal, which was predominantly inspired by Action 7 of the BEPS Action Plan: *"Preventing the Evasion of Permanent Establishment Status"*, however, was rejected by the Constitutional Council and was not implemented as a result. Apart from OECD's work

on this subject, some countries have also come together in other settings to brainstorm resources that could be rolled out to combat fraud related to the growth of the digital economy. With this goal in mind, on December 6, 2016, the French government and the OECD held an international conference in Paris on best anti-fraud practices in the digital era. This conference aimed to create a positive climate between public authorities and civil society with the common goal of preventing fraud associated with the digital economy.

All these measures could result in additional taxes and an increase in e-commerce-related costs, and could have an adverse effect on the Group's business, financial position and operating results.

4.2.4.2 The Group may be subject to tax risks.

As an international group doing business in several countries, the Group has structured its commercial and financial operations in line with various legal and regulatory requirements as well as its commercial and financial objectives. The Group's structure is also subject to change in light of developments in the Group's business activities, and particularly its international expansion. Since tax laws and regulations in the various countries in which Group companies are located or operate, or may in the future be located or operate, may not provide clear-cut or definitive guidelines, the tax regime applied to the Group's operations, intercompany transactions or reorganizations (past or future) is, or may sometimes be, based on the Group's interpretation of French or foreign tax laws and regulations. The Group cannot guarantee that such interpretations will not be questioned by the relevant tax authorities. More generally, any failure to comply with the tax laws or regulations of the countries in which the Group or the Group's companies are located or operate may result in tax reassessments, or late fees, fines and penalties. For further information on tax risks, see Section 20.5 "Legal, Administrative and Arbitration Procedures" in this Registration Document and Note 4.11 to the Group's Annual Consolidated Financial Statements shown in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016" in this Registration Document. Furthermore, tax laws and regulations may change, and there may be changes in their interpretation and application by the relevant jurisdictions and authorities, especially in the context of international and European initiatives (e.g., OECD, G-20, EU). The occurrence of any of the preceding factors may result in an increase in the tax burden of the Group and have a material adverse effect on the Group's business, operating results or financial position.

4.3 MARKET RISKS

4.3.1 Foreign Exchange Risk

The Group is not highly exposed to foreign-exchange risk in respect of its operations. The bulk of transactions made by the Group's members are invoiced and paid in euros. Most purchases from suppliers are also invoiced or paid in euros. All the Group's financial indebtedness at December 31, 2016, which is made up almost entirely of finance leases, is in euros. A 10% change in the exchange rates of currencies other than the euro would not have a significant impact on the Group's net income for fiscal year 2016. See Note 5.1 to the Group's consolidated annual financial statements, which can be found in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016".

4.3.2 Interest Rate Risk

The Group is exposed to an interest rate risk in respect of its short-term investments. However, given the relatively low level of these investments (totaling €19.6 million at December 31, 2016), a one-point decrease in short-term interest rates would not have a significant impact on the Group's net income for the fiscal year ended December 31, 2016. See Note 5.1 to the Group's consolidated annual financial statements, which can be found in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016".

4.3.3 Liquidity Risk

The Group is not currently exposed to significant liquidity risk. At December 31, 2016, the Group's total financial debt was €3.0 million and mostly consisted of finance leases. For further information, see Section 10.2 "Financial Resources" in this Registration Document, and Note 4.13 to the Group's Annual Consolidated Financial Statements shown in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016" in this Registration Document. On the same date, the Group's cash and cash equivalents totaled €97.0 million. Throughout fiscal year 2016, the Group generated €35.8 million in cash-flow from operating activities. The Group is not a party to any bank guarantees. See Note 5.2 to the Group's consolidated annual financial statements, which can be found in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016".

4.3.4 Credit Risk and/or Counterparty Risk

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

- trade receivables: this risk is monitored on a daily basis through collection and recovery processes. Moreover, the Group's large number of individual customers minimizes the risk of a credit concentration of customer receivables; and

- financial investments: the Group's policy is to invest in short-term monetary instruments, generally with maturities of less than one month, while complying with rules on diversification and counterparty quality.

The Group does not hold any other significant financial assets. See Note 5.3 to the Group's consolidated annual financial statements, which can be found in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016".

4.4 INSURANCE AND RISK MANAGEMENT

4.4.1 Insurance

The Group's policy with respect to insurance is implemented by the Group's management, which is charged with identifying the main insurable risks and quantifying their potential consequences, in order to:

- reduce the relevant risk by recommending preventive measures; or

- choose to cover the relevant risk through insurance, particularly for risks of an exceptional nature, involving strong potential magnitude and low frequency.

The Group's insurance program is designed to protect it from the adverse operational and financial consequences that might result from its activities. Management negotiates with major insurance companies to obtain coverage that it deems appropriate to cover the risks relevant to its operations. The Group's policy is to obtain its insurance policies only from well-known insurers with strong financial ratings.

The Group's main insurance policies cover professional liability, property damage, and operating losses, in addition to transportation and inventory purchases. The Group also carries insurance for the warehouses of its external logistics services providers, including Dispeo, as well as the inventory located there. The Group's multi-risk warehouse insurance policy covers risks such as fire and theft. The Group also carries professional liability insurance in connection with its travel agency business. In addition, the Group carries life insurance for each of its corporate officers.

The Group purchases insurance based on reasonable estimates of probable liability resulting from tort, property-casualty and other risks. The Group does not insure against risks for which there is no coverage available on the insurance market, for which the cost of insurance is disproportionately high compared with the potential benefit, or for which the Group believes the risk does not require insurance coverage.

The Group believes that its existing insurance coverage, including the amounts and terms of coverage, provides reasonable protection against the potential risks faced by the Group in conducting its activities. However, the Group cannot guarantee that no losses will be incurred by the Group or that no claims will be filed against the Group that exceed the type and scope of its existing insurance coverage.

The Group has not filed any claims for significant losses under the insurance policies described above during the last three years. In general, the Group has low losses, which enables it to maintain relatively low premiums and favorable coverage terms.

The Group's insurance policies contain exclusions, caps and deductibles that could expose it to unfavorable consequences in the case of a significant adverse event or legal action against it. Moreover, the Group may be required to pay significant damages that are not covered by its insurance policies or to incur significant expenses that may not be covered, or may be insufficiently covered, under its insurance policies.

4.4.2 Risk Management

Risk management refers to the measures implemented by the Group to identify, analyze and manage the risks to which it is exposed. The Group's managers regularly monitor risk management procedures and report risks to Group senior management, who oversee and direct risk management. A number of Group's specific risk management initiatives are summarized below.

4.4.2.1 Risk Mapping

In connection with its risk management procedures, the Group prepares a map of its principal risks. The Group's risk mapping and review process, which was initiated in 2015 under the supervision of the Group's senior management, is designed to help the Group identify the main risks to which it is exposed, to evaluate each risk's potential impact on the Group's business, and to determine the Group's action plan and the individuals within the Group responsible for monitoring and controlling the risk.

The risk map will be updated each year and will enable the Group to define and track the various specific action plans put in place to reduce or manage the identified risks. Some examples of action plans and policies put in place to manage identified risks include:

- *Risks related to market downturns or loss of members.* In order to identify market trends and implement appropriate responses, the Group consistently monitors relevant KPIs via its business intelligence and data analysis platform, including order sizes, members, sales, buyer conversion, repeat buyer conversion and churn. It engages in monthly financial analysis and reporting and tracks and studies competitors. The Group continuously analyzes its members' purchasing behavior in order to target its offerings.

- *Risks related to supply and price volatility.* The Group has put in place minimum margin requirements for sourcing negotiations and provides buyers with target margin levels in an effort to create a greater cushion against price volatility. The Group uses form contracts with standard provisions as the basis for its negotiations with its brand partners, which provides a framework for managing its relationships with brand partners and allows it to quickly identify any non-standard terms.

- *Risks related to logistics.* The Group ensures that its contracts with logistics service providers and with suppliers contain certain protections, including penalties payable for delays and problems in service, minimum security requirements at warehouses, and certain warranties and guarantees of goods or performance. Furthermore, maintaining relationships with multiple logistics service providers allows the Group to limit its dependence on a single provider and ensure alternative solutions in the event one of its providers experienced a service disruption.

- *Risks related to IT, payments and innovation.* The Group maintains a risk management policy for its information technology. It secures its payments with 3-D secure, only enters into contracts with payment service providers that have fraud-detection systems and has internal policies designed to detect and prevent fraud. In order to remain at the forefront of innovation, the Group's marketing team pays particular attention to market changes and analyzes the behavior of members and buyers. It also tracks satisfaction metrics in order to ensure that members of the Group are satisfied with the website.

- *Legal and regulatory risks.* The Group protects itself against intellectual property risks via confidentiality agreements and standard clauses used in its contracts.

- *Risks related to human resources.* The Group has a human resources department charged with management of personnel. It has designed compensation systems with a view towards attracting and retaining talent, including by using incentive pay.

4.4.2.2 Evaluation and Management of Specific Risks

4.4.2.2.1 Management of Operational Risks

The Group has internally developed or otherwise put in place business intelligence tools for reporting the principal operational data from the Group's activities. These tools have been deployed across all of the Group's operational entities and enable operational information to be rapidly reported, consolidated at the Group level, analyzed and used in decision making.

These tools help provide a global view of the Group's various activities. The reporting system is intended to provide a rapid alert system for any key performance indicators experiencing difficulty or deviating from the Group's objectives.

4.4.2.2.2 Management of Security Risks Within the Group

Due to its online event sales activity, the Group pays particularly close attention to measures needed to minimize security risk such as online payment fraud or third-party theft of personal data.

The Group has put specific procedures in place to deal with these risks, including the following:

- Network: firewall and router configuration standards and procedures are designed and deployed to protect against unauthorized access from untrustworthy networks;

- System security: strict compliance with reinforced measures, which are regularly revised and clearly defined to avoid the use of passwords by third parties;

- Payment security: setting up applications that detect suspicious transactions in real time and using algorithms;

- Protection of member data: data retention and removal policies, strengthened security protocols, deployment of anti-virus software and regular updates of all systems;

- Access protocols: to ensure that critical data is accessed only by authorized personnel, the Group has set up systems and procedures to limit access based on each employee's needs and responsibilities within the Group;

- Security systems and process tests: security testing is carried out on a regular basis. These tests include the detection of unauthorized wireless access points, reports on vulnerabilities in the internal and external network, intrusion detection systems and file integrity surveillance tools;

- Backups: an automatic data backup is performed at least once per day (every 15 minutes for strategic resources), and redundancy and recovery systems following incidents, as well as cloud storage capacity, have been put in place;

- Response plans: incident response plans have been developed and deployed to enable the Group to respond immediately in the event of a breach in the system;

- Training: employees receive training to sensitize them to security issues and make them aware of the importance of information system security.

5. INFORMATION ABOUT THE ISSUER

5.1 HISTORY AND DEVELOPMENT

5.1.1 Company Name

The name of the Company is "SRP Groupe".

5.1.2 Place of Registration and Registration Number

The Company is registered with the Bobigny Trade and Companies Register under number 524 055 613.

5.1.3 Date of Incorporation and Term

5.1.3.1 Date of Incorporation

The Company was incorporated on July 29, 2010.

5.1.3.2 Term

The Company's term is 99 years from the date of its registration with the Trade and Companies Register, or July 29, 2109, except in the event of extension or early liquidation.

5.1.4 Registered Office, Legal Form and Governing Law

5.1.4.1 Registered Office

The Company's registered office is located at 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France.

Telephone: +33 1 49 46 05 67

5.1.4.2 Legal Form and Governing Law

SRP Groupe is a French public limited company (*société anonyme*) with a Board of Directors, governed by French law, and specifically Book II of the French Commercial Code.

5.1.5 Group History

In 2006, David Dayan and Thierry Petit co-founded the website showroomprive.com, the product of a business venture between two entrepreneurs with complementary histories and expertise in the digital and fashion spheres. Their goal was to reinvent the way women discover and shop for high street fashion online. David Dayan, a fashion sales entrepreneur from a family that has specialized in fashion sales for more than 25 years, brought the Group his experience and fashion sales know-how and a network of relationships with brands and wholesalers. Thierry Petit, an engineer, entrepreneur and internet pioneer who founded one of the first price comparison websites, Toobo.com, in 1999, brought the Group his extensive e-commerce marketing experience and internet expertise. The convergence of these two worlds to create this dual identity blending fashion and webmarketing swiftly established Showroomprivé as an innovative way for women to discover new brands and find great fashion values. The Group initially conducted its online private sales business through France Export S.A.R.L., a company owned by the Dayan family. In 2007, it was transferred to a dedicated company, "Showroomprive.com S.A.R.L.".

Every day since 2006 Showroomprivé has conducted event sales on its website. Since its creation, Showroomprivé has focused on fashion products and has been designed to appeal to its core target

market of "digital women". This positioning enabled the Group to develop a brand image focused on fashion, innovation, accessibility and closeness and to rapidly attract large numbers of members to its website. In July 2007, six months after the site's launch, it already had 430,000 members.

In 2008 and 2009, the Group progressively expanded its product offering to include beauty products and household and decorative products. At the same time, Showroomprivé's number of members and cumulative buyers (members having made at least one purchase on the platform since its launch) continued to grow. Showroomprivé recorded its 50,000th cumulative buyer in October 2007, 100,000th cumulative buyer in March 2008, its 200,000th cumulative buyer in November 2008, and its 500,000th cumulative buyer in November 2009. In November 2009, Showroomprivé crossed the threshold of three million registered members.

In July 2010, Showroomprivé opened its first international website with the launch of a website in Spain. The same year, the Dayan family and Thierry Petit decided to create a group including Showroomprive.com S.à.r.l. and several other companies held by the Dayan family or by Thierry Petit. They organized the group under a single holding company, SRP Groupe S.A., created in July 2010. Also in 2010, the U.S. venture capital fund Accel Partners, which specializes in technology businesses, acquired a 31.25% stake in the Company's share capital from its founders.

From 2010 until 2014, the Group carried out successive reorganization transactions to simplify its organizational chart. Following these reorganization transactions, the Group is now composed of one holding company (SRP Groupe S.A.) and one main operating company (Showroomprive.com S.à.r.l.) in charge of most of the Group's activities, in particular operating all of its websites. The Group also includes four main support companies: SRP Logistique S.à.r.l., which handles logistics, and Showroomprive Germany GmbH, Showroomprive Italy S.r.L and Showroomprive Spain SLU, which hold the Group's international operations in Germany, Italy and Spain. For more information, see Chapter 7 "Organizational Chart".

In 2011, the Group continued its international expansion, launching websites in Great Britain and Italy. The same year, the Group launched its first mobile apps for iPhone, iPad and Android and ran its first television advertising campaign in France. Beginning in 2011, the brand's reputation and the popularity of its mobile apps and of its websites' mobile versions contributed strongly to the Group's growth. In 2011, the Group also launched several new categories of products and services on its platform, including its first travel and leisure activities, small equipment and household appliance sales.

In 2012, in an effort to continue to enhance the user experience, the Group introduced its 24-hour delivery option in France, "Demain chez vous", using products purchased from the Group's suppliers on a firm sale basis. This service has been very successful. The same year, the Group continued to expand its offerings by adding furnishings. It also began to increase sales in new and existing product categories like sports products, toys and children's products, in addition to food and beverages. It also continued to pursue its international development, opening a website in the Netherlands.

In 2013, the Group continued its international expansion, launching websites in Portugal, Belgium and Poland.

In 2014, the Group entered into an agreement with Dispeo to outsource some of the logistics operations supporting its operations. This outsourcing has enabled the Group to increase its logistics flexibility, reduce its delivery costs and improve delivery times, thus contributing to the continuing improvement in the quality of the services offered by the Group.

At the end of 2014, the British version of the Group's website became accessible from more than 160 countries, enabling members to make purchases in their country's local currency. At December 31, 2014, the Group had 20.2 million members and 4.3 million cumulative buyers, of whom 2.4 million had placed at least one order in 2014.

In March and April 2015, individual investors from the Gulf region acquired approximately 9.6% of the Company's share capital from the founders for a total amount of approximately €58.2 million. In September 2015, another investor also acquired approximately 0.3% of the share capital from the founders.

In June 2015, the Group announced the launch of its incubator, "Look Forward", which will house and support independent start-ups developing innovative services, applications or technologies for the fashion industry, from avant-garde textiles to new marketing techniques.

On October 30, 2015, the Company's shares were admitted to trading on the regulated market of Euronext in Paris ("Euronext Paris"). Simultaneously with the listing of the Company, Vipshop Holdings Limited, a leader in online clearance of brand merchandise in China, took an equity stake in the Company through its subsidiary Vipshop International Holdings Limited. For more information about the investment by Vipshop International Holdings Limited on February 28, 2017, see Chapter 18 "Main Shareholders".

During the first half of 2016, the Group launched several innovations. In terms of browsing, the Group introduced an innovative search engine that enables members to quickly identify sales of their preferred products and has a product recommendation function that suggests items tailored to each member's interests. In terms of payment, after launching Android Pay in the United Kingdom, enabling members to pay for their purchases quickly and securely, the Group launched Apple Pay in France. Lastly, in terms of offerings, the Group launched a new Ticket Office in partnership with France Billet, the number 1 ticket provider network for shows, sporting events and cultural events. It also enhanced its Travel Services and rolled out SHOP IT!, which offers exclusive deals in partner brands' stores using a coupon or pay back system based on the drive-to-store principle.

During the second half of 2016, the Group successfully launched a new version of its website and mobile apps to offer members and partner brands a more intuitive and appealing interface for the Group's sales.

The Group also continued its expansion in France with the acquisition of 100% of the share capital of ABC Sourcing SAS in late September 2016 for €2.5 million (plus an earnout of €1.25 million payable by third parties over the next three years). ABC Sourcing SAS specializes in selling overstock products to wholesalers in France. ABC Sourcing SAS was consolidated into the Group's financial statements starting on October 1, 2016.

In November, the Group strengthened its position in Italy, a strategic market for fashion with high growth potential for e-commerce (in which it has been operating since 2011) by acquiring 100% of the share capital of Saldi Privati, a Milanese subsidiary of the Banzai group (largest national e-commerce platform in Italy listed on the STAR Italian stock market) for €28.0 million (excluding net debt), likely to be supplemented with a maximum of €10 million payable in 2019, subject to meeting performance criteria related to 2018 results. This acquisition makes Showroomprivé the second largest event sales company in Italy[1] and enables the Group to take an important step towards rolling out its multi-local strategy abroad by relying on Saldi Privati's existing local teams to step up its growth in Italy, as well as take advantage of its logistics platform under the terms and conditions of the partnership made with Banzai group. In particular, the Group will be able to access a unique and proprietary network with more than 400 Banzai pickup locations in around 200 cities, and offers 48-hour delivery to its members. Saldi Privati was consolidated in the Group's financial statements starting on November 1, 2016.

In addition, a new entity was created, SRP Maroc, which is 99.99% held by the Group. SRP Maroc is an internet-based distance sales company operating under the Group's business.

1 Company calculation using the Osservatorio eCommerce B2c Netcomm – Politecnico di Milano and Bureau van Dijk databases.

Lastly, in March 2017, the Group acquired a 60% stake in Beauteprivee, the French leader in private online beauty sales, valuing the company at €18 million for all its share capital, with an option to acquire the remaining 40% in 2019. With more than three million members and over 800 brand partners, this company, founded in 2007, recorded €19 million in IFRS revenues (up 40% compared to the previous year) and an EBITDA margin of over 7%. This transaction, which was finalized on March 15, 2017, should enable the Group to rely on the expertise of Beauteprivee's employees to bolster the Group's products and services for Digital Women as well as reinforce its positioning in the online cosmetics and well-being product market.

5.2 INVESTMENTS

5.2.1 Principal Investments Over the Past Three Fiscal Years

For the 2014 to 2016 period, the Group's capital expenditures (acquisitions of tangible and intangible capital assets) totaled €19.7 million.

Over the course of the last three years, the Group's capital expenditures were primarily composed of the following:

- *Improvements to warehouses and the Group's headquarters.* Over the 2014-2016 period, the Group invested €2.3 million in the premises of its headquarters in La Plaine Saint-Denis, its warehouses in Saint-Witz and Fosses and its new sales production site in Roubaix.

- *Product sorting machine.* In 2014, the Group invested €2.8 million to acquire a specialized product sorting machine to automate certain portions of its inventory sorting process at its Saint-Witz warehouse.

- *Investments in furnishings, computer equipment and production equipment.* The Group invested €2.9 million over the 2014-2016 period in furnishings, computer equipment and production equipment for its headquarters in La Plaine Saint-Denis and its production sites in La Plaine Saint-Denis and Roubaix.

- *Capitalized research and development costs.* Over the 2014-2016 period, the Group invested €7.5 million in research and development. These expenses were primarily to enhance the Group's mobile website, update the desktop website and enhanced customer order processing systems, including logistics optimization.

- *Software.* The Group invested €1.7 million in software used in its business over the 2014-2016 period.

In addition, in November 2016, the Group acquired 100% of the share capital of Saldi Privati (a major player in Italy with 2.7 million members and €44 million in revenue in 2015) for €28.0 million (excluding net debt), fully paid for in cash. The purchase agreement also provides for a €10 million earnout if Saldi Privati meets a certain number of criteria regarding the 2018 financial statements. €2.5 million of this amount was paid as a protective measure. Considering the contingencies related to consolidation and possible synergies from now to 2018, the earnout has not been paid to date.

The following table shows gross capital expenditures (acquisition of tangible and intangible fixed assets) by type of expense for the periods indicated.

	Year ended December 31,		
	2016	**2015**	**2014**
		(*in thousands of euros*)	
Research and development expenditure	3,713	2,326	1,484

Licenses and software	460	775	483
Other intangible assets	-	-	5
Total gross investment in intangible assets	**4,173**	**3,101**	**1,972**
Buildings and refurbishment	298	600	1,387
Facilities, plant and equipment	101	84	2,699
Tangible assets in progress	2,423	1,355	375
Advances and payments for fixed assets	-	-	53
Other tangible assets	1,405	1,493	1,250
Total gross investment in fixed assets	**4,227**	**3,532**	**5,764**
Of which, finance leases	-	*285*	*2,816*
Acquisition of tangible and intangible assets	**8,400**	**6,348**	**4,920**

5.2.2 Principal Investments Made After Closure of the Year Ended December 31, 2016

On February 27, 2017, the Group signed an agreement to acquire 60% of the share capital of Beauteprivee, the French leader in private online beauty sales. The company was valued at €18 million for all its share capital, with an option to acquire the remaining 40% in 2019. With more than three million members and over 800 brand partners, Beauteprivee posted €19 million in IFRS revenues in 2016, up more than 40% compared to the previous year, and an EBITDA margin of over 7%. This acquisition was finalized on March 25, 2017. See Section 5.1.5 *"Group History"* in this Registration Document.

5.2.3 Principal Planned Investments

The Group intends to expand its international business through rigorously selected acquisitions in markets where buying a dynamic local company enables the Group to really expand its presence. See Section 6.3.4 *"Achieve critical scale in the Group's international markets"* in this Registration Document.

6. BUSINESS

6.1 OVERVIEW

Showroomprivé is an innovative and rapidly-growing online e-commerce company that specializes in fashion. At December 31, 2016, the Group operates in France (its primary market) and in seven other European countries. With roots in both fashion sales and online marketing, Showroomprivé's vision is to re-invent the way women discover and shop for high street fashion. The Group's mobile apps and websites feature a curated selection of well-known and up-and-coming brands. Showroomprivé's sleek sales presentation, together with the excitement of its private sale format – shopping bargains of 50-70% off retail prices while stocks last – help to create a highly engaging user experience. At the same time, the Group's platform is a fashion-conscious, discreet and proven distribution channel for its brand partners' excess inventory. The Group has grown rapidly and profitably since its inception in 2006. At the end of 2016, the Group had 28.3 million members[1]. Of these, 6.8 million had already made at least one purchase on the platform, including 3.2 million during 2016 alone. During the fiscal year ended December 31, 2016, the Group generated revenue of €539.7 million and EBITDA of €28.3 million. The Group's favorable working capital requirement and cash flow dynamics have enabled it to fund all its growth since incorporation.

The product mix of the Group's fashion-focused brand portfolio, and its mobile-centric engaging user experience, are consciously designed to appeal to "digital women". This particularly attractive customer segment is characterized by women with a strong interest in fashion, active users of the internet, used to shopping online with smartphones and tablets, and in charge of a large part of the family budget. The Group's offer responds to the needs of these women, who love fashion and bargains, but whose busy schedules, and need to juggle work, family and other commitments, leave them little time for discovering new brands, at the right price.

Every day, the Group offers 15 to 17 private sales, presenting a carefully researched selection of brands, with special care given to product presentation. The selected brands, mostly fashion goods and fashion accessories, bring together both well-known names and up-and-coming brands. Sales of fashion-related merchandise accounted for 53% of the Group's gross internet sales[2] in 2016. The Group's sales events are designed to encourage discovery, and impulse purchases. To complement its core fashion-focused offering, the Group also offers a range of carefully selected and presented non-fashion items designed to appeal to its "digital woman" number of Members, such as beauty products, home decoration and other products.

To accommodate its members' busy lifestyles, the Group's mobile-centric user experience features stylish, simple and intuitive mobile apps and websites that make it easy for members to shop wherever and whenever they have a spare moment, whether during their commute, at work, between two meetings or in the evening. The Group was one of the earliest players in the French e-commerce market to launch a dedicated mobile app and mobile version of its website, and is currently among the leading retailers in France in terms of mobile traffic. In 2015, its mobile apps were awarded first prize in the *Grand Prix Stratégies du marketing digital*, organized by *Stratégies* magazine. Its mobile apps have enabled the Group to attract a large and growing audience: since their launch and until December 31, 2016 they had been downloaded more than 10 million times (of which 2.2 million[2] were downloaded in 2016). In 2016, 77% of visits to the Group's platform[1] recorded in the Group's systems, and 55% of gross internet sales[1], came from mobile devices.

The creation of an attractive platform has enabled the Group to acquire a growing number of particularly loyal members. In December 2016, the Group recorded a total of 71.9 million visits to its platform and, in the last quarter of 2016, it recorded an average of 2.3 million visits per day, or a total of 70.9 million visits per month[3]. In total, during the whole of 2016, the Group recorded 55.7 million

1 Excluding the contribution of Saldi Privati.
2 Figure calculated using the Company's own tracking tool.
3 Excluding the contribution of Saldi Privati.

visits per month[1]. For example, at end November 2016, the Group's website was sixth in France in terms of audience (number of unique visits on the basis of a panel) on all platforms combined (Source: Médiamétrie, November 2016). During 2016, each buyer made 4.2 orders on average[1]. More importantly, 62% of the Group's 3.2 million buyers in 2016 were repeat buyers who had made at least one purchase on the platform in prior years, and 75% of the Group's 2015 gross internet sales[1] came from purchases made by these repeat buyers. That same year, 35 million items[1] were bought on the platform. Furthermore, 90% of Showroomprivé's customers responded to a survey conducted by the Group in 2016, confirming their intention to buy again on the site[1].The Showroomprivé brand helps drive member acquisition, buyer conversion and repeat purchase activity.

The size of Group's membership, the growth in the number of Group members and the success of its sales attract a wide variety of well-known and less well-known brands, many of which have become regular partners of the Group and use its platform as a full-fledged distribution channel. The brands are selected and recruited by the Group's experienced team, made up of more than 153 buyers at December 31, 2016. As a result, the Group sold nearly 2,000 brands on Showroomprivé in 2016, of which 80% (excluding travel and dematerialized offers) were brands that had already been featured in sales events on the platform in previous years. The Group believes it offers its brand partners a discreet, reliable and image-enhancing sales channel that represents a valuable alternative to traditional channels for selling excess stock. The brands benefit from the Group's sourcing flexibility. Indeed, the Group is able to buy large volumes of stock in bulk and can buy products from brand partners either on a consignment basis (where the Group buys and pays for products only after an order is placed by the consumer on its platform) or on a firm sale basis (where the Group buys and holds products before selling them). Of the Group's total gross internet sales in 2016, 80% were generated by private sales on a consignment sales basis, and 20% by private sales on a firm sale basis. The Group's ability to reach an audience of several million customers, in France and in seven other European countries, is particularly attractive for its brand partners, who thus benefit from increased visibility in existing and new markets. Moreover, the Group's mastery of advanced customer relationship management (CRM) and data analytical tools is another strong argument for brands that benefit from detailed quantitative analyses of customer behavior and sales performance.

Attractive for both brands and consumers, the Group's model benefits from a particularly virtuous circle: growth in the number of members and the Group's ability to sell increasing volumes help attract more partner brands, while access to a growing portfolio of brands helps attract new members to the platform and boost the conversion rate of members into buyers. This dynamic has driven the Group's rapid growth in France and internationally. At the end of 2016, the Group had 19.6 million members and 5.6 million cumulative buyers in France, of whom 2.8 million had made at least one purchase during 2016. Building on its success in France, the Group has, since 2010, implemented a targeted international expansion strategy, directed from France, by launching websites in Italy, Spain, Belgium, Portugal, the Netherlands, Poland, and Germany, as well as an English language multi-currency website open to members from more than 160 countries, enabling them to make purchases in their local currency. In 2016, the Group generated 13.3% of its total revenue in international markets, and 18.4% including Saldi Privati's contribution over the past 12 months. At the end of 2016, in its international markets[2], the Group had 8.7 million members and 1.2 million cumulative buyers, of which 0.5 million had made at least one purchase during that year. During its expansion into new countries in Europe, the Group was able to rely on its centralized technology platform and logistics infrastructure based in France, on its existing relationships with brands, and on its international team based at its headquarters. This strategy enabled it to start operating in new countries in Europe with limited initial financial investment. After an initial period of expansion directed from France, the Group has recently entered a new phase in its international growth and, since 2016, has been rolling out a multi-local international expansion strategy with the aim of getting closer to its customer base, boosting member conversion and strengthening their loyalty. This strategy is based on strengthening

1 Based on 110,573 of the Group's buyers who responded to a Group survey in 2016 and which was sent to each buyer after a purchase on its platform.

2 Excluding the contribution of Saldi Privati.

the Group's local presence by opening purchasing offices and setting up dedicated sourcing teams (in Spain, in Italy, particularly with the acquisition of Saldi Privati, and in Germany), to develop offers that are more specific to local market needs. It also relies on international deployment of the innovations and conversion tools launched by the Group in France, with the objective of reinforcing the commitment and loyalty of its members and speeding up their conversion into buyers.

The Group places a high value on innovation and strives systematically to optimize and adapt its technology and IT tools at all levels of its business, always with the aim of constantly improving its offer to brands and consumers. It has developed an integrated business intelligence system that analyzes large volumes of data and is designed to optimize decision-making at all levels of the Group. This tool helps it select brands and products, plan event sales, optimize buying and selling prices, improve the return on marketing investment, and find the most appropriate means for acquiring and retaining its members. The Group's technology platform also enables it to supply its brand partners with granular reporting on the results of their event sales. This adaptable, reactive, secure and highly extensible technology platform is designed to support the Group's continued growth. In addition to this, its logistics infrastructure is also adapted to support rapid sales growth: if some functions are handled internally (sorting and returns management), storage and order preparation are outsourced. Under the subcontracting agreement with its main logistics provider, Dispeo, the Group has the capacity to process 150,000 orders per day (and can increase this capacity up to 200,000 orders per day). For comparison, the Group's volume peak reached 122,000 orders per day in 2016.

During fiscal year 2015, Showroomprivé launched new functionality and services: "Infinity", a free and unlimited delivery service available by subscription, and "single basket," which allows shoppers to combine purchases from several sales in one basket. By late 2016 Infinity had already become a huge success, with more than 100,000 subscribers in 12 months. With an increase of 35% in purchases throughout the year, with a similar basket size, this influx of members has proved the big potential of the initiative. In 2015, for the first time, Showroomprivé marketed its own brand #CollectionIRL, a collection of basics for its core target audience, the "digital woman". In June 2015, Showroomprivé also inaugurated its "Look Forward" incubator, which included nine start-ups at the date of this Registration Document, demonstrating its commitment to promoting innovation at the crossroads of fashion and new technologies.

In February 2016, the Group launched its offer of "Shop It Pocket" coupons (customers who have made a purchase in store can scan their cash register receipt using the ShowroomPrivé app and be refunded the amount of the discount) and "Shop It Coupon" (customers are offered a voucher on the Group's portal to use in store). This enables the Group to capitalize on its database and large number of daily visits to create an important tool for brands, which, in turn, enables it to recruit new partner brands looking for new ways to acquire customers. In March 2016, Showroomprivé set up a high-performance search engine that enables members to identify sales of their preferred products. The Group also launched the "Android Pay" payment method on its platform in the United Kingdom, enabling members to pay for their purchases quickly and securely, before introducing Apple Pay in France. In 2016, following the success of the initiatives launched in 2015, the Group created a dedicated #CollectionIRL team and launched the second season of its "Look Forward" incubator.

Market Opportunity

Showroomprivé operates in the large European[1] online fashion retail sector[1] which totaled €49 billion in 2016 (Source: Euromonitor International, February 2017)[2]. The sustained growth expected in this market is supported by a number of favorable secular trends, including:

1 The European market comprises countries both in Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the UK) and in Eastern Europe (Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Serbia & Montenegro, Slovakia, Slovenia and Ukraine).

- *Strong potential for an increase in the penetration rate of purchases made online by consumers in Europe and France.* The level of online retail penetration by consumers (defined as the percentage of total retail spending online) in Europe was 7.3% in 2016. In comparison, this rate was 10.5% in the United States over the same period (Source: Euromonitor International). In Showroomprivé's primary markets in France, Italy and Spain, online retail penetration for the same period was 7.5%, 3.0% and 3.4%, respectively, lower than Germany and the United Kingdom, at 8.5% and 14.9%, respectively. In 2020, online retail penetration is expected to reach 9.8% in France, 4.1% in Spain and 4.7% in Italy (Source: Euromonitor International).

- *Growth of online sales of fashion-related merchandise*. Online fashion is a large online consumer product category in Europe, with retail sales of €49 billion in 2016. Online retail penetration for fashion-related products was 12.4%,[3] significantly lower than other product categories.

- *Opportunities for m-commerce.* According to Euromonitor International, European mobile internet retail sales are expected to increase from €66 billion in 2016 to €135 billion in 2020, representing an increase in its share of total online retail spending from 29% to 39% (Source: Euromonitor International). The Group believes that fashion-related merchandise is likely to benefit from this trend, as the mobile channel lends itself well to the impulse-driven nature of fashion shopping. A study conducted by e-Marketer in February 2014 found that apparel is the top category of purchases via smartphones.

- *Growth of Online Retail Sales of Non-fashion Items.* The Group is also positioned to benefit from the growth of online retail categories other than fashion-related merchandise and particularly it is these sectors that are the most attractive for "digital women". In 2016, the Group generated 47% of its gross internet sales from products other than fashion-related merchandise. The sectors potentially affected include "Home & Garden" (as well as the "health and beauty" category[4]). These product categories should also see a rapid increase in online retail penetration.

6.2 COMPETITIVE STRENGTHS

6.2.1 Compelling value proposition to consumers

A fashion-oriented offer. The Group's product offering and brand positioning are heavily weighted toward fashion-related merchandise, which accounted for 53% of the Group's gross internet sales[5] in 2016. This specialization, in line with the interests of its members, enables it to attract and develop relationships with attractive partner brands, on attractive commercial terms.

For "digital women". The Group has consciously designed its fashion-focused, mobile-centric user experience, its brand, product offering, marketing strategy, and the "look-and-feel" of its mobile apps and websites, to appeal to a female audience, and in particular to its core target, "digital women". As a result, the Group has built a strong and loyal following in this target demographic. At December 31, 2016[2], 68% of the Group's members, 74% of the Group's cumulative buyers at the end of 2016, and 76% of its buyers were women, 70% of whom were between the ages of 25 and 50.

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1 The fashion-related merchandise sector includes apparel, footwear, bags & luggage, jewelry & watches, and personal accessories & eyewear.

2 The figures presented by Euromonitor are based on a fixed euro exchange rate at the average euro to dollar exchange rate for 2016 (€1.1 to $1.0, according to Euromonitor International) and are presented at historical prices with no adjustment for inflation.

3 Penetration figures based on a data set that is different from corresponding retail market size because it uses different criteria to categorize revenues and thus is not comparable.

4 The Beauty & Personal Care category includes beauty and personal care products.

5 Excluding the contribution of Saldi Privati.

Selection and discovery. The Group's daily private sales offer Showroomprivé members a carefully crafted shopping experience, with discovery at its heart, similar to window shopping in the offline world. While the Group features a selection of well-known and already popular brands, members stay engaged with the platform because of the opportunity to discover new brands and products selected by Showroomprivé. "KISS", the Group's blog edited by in-house fashion experts, keeps members abreast of the latest fashion trends and features a selection of current private sales on the platform. The sourcing and brand recruitment team, of 153 staff at December 31, 2016, is constantly scouting the marketplace to add quality new brand partners to the platform. The Group has also set up a dedicated planning team, whose core expertise is to optimize the scheduling of sales during the week, the month and the season.



Innovation. In order to continually enhance the customer experience, the Group promotes the very latest technological innovations, such as mobile-driven platform enhancements, "touch ID" ordering, and cutting-edge payment options like Apple Pay launched in France in mid-July 2016 or Android Pay launched in the United Kingdom in early 2016. "Look Forward" is the Group's start-up incubator which it launched in June 2015 to support and assist independent start-ups that are developing innovative services, applications or technologies for the fashion sector, from avant-garde textiles to new marketing techniques. It demonstrates Showroomprivé's commitment to promoting technological innovation in the fashion industry. With this in mind, the Group co-produced the "Wearable FashionTech Festival" event with the *Gaîté Lyrique* cultural center in Paris, in February 2016. The objective of this initiative is to create meetings at the crossroads of technology and creation, in order to share the fruit of research on new ways to design, distribute and consume fashion-related merchandise. The Group was also one of the first online private sales operators in France to offer 24-hour delivery, which now involves about a fifth of its private sales.

6.2.2 Strong brand and a proven marketing strategy supporting significant member lifetime value

The Group focuses most of its marketing investments on attracting new members to the platform. To that end, the Group uses different levers including search engine marketing, mobile, social networks, partnerships and above-the-line advertising such as television and radio campaigns. Together, these levers have established Showroomprivé as a highly-recognized brand in France.

Once registered on the platform, members regularly browse the Group's mobile apps and websites, or click on links from its daily e-mail newsletter, creating traffic without being prompted by direct marketing spending. As a result, 91% of the visits to the Group's platform originated from free sources in 2016. Furthermore, the Group has a strong track record in leveraging its compelling user experience, marketing strategy and user engagement tools to drive a first purchase as well as repeat purchases on the platform. In 2016, 63% of the Group's[1] buyers had made a purchase on the Group's platform during a prior period, and sales from such repeat buyers generated 75% of the Group's gross internet sales the same year. The combination of controlled acquisition costs, strong first-time buyer conversion and high repeat purchase rates are driving significant member lifetime value.

1 Excluding the contribution of Saldi Privati.

As an illustration, the new members who registered on the Group's platform in Q2 2013 are referred to as the "Q2 2013 member cohort"[1]. Of the members of this cohort, 13% of members made their first purchase during the quarter when they registered, 24% after another three quarters (by the end of Q1 2014), 29% after two years (by the end of Q1 2015), and more than 34% after more than two years (by the end of Q4 2016). Of the members of the Q2 2013 cohort who made at least one purchase on the Group's platform, 62% had made more than one purchase on the platform by the end of the first quarter of 2014, and more than 75% had made more than one purchase at the end of the first quarter of 2016. Each cohort of new members contributes significant and recurring incremental revenues, which build on the aggregate revenues generated from earlier cohorts. For further information on cohort dynamics, see Section 6.5.3.1.3 "Buyer Conversion and Repeat Purchase Dynamics" of this Registration Document

6.2.3 A multi-faceted and sustainable value proposition to brand partners

The Group's large number of Members and track record of successful sales have drawn a diverse and attractive group of well-known and up-and-coming brands to its platform, many of whom return for other event sales. In 2016, the Group featured nearly 2,000 brands, with 80% of its gross internet sales (excluding travel and digital offers) generated by brands which had featured in event sales on the Group's platform in prior years.

The Group works with brand partners that have excess stock to provide them with an attractive alternative to traditional distribution channels. The Group's large and engaged number of Members, with well-defined, loyal and attractive demographics across eight countries in Europe, enables brand partners to sell excess stock quickly and to obtain brand-enhancing exposure to an attractive user base with great potential. At the same time, the Group's platform is fashion-conscious and committed to presenting brands and products in visuals with high production values. Using its business intelligence and data analytics platform, the Group is also able to offer brand partners rich analytical insights on the performance of sales events and purchase trends – while strictly maintaining member privacy. Furthermore, the Group benefits from its flexibility and agility in sourcing, in particular due to its experience in purchasing and handling stock in bulk. Its ability to enter into agreements with its brand partners, either on a firm or consignment basis, is also a key success factor. These factors have convinced an increasing number of brand partners to use the Group's platform, on a regular basis, as a proven distribution channel. In 2016, the Group attracted almost 739 new brands to its platform (excluding travel and digital offers), i.e. an average of two new brands per day.

6.2.4 Customized operational infrastructure

The Group has built a custom, high-performance, scalable technology platform focused on leveraging data and developed specifically to support its operations. Its technology platform allows real-time, data-driven decision-making at all levels of the Group's operations. The Group has developed a customized business intelligence and data analytics platform, which features tailored modules for each business line that make it easy for management and employees to access and interpret key performance indicators and other relevant data in real-time, including helping it to select brands and products for sales events, make pricing decisions, allocate marketing resources to attract new members cost-effectively and to target user engagement efforts. The platform also enables the Group to provide granular reporting to brand partners on the results of their sales events. In parallel, the Group's front-end systems are designed to optimize the user experience and make it easy and convenient for its members to shop anytime, anywhere. Concerning the back end, the Group's platform is designed to handle heavy traffic loads well in excess of the average of 2.3 million visits per day that the Group recorded in its systems during the last quarter of 2016; and to handle surges in traffic of 3.5 million visits per day to the Group's platform over the same period.

1 The Q2 2013 cohort was chosen by the Group by comparing the behavior of the Group's quarterly cohorts to the average results of the Group's cohorts since Q4 2011. Q2 2013 was chosen as the most representative of that average performance among cohorts since Q4 2011.

The Group has also implemented a cost-efficient and scalable logistics platform. It maintains in-house control over product sorting, repackaging and returns management, which it considers value-added and differentiated functions. The Group has chosen to outsource other logistics functions including warehousing, order preparation, packaging and shipment that enable it to realize significant savings, while limiting its investments. The Group's agreement with its logistics partner Dispeo has allowed the Group to reduce the cost per order and shorten its average delivery times, while providing the Group with access to handling capacity of 150,000 orders per day (with the potential to increase capacity further to 200,000 orders per day). By comparison, the Group's volume peak reached 122,000 orders per day in 2016. For further details concerning the Group's logistics operations, see Section 6.5.11 "Logistics and Fulfillment" of this Registration Document.

The Group's modular technology architecture was designed to allow the easy and cost-efficient integration of new websites, new applications and numerous delivery and payment options. This technological platform supports growth both in France and in the Group's international markets, allowing the Group to efficiently leverage its resources and rapidly implement functionalities tested in France throughout its international markets. Similarly, its scalable logistical infrastructure provides sufficient capacity and flexibility to support the growth of its operations throughout Europe. These two platforms allow the Group to support and accelerate its international development, while minimizing related initial investments.

6.2.5 Virtuous financial model combining rapid revenue growth, profitability and superior cash generation

The Group's business model has enabled it to pursue significant revenue growth while maintaining its profitability. During the 2014-2016 period, the Group's revenue grew from €349.8 million to €539.7 million, an average annual growth rate ("AAGR") of 24%. Over the same period, EBITDA increased from €15.5 million to €28.3 million, representing an AAGR of 34.9%. Furthermore, the Group's favorable working capital dynamics and low capital expenditure requirements have supported strong cash generation. The Group's cash flow from recurrent operating activities before tax and after capital expenditure was €35.5 million in 2016. As a result of this strong cash generation, the Group has been able to fund its own growth since inception, and had a net cash balance of €94.0 million at December 31, 2016.

6.2.6 Founder-led, experienced and complementary management team

The Group benefits from a management team led by its co-founders, David Dayan and Thierry Petit, who have complementary areas of expertise in sales of fashion-related merchandise and online marketing. Mr. Dayan's experience of more than 25 years in the fashion sales world provides the Group with key competitive advantages in brand sourcing and stock management. Meanwhile, Mr. Petit's extensive e-commerce experience has helped growth of the Group's strong marketing- and data-centric culture and enabled the creation of its state-of-the-art technology platform. Together, their attributes have helped establish an entrepreneurial, agile and sales-driven culture that encourages innovation.

The Group also benefits from the experience of senior executives who have joined the Group to support its growth and take responsibility for key functions. Nicolas Woussen joined the Group in March 2015 as Chief Financial Officer, having served in a similar capacity over the last five years at leading e-commerce companies Cnova and Cdiscount.

To continue strengthening its organization during the first half of 2016, the Group hired a General Counsel, a Managing Director of Business, a Chief Operating Officer, as well as a Head of Logistics who is responsible for managing several assignments to improve service quality, reduce delivery time-frames and make the returns process easier. The Group believes that the complementary set of talents and experience of its 12-strong senior management team and of all its employees are a competitive advantage, and position the Group well as it embarks on its next phase of growth.

6.3 STRATEGY

The key elements of the Group's strategy include:

6.3.1 Continue to drive member engagement and repeat purchase behavior by continually enhancing the user experience and the quality of the Group's services

The Group will pursue a customer-centric approach in all aspects of its operations in order to continue to foster member engagement, loyalty, first-time purchase and repurchase rates. The Group counts on its operational excellence to boost member loyalty and plans to continue improving the shopping experience, delivery time-frames and the quality of service offered. It is also focusing on innovation by developing innovative features and services (such as loyalty programs, direct delivery from brand partners) to differentiate the Group from the competition and become an industry-leader. This strategy also involves continuously improving customer experience and client customization by leveraging the Group's big data capabilities. For example, in March 2016, the Group launched an innovative search engine that enables members to quickly identify sales of their preferred products, and in May, it developed a product recommendation feature that suggests items that are most likely to match each member's interests.

6.3.2 Continue to drive brand awareness and member acquisition through an ROI-based marketing strategy

The Group will continue to invest in a multi-channel marketing strategy. The Group plans to continue conducting brand building campaigns using online and offline television, radio and marketing displays to capitalize on its four core brand values of fashion, innovation, accessibility and affinity that appeal to its core member demographics. In 2014, the Group established an internal marketing agency, which it believes will help it to develop an effective and differentiated brand strategy, inspired by its previous successes. In addition, it plans to use its expertise in CRM and targeted online and mobile advertising to foster user engagement, drive first-time buyer conversion and stimulate repeat buying.

6.3.3 Extend partnership with brands and continue to broaden sourcing portfolio

The Group will continue to enhance its value proposition to suppliers in order to expand relationships with existing and attract new brand partners to the platform. The Group will leverage its scale and reach to monetize ever larger volumes of excess stock quickly. The Group will build on its big data analytics and reporting capabilities to improve the success of its sales events and provide valuable consumer insights to brand partners – while strictly maintaining member privacy. In addition, the Group will seek new ways to forge relationships with brands, including through initiatives such as "push to store" promotions which allow members to buy vouchers valid for a limited period and redeemable at brand partners' participating brick-and-mortar stores or online. The Group intends to expand local sourcing in its international markets. Moreover, in order to focus on the shopping patterns and needs of its core member demographics, the Group will continue to explore the creation of partnerships for new product categories, as it did for ticketing with France Billet in 2016, or to expand its offer, as it did in beauty, with the acquisition of Beauteprivee in early 2017. In addition to initiatives with its brand partners, the Group has created products under its own label that reflect the values of its brand. In particular, it launched its own fashion brand #CollectionIRL during the fourth quarter of 2015. This project also enables the Group to take more benefit from the knowledge it has acquired of its members' preferences. In February 2016, the Group launched its coupon programs, "Shop It Pocket" and "Shop It Coupon", to generate traffic for its brand partner. "Shop It Pocket" offers exclusive in store discounts. After purchasing an item, customers can scan their cash register receipt using the ShowroomPrivé app and obtain a refund of the amount of the discount. "Shop It Coupon" enables customers to purchase coupons online that can be used in store. This enables the Group to capitalize on its database and the large number of daily visits to create an important tool for

brands, which, in turn, enables it to recruit new brand partners looking for new ways to acquire customers. It is also a new way of promoting customer loyalty for the site.

6.3.4 Achieve critical scale in the Group's international markets

The Group has grown rapidly outside France through a focused international expansion strategy. At the end of 2016, the Group had 8.7 million members and 1.2 million cumulative buyers in its international markets, 0.5 million of whom made at least one purchase during 2016 (excluding the contribution of Saldi Privati). In total, international sales generated 13.3% of the Group's net revenues in 2016, and 18.4% including Saldi Privati's contribution over 12 months, just five years after the Group launched its first website outside France, in Spain. The Group will continue to pursue revenue growth and market share gains in its existing international markets to reach critical scale and achieve profitability. In 2016, it initiated a multi-local strategy with seasoned sales teams set up in Germany, Spain and Italy. It plans to continue to invest in brand building campaigns and seek opportunities for greater customization to local markets, including local sourcing. The Group also intends to expand its international business through meticulously selected acquisitions in markets where buying a dynamic local company enables the Group to grow its presence more effectively. In November 2016, the Group therefore acquired Saldi Privati, a leading fashion e-commerce company in Italy, where the Group has already been operating since 2011, since this country is a strategic market because of the importance of its fashion industry and the high growth potential, given that the e-commerce penetration rate in Italy is lower than the European average. This acquisition has enabled it to become the second largest player in Italy for event sales[1]. Furthermore, should favorable circumstances arise, it could consider acquiring local leaders, in new markets, with attractive growth prospects and a positive competitive environment. Whether in executing its organic growth strategy or evaluating potential acquisitions, the Group will continue to adopt a disciplined approach to return on investment for the allocation of its resources and capital. In the fourth quarter of 2015, the Group also launched a dedicated German-language website in Germany, which it considers to be a potentially strong market for its business.

6.4 INDUSTRY AND MARKET OVERVIEW

The Group is a rapidly-growing online fashion retailer, with operations primarily focused on the lucrative fashion[2] market in Europe[3]. At December 31, 2016 the Group is present in France, its major market (86.7% of its net internet sales in 2016), and in seven other countries in Europe (Italy, Spain, Belgium, Germany, Portugal, the Netherlands and Poland). It has also opened its platform to members from more than 160 countries, who can make purchases in local currency via the Group's English-language website.

The Group's strong growth since its creation has been supported by favorable market conditions in the European retail market. These conditions include the continuing growth of online retail penetration in fashion merchandizing and the shift in consumer purchases of fashion-related merchandise from offline to online channels. This market has also benefited from consumers' increasing acceptance of the m-commerce model, i.e. purchases made from mobile terminals, and from the growth of mobile commerce.

6.4.1 E-commerce is a large, fast-growing market in Europe

1 Company calculation using the Osservatorio eCommerce B2c Netcomm – Politecnico di Milano and Bureau van Dijk databases.

2 Fashion-related merchandise includes apparel, footwear, bags & luggage, jewelry & watches, and personal accessories & eyewear.

3 The European market is defined as countries in Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the UK) and Eastern Europe (Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Serbia & Montenegro, Slovakia, Slovenia, Ukraine).

In recent years, an increasing portion of consumer spending in Europe has shifted from traditional offline retail channels to online purchases. Online retail spending in Europe grew at around 13.3% per annum between 2012 and 2016, to reach approximately €232 billion in 2016. E-commerce spending as a share of total retail spending in Europe increased from 4.4% in 2012 to 7.3% in 2016 (source: Euromonitor International[1]).

The Group believes that this shift and the growing acceptance of online shopping have been driven in part by certain features of the e-commerce model that are advantageous for both consumers and retailers:

- *An easily accessible product.* E-commerce offers the convenience of browsing for products anytime, anywhere, through multiple devices. Consumers can avoid crowds and queues and still find great products and value.

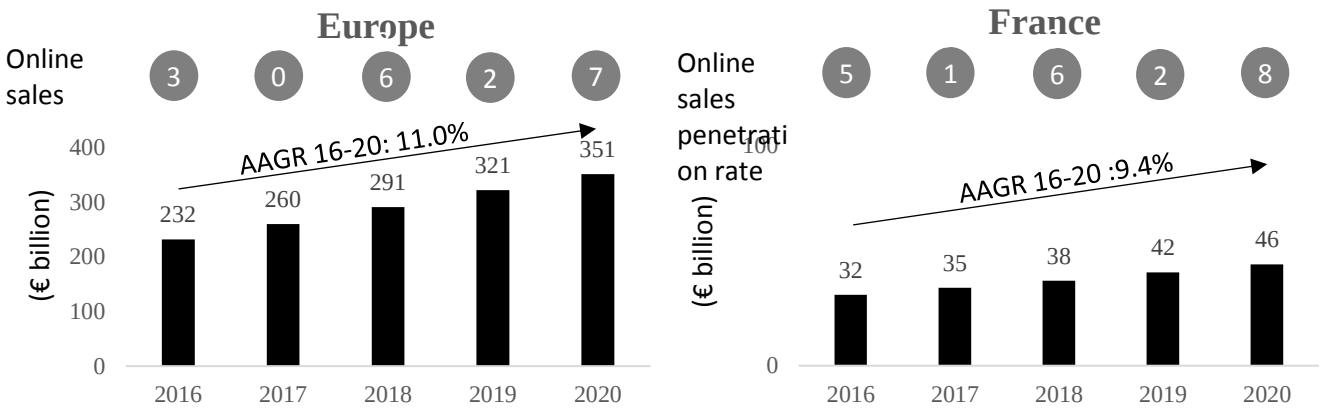
- *Variety of products offered and comfort while shopping.* E-commerce platforms are often able to offer a greater selection of products in a given product category compared to brick-and-mortar retailers, because they are not constrained by limited shelf space or the need to keep stock on-site. Consumers are also able to easily find and compare products and prices across platforms. Also, e-commerce often enables consumers to choose convenient delivery options. Thus, consumers can generally choose between delivery of their order directly to their home or to their place of work.

- *Reduced overhead.* Because by definition and unlike bricks and mortar stores, online retailers do not have to maintain window displays, they can often save on overhead expenses. These savings can be passed on to consumers in the form of lower prices, or can help improve profitability.

- *Data analysis as an operational lever.* Online retailers are typically able to gain greater insights into consumer behavior because it is relatively easier to collect data on browsing and purchasing patterns on an online platform. To the extent that online retailers leverage this information to optimize their own sales efforts and engage in more targeted marketing, it can improve the shopping experience for consumers by enabling more personalized offerings.

These and other features are expected to drive a continuing shift in consumer spending towards online channels in the European market in the future. According to Euromonitor International, online retail spending in Europe is expected to grow from €232 billion in 2016 to approximately €351 billion by 2020, an AAGR of 11%.

Online retail spending in Europe and in France *(in € billions)*



1 The figures presented by Euromonitor International are based on an exchange rate for the euro set at the average EUR-USD exchange rate in 2016 (€1.1 to $1.0, according to Euromonitor International) and are presented at historical prices with no adjustment for inflation.

Source: Euromonitor International, February 2017

The Group's geographic markets in Europe have each have differing e-commerce market sizes and e-commerce growth dynamics. The Group believes that these markets provide valuable opportunities and significant upside in future growth:

E-commerce market size in 2016 and CAGR in Group's major geographic markets (€ billions)

	France	***Italy***	***Spain***	***Portugal***	***Belgium***	***Netherlands***	***Polar***
2016 Online Retail Sales Market (€ billion)	***32.0***	***8.6***	***6.9***	***1.3***	***5.7***	***8.7***	***5.9***
2011-2016 AAGR (%)	***12.2%***	***18.2%***	***8.8%***	***11.9%***	***23.8%***	***10.4%***	***21.4%***
2016-2020 AAGR (%)	***9.4%***	***14.4%***	***8.6%***	***10.1%***	***14.2%***	***7.8%***	***16.8%***

Source: Euromonitor International

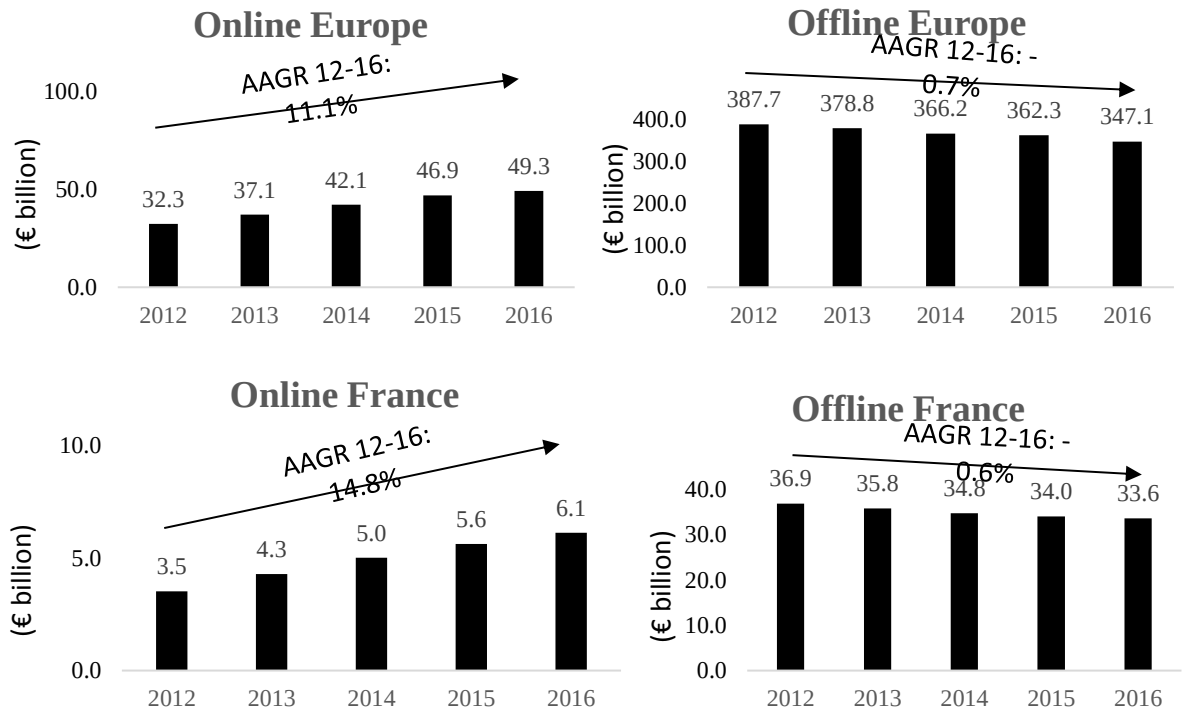
The penetration rate of online spending by consumers (defined as the percentage of total retail spending that occurs online) could also be a growth factor for online purchases in different markets. Penetration rates for consumer online purchases vary among regions and among countries within a region. The rate is based on a variety of factors, including consumer shopping preferences, differences with respect to the availability of broadband internet connections, consumer confidence in online sales platforms and online payment systems, the availability of convenient delivery options, and customers' experience with e-commerce predecessors, such as catalog shopping and home-based shopping. In 2016, the penetration rate for consumer online purchases was 7.3% in Europe, which is less than the United States, which reached 10.5% in 2016 (Source: Euromonitor International). According to the Group, this relatively low penetration rate for consumer online purchases in Europe (and in Western Europe, which had an overall penetration rate for consumer online purchases of 7.9% in 2016) represents a growth opportunity. Indeed, the penetration rate for online purchases in Europe (and in Western Europe) should increase and reach the levels recorded in the United States

The penetration rates for consumer online purchases vary within the European market. The penetration rate in the Group's main market in France and in its markets in Spain and Italy is lower than in other European countries such as Germany and the United Kingdom. According to the Group, these relatively low penetration rates represent significant growth opportunities. Indeed, the penetration rate could increase in France, in Italy and in Spain, to reach the same level as in Germany and the United Kingdom. Between 2016 and 2020, the penetration rate for consumer online purchases is expected to increase from 7.5% to 9.8% in France, from 3.4% to 4.1% in Spain, from 3.0% to 4.7% in Italy and from 8.5% to 11.7% in Germany (Source: Euromonitor International). Some of the Group's other active markets had similarly low online penetration rates in 2016, including Portugal (3.1%), Belgium (7.7%) and Poland (6.8%), while the Group's Dutch market had a 9.2% market penetration (Source: Euromonitor International).

6.4.2 Online fashion is a large market rapidly gaining share from offline retail

Fashion-related merchandise, the Group's core product category, is the largest retail online consumption category in Europe, generating approximately €49 billion in sales in 2016. Online sales of fashion-related merchandise grew at 13.4% annually, from €26 billion in 2011 to €49 billion in 2016.

Online and Offline Fashion Retail Spending in Europe and in France
(*€ billion*)



Source: Euromonitor International

The fashion market could also represent an additional opportunity for growth in online purchases by consumers in Europe. The online penetration rate for sales of fashion-related merchandise in Europe was 12.4% in 2016, compared to only 10.3% in 2014[1]. Compared to other product categories, such as the "appliances and electronics" category with an online penetration rate of 15.3%[2] in 2014, this penetration rate is relatively low (Source: Euromonitor International). According to the Group, online retailers are helping consumers to overcome the hurdles that are unique to the online fashion-related merchandise category, such as accurate sizing and product differentiation, and they also allow them to easily return the products they have ordered. The Group believes that this development will help to reduce somewhat the perceived difference between more personalized consumer categories like fashion-related merchandise with more commoditized product categories like consumer electronics.

The Group is also well-positioned to leverage growth in the online market for other product categories in which it has expanded its operations, particularly in the sectors that are most attractive for its core target demographic. The Group generated 47% of its gross internet sales in 2016 from non-fashion-related categories. The Group has expanded its offering into categories like home & garden, beauty & personal care products, and consumer appliances & electronics. The Group believes that the "home and garden" and "health and beauty" categories also offer significant long-term growth potential and that these categories are each expected to experience an increase in their online penetration and their growth in online sales.

6.4.3 Mobile commerce is amplifying the online fashion opportunity

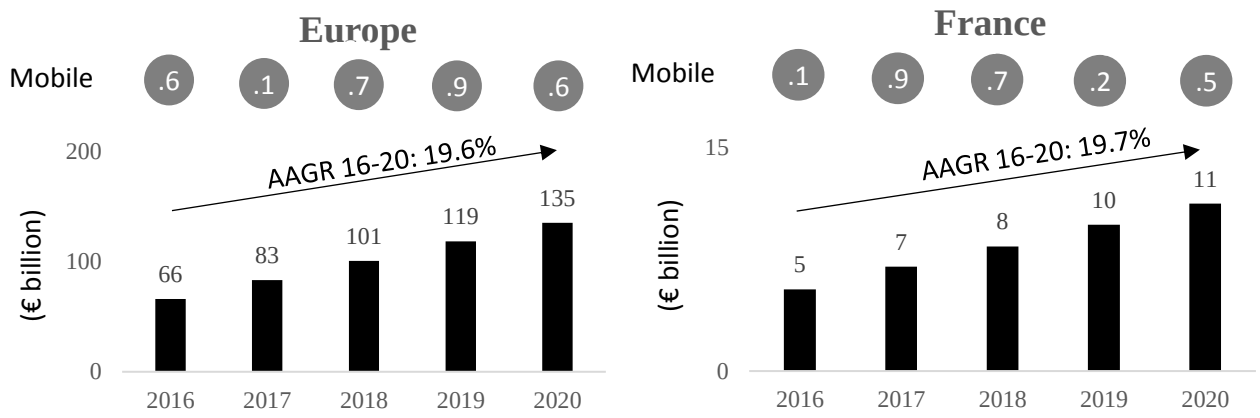
The proliferation of mobile devices (smartphones and tablets) has significantly contributed to the strong growth of consumer online retail. Mobile devices offer consumers access to browsing and shopping virtually any time, anywhere, and enable consumers to shop on-the-go whenever their work schedules allow it. This accessibility, coupled with growing consumer acceptance of m-commerce, has helped drive growth in European online retail sales on mobile devices from €4 billion in 2011 to

[1] Since figures for penetration rates are based on a data set that does not use the same criteria to categorize turnover as the complete data set used for a corresponding size, these values are not comparable.

[2] The online penetration rate for consumer appliances & electronics is based on unit volumes rather than revenues.

€66 billion in 2016. This strong growth is expected to continue, with purchases from mobile devices in Europe expected to rise from €66 billion in 2016 to €135 billion in 2020; an average annual growth rate of almost 20%. This growth in purchases from mobile devices exceeds the growth in the overall online market. As a result, the share of online retail sales from mobile devices increased from 3.3% in 2011 to 28.6% in 2016, and sales on mobile devices are expected to make up 38.6% of online retail sales by 2020 (Source: Euromonitor International).

Mobile Retail Spending in Europe and in France
(*€ billion*)



Source: Euromonitor International, February 2017

The Group's current European markets had varying levels of mobile device sales as a percentage of total online sales in 2016, with its core French market showing a relatively low mobile penetration rate compared to the European average of 17.1%. The Group believes that changes in this rate could provide the upside for growth:

Mobile spending as a percentage of total online retail spending (2016)

	France	***Italy***	***Spain***	***Portugal***	***Belgium***	***Netherlands***	***Poland***
2016 Mobile Online Sales Penetration (%)	***17.1%***	***33.0%***	***13.2%***	***13.5%***	***17.0%***	***36.6%***	***12.2%***

Source: Euromonitor International

The Group believes that its core market for fashion-related merchandise is particularly well-suited to the mobile shopping format because consumers typically browse and consider many factors – such as style, quality or type of materials, brand, relative price, and size – before purchasing fashion-related products. This typically requires a significant investment in time and makes the ability to browse at any time throughout the day on a mobile device particularly valuable for consumers. This value for consumers is evidenced by a study conducted by eMarketer indicating that apparel is the top category of purchases via smartphones, with 37.0% of respondents having purchased apparel items, compared to 22.7% for books, 26.7% for electronics, 24.0% for tickets and 18.1% for personal care items (Source: eMarketer, February 2014). The Group's early adoption of, and continuing focus on, a mobile strategy leaves it well positioned to take advantage of this trend.

6.4.4 Excess inventory channels represent an incremental distribution venue for fashion brands

Ensuring sufficient supply of products to meet expected demand is an important consideration for fashion labels and brand suppliers. Insufficient stock may result in lost revenue opportunities and may also adversely affect the brand's reputation with its customers. As a result, brands typically produce enough supply to ensure they avoid any potential stock shortages. This explains the existence of structurally excess stock that was not sold at public sales prices through traditional retail channels. In France, fashion brands typically have an unsold stock rate of between 4% and 8% per year. (Source: Xerfi, January 2015).

The level of unsold stock can also be influenced by changes in market conditions. For example, in recent years the rise of "fast fashion" has led to fashion brands increasing the number of collections they release each year, with the average number of collections increasing from 4 in 2006 to 5.1 in 2010 (Source: *Institut Français de la Mode*, 2011). The Group believes that this increasingly rapid cycle of new collections could lead to brands and retailers having increased levels of excess stock from earlier collections that must be sold to make room for new collections.

The level of unsold stock in the Group's core European markets (excluding the United Kingdom) and particularly in its principal market, France, may also be influenced by the applicable regulations. These regulations limit the opportunity for brands and traditional retailers to hold sales of surplus stock outside the official sales periods set by law. These regulations include restrictions on when in the calendar year brands and traditional retailers may offer discounted products, on the terms of discounts, on the publicity for such discounts, and on the type of stock that may be discounted. For more information, see Section 4.2.1 "The Group Is Subject to a Wide Range of Laws and Regulations That May Change or Be Applied in Ways That Adversely Affect its Business" of this Registration Document. According to the Group, brands and traditional retailers find it more difficult, because of these regulations, to liquidate excess stock outside the official "sale periods", thus increasing their need for a sales channel to monetize their stock. These regulations may also make it difficult for consumers to find discounted offers in bricks-and-mortar shops outside the official "sale periods" because of the amount of extra time and effort required to find such deals. The resulting reduction in demand could contribute to greater levels of excess stock.

Brands and retailers therefore need an additional reliable sales channel for the sale of their excess stock in order to increase their revenue. Traditionally, many brands relied primarily on brand outlet stores and wholesale distributors. However, these brands and retailers have recently started selling excess stock through online event sales channels, and according to the Group, these online channels enable them to broaden their customer base, and the data analytics to which brand partners may have access enables them to gain deeper insights into their customers.

6.4.5 Competitive landscape

As a result of its size and growth potential, online sales of fashion-related merchandise in Europe represents a large and highly attractive market opportunity. Showroomprivé competes with other retailers in this market based on a number of factors, including:

- *Scale.* The size of Group in terms of sales volume and the number of its members, buyers and brand partners mean that it is an attractive sales channel for brand partners with excess stock and provides a varied offer to members based on the discovery of new brands and new products at discounted prices.

- *Brand*. The Group benefits from high brand awareness, which allows it to grow its number of Members, generate direct revenues and recruit brand suppliers.

- *A fashion-oriented offer.* The Group's strong fashion focus and expertise enable it to leverage its data insights and experience to improve its recruitment of brand partners, to understand and anticipate consumer preferences and trends, and to optimize sales price settings appropriately. The Group believes this expertise is a key factor differentiating it from more generalist e-commerce platforms.

- *Interface*. The Group believes that its stylish and easy-to-use websites and mobile apps facilitate discovery of new brands or products and provide an appealing user experience.

- *Logistics and technology*. The Group has built a high-level, scalable and data-driven technology platform, focused on leveraging data to support its business. Its technology platform enables real-time, data-driven decision-making, at all levels of the Group's

operations. Added to this is an optimized logistics management infrastructure that is expandable thanks to in-house expertise and external logistics service providers.

- *Marketing*. The Group competes with other retailers through its marketing strategy. It leverages its online marketing expertise and data analytics to execute a growth strategy based on ROI and on constantly testing the latest available digital marketing technology to attract members to its platform, while achieving an optimal volume/cost ratio.

- *An offer tailored to local characteristics.* According to the Group, providing a customized user experience for different local markets is an important aspect of its international competitiveness. The Group's interfaces are tailored to local preferences, available in the local language, offering payment methods and delivery options adapted for each market, and the Group strives increasingly to recruit local brand partners.

The Group's competitors are primarily online event sales retailers.

These companies have a similar business model to that of the Group. During limited-time event sales, it offers products to members registered on its platform at a price significantly below those available at public sales. The Group believes that several factors enable it to differentiate itself from its competitors, including: its specialization and expertise in the sale of fashion-related merchandise; its core target audience, digital women; its expertise in traditional retail sales of surplus stock; its expertise in technology, "big data" and data analysis; its marketing expertise; and its scalable infrastructure. Some market competitors, particularly Vente Privée, actively seek to secure exclusive agreements with some of their brand partners. Competitors in this market include Vente Privée, Brand4friends, Brandalley, Bazarchic, BuyVIP, and Limango.

Pure-play online retailers and vertically integrated retailers of fashion-related merchandise, general online retailers, and offline stock clearance outlets also put indirect competitive pressure on online private event sales retailers like the Group, but to a lesser extent given their distinct characteristics:

- *Pure-play online retailers and vertically integrated retailers of fashion-related merchandise*. There are several retailers in the Group's markets that sell collections of fashion-related merchandise online. These companies have a significantly different business model from that of the Group. Typically, they purchase and buy stock of current season products and keep them to fulfill the orders placed on their platforms. This stock is usually sold at higher prices than the average prices offered by the Group. In Europe, such pure-play retailers include Zalando, Asos, Yoox-Net-A-Porter and Boohoo. Many vertically integrated retailers specializing in offline sales have also begun to expand their online presence. The Group believes that it has an advantage over these retailers because they are often more focused on their core offline sales and may lack the scale and expertise required to expand their online sales businesses. Moreover, these retailers are also usually focused on their own brands and therefore, unlike the Group, do not necessarily offer as varied a selection of brands, or the opportunity to discover new brands. The Group believes that typically these retailers do not offer significant discounts because that could have a negative impact on their brand value. Examples of such vertically-integrated retailers include H&M, Inditex (which owns Zara and Massimo Dutti, for example) and Uniqlo, among others.

- *General e-commerce retailers.* Certain general e-commerce retailers offer a broad range of categories, including fashion-related merchandise. However, the Group believes that these online retailers typically lack a strong fashion focus and expertise, and their websites are not optimized for the sale of fashion-related merchandise. Also, in many cases, their business is not focused on specific markets. Moreover, such retailers have a different business model than the Group, typically selling their products at prices similar to full retail prices. These competitors include Amazon and Cdiscount.

- *Specialist offline stock clearance outlets.* Specialist offline stock clearance outlets, particularly factory stores for fashion-related merchandise, are a traditional clearance channel for excess stock. While these retailers also purchase excess stock from brands, the Group's access to a larger number of members and a more precisely identified client base, its international reach, the best data analyzes enabling brands to deepen their customer knowledge and optimize their business decisions, all constitute key differentiating factors for partner brands.

The factors presented above also apply more generally to sales of the Group's other product categories. For more details, see Section 4.1.3.4 "The Group Operates in a Competitive Industry, and Competitive Pressures Could Affect the Group's Sales and Growth" of this Registration Document.

6.5 DESCRIPTION OF THE GROUP'S ACTIVITIES

6.5.1 The Showroomprivé Shopping Experience

The Group's sales model is designed to create an entertaining, engaging and discovery-based shopping experience. The Group launches 15 to 17 online private sales every weekday morning beginning at 7 a.m. and at 9 a.m. on weekends, which offer limited quantities of products from well-known and up-and-coming brands at savings usually ranging from 50 to 70% off the retail price. The Group's event sales typically last for up to 7 days, a time-frame designed to be flexible enough to accommodate a member's busy schedule, but short enough to generate excitement and drive impulse purchase decisions.

The Group encourages members to visit the platform as part of their daily routine by offering them an intuitive and engaging way to discover a selection of new offers every morning. Every day, the Group offers a careful mix of products from big and small brands at highly attractive prices, as well as products from up-and-coming brands that its members might not otherwise have known about. The daily private sales present a wide range of brands, with many product lines and prices, so members can shop for themselves, as well as for their families and their homes. The Group's sales planning team coordinates event sales to ensure maximum impact for these sales by limiting simultaneous private sales of the same product categories. The Group also prominently features travel and leisure offers, which not only help generate travel and leisure sales but also adds to the platform's entertainment value by offering a temporary escape from their daily grind.

The Group sends a personalized daily e-mail newsletter featuring the private event sales starting the next morning, in order to ensure that members remain active and connected to the platform. The newsletter caters to the needs of the busy "digital woman" by offering a quick snapshot of the sales taking place on the following day, including photos and descriptions of the brands and types of products that will be offered for sale. It is a major driver of traffic for the Group since many members click on these links to directly access the Group's mobile apps and websites. The Group's platform typically experiences a surge of traffic every morning as members log on to view the new event sales, but traffic remains strong throughout the day and into the evening, particularly as members take advantage of the always-on, always-available nature of browsing on mobile devices. The Group's objective is to enable members to incorporate online shopping into their daily routine and to ensure that the platform responds to the lifestyle and habits of its members, including multi-tasking. The Group's mobile apps and websites therefore include a range of features designed to enable members to return to recently browsed items, to set reminders both for upcoming sales and the end dates of current sales, but also to sort events according to the time remaining. The Group also actively promotes its sales on its KISS blog, on social media, through competitions and seasonal and thematic campaigns, throughout the year, to increase member loyalty. At December 31, 2016, the Group had 401,000 fans on Facebook, 23,000 on Twitter and 65,000 on Instagram.

Every private sale is designed and produced by the Group's in-house production team of 243 graphic designers and fashion photographers. This team handles every aspect of production of the Group's

event sales, creating sleek and fashion-magazine-inspired banners and landing pages to introduce the brand and feature the products offered in the private sale. The sales production team handles all stages of producing the event sales, from selecting product samples, recruiting fashion models and staging and taking photographs in one of its 28 photography studios, to other phases such as creating descriptions and designing announcements and advertising layouts for the event sales. The production team takes approximately 1 million pictures per year. The Group believes that its attention to high production values and its image-conscious, status-enhancing presentation of brands differentiates it from traditional distribution channels and is a key attraction for brand partners. The Group uses data analytics to program event sales and carefully positions products in its e-mails and the mobile push notifications it sends to members to enhance their user experience and drive sales conversion. The Group's production activities are primarily based in its La Plaine Saint-Denis headquarters, with the support of a small team in Barcelona. At the date of this Registration Document, the Group had expanded its production activity by opening a new site at Roubaix, in France, in the fourth quarter of 2015.

The Group's limited-duration private sales model allows it to offer its members a wide range of product styles and brands, while quickly selling excess stock for its brand partners. In 2016, excluding its travel sales and digital offerings, the Group featured nearly 2,000 brands and attracted close to 739 new brands to its platform. The Group believes that maintaining and expanding the variety of its offerings adds to the entertainment value of the platform and allows it to offer an effective stock monetization channel for its growing network of brand partners.

6.5.2 Value Proposition

6.5.2.1 Value Proposition to Members

The Group's fashion-centered private sales model is designed to respond to its members' expectations and particularly those of its demographic target, "digital women". To do this, it offers its members an entertaining and engaging user experience every day, facilitating the discovery of new brands and finding great ready-to-wear bargains. The Group believes that its members visit its platform to find products at great prices, typically 50 to 70% off retail prices, both on brands they know and on new brands selected by the Group's experienced team in charge of sourcing brand partners. The Group believes that this contributes to the creation of a loyal customer experience, browsing through the pages dedicated to event sales leading naturally to the discovery of new products. The Group has built its success on an offer in fashion-related merchandise (representing 53% of gross internet sales[1] in 2016) and a range of other items carefully selected to attract its members, including beauty and home decoration products. Thus, in 2016, about 63% of all the Group's repeat buyers made at least one purchase in more than one category of products. The Group's model of rapidly launching new, limited duration events each day enables it to easily and cost-effectively test members' reactions to new product categories. In this way, it can better understand their preferences and expectations for future sales.

The Group's mobile-centric platform features simple and attractive mobile apps and websites with intuitive functionality, accessible anytime anywhere, and convenient payment options for a frictionless user experience. The Group also focuses on the efficiency in its delivery services to get products to its buyers within delivery time-frames that are highly competitive for the online event sales market. For some products, the Group offers a 24-hour delivery option.

6.5.2.2 Value Proposition to Brand Partners

The growth of its membership numbers, of its quality services and of the number of successful private sales have enabled the Group to attract to its platform a diverse and attractive selection of well-known and up-and-coming brands. Over time, many have become regular partners of the Group and regularly

1 Excluding the contribution of Saldi Privati.

use its platform as a fully-fledged distribution channel. In 2016, more than 80% of the Group's gross internet sales (excluding travel and digital offers) were generated by brand partners that had already featured in private sales on the Group's platform in the past.

The Group's platform enables its brand partners to promote their image and their products to a large number of particularly loyal members. At the end of 2016, the Group had 28.3 million members. In the last quarter of 2016, the Group's systems recorded an average of 2.3 million visits per day, or 70.9 million visits per month. The Group recorded a total of 55.7 million visits per month during 2016. This traffic enables brand partners to increase their visibility in their existing or new markets, with a public representing strong potential for their brand and, in particular, with an audience of young consumers, since 43% of the Group's members were under 35 at the end of December 2016. In addition, the Group's sophisticated marketing campaigns on mobiles and e-mails constitute another means of enabling brand partners, without incurring additional costs, to increase awareness of their brand.

The Group's event sales always seek to showcase the brands that it sells. The Group's production studios, using state-of-the-art tools, ensure that each product is presented in a sleek and attractive manner. Unlike traditional offline distribution channels for excess stock, the Group offers brand partners a platform to manage these stocks, by enabling them to enhance and promote them, in style. The Group also offers its brand partners flexibility concerning the choice of the type of event sales and the audience for sales on its platform, such as selecting specific geographic markets or types of marketing, to ensure the sale is consistent with the brand partner's strategy.

The Group also offers brand partners access to unique insights on consumer preferences and behavior through its data analytics infrastructure. Following each sales event, the Group offers brand partners granular reporting on the appeal of their products and details of buyer demographics and purchasing behaviors. Brand partners may use this analytical information to optimize their future production plans, stock management strategies, and marketing decisions. The Group carries out these analyses and reports in strict respect for the privacy of its members.

6.5.3 Number of Members and Markets

6.5.3.1 Number of Members

6.5.3.1.1 Target Market

Although the Group's platform draws a diverse audience, the Group has consciously designed its brand, its product range, its marketing strategy as well as the look and feel of its mobile apps and websites, to attract a female audience. It stems, in particular, from the demographic target that the Group identifies as that of "digital women", which it considers to have great potential. They are active on the internet and were early adopters of the e-commerce model. Of the French "digital women" with at least one child under 18, 93% showed interest in shopping online and 66%, on average, spent more than 1 hour 20 minutes per day online in 2014 (Source: KR Media, May 2015). They manage a significant share of the family's shopping budget, show a high interest for shopping, and typically buy for the entire family.

The Group has a large number of female members that reflects this positioning – 68% of the Group's members[1] at the end of 2016, 74% of the Group's cumulative buyers[1] at the end of 2016, and 76% of its buyers[1] in 2016 were women, of whom 70% are women aged 25 to 50.

6.5.3.1.2 Members and Buyers

[1] Excluding the contribution of Saldi Privati.

The Group's popularity has allowed it to achieve strong member growth. The following table summarizes developments in the Group's total number of members, cumulative buyers and buyers for the periods indicated.

Members, Cumulative Buyers and Buyers
(in millions)

	2010	2011	2012	2013	2014	2015	2016*
Total Members (as of December 31).....	6.3	9.2	12.4	16.2	20.2	24.6	28.3
% growth year over year.....	*n.a.*	*47 %*	*37 %*	*29 %*	*25 %*	*22 %*	*15.1 %*
Cumulative Buyers *(as of December 31)*.....	0.9	1.5	2.2	3.2	4.3	5.5	6.8
% growth year over year.....	*n.a.*	*54 %*	*42 %*	*45 %*	*35 %*	*28 %*	*22.5 %*
Buyers (for the 12 months ending December 31).....	0.6	0.9	1.3	1.8	2.4	2.9	3.2
% growth year over year.....	*n.a.*	*46 %*	*55 %*	*35 %*	*30 %*	*22 %*	*12.8 %*

*excluding the contribution of Saldi Privati

Members register for the platform and gain access to the sales events following a free one-time registration process that requires a name and email address. The Group has achieved significant success in converting members to buyers and converting buyers to repeat buyers. The annual rate of growth in the Group's number of buyers and of cumulative buyers outpaced the rate of growth in the number of members for each of the years between 2013 and 2016, demonstrating the Group's increasing success in converting members to buyers and buyers to repeat buyers.

6.5.3.1.3 Buyer conversion and repeat purchase dynamics

The following presentation provides a description of the dynamics relating to the conversion of members to buyers and of buyers to repeat buyers for certain of the Group's member and buyer "cohorts", which are defined based on the fiscal quarter during which they became a member or during which they make their initial purchase on the Group's platform, respectively. Although the Group believes that the purchase and repurchase behavior of the member and buyer cohorts below is generally consistent with the historical performance of the Group's cohorts since Q4 2011, the performance of future cohorts may vary and even decline. There can be no assurance that future cohorts will demonstrate the same purchase or repurchase behavior or perform consistently with the trends described below.

6.5.3.1.3.1 Conversion of members into buyers

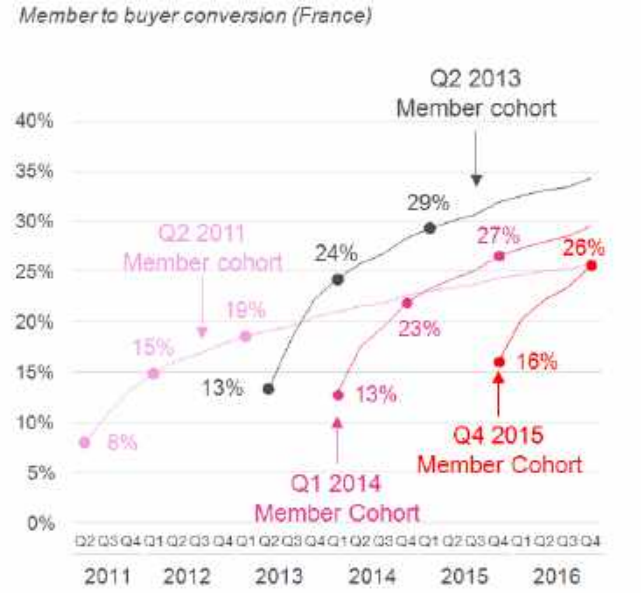
Once the Group has attracted new members to its mobile apps and websites, its goal is to convert them into first-time buyers and then to encourage repeat purchases. In addition to the quality of its service offering, to drive conversion, the Group uses a 360° approach that includes email, website and mobile "push" messages with an emphasis on curation and personalization. Almost all of the Group's user engagement tools involve very limited incremental cost, and as a result, once a member has been recruited to the platform, the Group does not incur any additional direct marketing expenses to convert a member into a buyer.

In managing its business, the Group monitors and analyzes the purchase behavior over time of "cohorts" of its members. The Group has seen the rate of conversion of members into buyers within successive quarterly member cohorts in France accelerate over time. To illustrate this trend, the Group compared the percentage of members in each of the Q2 2011,[1] Q2 2013 and Q1 2014, and Q4 2015

1 In selecting a cohort to use as an example, the Group compared each of the Group's quarterly cohorts since Q4 2011 to the average performance of all cohorts since the beginning of that period. The Q2 2013 cohort was chosen because it is the most representative of average performance among all cohorts since Q4 2011. The Q2 2011 cohort was selected as a

cohorts that had made at least one purchase within one quarter after registration, four quarters after registration and two years after registration. The following graph shows, for the Q2 2011, Q2 2013 and Q1 2014 and Q4 2015 cohorts in France, the percentage of members that had made their first purchase within the quarters following their registration.

Buyer Conversion Over Time for the Q2 2011, Q2 2013, Q1 2014 and Q4 2015 Member Cohorts (France) (as a %)



The analysis of the Q2 2013 member cohort in France shows that within the first quarter of signing up to the platform, 13% of members made a first purchase and became buyers. Buyer conversion reached 24% after another 3 quarters (by the end of Q1 2014) and 29% after two years (by the end of Q1 2015). In comparison, the Q2 2011 member cohort in France experienced buyer conversion of only 8% within the first quarter of registration, 15% after another 3 quarters (by the end of Q1 2012) and 19% after two years (by the end of Q1 2013). The analysis further shows that 13% of the Q1 2014 cohort made a first purchase and became buyers within the first quarter of signing up. The conversion rate was 23% after three quarters (by the end of Q1 2014) and 27% seven quarters (by the end of Q4 2015). Lastly, the Q4 2015 member cohort recorded the highest buyer conversion within the first quarter of registration, reaching 16% and rising to 26% one year after registration.

Most of the conversion of members to buyers occurs during the year of their registration on its platform. However, the Group continues to convert members to buyers more than one year after they became members.

6.5.3.1.3.2 Conversion of first-time buyers into repeat buyers

Once members have made their first purchase, the Group seeks to convert them into repeat buyers. Part of the Group's user engagement effort is specifically targeted at driving the second purchase and fostering loyalty. Examples of such user engagement efforts include, but are not limited to, a set of three successive e-mails sent to buyers after their first purchase, birthday offers, and vouchers awarded for referrals, and customer satisfaction surveys.

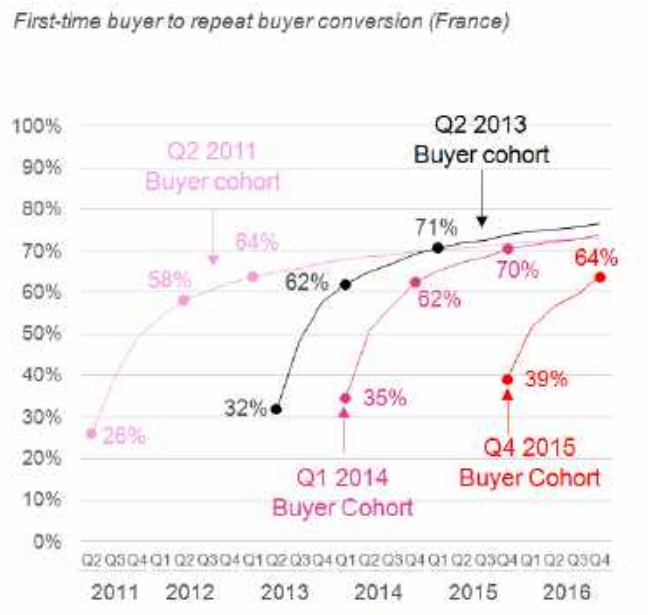
The Group monitors and analyzes the purchase behavior over time of "buyer cohorts", which include all members who made their first purchase in the same quarter. The Group believes that the

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comparison point in order to give a sense of how the percentages have progressed since 2011, which is when the Group launched its first major media campaign.

conversion of buyers into repeat buyers is a key driver of revenue generation. The chart below shows, for the Q2 2011, Q2 2013, Q1 2014 and Q4 2015 buyer cohorts in France, the percentage of new buyers making their second purchase in the quarters following their first purchase.

Repeat Buyer Conversion Over Time for the Q2 2011, Q2 2013, Q1 2014 and Q4 2015 Buyer Cohorts (France) (as a %)



Analysis of the Q2 2013 buyer cohort[1] in France indicates that in the quarter of their first purchase, 32% of buyers in the cohort made at least one additional purchase. At the end of Q1 2014, i.e. three quarters after their first purchase, the rate of conversion to repeat buyers reached 62%; and that, at the end of Q1 2015, or two years after their first purchase, the conversion rate was 71%. The Group has seen that the conversion rate to repeat buyers in France accelerated over time. For example, the Q2 2011 cohort in France experienced repeat buyer conversion of only 26% in the quarter of their registration, 54% after another three quarters (i.e. by the end of Q1 2012) and 64% two years after their registration (by the end of Q1 2013). The Q1 2014 cohort registered conversion rates of 35% at the end of the first quarter of 2014, of 62% at the end of the fourth quarter of 2014 (i.e. three quarters after their registration) and of 70% in the fourth quarter of 2015 (i.e. seven quarters after the quarter of their registration). Finally, the Q4 2015 cohort shows that 39% of buyers in the cohort made at least one additional purchase in the quarter of their first purchase, and 64% during the following year.

The Group believes the relatively consistent trends it observes across numerous buyer cohorts in France, once buyers have made their first purchase, helps demonstrate its success in generating customer loyalty and explains the high percentage of revenues on its platform generated by repeat buyers. The strong loyalty observed once a member becomes a repeat buyer represents a significant source of value for the Group. In 2016, 63% of buyers had made at least one other purchase in previous years and 75% of the Group's gross internet sales were generated by these repeat buyers.

6.5.3.1.3.3 Economic Value over the Lifecycle of Members on the Platform

As noted above, the Group seeks to ensure that members make their first purchase, and then become repeat buyers. Repeat buyers generate a significant portion of its revenue. Although purchase behavior is affected by seasonality, the Group has also seen the average revenue generated by its member cohorts increase over time.

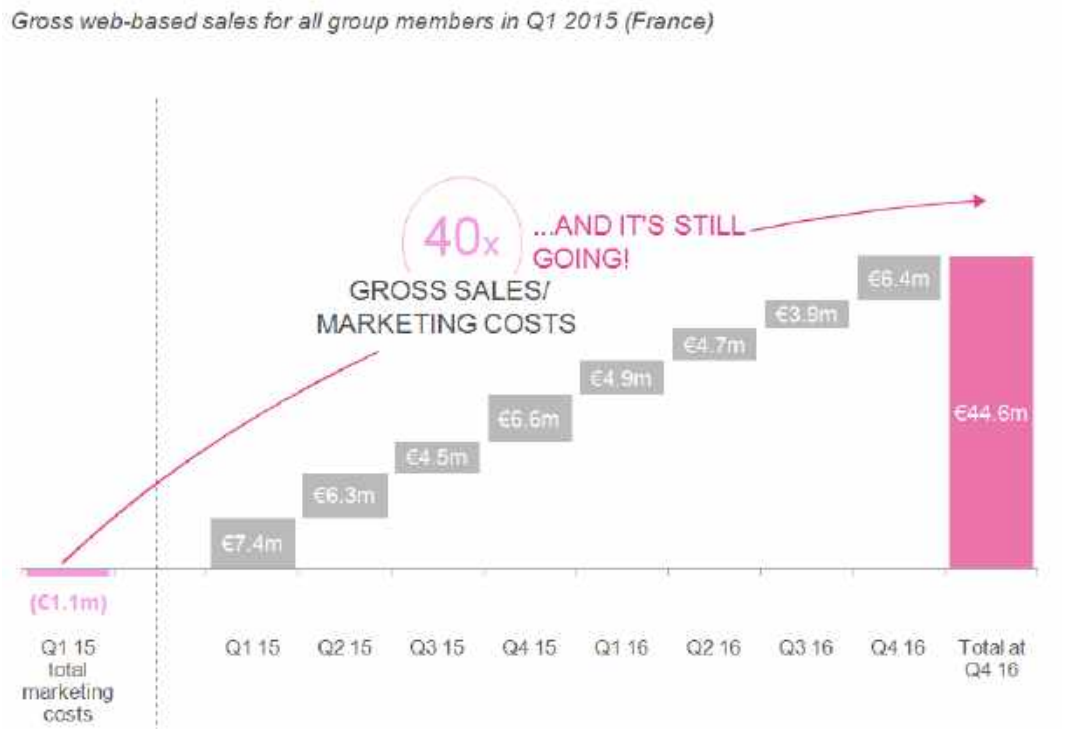
1 Based on analyzes of other quarterly buyer cohorts, the Group believes that the Q2 2013 buyer cohort is representative of the trend observed more generally in France across other quarterly buyer cohorts.

Given its success in converting members into buyers and then into repeat buyers over time as a result of the quality of its user experience and its user loyalty initiatives, the Group's marketing investments are focused primarily on member acquisition. In order to assess the return on its marketing investments in France, the Group compares a given member cohort's lifetime value ("LTV"), defined as the cumulative gross internet sales contribution attributable to the members of a given quarterly cohort, to the Group's marketing investment spent during the quarter when those members registered.

To illustrate the strong member LTV that a cohort on the Group's platform generates compared to the marketing costs incurred to acquire a cohort, the Group compared the cumulative gross internet revenue derived from the Q1 2015 member cohort in France, to the total marketing costs incurred during Q1 2014 to acquire these members. The following graph summarizes the marketing costs incurred to acquire the Q1 2015 cohort and the quarterly gross internet sales generated by that cohort.

Q1 2015 Member Cohort Lifetime Value
On the Platform

Economic Value / Marketing Expenses



The Q1 2015 member cohort generated a cohort LTV of €44.6 million by Q4 2016 (or seven quarters from their registration) representing 40x the marketing costs incurred to acquire this entire member cohort.

Cohort dynamics are driven to a large degree by the level of maturity of the business in each market. Given the earlier stage of maturity of the Group's international markets, quarterly member and buyer cohorts in the Group's international markets have historically shown lower buyer conversion rates and repurchase rates than those in the Group's more developed French market. As a result, international market cohorts recorded a lower LTV than cohorts in the French market. Moreover, given the different stages of maturity of the Group's various international markets, the performances recorded by the quarterly cohorts in the Group's various international markets is generally less uniform than those observed for cohorts in the French market.

6.5.3.2 Markets

At December 31, 2016, the Group was operating local websites in France and in seven other European countries.

France. France was the Group's first market and is still its largest market. Thus, in 2016, it had 19.6 million members in France (out of a total of 28.3 million members) and France represented nearly 87% of its total revenue in 2016. The Group's mobile apps and the attractiveness of its model have enabled it to build one of the largest mobile audiences among retail companies in France (6th in November 2016). They also enabled it to build one of the most active audiences in terms of average time spent on mobile devices (Source: Nielsen Panel, November 2016). In the last quarter of 2016, the Group's French platform received more than 2.3 million visits per day from an audience of between 1.2 and 1.7 million unique visitors per day between October and November 2016. (Source: Médiamétrie, November 2016). At the end of 2016, the Group had 19.6 million members in France, including 5.6 million cumulative buyers, of whom 2.8 million were buyers that made a purchase in 2016.

International. In 2010, the Group launched a targeted international expansion strategy directed from France by launching several local versions of its website. Today, it has local versions of its platform in seven European countries outside France (Italy, Spain, Belgium, Portugal, Germany, the Netherlands and Poland). The Group has also made it possible for members from over 160 countries to make purchases in their local currency through the Group's English-language website.

The following table summarizes the dates the Group entered its international markets.

Country	Website Launched
Spain	July 2010
Italy	March 2011
Netherlands	March 2012
Belgium	January 2013
Portugal	July 2013
Poland	July 2013
Multi-currency website[(1)]	December 2014
Germany	October 2015
Morocco	2017[(2)]

[(1)]The Group added a functionality to its English-language website allowing consumers in over 160 countries to pay for purchases on its platform in their local currency.
[(2)] As of the filing date of this Registration Document, the Group plans to launch a local version of its website in Morocco during the second quarter of 2017.

After this initial development period directed from France, the Group has decided to enter into a new multi-local international expansion strategy, starting in 2016, to get closer to its customer base, to boost the conversion of members to buyers and to strengthen their loyalty. This strategy involves reinforcing the Group's local presence by opening purchasing offices and setting up dedicated sourcing teams (in Spain, in Italy particularly with the acquisition of Saldi Privati, and more recently in Germany), to develop more targeted products that meet local market needs. It also involves rolling out conversion innovations and tools abroad that the Group has already launched in France (such as the "Infinity" service or the "single basket", both of which were launched in Spain and Portugal

during the first half of 2016), to strengthen member loyalty and retention and to boost new buyer conversion. In 2016, international operations accounted for 13.3% of Group revenue, and 18.4% when including Saldi Privati's contribution over 12 months. Its largest markets by revenue were Italy, Spain, Belgium and Portugal. The Group had a total of 8.7 million members for all international markets combined at the end of 2016[1]. Of these, 1.2 million[1] have made a purchase since the Group launched the platform and 0.5 million[1] made a purchase in 2016.

The Group's expansion in Spain is an example of its multi-local international strategy. After launching its platform in Spain in July 2010, and encouraged by continuous sales growth in the country, the Group opened local sourcing offices and rolled out the "Infinity" service as well as the "single basket" service during the first half of 2016.

The Group's expansion in Italy is another successful example of its multi-local international strategy. Already present in Italy since 2011 through its internet platform, the Group decided to strengthen its position in this strategic market because of the importance of the fashion industry and the high development potential, given an online retailing penetration rate below the European average. In November 2016 and in line with its multi-local strategy, the Group acquired 100% of the share capital of Saldi Privati, a leading event sales player in Italy (with 2.7 million members and €44 million in revenue in 2015). This acquisition, which enabled the Group to become the second largest event sales player in Italy[2], also enables it to leverage Saldi Privati's existing teams to boost its expansion in Italy, and, under a partnership agreement signed with Saldi Privati's former owner (the Milan-based Banzai group, the leading national e-commerce platform in Italy, listed on the STAR market), to benefit from the latter's logistics platform. In particular, the Group will be able to access a unique proprietary network, with more than 400 Banzai pickup locations in about 200 cities, and to offer 48-hour delivery to its members.

In Germany, the Group opened a purchasing office in 2016 to make it easier to approach their vast pool of local brands, particularly in the sporting and outdoor categories, and to enhance its offer for its customers in Europe.

Finally, other geographic areas such as Northern Europe, Eastern Europe and even the French-speaking North African region may also offer considerable growth potential in the coming years although the expansion model has not been defined yet.

6.5.4 Brand Partners

6.5.4.1 Brand Partner Selection and Procurement Expertise

Brand selection is at the center of the Group's value proposition to its members. According to the Group's survey of its members in 2015, the quality of the brands offered is the second most appreciated feature of the Group. The members interviewed indicated that they liked the brand discovery aspect of shopping at Showroomprivé. The Group believes that providing this carefully selected mix of products and brands is an important aspect of its value proposition to consumers and helps generate free traffic.

The Group's experienced team in charge of recruiting brand partners comprised 153 buyers at December 31, 2016 and is supervised by senior buyers with five to 15 years' experience in wholesale procurement. The Group works both directly with brands and in some cases with third-party distributors who manage product distribution for a given brand.

6.5.4.2 Brand Selection and Mix

1 Excluding the contribution of Saldi Privati.
2 Company calculation using the Osservatorio eCommerce B2c Netcomm – Politecnico di Milano and Bureau van Dijk databases.

The Group's team in charge of recruiting brand partners seeks to develop a diversified portfolio of popular and emerging brands covering a range of price points. This enables the Group to offer its members well-known brands at exceptional prices, while offering them the opportunity to discover carefully selected new brand products. The Group's brands may be broadly described as follows:

- *Well-known brands.* The Group features sales events with well-known "strategic" brands that generate higher sales and help drive traffic to its platform. As the number of its members and its sales volume have grown, the Group has increasingly become a trusted partner for large brands. It offers them a proven, discreet and image-enhancing sales channel enabling them to sell excess stock, while improving their brand awareness with the Group's core demographic and in local markets. Being featured in a private sale on the Group's platform also gives brand partners exposure to members who may not otherwise have visited the brands' own websites. These event sales also enable the availability of discounted merchandise to be restricted to an identified group of members, thanks to the private sale format. Access to the Group's rich data analytics on purchasing behaviors also helps brands to better understand their consumer appeal, at a granular level, in each market.

- *Up-and-coming brands*. The Group also offers a broad range of products from lesser-known, emerging brands identified by the Group's experienced team in charge of brand partner recruitment. Access to these brands enables the Group to introduce to its members new quality brands which they might not otherwise have been aware of. At the same time, the Group offers these brands the opportunity to increase their brand recognition and to expand their international scope across the Group's markets. The Group also enables these brands to benefit from the data it collects, so that they can better adapt their offers to consumer preferences. This is a particularly important service for relatively new brands that have not yet developed this type of analytical tool in-house.

Most of the Group's private sales are organized around a single brand. However, the Group also offers multi-brand sales focused on particular themes. These events enable the Group to assemble brands around particular themes, such as vacation-themed sales (like "Shoes Week," and "Ready for Rio" during the FIFA World Cup or "Mountain Lovers" during the winter skiing holidays) or seasonal sales such as "*La Valise de l'été*" and "*Vive le Printemps*". These sales attract attention to several brands, while offering members a broad selection of merchandise focused on the selected theme. The Group's members also benefit from access to special "pop-up" sales that offer, for up to three days, a limited number of selected products. Pop-up sales enable brand partners to quickly sell small batches of surplus stock and enable Group members to benefit from a wider variety of sales on the platform. In Q1 2016, the Group also announced the launch of "Italian Week" and "Spanish Week" sales offering a selection of local Italian and Spanish brands available for one week to all members of the site. These two innovative, creative labels illustrate Showroomprivé's intention to grow its business internationally by offering sales events tailored to its markets. The Group also offers certain brand partners the opportunity to organize special events centered around their brand, including events at the brand partners' brick-and-mortar stores.

The Group believes that its ability to regularly offer high quality popular brand products helps attract members to its platform. At the same time, the diversity and size of its brand portfolio ensures that it is not overly reliant on one premium brand, or on one brand partner relationship.

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6.5.4.2.1 Brand Partner Recruitment

The Group's brand recruitment process begins with the identification of promising brands and target brands from an extensive list of potential partners. Brands are ranked according to an estimate of their expected appeal to the Group's members, particularly in its core target demographic, "digital women", of the probable volume of their excess stock, and of their fit with the Group's private sales

model. If the Group believes a brand partner represents a strong prospect, the recruitment team initiates discussions to demonstrate the attractiveness of the Group's platform and the benefits of a partnership. If a brand partner wants to hold a private sale, it makes a sales proposal to the Group.

In order to identify the target brands and attract them to its platform, the Group highlights its many strengths, particularly the continuous growth of its audience and its members, its successful track record with other brand partners, the quality of its website and the presentation of the products offered, the experience of its team in charge of recruiting brand partners, its ability to sell big volumes of product, its ability to present the brand positively via its e-mail newsletters, mobile push notifications, social media channels, e-coupons and the KISS blog, as well as its ability to deliver data analyses and buyers' insights from each private sale. In 2016, the Group succeeded in attracting close to 739 new brands interested in event sales on its platform (excluding travel and digital offers).

The Group's experienced team in charge of recruiting brands comprises more than 153 buyers (at December 31, 2016). The team is segmented by product category and supervised by senior buyers with significant experience in wholesale procurement. The team leverages the Group's connections and experience to attract both large, well-known brands and to discover quality smaller brands that will appeal to its members.

6.5.4.2.2 Procurement

The Group acquires products either on consignment or on a firm basis, depending on the attractiveness of the terms of the sales proposal and its appetite for inventory risk.

- *Purchases on consignment.* In 2016, 80% of the Group's gross internet sales were generated by private sales where the products were purchased on consignment. With purchases on consignment, the Group does not buy any physical stock in advance and only pays its brand partners for the products actually sold during the sale. Sales of products purchased on consignment help it to effectively manage costs and risks associated with its online sales. With purchases on consignment, the Group typically has a contract reserving a certain amount of the brand partner's stock at a price agreed for the private sale. When the private sale is over, the Group places an order with the brand partner for the products actually ordered by its members. The brand partner then delivers its products to the Group's logistics services providers for packaging and shipping to the buyers. The suppliers then bill the Group. This enables the Group to receive payment for the products bought by the members well before it has to pay its suppliers for the corresponding merchandise. As a result, it benefits from the favorable working capital and cash flow dynamics. In addition, since it does not have to hold large amounts of stock for extended periods, the Group is able to more efficiently use its warehouse space, which helps limit its capital expenditure requirements and its fixed storage costs. Since products are only ordered at the end of the corresponding private sale, the time between order and delivery is considerably longer than for sales of products purchased on a firm basis (typically 2-3 weeks). However, the Group strives to reduce delivery times by using optimized logistics and new processes such as consignment warehousing for products from certain brand partners, which enables certain suppliers to deliver the products before the sale is over and enables the Group to offer 24 hour delivery in France in certain cases. Purchases on consignment also enable the Group to introduce new brands and products while limiting the risks incurred if these new products do not find buyers. They also enable the Group to collect valuable data on the success of the products sold and to direct more precisely the efforts of its team in charge of recruiting partner brands over time.

- *Purchases on a firm basis.* In 2016, 20% of the Group's gross internet sales were generated by private sales of products purchased on a firm basis. With these purchases, the Group directly purchases batches of products and holds them in stock before they are sold. The Group believes that its ability to make purchases on a firm basis is a key differentiating factor enabling it to seize attractive opportunities. One key advantage of purchases made on a firm

basis is that these products are rapidly delivered to the buyer, within 24 hours in France or 72 hours elsewhere in Europe. This is a significant differentiating factor in the online private sales market, where delivery times are typically much longer. In order to optimize their purchases on a firm basis and to limit excess stock, the Group's teams in charge of recruiting brands partners concentrate particularly on the major brands and use their experience and data from previous sales (including those concerning products purchased on consignment). Items purchased on a firm basis that are not sold at private sales may be sold at subsequent private sales or to wholesalers (as described in Section 6.5.9 "Inventory Risk Management" of this Reference Document). The Group's long-standing expertise in the sale of excess stock is a key success factor for running a sustainable business selling products purchased on a firm basis. The Group's willingness to make purchases on a firm sales basis also helps it to source better consignment purchase deals and gain access to brands with which it may not otherwise have had a relationship.

The Group generally enters into contracts with partner brands using one of its two standard contract models. Consignment purchase contracts generally specify: the type and quantity of the brand partner's merchandise that must be set aside for the sale; the timing; the details of the prices at the sale; the quality control obligations; the returns policy; and the Group's responsibility for creating product display and marketing materials. Firm purchase contracts resemble standard stock purchase agreements. They specify the information concerning quantity, price and delivery. The Group does not typically enter into long-term contracts with its suppliers, since most of its agreements relate to only one sale or only one year of sales. The contracts with its suppliers are typically not exclusive.

6.5.5 Product Offering

The Group seeks to offer an appealing selection of products targeted at its members' preferences, with an emphasis on "digital women" purchasing for themselves, their families, and their homes. The excess inventory that the Group offers on its platform typically includes a mix of excess current-season merchandise and items from prior year collections. Leveraging its knowledge of the buying habits and preferences of its members, the Group selects brand partners and product assortments it believes will appeal to them, with an emphasis on timeless, affordable fashion. Fashion-related products are the Group's largest product category. Sales of fashion related merchandise accounted for 53% of the Group's gross internet sales in 2016[1]. However, the share of product categories other than fashion-related merchandise in the Group's gross internet sales has increased from 32% in 2012 to 47% in 2016[1]. They include, in particular, beauty products, kitchen accessories, small appliances, furnishings, toys, children's merchandise, food and beverages. The Group's broad product offering reflects the buying habits of its members. In a survey of its members conducted by the Group in 2015, more than half of them stated that they habitually buy products on the Group's mobile sites for other people, particularly for their children and their family. Many of the Group's members start by purchasing fashion-related items. Over time, however, they discover other products on the Group's platform and diversify their purchases. The Group's mobile apps and sites also promote travel offers, which drive revenues while contributing to the platform's entertainment value, by offering members an escape from their daily routine.

At the date of this Registration Document, the Group's main product categories include:

Category	Offering	Year launched
Fashion-related products	Ready-to-wear apparel, fashion accessories, children's clothes, shoes, underwear	2006
Beauty & Health	Makeup, skincare products, hair care and styling products	2008
Home & Decor	Sheets, tableware, lighting, rugs	2009

1 Excluding the Saldi Privati acquisition.

Small electronic appliances and other home appliances	Power tools, sewing machines, vacuums, small electronic appliances and other home appliances	2011
Travel & Entertainment	Travel and entertainment packages	2011
Furniture	Bedding and other furniture	2012
Others	Sporting goods, toys and children's merchandise, food & beverages, etc.	2009-2012

The launching of new event sales in rapid succession enables the Group to experiment with new types of products easily and cost-effectively. Examples of non-apparel product categories that have successfully been promoted by the Group include smartphone accessories, eCigarettes, personal care products, diapers and fragrances. Other products offered by the Group have included intangible or digital goods such as discounted mobile telephone subscriptions. The Group is also exploring offering mobile vouchers to be redeemed at brick-and-mortar stores.

The Group has developed its own branded line of fashion items called #CollectionIRL, which it introduced in online private event sales starting in the fourth quarter of 2015. This new brand is a "Fast Fashion 2.0" concept: the brand leverages the Group's data from past sales to offer items that correspond to the basic fashion pieces (jackets, dresses, etc.) that sell best on the Group's platform. The brand will include sub-categories within the label, including #maternityIRL, #sportIRL and #partyIRL, to tailor its offerings to the varying needs of its members. The Group believes that the #collectionIRL label provides it with an additional source of products for its private sales, while giving it complete control over its stock and the timing of the sales to ensure that they complement the Group's existing product offerings from brand partners.

In February 2016, the Group developed its "Shop It Pocket" and "Shop It Coupon" programs to generate traffic for its partner brands (see Section 6.3.3 "Extend Partnership with Brands and Continue to Broaden Sourcing Portfolio" of this Registration Document).

In April 2016, the Group enhanced its leisure products by launching a ticketing service in partnership with France Billet, France's leading network for tickets to shows, sporting events and leisure activities.

In early 2017, the Group expanded its offer in beauty with the acquisition of Beauteprivee. For more details about the acquisition, see Section 12.4.2 "First Quarter Highlights".

6.5.6 Pricing

The Group offers products on its platform at significant discounts, typically ranging from 50% to 70% off the official retail price quoted by the Group's brand partner. The Group's pricing team benchmarks prices to ensure they are appealing compared to European competitors. In a 2015 internal member survey, competitive prices and savings were cited as one of the most attractive aspects of the Group's value proposition. The Group believes that its continued ability to offer great value on high-quality products is a key aspect of its success. The attractive pricing is made possible by the nature of the goods as excess inventory but also by attractive terms secured through the Group's strong relationships with brand partners and the large volumes sold through its platform. In addition, the Group's efficient stock management and limited overheads enable it to continue to offer competitive prices.

6.5.7 Online and Mobile e-Commerce Platforms

The Group's mobile apps and websites are designed to make shopping with Showroomprivé an entertaining, convenient and efficient way to discover popular and emerging brands at discounted prices. With these objectives in mind, the Group has aimed to create a platform that is easy-to-use for its members and that can be seamlessly accessed across all devices, anytime and anywhere. The

website subscription process is user-friendly, free and immediate, and it only requires users to provide basic personal information. Members log in using the same information on the mobile apps and the websites. The Group can thus ensure a consistent user experience for its members across each platform. For example, an order started on one device can be completed on another. Moreover, by sending daily newsletters to its members at the e-mail addresses they provided, the Group is able to maintain a continuous marketing relationship. This enables the Group to increase member loyalty and convert more members into buyers over time. To make ordering quick and easy, members can also store shipping and payment data. The Group's websites and apps are also designed to load quickly. For example, the showroomprive.com site was the fastest loading website of all French e-commerce websites tested in an April 2014 study by the *Journal du Net*. The quality of the Group's services and its appealing platform have enabled it to generate strong traffic on its platform that has grown progressively over the years.

6.5.7.1 Mobile Apps and Mobile Websites

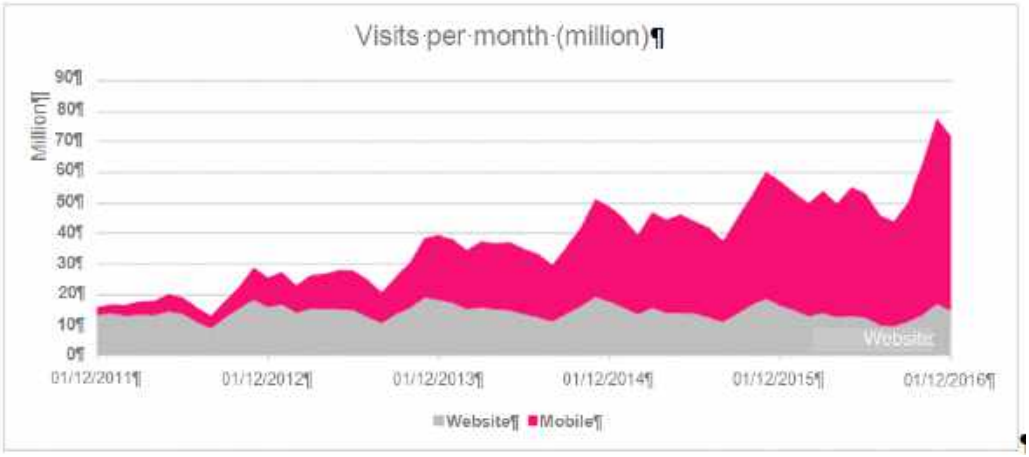
Most of the Group's traffic is currently generated by mobile apps for tablets and smartphones and mobile versions of its websites, local versions of which are available in each of its geographic markets. The Group offers about 40 mobile apps for a range of popular devices including the iPhone and iPad, Android-based tablets and phones, and Windows-based tablets and phones. The Group also offers mobile-optimized versions of its website, that are designed to offer members the convenience of accessing the Group's daily event sales anywhere, anytime and on-the-go.

Mobile apps are driving significant growth in the Group's business. Because mobile apps can be accessed ubiquitously, they drive user engagement and provide increased opportunities for members to interact with the platform. The Group believes that its members are looking for shopping that fits the rhythms of their daily schedule and allows them to multi-task. There is generally higher traffic during the morning hours when members are commuting and using the Group's shopping platform on mobile devices as entertainment while in transit. There is also generally a spike in tablet use during the evening hours, when the Group believes members shop while relaxing at the end of the day. Mobile apps also enable the Group to provide more targeted marketing efforts via "push" notifications and alerts that in many cases are more likely to be read by members than traditional e-mail newsletters.

Traffic and Usage. The Group launched its first dedicated iOS mobile apps in October 2011. These mobile apps have been downloaded more than 10 million times since their launch up until December 31, 2016 (2.2 million[1] of which were downloads in 2016). They have become a major driver of traffic, user loyalty, inaugural sales and a key factor in encouraging members to make their first purchase and regular repeat purchases. Based on the Group's analysis of its platform traffic:

- mobile users have now overtaken traffic from the Group's desktop websites, accounting for 77% of the visits that the Group recorded on its platform across all regions in 2016. The share of Group traffic generated on mobile devices has grown significantly since 2011, as shown in the following chart:

1 Figure calculated using a Company internal tracking tool.



- mobile users are more active than desktop users, visiting the Group's platform on average 1.5 times more often than desktop users in 2016;

- mobile users, on average, place 1.5 times more orders per buyer than customers placing orders via their desktop (about 5.1 orders per year made from mobile devices versus 3.4 orders per year made on a desktop);

- taken together, these factors have helped drive a significant increase in the Group's mobile sales: 55% of its gross internet sales[1] in 2016 were placed through the Group's mobile apps or mobile websites.

Features, look and feel. The Group's mobile apps are designed to mirror the clean look and feel of its websites, while adapting them to the mobile format and building in a range of features designed with mobile shopping in mind. Its mobile apps offer easy browsing of sales events, with drop-down filters that allow a user to focus in on new, upcoming or about-to-end sales events or particular categories or sizes. They also include features such as the ability to set reminders for upcoming private sales and buttons to invite friends to specific private sales by e-mail, SMS, Twitter or Facebook message. Members are also able, on mobile, to review account information, order and delivery status, and frequently asked questions. The Group's mobile apps also offer an innovative search engine that enables members to quickly identify their preferred products and has a product recommendation function that suggests items tailored to each member's interests.



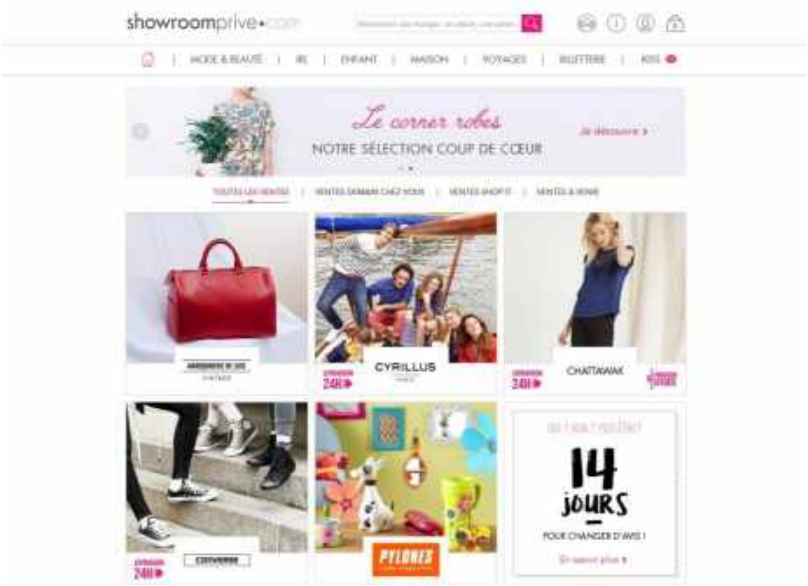
Mobile checkout. The Group has designed its mobile checkout process to be easy and convenient, with an interface that allows checkout with a few clicks and features, such as pre-populated delivery addresses and the ability to save payment card information for future purchases that limits the need to enter lengthy details on the mobile device.

1 Excluding the contribution of Saldi Privati.

New services. The increasing shift in the Group's business towards m-Commerce also allows it to innovate and provide new tailored services to its members. For example, the Group is planning to launch a mobile application that would allow members to browse offers in physical stores located nearby and use the app to access additional discounts. This application would enable the Group to provide an additional service to its brand partners with physical retail locations, and to further strengthen its relationships with them.

6.5.7.2 Websites

In addition to its mobile apps, the Group currently operates separate websites for each of its nine different geographic markets, including its multi-currency English-language website. While the general look and feel of the different websites are similar, the Group adapts each website to the local language and local consumer preferences.



The Group pays special attention to product presentation, and its platform emphasizes a clean, elegant and streamlined look and feel that is optimized for easy browsing. Each of the Group's websites features a home page that offers the ability to login or to sign up for membership for free. After logging in, members are directed to the main page of the website, which features banners for each of the ongoing event sales and gives members the option to sort event sales by different categories (e.g., women, children, home, travel). Since March 2016, the Group's websites have been offering an innovative search engine that enables members to quickly identify their preferred products and has a product recommendation function that suggests items tailored to each member's interests.

The internet site's home page also includes easy links for friend referrals, while each sale features buttons that allow members to share by e-mail or flag interesting sales on social networks such as Facebook or Twitter. Clicking on a banner for an event sale takes members to a specific mini-website for this sale. The presentation and organization of each event sale on the Group's websites is carefully planned and prepared by the Group's production team. Almost all products are photographed by the Group's in-house photography team. The graphics team works to ensure the websites feature an appealing layout and that all online materials are presented in a sleek and stylish format that will appeal to the Group's members and contribute to an engaging user experience.

6.5.7.3 Payment Options

The Group provides its members with the option to choose from a total of 11 payment options, including local payment options that are tailored to certain markets in which it operates. In the French market, the Group accepts major credit cards (Visa, Mastercard, American Express and Carte Bleue),

as well as other major online payment options (Cofinoga, Paylib, Paypal and V.me by Visa). The Group accepts payments using certain touch ID systems for mobile devices, including Apple Pay and Android Pay for the multi-currency English language website. The Group also offers its members in France the ability to pay for items on an installment basis through Facily Pay, an installment payment service affiliated with Banque Accord. The Group also offers the ability to pay in Bitcoin on some of its websites.

While debit and credit cards are the preferred payment method in France, payment methods differ across the Group's international markets. The Group accepts a wide variety of payment methods on its various local mobile apps and websites to ensure that payment options address local specificities, and that its international members can make payments in their local currencies.

6.5.8 Marketing Strategy

The Group's marketing strategy focuses on attracting new members, converting members to first-time buyers, and converting first-time buyers to repeat buyers. The Group acquires new members through a diverse set of paid and free marketing channels, including affiliate channels and partners, member referrals, direct navigation, YouTube campaigns, branding events, display advertising, key word search campaigns, search engine optimization, social media and television ads. Once the Group acquires members, it works to drive engagement, inaugural and repeat purchases from those members over a long period of time through its newsletters and targeted communications. Although some of the Group's members become buyers when they first sign up, many members sign up and receive the Group's daily e-mails and marketing for an extended period before they make their first purchase. When members are satisfied with their first purchase, it generally leads them to come back to the platform to make other purchases and become repeat buyers. In 2016, 63% of the Group's buyers during the year were repeat buyers who had previously made a purchase on the Group's platform.

The Group's marketing strategy is designed and implemented by its marketing team and its in-house marketing agency, which use data analytics and case studies to focus the Group's marketing efforts around three main pillars:

- *Building brand awareness.* The Group uses a mix of strategies across online and offline media channels to build brand recognition via television, radio and digital advertising campaigns. The Group's first television campaign was broadcast in the fall of 2011 and consisted of commercials that contrasted the joy of shopping on the Group's website with the daily challenges faced by the commercials' central character. The Group made investments to boost brand recognition during the fall, but also during key moments throughout the year to keep customers engaged. The Group's brand advertising seeks to promote awareness of key attributes of the Showroomprivé brand, including the Group's focus on women and fashion, its selection of popular and emerging brands, its entertaining shopping experience and rapid delivery options. The Group's objectives in brand advertising are to drive new buyer acquisition, foster engagement with the Group's existing customers and gain market share by differentiating the brand and strengthening top-of-mind brand awareness.

- *Acquiring new members.* The Group pursues a data-driven, return-on-investment based approach to member acquisition, comparing the cost of each acquisition channel to the quality of the members acquired. The Group pursues a multi-channel approach to member acquisition that includes ad campaigns for brand partners, branding campaigns, and search engine marketing. The Group also uses solutions supplied by certain commercial partners, particularly for the Travel & Entertainment services it offers, through agreements allowing it to operate a private label. In addition, the Group selectively uses affiliation initiatives with brands and fashion blogs, as well as targeted brand e-mails and co-registration efforts. Through this strategy, the Group has historically achieved cost-effective member acquisition.

While the Group strives to increase the efficiency of its paid marketing efforts to acquire new members, 91% of all the platform visits that the Group recorded on its platform systems in 2016 originated from free sources, including member referrals, direct sign-ups on the Group's sites, white label referrals and from direct free mobile application downloads.

- *Fostering engagement and loyalty.* The Group makes active use of CRM tools to foster user engagement and loyalty. The Group uses a range of methods and marketing techniques to help convert members to buyers, convert buyers to repeat buyers but also to reactivate inactive members and more generally to promote loyalty. Initiatives include daily, weekly and seasonal newsletters as well as targeted automated actions such as sending welcome e-mails and reminders for particular events of interest based on the Group's algorithms. The Group also focuses on fostering member loyalty through actions such as birthday e-mails, referral programs and participation in member surveys. The Group uses CRM tools to send members customized mobile notifications to encourage them to visit its platforms.

6.5.9 Inventory Risk Management

When a consignment sale arrangement stipulates that the Group must bear financial responsibility for product returns, or when the Group enters into a firm sale arrangement, some of these products may remain unsold after an event sale, and the Group may be unable to sell it during subsequent event sales. The Group manages this risk by using its offline wholesale distribution channels.

The Group maintains a limited offline wholesale distribution channel through which it offloads any unsold stock to third-party wholesale distributors. This stock is mainly composed of returned products, products purchased on a firm basis as well as products unsold on the platform and incomplete merchandise batches. The Group sells these products to approximately 220 wholesale partners, and it has strong, longstanding relationships with many of them. While the wholesale distribution business is not a major revenue contributor, generating only €14 million in revenues in 2016 (or 2.6% of revenues), the Group views it as strategically important to successful stock management. The Group acquired ABC Sourcing in September 2016 to enhance its expertise in selling stock via its wholesaler network and to expand services offered to brands. As a result, the Group believes its extensive experience in offline wholesale and its strong wholesale network are key differentiating factors compared to other private event sale operators. Leveraging these advantages, along with its in-house expertise in processing returns and stock sorting, helps the Group enhance the value created from its inventory of unsold or returned merchandise. This expertise also helps to minimize risk on the Group's firm sales, enabling the Group to be agile and opportunistic when compelling firm sale prospects arise.

6.5.10 Quality Control

To ensure that the Group only partners with brand partners that share its commitment to quality, it has implemented a brand sourcing process, and has adopted quality assurance for products received from brand partners. The Group and its logistics service providers inspect products delivered to logistics centers, and the Group's contracts generally allow it to return or be compensated for non-conforming goods. The Group believes that its careful brand selection process and quality control procedures help to maintain high product quality levels and ensure buyer satisfaction.

6.5.11 Logistics & Fulfillment

The Group believes that effectively handling logistics is essential to its operations, so it has adopted a flexible fulfillment model that keeps in-house certain key steps of its supply chain, while leveraging outsourced logistics relationships to deliver efficiency and optimize cost savings.

6.5.11.1 Internal Logistics Functions

Although the Group outsources many of its logistics functions, it has kept a number of key strategic functions in-house, including stock sorting and returns processing. The Group manages these logistics operations in-house because it believes it can leverage its existing expertise to secure key competitive advantages and that these processes are core to its customer value proposition.

- *Stock sorting.* The Group has built strong in-house competency in sorting and organizing mixed lots of merchandise from brand partners into usable organized stock that can be sold on the Group's online and mobile platform, or through its wholesale channel. A number of the Group's key sorting managers have more than 25 years' experience in this field. The Group has been able to leverage the associated expertise in sorting into a core competitive advantage. Sorting unsold lots can be difficult, labor-intensive and time-consuming for many brand partners. The Group believes its ability to purchase and effectively handle unsorted lots on a firm sale basis is a differentiated service that allows brand partners to more easily provide the Group with inventory and allows the Group to take advantage of a greater variety of sourcing opportunities, often at better prices. The Group is continuing to enhance this expertise, notably by setting up and optimizing the performance of custom-made sorting equipment, and also by outsourcing certain sorting functions for certain sales.

- *Returns processing.* Another key function retained in-house is the processing of returns. The Group believes that processing returns, particularly in a fashion e-commerce context where returns are relatively more common, is an important part of maintaining high member satisfaction, promoting repeat purchases and enhancing revenues on returned products. By processing returns in-house, the Group is able to coordinate its logistics and customer service functions for greater returns processing efficiency and, as a result, improved responsiveness to buyers. At the same time, the Group is able to monitor the quality of returned items and prepare such items for resale more efficiently through subsequent online sales or through its offline wholesale network. In 2016, the Group introduced a new international returns processing system to reduce the amount of time it takes to refund members.

The Group's in-house logistics team consisted of 147 full-time employees at December 31, 2016. The majority of the logistics team works at its 40,000 square meter warehouse facility in Saint-Witz in the Val-d'Oise department, in France. The Saint-Witz facility is focused on inventory sorting and returns processing, and provides storage. Certain logistics functions are also handled by logistics team members at the Group's 7,500 square meter corporate headquarters in La Plaine St-Denis, France. All of the Group's in-house logistics operations, both for its French and international markets, are based in these facilities.

6.5.11.2 External Logistics Functions

The Group outsources the majority of its order preparation, expedition and delivery services to third-party service providers. The Group believes that this outsourcing arrangement enables it to achieve maximum scalability while optimizing fulfillment unit costs. The arrangement also helps the Group make strategic capital allocation decisions and focus the Group's resources on core value added and strategic areas such as sourcing and marketing.

6.5.11.2.1 Logistics Network and Warehouse Management

The Group has outsourced many of its supply chain and order fulfillment processes to its four logistics partners: Dispeo, Deret, Orium and Viapost. In 2013, it entered into a five-year contract with Dispeo (which expires on December 31, 2018), a French logistics provider owned by 3SI Group (an affiliate of Otto Group) that specializes in pick-and-pack solutions for the e-commerce industry. The services that Dispeo provides include warehousing, order processing, packaging and preparation, liaison with delivery services and international transport. Dispeo performs these functions at its

145,000 square meter facility in Hem in the Nord department of France, which offers a total storage capacity of over 1 million box spaces. The Group's partnership with Dispeo allows the Group to leverage Dispeo's expertise and achieve scalability with limited capital expenditures. The contract with Dispeo is designed to support the Group's rapid growth through Dispeo's capacity to process 150,000 orders per day, which can be increased to 200,000 orders per day, compared to the Group's peak daily order volume of 122,000 orders per day in 2016. The Group also outsources part of it logistics operations to Deret, a multi-national logistics service provider based in France, as well as other external logistics services, including Orium and Viapost, two affiliates of La Poste. The Group's contract with Deret automatically renews for one-year periods unless either party gives notice six months before the end of the contract. The Group maintains relationships with multiple logistics providers because certain providers handle different order types, like large items. It also allows the Group to leverage competition between its third-party providers with respect to price and quality of service and to maintain alternative solutions in the event of a disruption of service with one of its providers.

6.5.11.2.2 Delivery

The Group strives continually to enhance its delivery service by expanding its delivery options and improving its average delivery times. In 2016, the Group further strengthened its delivery network, and currently offers consumers more than 25 delivery options when all delivery options in its various markets are considered. In the online private sales market, goods are often delivered several weeks after an order is placed because of the nature of the consignment arrangements with brand partners. In April, 2012, the Group introduced 24-hour delivery on certain products within France, and 72-hour delivery on certain products in international markets, allowing it to differentiate itself from many competitors. The Group currently offers this option on certain firm sale products for which it is able to speed up delivery by using the stock which it holds in reserve. The Group has also devoted significant effort to optimizing delivery times on consignment sales by leveraging the increased efficiency provided through its relationship with Dispeo, with consignment orders typically delivered within 2-3 weeks after the order is placed. The Group's enhanced logistics capacity through its agreement with Dispeo also opens significant opportunities for further improvement to this delivery process. For example, the Group deposits products bought on consignment in warehouses, where the Group takes possession of stock without purchasing it in advance, thus helping to improve delivery times.

The Group relies on a variety of national and international third-party delivery service providers to transport its products from brand suppliers to buyers' homes or to convenient pick-up locations. The largest delivery service providers in France are La Poste and Mondial Relay, which deliver packages to any one of its 5,250 pick-up locations around France where buyers can conveniently pick them up. Buyers can also choose to pick up their packages at La Poste's outlets in France or, since 2016, at the Relais Colis pick-up outlets. These options ensure more secure and less expensive delivery for the Group's members. The remainder of the Group's packages in France are delivered primarily by Chronopost, as well as various other providers. International deliveries are made by various service providers, whose relative volumes vary depending on the specific international market, including DHL, Dynamic Parcel Distribution, Correos, Batolini, Kilia, and CTT. The Group considers that maintaining relationships with a variety of suppliers helps it ensure efficient delivery options for its members and maintain sufficient delivery capacity across all its markets without becoming overly reliant on any single provider.

6.5.11.2.3 Returned Goods

The Group believes it offers quality goods and services and strives to achieve buyer satisfaction with every order. To ensure this satisfaction, the Group permits returns of merchandise and refunds provided buyers notify the Group of their intention to return the product, which must be unused, within a specified period (14 days after the date of receipt in France). After notifying the Group, the buyer then is given a further period (14 days in France) to arrange delivery of the returned items (at the buyer's cost). The Group believes that hassle-free returns help increase member spending and

loyalty. The Group seeks to minimize the financial impact of returns, both by negotiating terms in its consignment sale contracts that allow it to recoup some or all of its outlay from suppliers and by reselling returned stock through its wholesale business. The rate of returns in 2016 was not significantly different than in 2015.

6.5.12 Information Technology

Since its creation, the Group has fostered a strong tech-centric culture and strongly believes that technology helps drive innovation that can help deliver more efficient services to its members and brand partners. The Group's in-house technology team includes its Chief Technical Officer and approximately 50 experienced developers, most of whom are based in Vendée, France, with the remainder at the Group's corporate headquarters to provide support services. The Group's technology strategy focuses on the integrated in-house development of its core applications and platforms that run on reliable third-party software frameworks such as .NET and Qlikview, using best-in-class licensed technologies for other functions. The Group believes this approach provides it with the ability to efficiently build a tailored and scalable technology platform while maintaining a lean and efficient organization. The Group's technology team has extensive shared experience and many team members have been with the Group for many years. Their in-house development efforts and the team's familiarity with the Group's technology platform contribute to the great agility in the Group's technology platform and its ability to quickly innovate to meet new needs and implement new strategies. The Group's lean and efficient IT structure means that it generates more average orders per IT and technology employee than certain competitors. This is due in large part to the number of internal tools and applications used by the Group that permit employees to create and launch sales events without using the IT team. The Group's internal technology roadmap includes more than 100 projects currently under development, including the continuous extension and improvement of the mobile app and the creation of additional functionalities to improve big data analytics, payment processing systems and new predictive and fraud management algorithms.

6.5.12.1 Technology Architecture

6.5.12.1.1 Hardware

The Group's servers and networks are hosted, maintained and monitored by Econocom Group, a third-party service provider. The servers are located in a data center in the south of France, where they store all the data collected by the Group, as well as hosting its front- and back-end systems. The Group's platform features industry-standard data backup, redundancy and disaster recovery systems implemented by Econocom Group, as well as cloud storage capabilities. The Group maintains the hardware related to sales production and office support in-house, primarily at its corporate headquarters in La Plaine St-Denis, France.

6.5.12.1.2 Software

The Group's modular and scalable technology platform is structured around a Database Management System with many key software components developed in-house or adapted by the Group's in-house technology team from commercially available software to create a version customized for the Group's operations. These systems connect with the Group's third-party-hosted network to create an integrated and powerful enterprise-wide technology platform. The platform is open-architecture and adaptable, consisting of front-end and back-end systems designed to handle a data volume greatly in excess of the Group's current needs in order to accommodate the Group's future growth and international expansion.

Front-end systems

The Group's front-end systems comprise nine web gateways tailored for each of the countries in which it operates and an international mobile gateway supporting its mobile apps and mobile website.

The Group developed most of its front-end systems in-house based on a Microsoft .NET software framework, including its several dedicated mobile apps and its websites. These front-end gateways comprise all the Group's consumer-facing functions and are integrated with its front-end business intelligence and support functions to support optimal decision-making. The Group's investment in this field has enabled it to have the best performing website in terms of optimized latency (homepage upload speed) among e-commerce websites in France, according to a study performed by *Journal du Net* (April 14, 2014).

Back-end systems

The Group's principal back-end systems were designed in-house by its technology team for the specific needs of the business. Its advanced business intelligence and data analytics platform is adapted from a Qlikview framework and the Group has developed applications and modules to tailor the capabilities of this architecture for each of its business lines. This intuitive and accessible approach to its technology platform and data analysis allows employees to easily and efficiently access key information and practice data-driven decision-making in the Group's operations. The applications designed by the Group's technology team allow extensive and relevant internal reporting with easily segmentable data to allow more independent and effective decision-making. The Group uses the system to analyze many types of data, including data segmented by geography, by segment, by private sale and by member type, as well as in-depth analysis of logistics performance, of performance by the sourcing and brand relations team, of customer satisfaction levels, and of in-depth cohort analyses. The Group believes that this approach contributes to the overall efficiency and agility of the organization. In order to ensure access to a sufficient set of relevant information, the Group collects browsing and purchasing activity data and archives it on an anonymous basis. The Group's back-end modules also include data-driven analytics capabilities so the Group can provide brand partners with extensive reporting on the efficiency and results of specific private sales, enabling brand partners to tailor their offerings and better know their members' purchasing behaviors. The Group has also developed proprietary enterprise resource planning (ERP) software that allows it to automate many operational functions and decisions, including certain aspects of: private sales production; billing and ordering processes through its in-house developed Gesco system; real-time order transfers for its logistics chain; coordination of sales and stock; delivery announcements; shipping confirmations; and back office administrative services. The Group makes limited use of open source technology in its back-end systems, notably software that permits collaboration on technology projects.

6.5.12.2 Innovation

The Group is committed to innovation through technology across its business and constantly strives to improve its operations and service offerings through improvements to its technology platform. For more details of research and development efforts, see Section 11.1 "Research and Development" of this Registration Document.

6.5.13 Customer Service

The Group regards member care as an important contributor to member loyalty, and considers that the support it provides to members is a key competitive strength that increases its engagement with them. With this in mind, the Group strives to provide quick and responsive customer service and improve in all aspects of its members' experience. The Group has a dedicated customer service team responsible for handling general inquiries such as questions on products, as well as assisting members with their ordering process, looking up the status of orders, shipments and payments, resolving member complaints and providing other after-sales services. Member feedback is regularly monitored using the Group's business intelligence and data analytics platform to identify areas for improvement. The Group's customer service received an average rating of 4.16/5 in 2016, based on surveys of its members by Trusted Shop. The Group continues to work on all aspects of its supply chain to maintain this reputation.

In 2016, the Group overhauled its customer service data management system to continue to improve service quality and response time. The Group's customer service system is designed to be efficient and responsive to all member inquiries. The Group uses a combination of 78 in-house employees (at December 31, 2016) dedicated to customer service and nearly 308 representatives at third-party service providers, including ADM Value and Outsourcia for French members, and TELUS International Europe for international members, to handle the volume of member contacts through its web-based and telephone service systems. The rate of inquiries did not change significantly in 2016 compared to 2015.

6.6 REGULATION

Because its primary business activity is online distribution and sales, the Group is subject to various regulations, and particularly French regulations, since the majority of its revenue (86.7% in 2016) is generated in France. The principal regulations governing the Group's business are summarized below.

As a result of its presence in eight European Union countries, the Group is subject to the European regulatory framework, including with respect to consumer protection, the protection of personal data, distribution law, and competition law. This European framework is mainly composed of directives to be transposed by each of the Member States. The Group's Legal Department ensures that the Group complies with applicable European and national legislation in all of the countries where it operates.

At the European Union level, the regulatory framework is evolving and could be significantly affected by a recent series of initiatives by the European Commission to create a "digital single market" in Europe. On May 6, 2015, the European Commission presented its strategy for a digital single market in Europe, composed of a series of targeted actions to be completed by the end of 2016. The strategy covers three policy areas:

- improving access to digital goods and services throughout Europe for both consumers and businesses;
- creating a favorable environment and fair competitive conditions for the development of innovative digital networks and services; and
- maximizing the growth potential of the digital economy.

On December 9, 2015, delivering on its strategy, the European Commission proposed two directives: one on certain aspects concerning digital content supply contracts, and the other on certain aspects concerning contracts for online sales and any other merchandise distance sales methods. These two proposals aim to completely harmonize the law of contracts for the supply of digital content and contracts for distance sales of goods. These proposals are currently being negotiated by the European Council of the European Union.

These initiatives could potentially impact several aspects of the regulations applicable to the Group, as described in more detail below. The Group intends to closely follow legislative and regulatory changes relating to the development of the European digital single market.

6.6.1 Consumer Protection Regulations

6.6.1.1 Consumer Protection Law and E-Commerce

The Group is subject to a set of restrictive rules governing sales between professionals and consumers, including, for example, with respect to consumer information, sales conditions, and regulation of unfair terms. The Group is also required to comply with a set of specific rules applicable to e-commerce, in particular laws and regulations relating to "distance contracts" and electronic sales

6.6.1.1.1 European Regulatory Framework on Consumer Protection Law and E-Commerce

The principal directive on consumer protection is Directive 2011/83/EU of October 25, 2011 on consumer rights (the "Consumer Rights Directive"). This directive fully harmonized at the European level certain aspects of consumer protection law and contract law applicable to online sales to consumers, such as the right of withdrawal. However, in other areas, such as those covered by Directive 1999/44/EC of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees and by Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts, the rules are still only minimally harmonized. The Member States may supplement the directives with stricter national regulations.

Moreover, when a product or service is offered to a consumer in the European Union, the contract is governed by the law of the Member State on whose territory the online seller has its establishment in the absence of an agreement to the contrary between the parties. However, a consumer who resides in a different Member State from the seller may not be deprived of the protections provided by the mandatory provisions of the law of his country of habitual residence, in particular with respect to consumer protection and contract law.

In addition, in May 2015 the European Commission announced a series of targeted actions in connection with its European digital single market strategy, aiming in particular to accomplish the following:

- establish rules to facilitate cross-border e-commerce. These include harmonized European Union contract and consumer protection rules for online purchases, with the intention of providing consumers with a larger selection of rights and offerings while permitting businesses to sell more easily in other European Union countries;

- enforce consumer protection rules more rapidly and consistently by reviewing regulations on cooperation in consumer protection matters;

- promote the development of more efficient and less expensive package-delivery services; and

- end the practice of geo-blocking, which enables online sellers to prevent consumers from accessing a website on the basis of their location or to redirect them to an online sales site in their country, at different prices.

6.6.1.1.2 French Regulations Governing Consumer Protection Law and E-Commerce

6.6.1.1.2.1 Obligation to Inform Consumers

French law generally strengthens consumer protection. For example, Law No. 2014-344 of March 17, 2014 on consumption (the "Hamon Act") transposes the Consumer Rights Directive into French law. Non-compliance with the Hamon Act can result in financial penalties.

In particular, under Articles L.121-16 *et seq.* of the French Consumer Code resulting from the Hamon Act and Law No. 2004-575 dated June 21, 2004 on confidence in the digital economy (*loi pour la confiance dans l'économie numérique*, or "LCEN"), service providers and sellers of goods are required to provide detailed information to consumers when they enter into distance contracts by electronic means. The required information includes the main characteristics of the good or service; the price (including taxes and delivery charges); the seller; the payment, delivery or processing method; the terms and conditions, time limit and process for exercising the consumer's right of withdrawal; the length of the offer's validity; the date by which the seller undertakes to deliver the good or perform the service; information about warranties and how to exercise them; and how to settle disputes.

Professional sellers have an obligation to inform consumers at several stages of the contractual process: before the order is placed, at the time the consumer places the order (to enable the consumer to verify the details), and after the contract is entered into, at the latest when the good or service is delivered.

The LCEN established a uniform internet purchasing procedure called "double click" in the French Civil Code, which is intended to protect consumers. Buyers must first be able to check the detail of their orders and the total price, and correct any errors. This is the "first click". Then, if the buyer decides to place the order, he or she must have the opportunity to confirm his order with a "second click". Moreover, the French Consumer Code provides for certain mechanisms to ensure that consumers have the opportunity for informed consent at the time of payment. The online sales site must describe the accepted payment methods and any delivery restrictions at the beginning of the order process. The professional must also ensure that the consumer, when placing his order, explicitly acknowledges his obligation to pay. The function used to verify the order must include the words "order with obligation to pay" or an equivalent expression. In order to avoid additional charges for related services of which the consumer is not aware, the professional must also ensure that the consumer expressly consents. In addition to these mechanisms, the seller is required to confirm the placed order to the consumer.

In addition, Article 6 of the LCEN requires website publishers, responsible for the content they make available to the public, to provide certain information including the name of the Publication Manager or the name, address and telephone number of the website host. Website publishers must ensure that this information can be accessed by the public in an open standard. Website publishers may be ordered to pay damages if they fail to comply with this obligation, which may even include criminal penalties, particularly in the event of defamation.

6.6.1.1.2.2 Right of Withdrawal

In accordance with Articles L.121-21 *et seq.* of the French Consumer Code (resulting from the Hamon Act and amended by Law No. 2015-990 of August 6, 2015 for Growth, Activity and Equal Economic Opportunities (the Macron Act), consumers have, with certain exceptions, a right of withdrawal in respect of distance contracts.

Consumers have a period of 14 clear days to exercise their withdrawal rights without explanation, and up to 12 months after expiration of the initial period if the seller did not provide the information required by law at the time of delivery. For contracts for the sale of goods and contracts to provide services including the delivery of goods, the deadline begins to run from the date of receipt of the goods by the consumer or a third party, other than the carrier, designated by the consumer.

Exercise of the right of withdrawal terminates the parties' obligations to perform the contract entered into at a distance. If the consumer withdraws from the sale of all of the goods, the professional seller must refund all amounts paid by the consumer, including delivery fees, as soon as possible and at the latest within fourteen days following the date on which the seller is informed of the consumer's decision to withdraw. This time period may be lengthened depending how long it takes the consumer to return the goods.

Professionals must provide these refunds using the same payment method used by the consumer for the initial transaction, unless the consumer expressly consents to a different payment method and to the extent that the reimbursement does not result in fees to the consumer. However, the professional is not required to refund additional costs if the consumer expressly chose a more expensive delivery method than the standard delivery offered by the professional. A consumer who exercises his or her right of withdrawal with respect to all the goods must return them to the professional, within 14 days of communicating his or her decision to withdraw. The consumer may only be required to pay the direct costs of returning the goods, except in the event that professional agrees to pay them or has neglected to inform the consumer that he or she is responsible for these costs. With respect to

services, the consumer is not required to pay any costs if the professional has not informed him or her that he or she is required to pay return costs or if the consumer did not expressly request that performance commence before expiration of the deadline for withdrawal.

6.6.1.1.2.3 Seller's Liability in Distance Contracts

Article L.121-19-4 of the French Consumer Code (resulting from the Hamon Act) and Article 15 of Law No. 2004-575 of June 21, 2004 on Confidence in the Digital Economy also provide that the seller is automatically responsible to the buyer for correct performance of its obligations under a distance contract, whether these obligations are performed by the professional seller or by other service providers, without prejudice to the seller's recourse against such other service providers. However, the seller may be exempt from all or part of its liability by proving that the breach of contract was caused by the buyer, by the unforeseeable and unavoidable act of a third party, or by an event of force majeure.

6.6.1.1.2.4 Class Actions

Created by the Hamon Act and codified in Article L.423-1 of the French Consumer Code, class actions enable consumers to obtain compensation for monetary damages resulting from property damage in connection with the sale of goods or services. The products sold by the Group could thus be the subject of class actions by consumers represented by consumer rights associations at the national level and approved pursuant to Article L.411-1 of the French Consumer Code.

6.6.1.1.2.5 Ethics Code

The Group is a member of the French *Fédération des Entreprises de Vente à Distance* (the Federation of E-commerce and Distance Sellers) ("FEVAD"), which has published a Code of Ethics for e-commerce and distance sales that member businesses have undertaken to respect.

6.6.1.2 Payment Fraud

Pursuant to Directive 2007/64/EC of November 13, 2007, as amended, on payment services in the internal market, which was transposed into French law primarily through the French Monetary and Financial Code, holders of payment cards are protected in the event of fraudulent use of their cards. If a cardholder reports an unauthorized payment transaction, the cardholder's payment services provider (in other words, the institution that issued the card) must immediately reimburse the cardholder for the amount of the unauthorized payment transaction. The provider must also return the debited account to the balance it would have had if the transaction had not taken place. In the event of an unauthorized payment transaction following the loss or theft of a payment instrument, the holder's payment services provider may, under certain circumstances, demand that the seller repay the amounts charged following the loss or theft of the payment instrument.

6.6.1.3 Unfair Competition Practices

The Group is subject to the prohibition on unfair business practices contained in Directive 2005/29/EC of May 11, 2005 on unfair business-to-consumer commercial practices in the internal market.

Law No. 2008-3 for the Development of Competition to Benefit Consumers and Law No. 2008-776 of August 4, 2008 on Modernization of the Economy transposed this directive by adding provisions to the French Consumer Code on misleading commercial practices (Articles L.121-1 to L.121-7) and by creating the offense of aggressive commercial practices (Articles L.122-11 to L.122-15).

In particular, Article L.121-1 I of the French Consumer Code prohibits misleading commercial practices that create confusion between two goods or services or that rely on statements or presentations that are false or likely to cause the consumer to make a mistake, for example regarding the availability and essential characteristics of a good or service, the price and its promotional nature, or the terms of sale, payment, and delivery of a good or service. Article L.121-1 II of the French Consumer Code prohibits misleading omissions that consist of failing to provide, hiding, or providing in an unintelligible manner material information that a consumer needs in order to make an informed decision. Misleading commercial practices are punishable by two years in prison and a maximum fine of €300,000. Legal entities convicted of this incur a €1,500,000 fine. The fine may be increased to 10% of annual revenues or 50% of expenses incurred in order to carry out the prohibited practices.

The Group is also subject to the prohibition against aggressive commercial practices. In particular, repeated and insistent solicitations that vitiate or could vitiate the consumer's consent are prohibited, including undesired e-mail solicitations. Aggressive commercial practices are punishable by two years in prison and a maximum fine of €300,000. Legal entities convicted of this offence incur a fine of €1,500,000. The fine may be increased to 10% of average annual revenue.

6.6.1.4 E-mail Canvassing

Direct canvassing through e-mail is regulated by Articles L.121-34-1-1 of the French Consumer Code and L.34-5 of the French Postal and Electronic Communications Code.

Direct e-mail canvassing using the e-mail address of an individual, subscriber, or user who has not given prior consent to receiving direct e-mail canvassing is prohibited. However, direct canvassing by e-mail is permitted for similar products provided by the same entity where the recipient's e-mail address was obtained directly from that recipient at the time of sale and where the recipient may object to the use of his e-mail address easily and at no cost, both at the time it is obtained and each time a canvassing e-mail is sent to him. Illegal direct e-mail canvassing infractions are punishable by fines of up to €15,000 for legal entities.

6.6.1.5 Legal Framework Governing Promotional Sales

The Group's primary business is the commercial practice known as "event sales". Since the passage of Law No. 2008-776 of August 4, 2008 on the Modernization of the Economy, event sales may be conducted outside legally regulated sales periods. Unlike sales governed by Articles L.310-3 and L.310-5 of the French Commercial Code, event sales may not result in selling at a loss and may not legally be called "sales".

The Group must also comply with legislation applicable to sales at reduced prices, including Directive 2005/29/EC of May 11, 2005 on unfair business-to-consumer commercial practices in the internal market. In France, the Decree of March 11, 2015 addresses price-reduction announcements to consumers. Price-reduction announcements must not constitute unfair competitive practices as defined by Article L.120-1 of the French Consumer Code. When the Group announces a reduced price on its website, it must also include the reference price, which is determined by the Group's supplier and on the basis of which the price reduction is announced. The Group must also state the amount of the reduction on its website. The Group's supplier must be able to prove that the reference price, on which the reduction is based, is real.

6.6.1.6 General Product Safety Obligation

Directive 2001/95/EC of December 3, 2001 on general product safety created a general obligation of safety for all products put on the market and intended for, or liable to be used by, consumers. Order No. 2004-670 of July 9, 2014 transposed this directive and conformed French law to European Union law on product safety and compliance.

Under Article L.221-1 of the French Consumer Code, *"products and services, must, under normal conditions of use or conditions that are reasonably foreseeable to the professional, present the level of safety that may be reasonably expected and must not harm human health*".

This general product safety obligation is the responsibility of the producer and the distributor. The definition of producer includes: (i) where he or she is established in the European Union, the product manufacturer and any other person who presents himself or herself as the manufacturer by affixing his or her name, trademark or other distinctive mark to the product, or who reconditions the product; (ii) where he or she is not established in the European Union, such manufacturer's representative, or in the absence of a representative established in the European Union, the importer of the product; and (iii) other professionals in the supply chain to the extent that their activities may affect the safety properties of the product. The definition of a distributor is any professional in the supply chain whose activity does not affect the safety properties of the product.

This regulation applies only in the alternative, and thus concerns only those products and services that are not already subject to specific legislative provisions or European standards for the protection of consumer health or safety. Thus, certain types of products that the Group sells or distributes are subject to specific standards as a result of their nature. For example, foodstuffs are subject to Regulation No. 178/2002 of January 28, 2002 creating the European Food Safety Authority and defining procedures governing food safety.

The Group must take all appropriate measures to comply with all safety obligations and obligations not to harm human health provided for in laws and regulations. Three obligations result from the general product safety obligation: an obligation to inform, an obligation to monitor products, and an obligation to report risks.

Producers must provide consumers with all useful information to enable them to assess the risks inherent in a product during its normal or reasonably foreseeable period of use and to adequately protect themselves where such risks are not immediately obvious to consumers without adequate warning. Moreover, producers must adopt measures permitting them, first, to stay informed about the risks that the marketed products may present and, second, to take the necessary actions to manage these risks, in particular by withdrawing products from the market, providing adequate and effective warnings to consumers, and, if necessary, by recalling products.

Distributors are prohibited from supplying products that they know, as professionals, do not comply with the safety obligations set forth in Articles L.221-1 *et seq*. of the French Consumer Code, based on the information in their possession. Moreover, within the limits of their respective activities, producers must participate in monitoring the safety of products placed on the market, in particular by passing on information on product risks, keeping and providing the documentation necessary for tracing the origin of products, and cooperating in the action taken by producers and competent authorities to avoid these risks.

Finally, if the producer or distributor of a product discovers that it does not fulfill the general safety obligation provided for by Article L.221-1 of the French Consumer Code, he or she must immediately inform the relevant administrative authorities and report to them the measures being taken to prevent risks to consumers.

6.6.1.7 Product Liability

As a seller and distributor, the Group is liable for the damage caused by the products that it sells or distributes. This liability may be both civil and criminal, on the basis of several rules, some of which are summarized below. In addition, the contracts between the Group and its suppliers generally include provisions requiring compliance with applicable standards and regulations, as well as "product return" provisions pursuant to which the supplier undertakes to take the products back under certain conditions.

6.6.1.7.1 Liability for Defective Products

Council Directive 85/374/EEC of July 25, 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products, as modified by Directive 1999/34/EC, establishes the principle of strict liability ("liability without fault") applicable to European producers. Where a defective product causes harm to a consumer, the producer is liable.

Codified in Articles 1386-1 *et seq.* of the French Civil Code, the defective products liability rules create strict liability for damage caused by a product safety defect when it harms a person or property other than the defective product itself and the damage caused is more than €500. In principle, it is the product manufacturer who is obligated to compensate for harm to a person or property. However, any person deemed to be a producer under the law may also be liable. Examples include a professional who presents himself or herself as a producer by affixing his or her name, trademark or other distinctive mark to the product, or, under certain conditions, a professional who imports a product into the European Union with a view to selling or distributing it. Furthermore, if the producer cannot be identified, the seller, lessor or any other professional provider is liable for the product's safety defect to the same extent as the producer, unless he or she identifies his or her own supplier or the producer within three months after being served with the victim's complaint. There are various bases for legal exemption from liability for defective products, in particular if it is proven that the defect causing the damage arose after the product was first marketed.

Except where producer is at fault, liability is statute-barred 10 years after the entry into circulation of the product that caused the damage, unless the victim commences legal proceedings in accordance with Article 1245-15 of the French Civil Code before this period expires. An action for damages must be brought within three years from the date on which the plaintiff becomes aware, or should have become aware, of the damage, of the defect, and of the identity of the producer, in accordance with Article 1245-16 of the French Civil Code.

6.6.1.7.2 Warranties

Directive 1999/44/EC of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees, as modified by Directive 2011/83/EU, is intended to harmonize European legislation on consumer contracts relating to the legal warranty of conformity of goods and, to a lesser extent, to contractual warranties.

The directive was transposed into French law through the Order of February 17, 2005 on the warranty of conformity of goods owed by the seller to the consumer, which amended the French Consumer Code. Moreover, French consumers have the benefit of the legal warranty against latent defects provided for in the French Civil Code.

The Regulation of December 18, 2014, which entered into effect on March 1, 2015, provides rules for the presentation of information about legal warranties. The general terms and conditions of sales included in consumer contracts must mention the existence, the conditions, and the content of the legal warranty of conformity and the legal warranty against latent defects.

6.6.1.7.2.1 Legal Warranty of Conformity

Pursuant to Article L.211-4 of the French Consumer Code, when a professional and a consumer enter into a contract for the sale of merchandise, "*the seller is required to deliver merchandise that conforms to the contractual specifications, and is liable for any failure to conform that exists at the time of the delivery. He is also liable for failure to conform caused by the packaging or by the assembly or installation instructions where he has been made responsible for installation or where the installation is carried out on his responsibility".* If there is a lack of conformity, the consumer has the right to choose between replacement and repair. If that is impossible, the buyer may return the

goods and receive a full refund or keep the goods and receive a partial refund. In addition, if the consumer has suffered harm, he or she may make a claim for damages. Under Article 211-12 of the French Consumer Code, an action for failure to conform must be brought within two years after delivery of the goods.

6.6.1.7.2.2 Legal Warranty Against Latent Defects

Pursuant to Article 1641 of the French Civil Code, the legal warranty against latent defects applies to hidden defects *"that render* [the item sold] *unfit for its intended use or that so impair that use that the buyer would not have acquired it, or would have acquired it only at a lower price, had he known of them"*. The buyer has the right to choose either to return the item and receive a full refund or keep the item and receive a partial refund, to be assessed by an expert. Under certain circumstances, he or she may also make a claim for damages from the seller. The action for damages must be brought within two years after discovery of the defect, in accordance with Article 1648, paragraph 1, of the French Civil Code.

6.6.1.7.2.3 Contractual Warranties

Contractual warranties refer to any contractual undertaking by a professional to a consumer promising a refund of the sale price or replacement or repair of the item. This contractual obligation is in addition to the legal obligations guaranteeing the conformity of the item. Some of the products distributed by the Group are the subject of contractual warranties by the supplier. In those cases, the warranty is required to be stated clearly on the product's packing slip. If the defendant is a merchant, the action for damages must be brought within five years after discovery of the defect, in accordance with Article L.110-4 of the French Commercial Code.

6.6.1.7.2.4 Mediation of Consumer Disputes

Order No. 2015-1033 of August 20, 2015 transposes Directive 2013/11/EU of May 21, 2013 on alternative dispute resolution for consumer disputes and is meant to facilitate alternative dispute resolution for consumers in disputes with professionals resulting from the performance or non-performance, in whole or in part, of sales contracts or service contracts. Since January 1, 2016, every consumer has had the right to use a consumer mediator free of charge to resolve a dispute with a professional, whose job it is to guarantee the effectiveness of the remedy and to bear the cost of it. Pursuant to Article L.156-1 of the French Consumer Code, resulting from Order No. 2015-1033 of August 20, 2015, and Article R.156-1 of the same code, resulting from Decree No. 2015-1382 of October 30, 2015 on consumer dispute mediation, the professional shall inform the consumer of the contact information of the consumer mediator(s) with jurisdiction, by providing this information in a visible, legible manner on its website, in its general terms of sale or service, on its order forms, or in any other appropriate media. The professional must also indicate the web address of the mediator(s).

6.6.2 Regulations on the Protection of Personal Data

In the course of its business, the Group gathers and processes information that is subject to laws and regulations on the protection of personal data in the countries where the Group does business.

Personal data about customers and registered members of the Group's websites is collected primarily at the time of member registration and at the time of each sale made on the Group's websites. The Group works to ensure the strictest confidentiality of the personal information provided by its customers.

The collection and processing of personal data is performed both on behalf of the Group's companies and on behalf of its suppliers, in order, first, to enable the Group or its service providers to perform commercial services (such as delivery of the products) and, second, for statistical, marketing, and customer-relations objectives.

6.6.2.1. Processing Performed within the European Economic Area

Directive 95/46/EC of October 24, 1995 (the "Personal Data Directive") provides the framework for processing personal data throughout the countries of the European Economic Area (the "EEA"), which includes the European Union, Iceland, Norway and Lichtenstein. In France, the Personal Data Directive was transposed through several changes to Law No. 78-17 of January 6, 1978 on computers, files and freedom, in particular Law No. 2004-801 of August 6, 2004.

On January 25, 2012, the European Commission published a proposed general regulation (the "Regulation") on data protection and a proposed directive specifically with respect to police and court data. On April 14, 2016, the Regulation was finally adopted by the European Parliament. The Regulation came into effect on May 24, 2016, but will not start being applied until May 25, 2018. Certain provisions of the Regulation were incorporated into French law before that date, by means of the Law for a Digital Republic of October 7, 2016. The new legal framework for the protection of personal data in the European Union is intended to strengthen individual rights, give people more control over their personal data and more generally guarantee privacy rights. These proposals are designed to ensure that people's personal information is protected – no matter where it is sent, processed or stored – even outside the European Union. On May 6, 2015, the European Commission, during the presentation of its strategy for a European digital single market, indicated that it wished to reinforce confidence in the security of digital services, in particular with respect to the processing of personal data. Based on the new EU rules on data protection, the European Commission intends to revise the Privacy and Electronic Communications Directive.

The Personal Data Directive applies to both automated and non-automated processing of personal data where such data is contained or intended to be contained in a file. The directive defines "personal data" broadly to include any information concerning an identified or identifiable natural person, whether identifiable directly or indirectly, whatever the country of residence or nationality of that person. It requires controllers of personal data established in a Member State of the EEA or using means of processing located on the territory of a Member State to take certain measures upstream of the data collection, during its preservation and until its deletion. Pursuant to the Personal Data Directive, a "controller" (as opposed to a mere data processor working for a third party) means the person or entity that, alone or jointly with others, determines the purposes and the method of processing the personal data.

The Group acts as a data controller for each of its activities involving personal data processing, from the collection of customer data to the monitoring of commercial relations.

In its capacity as a data controller, the Group is subject to the following obligations:

- to satisfy one of the legal bases set forth in the Personal Data Directive for processing personal data, including the consent of the concerned person or the necessity of processing data to permit the data controller to achieve a legitimate interest or perform an agreement with the concerned person;

- to ensure that the personal data (i) is processed honestly and legally, for specific, clear and legitimate purposes, and proportionately to those purposes, and (ii) is accurate and, if necessary, updated;

- to take particular precautions before processing sensitive data (for example, data on racial or ethnic origin; political, philosophical or religious opinions; union membership; or sex life), such as ensuring that the concerned persons have given their express consent or that the processing is based on one of the exceptions provided for by the applicable law transposing the Personal Data Directive to permit such processing (for example, where the processing is necessary to permit the defense of the concerned person's vital interests or those of another

person or where it relates to data that has clearly been made public by the concerned persons or is necessary in order to assert, exercise, or defend a right in court);

- to implement appropriate technical and organizational measures to protect the personal data from accidental or illegal destruction, loss, alteration, disclosure or unauthorized access;

- except in certain situations listed in the Personal Data Directive, to inform the persons concerned, particularly when this regards processing of their personal data, about: the recipients of the data; the identity of the data controller and its intentions; how long the data will be stored; their rights to access, correct, and to draft instructions relating their personal data after their death; and, in certain cases, to object to this processing and, if applicable, to permit them to exercise these rights;

- to retain personal data for a period not exceeding the period of time necessary to achieve the purpose of the processing;

- not to transfer personal data outside of the EEA unless the recipient country has been deemed by the European Commission to provide an adequate level of protection or the transfer is covered by standard contractual clauses established by the European Commission; and

- to carry out the required formalities with the national authorities in charge of the protection of personal data in their respective countries (such as the National Commission on Computers and Freedom in France) prior to processing the data. These formalities vary from country to country, from a simple declaration to a governmental authority or maintenance of an internal ledger to a requirement to obtain authorization or approval prior to conducting certain types of processing.

The Group uses external service providers to host its data, manage its logistics and implement its payment systems. These service providers are "data processors" (as defined by the Personal Data Directive) of the personal data entrusted to them by the Group, but the Group remains the sole data controller. All of the obligations described above are, therefore, the sole responsibility of the Group. However, the Group ensures that its service providers (i) provide sufficient guarantees to ensure that the required security and confidentiality measures are implemented, and in particular that all precautions are taken, given the nature of the data and the risks presented by the processing, to ensure the security of the data and to prevent the data from being misrepresented, damaged, or accessed by unauthorized third parties, and (ii) process the data solely in accordance with the Group's instructions and for no purposes other than those defined by the Group. However, this responsibility may be shared with the subcontractor once the Regulation of May 25, 2018 takes effect. Unlike the Personal Data Directive, the Regulation imposes certain obligations on subcontractors, in particular as regards notification of infringements of personal data rights and provide expressly that subcontractors may be held liable. The Regulation provides that the processing of data by a subcontractor shall be governed by a contract or other legal document, which creates a link between the subcontractor and the person responsible for the processing, which contains certain data (e.g. purpose and duration of the processing, type and objective of the processing, type of personal data), and which requires the subcontractor to comply with certain obligations (e.g. processing only on the instructions of the person responsible for the processing).

In addition, website operators must comply with applicable regulations with respect to the use of "cookies" and similar technology. Among these rules are those arising under Directive 2002/58/EC, as amended by Directive 2009/136/EC, on the processing of personal data and the protection of privacy in the electronic communications sector. These rules were transposed in France by Order No. 2011-1012 of August 24, 2011, which imposes a requirement to inform and obtain consent from internet users before installing certain cookies on their terminals, in particular in connection with targeted advertising. Since passage of the Hamon Act, the National Commission on Computers and Liberties (*Commission Nationale Informatique et Libertés*, or "CNIL") has had the power to conduct

online audits to verify that the data controllers are complying with their obligations with respect to cookies.

Violation of these obligations by a data controller may result, depending on the country, in administrative, civil or criminal penalties and particularly in France, of fines of up to €1.5 million for legal entities since the Law of October 7, 2016 for a Digital Republic. In addition to these financial penalties, the CNIL may publish the warnings and penalties that it pronounces. Now that the Regulation has been adopted, new sanctions will take effect from May 25, 2018. The amount of the fines may then be as much as €20 million or, for companies, 4% of global annual revenue, with the opportunity for users also to obtain compensation.

Although personal data law has for the most part been harmonized in the EEA, the transposition of the Personal Data Directive into the national laws of the Member States has led to regimes that can vary and may be more restrictive than the regime imposed by the Personal Data Directive. On the other hand, the entry into effect of the Regulation means that current national laws will be replaced by a European regulation that is directly applicable in the Member States, even if the Regulation will certainly be supplemented by national laws.

6.6.2.2. Transfer of Personal Data Outside of the European Economic Area

In the course of its activities, the Group sometimes transfers personal data to its service providers located in countries that do not provide the same level of personal data protection as the EEA. When it does so, the Group ensures that contracts entered into with these third parties include standard contractual clauses established by the European Commission to permit the exporting of personal data while providing data subjects with contractual protections substantially equivalent to the protections they enjoy in the EEA.

6.6.3 Regulations Relating to Distribution and Competition Law

In its capacity as a seller and distributor, the Group is subject to regulation of its supplier relations.

In France, the Group's activity is subject to the French Commercial Code, in particular the provisions added by Law No. 2008-776 of August 4, 2008 on the Modernization of the Economy, by the Hamon Act and the Macron Act. In particular, the Group is subject to Article L.441-6 of the French Commercial Code, which sets a maximum period for payment of amounts due by distributors to suppliers at 30 days from the date of receipt of the merchandise, except as otherwise agreed in the terms of sale or between the parties. The deadline agreed between the parties for payment of the amounts due may not exceed 60 days from the date on which the invoice is issued. By way of exception, the parties may agree to a maximum deadline of 45 days from the date on which the invoice is issued, provided that this deadline is expressly stipulated in the contract and that it is not grossly unfair to the creditor. In addition, Article L.442-6 of the French Commercial Code penalizes certain unfair commercial practices such as abruptly terminating established business relationships, subjecting commercial partners to obligations that create a significant imbalance between the parties, and participating in the violation of the prohibition against out-of-network distributions when the distributor has signed a selective or exclusive distribution agreement.

The regulation prohibiting unfair competition also applies to the Group's activity. Thus, the Group may be liable in tort to a competitor for intentional or unintentional acts of unfair competition or parasitic practices. In particular, disparagement, the use of distinctive marks or imitation of advertising, wrongful hiring of a competitor's employees and poaching a competitor's customers are all considered torts under these regulations. Some of these acts may also constitute criminal offences. In particular, Article L.442-2 of the French Commercial Code provides that a merchant who resells or advertises the resale of a product that has not been reconditioned at below cost shall incur a fine of €75,000.

Moreover, the Group is subject to Article 101 of the Treaty on the Functioning of the European Union, as implemented by Council Regulation (EC) No. 1/2003 of December 16, 2002, and to Article L.420-1 of the French Commercial Code. These provisions prohibit agreements, action by concert parties, and exchanges of information when these tend: to limit access to the market or the free exercise of competition by other businesses; to prevent prices from being determined freely by the market by artificially encouraging price increases or decreases; to limit or control production, outlets, investments or technical development; or to control access to markets or supply sources. The Group is responsible for the legality of its sales contracts with its suppliers with regard to these provisions.

In May 2015 and as part of its single digital market strategy, the European Commission launched a sector inquiry into anti-competitive e-commerce practices in the European Union. The inquiry's objective was to identify any barriers to cross-border e-commerce of goods or services in the sectors in which e-commerce is most widespread. The European Commission's strategy for a European digital single market is to eliminate these barriers and to create an area in which businesses and consumers will have access to online goods and services in conditions of free competition, independently of their nationality or place of residence. During the inquiry, the European Commission collected data provided by nearly 1,800 businesses operating in the consumer and digital content e-commerce sector and analyzed approximately 8,000 distribution agreements. The preliminary report presenting the European Commission's initial conclusions was published on September 15, 2016 and led to an open public consultation for a period of two months that ended on November 18, 2016. This report lists the sales practices that are likely to limit online competition and should result in businesses reviewing their current distribution agreements. Moreover, the European Commission may open inquiries into specific cases to guarantee that the European Union's regulations regarding restrictive sales practices and abuse of a dominant position are being complied with. The European Commission expects to publish the final report with its conclusions, as well as observations from parties involved during the public consultation period, in the first half of 2017.

6.6.4 Regulatory Framework Relating to Travel Agents

The Group offers travel packages to its members on its website. Directive 90/314/EEC of June 13, 1990 on package travel, package holidays and package tours was transposed into French law by Law No. 92-645 of June 13, 1990, setting the conditions for performing activities relating to the organization and sale of travel and accommodation. This law was repealed, and its provisions are now, for the most part, contained in Title I of Book II of the French Tourism Code.

Under Article L.211-1 I of the French Tourism Code, the Group is a travel agent. In compliance with Articles L.211-18 *et seq.* of the French Tourism Code, it holds travel agent license No. IM093110007, issued by the prefecture of Seine-Saint-Denis, and holds a financial guarantee from the *Association Professionnelle de Solidarité du Tourisme* (APST).

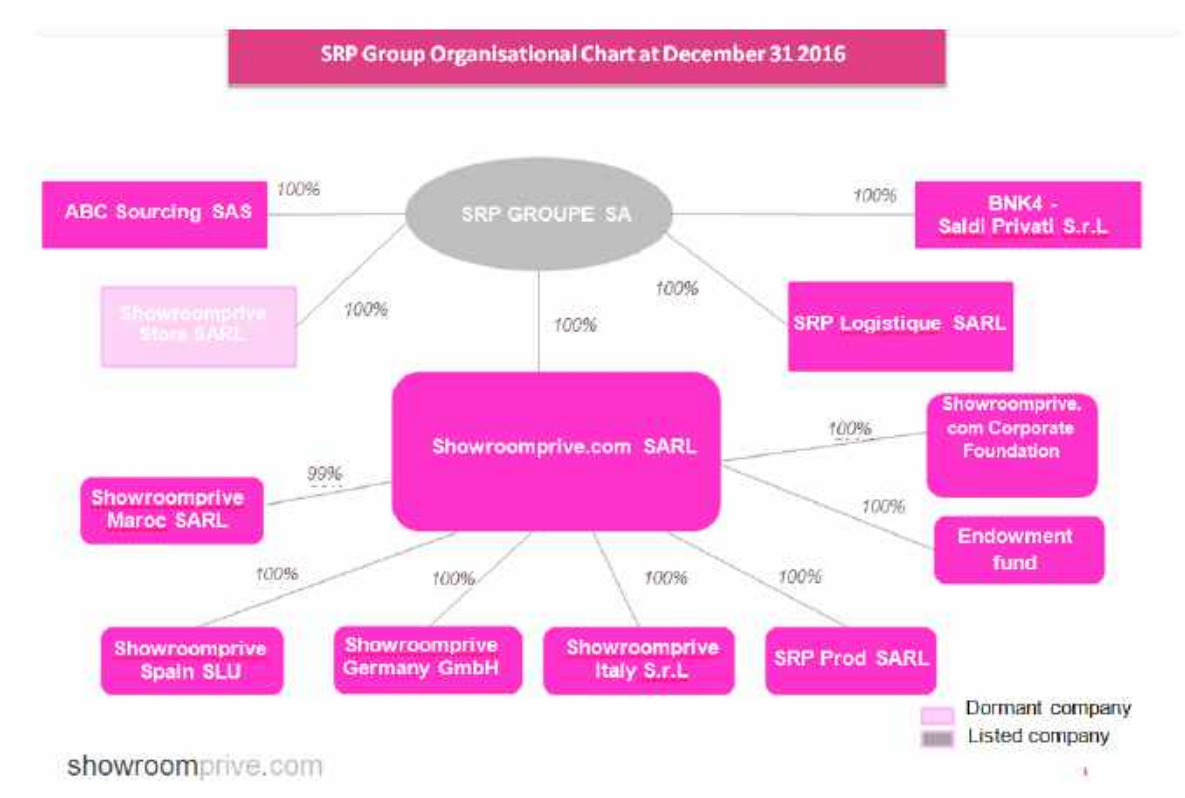
Travel agents are subject to special regulations including, in particular, a specific disclosure obligation (Articles L.211-18 and R.211-4 of the French Tourism Code) and certain formalities required for travel sales (Articles L.211-10 and R.211-6 of the French Tourism Code).

Pursuant to Article L.211-16 of the French Tourism Code, the Group (as a seller of tourism packages) and the organizer of the travel are both automatically liable to the buyer for correct performance of the obligations under the contract, unless the damage is caused by the buyer's wrongdoing, the actions of a third party, or an event of *force majeure*.

7. GROUP ORGANIZATIONAL CHART

7.1 GROUP ORGANIZATIONAL CHART

The organizational chart below shows the Group's legal structure at December 31, 2016.



7.2 SUBSIDIARIES AND EQUITY INVESTMENTS

SRP Groupe S.A. is the Group's parent company and is the head of the Group's French tax consolidation group (see Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016" of this Registration Document for a list of the consolidated subsidiaries).

The Company's main direct subsidiaries are described below. None of the Company's subsidiaries is a listed company.

Showroomprive.com S.à.r.l. is a limited liability company with a single shareholder (*société à responsabilité limitée à associé unique*) under French law and with share capital of €145,810,290 and registered office at 1 rue des Blés, ZAC Montjoie, 93212 La Plaine Saint-Denis Cedex, France. It is entered in the Trade and Companies Register of Bobigny under number 538 811 837. The Company directly holds 100% of the share capital and voting rights of Showroomprive.com S.à.r.l., whose primary business is the management and operation of a website, and online distance purchasing and selling in connection with event sales of branded products. Showroomprive.com implemented a €25,641,030 capital increase on December 30, 2015, which was entirely subscribed by SRP Groupe S.A. Following this capital increase, the share capital of Showroomprive.com amounted to €145,810,290.

SRP Logistique S.à.r.l. is a limited liability company with a single shareholder (*société à responsabilité limitée à associé unique*) with share capital of €25,900 and registered office at 1 rue

des Blés, ZAC Montjoie, 93212 La Plaine Saint-Denis Cedex, France. It is entered in the Trade and Companies Register of Bobigny under number 538 791 872. The Company directly holds 100% of the share capital and voting rights of SRP Logistique S.à.r.l., whose primary business is logistics and logistics support, product sorting, stock monitoring and returns management.

ABC Sourcing SAS is a simplified limited liability company (*société par actions simplifiée*) under French law, with share capital of €20,000 and registered office at 1-3 route de la Révolte – 93200 Saint-Denis, France. It is registered with the Trade and Companies Register of Bobigny under number 420 189 516. The Company directly holds 100% of the share capital and voting rights of ABC Sourcing SAS. ABC Sourcing SAS was included into the scope of consolidation on October 1, 2016. ABC Sourcing SAS specializes in major sporting good brand clearance sales exclusively for retailers.

BNK4-Saldi Privati S.r.l. is a limited liability company (*société à responsabilité limitée*) under Italian law, with share capital of €300,000 and headquarters at via San Marco 29, 20121 Milan, Italy. The Company directly holds 100% of the share capital and voting rights of Saldi Privati. The latter has been included into the scope of consolidation since November 1, 2016 and specializes in event sales in Italy, focusing specifically on fashion-related products.

The Group's remaining subsidiaries shown in the chart above include five companies (held by via Showroomprive.com S.à.r.l..), which manage most of the Group's businesses in Italy, Spain, Germany, and Morocco, as well as SRP Prod, which manages certain event operations and communications for the Group. Showroomprivé Store S.à r.l.. (formerly SR30), which managed the bricks and mortar store located in Paris, was closed in May 2016. This company's business has been suspended, but it continues to be owned by SRP Groupe S.A. This suspension will involve a temporary interruption in business for the company in question.

For a description of the agreements entered into between the Group's various entities, please refer to Chapter 19 "Related Party Transactions" of this Registration Document.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 SIGNIFICANT EXISTING OR PLANNED PROPERTY, PLANT AND EQUIPMENT

At December 31, 2016, the Group owned property, plant and equipment with a gross value of approximately €15.6 million. The Group also leases some of its property, plant and equipment, in particular nearly all of its buildings and some technical equipment.

The property, plant and equipment owned or leased by the Group consists mainly of:

- administrative buildings and offices: these sites, all of which are rented, include the Group's headquarters at La Plaine Saint-Denis, as well as premises in Roubaix, where the Group opened a third sales production center in the last quarter of 2015 to support its growth and reinforce its operations (this business also includes receipt of samples, product styling, photography and uploads); the Group also rents premises in Olonne-sur-Mer and Saint-Witz in France, in Spain and Italy;

- warehouses: the warehouses located at Marly are on finance leases, and the four warehouses located at Saint-Witz are held on subleases; the lease for the bricks and mortar store located on rue de Lisbonne in Paris was terminated after the suspension of trading of Showroomprivé Store S.àr.l. (formerly SR30) in May 2016;

- a packaging line, a conveyer belt and a product sorting machine are held on finance leases;

- servers rented by the Group, as well as IT equipment and furnishings that are owned by the Group.

The Group believes that the rate of use of its property, plant and equipment is adequate to support its current business and expected growth, as well as its current and planned investments.

Some of the Group's companies enter into transactions with real estate partnerships partly owned by some of the Group's senior executives. For more details, see Chapter 19 "Related Party Transactions" of this Registration Document.

At the date hereof, the Group's planned fixed assets are investments in progress and planned investments described in Section 5.2.2 "Principal Investments Made After Closure of the Year Ended December 31, 2016" and Section 5.2.3 "Principal Planned Investments" of this Registration Document.

8.2 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

The Group considers that it is not exposed to material environmental risks likely to have a significant impact on the use of its current property, plant and equipment.

Nonetheless, the Group pays particular attention to the environmental footprint of its activities and of the products it distributes, and aims to continue implementing a policy of profitable, sustainable and responsible development in terms of labor relations, the environment and society at large.

The Company prepared a report for fiscal year 2016 containing the social and environmental information required by Article L.225-102-1 of the French Commercial Code. For more detailed information about this report, see Annex IV "The Company's corporate, social and environmental responsibility report" of this Registration Document.

9. OPERATING AND FINANCIAL REVIEW

The following discussion of the Group's financial position and results of operations for the fiscal years ended December 31, 2016 and 2015 should be read together with the Group's annual consolidated financial statements for the year ended December 31, 2016 as shown in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016" in this Registration Document.

The Group's annual consolidated financial statements for the fiscal year ended December 31, 2016 have been prepared in accordance with IFRS as published by the IASB and adopted by the European Union. The audited consolidated financial statements for the fiscal year ended December 31, 2016 include comparative information for the fiscal year ended December 31, 2015. The Company statutory auditors' audit report on the Group's consolidated financial statements for the fiscal year ended December 31, 2016 is included in Section 20.1.2 "Statutory Auditors' Report on the Financial Statements of SRP Groupe for the Fiscal Year Ended December 31, 2016" of this Registration Document.

In accordance with Article 28-1 of EC Regulation No. 809/2004, a comparison of the Group's results of operations for the years ended December 31, 2015 and 2014 is shown in Chapter 9 "Operating and Financial Review" in the 2015 Registration Document, and are incorporated by reference in this Registration Document.

9.1 OVERVIEW

9.1.1 Introduction

Showroomprivé is an innovative and rapidly-growing online e-commerce company that specializes in fashion. As of December 31, 2016, the Group operates in France (its primary market) and in seven other European countries. With roots in both fashion sales and online marketing, Showroomprivé's vision is to re-invent the way women discover and shop for high street fashion. The Group's mobile apps and websites feature a curated selection of well-known and up-and-coming brands. Showroomprivé's sleek sales presentation, together with the excitement of its private sale format – shopping bargains of 50-70% off retail prices while stocks last – help to create a highly engaging user experience. At the same time, the Group's platform is a fashion-conscious, discreet and proven distribution channel for its brand partners' excess inventory.

Driven by strong growth in both its French and international markets (particularly with the acquisition of Saldi Privati in Italy), the Group's net revenues increased by 21.9% in 2016, compared to 2015. Excluding the Saldi Privati acquisition, the Group's net revenues increased 20.0% in 2016 as compared to 2015. Over the same period, the Group's EBITDA increased by 19.1% in 2016 compared to 2015, and 21.5% excluding the acquisition of Saldi Privati.

In accordance with IFRS 8, the Group has determined that it has a single operating segment. The Group separately tracks the evolution of net revenues and EBITDA in France and in its international markets. The following table provides a breakdown of the Group's net revenues and EBITDA for the "France" and "International" markets for the years ended December 31, 2016 and 2015.

	Fiscal Year Ended December 31,		% change
	2016	2015	2016 vs. 2015
	(*in thousands of euros*)		
Net internet sales[(1)]			
France	453,729	370,012	22.6%
International markets	71,709	63,236	13.4%
Total internet sales	**525,438**	**433,248**	**21.3%**

Other revenues[2]	14,266	9,584	48.9%
Total net revenues	**539,704**	**442,832**	**21.9%**
EBITDA[3]			
France	35,141	30,888	13.8%
International markets	(6,890)	(7,165)	3.8%
Total EBITDA	**28,251**	**23,723**	**19.1%**

(1) "Net internet sales" is defined as the revenues generated by the Group's sales through its online and mobile platforms.

(2) "Other revenues" consist primarily of sales that the Group makes through its offline wholesale channel.

(3) The Group calculates "EBITDA" as net income for the period before expenses for amortization, stock option expenses, non-recurring items, cost of financial debt, other financing income and expenses as well as income taxes. See Section 9.2.16, "EBITDA", for a reconciliation of EBITDA to net income. EBITDA is not a measure of financial performance under IFRS and the definition of the term used by the Group may not be comparable to similar terms used by other companies.

9.1.2 Key Factors Affecting Results of Operations

9.1.2.1 European Online Retail Industry Dynamics

The Group's business is affected by developments in the online retail market in Europe. Key trends affecting this market in recent periods include:

- *Growth of e-commerce market penetration.* Driven notably by growth in the availability and affordability of internet access and the ease, convenience and broader variety of online shopping offers and improvements in fulfillment and shipping logistics, the percentage of European retail consumers who buy products online has increased rapidly over the past few years, and is well positioned for further growth. According to Euromonitor International, online retail spending in Europe grew from €141 billion in 2012 to €232 billion in 2016, an average annual growth rate 13.3%. According to Euromonitor International, these sales must reach €351 billion by 2020, or an annual average growth rate of 11% from 2014 to 2020. Growth in online retail penetration rates in the Group's European markets has a positive impact on the Group's business by increasing the potential pool of consumers that can be recruited as members and the associated revenue potential.

- *Rapid growth in m-commerce market penetration.* Driven by the increasing availability of smartphones and tablets, and improvements in the availability and affordability of access to high speed mobile data networks, the percentage of European retail consumers purchasing via their mobile devices has grown rapidly over the past few years, and this trend is expected to continue. According to Euromonitor International, purchases made by European consumers online via mobile devices should grow from €66 billion in 2016 to €135 billion by 2020. In addition, in the European online retail sales market, a portion of purchases consumers make via mobile devices should increase from 28.6% in 2016 to 38.6% by 2020 (Source: Euromonitor International).

The Group has been one of the largest players in the online private sales event market in France to have developed mobile applications to such an extent that today it is one of the leaders of e-commerce in France in terms of mobile traffic. As of December 31, 2016, the Group's mobile applications have been downloaded more than 10 million times since they went live (with 2.2[1] million downloads in 2016). The Group's mobile website is a key component in the Group's business, accounting for approximately 77% of traffic[2] and 55% of gross internet sales[25] in 2016. Growth in the percentage of members using the Group's mobile apps is a significant driver of average net revenue per buyer.

1 Figure calculated using a Company internal tracking tool.

2 Excluding the contribution of Saldi Privati.

Mobile users typically visit the Group's platform more frequently on average and place twice the number of orders on average than users accessing the site via a computer/laptop (around 5.1 orders per year made on mobile devices compared to 3.4 orders per year made via computer/laptop). At the same time, growth in members using the Group's mobile apps also has a favorable impact on marketing costs, as mobile apps typically offer the Group a range of cost-effective tools such as notifications and alerts to drive user engagement without paying third parties for advertising.

9.1.2.2 Customer Activation and Repeat Purchase Behavior

In order to generate net revenues, the Group must attract members to its platform, convert them into buyers and then encourage member loyalty and repeat purchases. The Group does this through a combination of strategies based on the quality of its service offering, direct marketing, commercial partnerships, broad-based advertising campaigns, personalized e-mail messages and, through its customer relationship management (CRM) system, this includes e-mail and mobile "push" communications. The Group monitors and analyzes the purchase behavior over time of member cohorts, which are defined based on the quarter during which members register on the Group's platform, and buyer cohorts, which are defined based on the quarter during which members are converted into first-time buyers, in order to evaluate purchase behavior trends and the success of its marketing expenditures and of its efforts to improve the customer experience. The purchasing patterns of the Group's members, buyers and repeat buyers have a significant impact on the Group's revenues and operating results.

9.1.2.3 Relationships with Brand Partners

The Group's results of operations are affected by its success in forging and maintaining mutually beneficial relationships with its brand partners. In fact, the Group relies on its relationships with brand partners to offer its members a wide variety of high-quality products and services from well-known and up-and-coming brands. The Group's ability to source such products and services, as well as its ability to offer them at attractive prices, depends on its ability to entice new brand partners and strengthen existing brand partner relationships by providing an image-conscious, brand-enhancing and efficient channel through which brand partners can monetize significant amounts of excess inventory quickly. In 2016, the Group attracted more than 739 new partner brands to its platform and, at the same time, continued to strengthen its relationships with existing brand partners. 80% of the Group's gross internet sales in 2016 were generated by private sales of partner brands having already featured in sales on the Group's platform in the past. Average revenues generated with brands that were already partners in 2015 also increased 14% in 2016.

The Group's access to brand partners is also reinforced by its growing scale. As the Group gains more customers and achieves greater sales volumes, the Group's attractiveness to brand partners increases, and its bargaining position when negotiating purchases from brand partners is enhanced.

The Group's business model depends on the availability and price of the excess inventory it purchases from its brand partners. The amount of unsold inventory available at any given time and the price at which the Group can secure the inventory can be affected by a wide range of factors, including general economic conditions, changing consumer preferences, and general supply and demand dynamics in the particular market.

9.1.2.4 International Expansion and Acquisitions

Building on the success of its showroomprive.com website in France, the Group has pursued a targeted expansion strategy since 2010 by launching several local versions of its website overseas, managed from France.

At December 31, 2016, the Group thus offers local versions of its mobile apps and regular website in seven other European countries (Italy, Spain, Belgium, Portugal, Germany, the Netherlands and

Poland). The Group has also made it possible for members from over 160 countries to make purchases in their local currency through the Group's English-language website. The following table summarizes the launch dates for the Group's international platforms:

Before 2012	2012	2013	2014	2015	2017
Spain (July 2010) Italy (March 2011)	Netherlands (March 2012)	Belgium (January 2013) Portugal (July 2013) Poland (July 2013)	Multi-currency website (December 2014)(1)	Germany (October 2015)	Morocco(2)

(1) The Group added a functionality to its English-language website allowing consumers in over 160 countries to pay for purchases on its platform in their local currency.

(2) At the filing date of this Registration Document, the Group is planning to launch a local version of its website in Morocco during the second quarter of 2017.

After an initial development period managed from France, the Group decided to try out a new approach in countries where it operates in 2016, which is in line with the priorities the Group defined for 2016. This multi-site international development strategy aims to get closer to its customer base and thus stimulate the conversion of members into buyers and strengthen their loyalty. This strategy involves reinforcing the Group's local presence by opening purchasing offices and setting up dedicated sourcing teams (in Spain, in Italy and particularly with the acquisition of Saldi Privati, and more recently in Germany), to develop more targeted products that meet local market needs. It also involves rolling out conversion innovations and tools abroad that the Group has already launched in France (such as the *Infinity* service or the "single basket", both of which were launched in Spain and in Portugal during the first half of 2016), to strengthen member engagement and retention as well as accelerating new buyer conversion.

The Group also intends to expand its international business through meticulously selected acquisitions in markets where buying a dynamic local company enables the Group to effectively grow its presence. In this regard, in 2016 the Group decided to make its first acquisition in Italy, where it has already been operating since 2011, since this country is a strategic market because of the importance of the fashion industry and its high growth potential, and given that the e-commerce penetration rate is lower than the European average. In November 2016, the Group therefore acquired 100% of the share capital of Saldi Privati (a benchmark player in Italy with 2.7 million members and €44 million in revenue in 2015) for €28 million (excluding net debt). This amount will likely be increased by an earnout of €10 million maximum payable in 2019, subject to meeting performance criteria relating to the results in 2018. This acquisition makes the Group the second largest private online sales event company in Italy[1]. This acquisition, finalized in November 2016, has also enabled the Group to take an important step towards rolling out its multi-site strategy abroad by relying on Saldi Privati's existing local teams to boost its growth in Italy and take advantage of the logistics platform of Milan-based Banzai group, of which Saldi Privati was formerly a subsidiary.

The Group achieved €105 million[2] in *pro forma* international revenues from the acquisition of Saldi Privati in 2016, i.e. more than 18%[1] of total *pro forma* revenues.

9.1.2.5 Overall Cost Structure

The Group's overall cost structure has a significant impact on the Group's profitability. The Group's expenses are primarily composed of:

1 Company calculation using the Osservatorio eCommerce B2c Netcomm – Politecnico di Milano and Bureau van Dijk databases.
2 With Saldi Privati's contribution over 12 months in 2016.

- *Cost of goods sold*. The Group's cost of goods sold is primarily driven by the volume of inventory and types of products it purchases, as well as by the terms of its agreements with brand partners. See Section 9.1.4.1 "Cost of goods sold" for more information.

- *Marketing expenses.* The Group's marketing expenses are driven primarily by the Group's strategic decisions regarding the appropriate level of spending in each market to increase brand awareness and drive member acquisition, by its choice of media and average media costs in the relevant markets, as well as the Group's success in attracting new members through free channels such as direct navigation to the Group's websites or referrals. See Section 9.1.4.3 "Expenditure on Marketing" for more information.

- *Logistics & fulfillment*. Logistics and fulfillment costs can have a significant impact on the Group's profitability. The Group outsources a portion of its logistics operations to a third-party logistics provider, Dispeo, allowing it to significantly expand its logistics capacity with limited capital expenditure and on attractive terms. The percentage of net revenues represented by logistics and fulfillment costs depends, in particular, on the Group's pricing strategy for shipping costs and the portion of such costs that is billed to purchasers. See Section 9.1.4.4 "Logistics & Fulfillment Costs" for more information.

- *General & administrative expenses*. The Group's profitability is also affected by its general and administrative expenses, which primarily include the cost of its management teams, back office support and other corporate overhead costs. The Group's profitability has been favorably affected by its ability to expand its revenues while controlling the level of its general and administrative expenses. For more information, see Section 9.1.4.5 "General & Administrative Expenses" of this Registration Document.

The Group's profitability is also influenced by the relative proportion of fixed costs and variable costs in marketing, logistics & fulfillment and general & administrative expenses. Greater relative amounts of fixed costs enable the Group to benefit from operating leverage as its net revenues increase.

9.1.2.6 Product Categories

The Group's net revenues, profitability and cash flow are affected by the mix of products and services sold on its platform. The Group mainly sells products in the fashion category. However, the percentage of revenue generated by other product categories has sharply increased over the past few years. Non-fashion products generated 44% of gross internet sales in 2015 and 48% in 2016. Non-fashion product categories such as furniture, electronics and travel packages tend to have higher average prices than the Group's core fashion product category, which has a positive impact on average order sizes. Margins on non-fashion related product categories vary from category to category, with some product categories, such as consumer electronics and furniture, carrying lower average margins than the Group's core fashion product category. The nature of the Group's net revenues can also vary from category to category.

9.1.2.7 Consignment Versus Firm Sales

The Group's results of operations are affected by the mix of methods the Group uses to source inventory. Most of the goods sold on the Group's platform are sourced on a consignment basis, for which the Group typically does not purchase inventory in advance and pays its brand partners only for the products it sells. The remainder of the goods the Group sells are sourced on a firm sale basis, in which the Group purchases the inventory prior to sale. The ratio of firm sales to consignment sales remained unchanged from 2015 to 2016. In 2016, 80% of the Group's gross internet sales were generated from consignment sales, compared with 81% in 2015. For more information on the recognition of revenues in connection with firm and consignment sales, see Section 9.1.3.1 "Revenue composition and recognition" of this Registration Document. The percentage of goods sourced on a firm sales basis affects the Group's operating revenue in a number of ways. The Group's average

gross margins on firm sales are typically higher than on consignment sales, since suppliers are typically willing to offer greater discounts for firm sales because they are less risky for them, are paid more quickly, and have lower associated inventory costs. At the same time, the Group's average storage, logistics and fulfillment costs for goods sourced on a firm sale basis are generally higher than for consignment sales, primarily reflecting the additional logistics cost associated with sorting and storing the associated inventory. In general, the net effect of this is that there are typically somewhat higher EBITDA margins on firm sales than consignment sales. However, consignment sales generally have a significant positive impact on the Group's working capital on an annual basis. For more information, see Chapter 10 "Group Liquidity and Equity Capital" of this Registration Document.

9.1.2.8 General Economic Conditions

Demand for the products and services sold by the Group can be heavily affected, either positively or negatively, by general economic conditions in Europe, and particularly in France. Consumer retail spending on discretionary items, particularly on certain product categories like the fashion-related products from which the Group generates the majority of its revenue, can be particularly sensitive to economic conditions. At the same time, while overall retail spending on fashion usually declines during economic downturns, adverse economic conditions usually also lead to higher levels of unsold inventory and make it easier to attract customers seeking discounted prices, which could have a positive impact on the Group's business. Economic growth has been stagnant in Europe in recent years. According to the International Monetary Fund (IMF), GDP growth in the Eurozone in 2015 and 2016 was 2.0% and 1.7% respectively, while in France, GDP growth was respectively 1.3% and 1.3% in 2015 and 2016. Growth prospects for 2017 are limited; thus the IMF forecasts GDP growth in the Eurozone of 1.6% in 2017 and 2018 and, in France, GDP growth of 1.3% in 2017 and 1.6% in 2018 (Source: IMF World Economic Outlook, January 2017).

9.1.2.9 Seasonality

The Group's business is significantly affected by seasonality in the retail consumer markets in Europe. Performance during the second half of the year is typically stronger than the first half of the year because of the seasonal nature of the business, with demand hitting a peak during the fourth quarter, before Christmas. The Group typically generates its highest sales volume and recruits the largest number of its new members during this period. The Group plans its advertising spending each year to capitalize on these trends, which typically generates higher marketing expenses during the third and fourth quarters of the year. This seasonality has an impact on the Group's cash and working capital requirement during the first half of the year, since it has to pay marketing expenses for the fourth quarter of the previous year during this period. For more information, see Chapter 10 "Group Liquidity and Equity Capital" of this Registration Document.

9.1.3 Composition and Key Drivers of Revenue

9.1.3.1 Revenue Composition and Recognition

9.1.3.1.1 Composition of net revenues

The Group primarily earns net revenues through the sale of consumer products through its mobile apps and websites, which it refers to as "net internet sales" and which accounted for 97.3% of the Group's total net revenues in 2016. Net internet sales are computed as determined by the value received from the buyer, including associated shipping fees, and net of value-added taxes and customer discounts. The Group provides members with vouchers for a discount on a future purchase as a reward for recruiting a new member who makes a purchase on the platform. When these vouchers are used, the Group's revenue from that sale is accounted for net of the value of the discount. The Group recognizes returns of merchandise as a cancellation of the initial sale and net revenues are reduced accordingly.

In addition to its net internet sales, the Group also receives a small portion (2.7% in 2016) of its net revenues through offline channels, primarily consisting of sales of inventory via its wholesale network. Net revenues from wholesale are computed as the value received from wholesale partners, including any related shipping and delivery costs charged to the wholesale partners, net of value-added taxes.

9.1.3.1.2 Revenue recognition

The Group recognizes net revenues on sales of goods when the risks and principal advantages inherent in ownership of the goods have been transferred to the buyer. For sales of goods, the Group generally recognizes revenue on delivery of the relevant stock to the customer (based on average delivery times).

9.1.3.2 Key Drivers of Revenue

The Group's net revenues are primarily a function of the number of buyers on its sales platform during a given period and the average revenue it receives per buyer in such period.

9.1.3.2.1 Buyers

The Group defines a "buyer" as a member who has made at least one purchase on the Group's platform during the applicable period (in the case of annual figures, the 12 months preceding the measurement date; in the case of half-year figures, the six months preceding the measurement date, etc.). A member is defined as an account registered on the Group's platform. The number of buyers at any given date is primarily driven by the total number of members on the Group's platform and on the rate at which it converts members into buyers. The Group also tracks the number of cumulative buyers, defined as the total number of registered members who have made at least one purchase on the Group's platform since the launch of showroomprive.com's website in 2006. The following table sets out the total number of the Group's members, buyers and cumulative buyers for the years ended December 31, 2016 and 2015.

	2016*	2015	2016 vs. 2015
			(% change)
Members *(at December 31)*			
France	19,553,044	16,786,641	16.5%
International markets	8,728,590	7,781,145	12.2%
Total	**28,281,634**	**24,567,786**	**15.1%**
Buyers *(for the year ended December 31)*			
France	2,767,336	2,388,603	15.9%
International	466,265	478,817	(2.6)%
Total	**3,233,601**	**2,867,420**	**12.8%**
Cumulative buyers *(at December 31)*			
France	5,561,567	4,520,179	23.0%
International markets	1,195,263	996,611	19.9%
Total	**6,756,830**	**5,516,790**	**22.5%**

* The selected operating information for fiscal year 2016 is provided without taking into account the merger of Saldi Privati.

- *Total number of members and member acquisition*. The total number of members is primarily a function of the Group's success in attracting new members to its platform. It attracts members though paid acquisition channels using direct online and mobile marketing and commercial partnerships. The Group also attracts members through unpaid acquisition channels based on the strength and awareness of its brand, the quality of its service and its offering, and recommendations from users. Between 2015 and 2016, the Group's total number of members increased from 24.6 million to 28.3 million.

- *Member activation and repeat purchasing behavior*. Once the Group has attracted members to its platform, it seeks to convert them into buyers and to encourage members who have previously purchased on the platform to make repeat purchases and become "repeat buyers". Once the Group has succeeded in converting a member into a buyer, i.e. has got him to make his first purchase, the Group has generally been successful, based on historic conversion rates, in encouraging that member to make further purchases. A majority of the Group's revenues is generated by repeat buyers: 63% of the Group's buyers in 2016 had already made at least one purchase in a prior period and 75% of its gross internet sales in 2016 were generated by repeat buyers. The activity and loyalty of its members is critical for the Group, which therefore devotes considerable effort and resources to converting them into buyers. While the Group is generally able to convert a certain percentage of new members into buyers within the first year of joining the platform, the Group also succeeds, based on historic conversion rates, in converting members to buyers more than a year after they join. In 2016, the Group recorded an average of 56 million visits per month, and 3.2 million members were buyers in 2016. The Group believes that its targeted direct marketing efforts help it to secure first time purchases both from new members acquired through advertising in the current year and existing members acquired during prior periods. To encourage the loyalty of members and to convert them into repeat purchasers, the Group uses its Customer Relationship Management (CRM) tools, which enable it to tailor its user engagement efforts based on the member's past purchasing behavior. The Group believes that this enhances its ability to revive the interest of past buyers on the platform.

Average Net Internet Revenue per Buyer.

The Group's average internet revenue per buyer (which we refer to as the "average revenue per buyer") for a given period primarily depends on the average number of orders per buyer during that period and the average revenue per order (which we refer to as the "average basket size") for these orders. This figure is typically higher in the second half of the year than the first because of the Group's repeat purchase dynamics. The following table summarizes the Group's average revenue per buyer, average number of orders per buyer and average basket size for the years ended December 31, 2016 and 2015.

	Year Ended December 31,		(% change)
	2016	**2015**	**2016 vs. 2015**
Average revenue per buyer (in euros)			
France	164.0	154.9	5.8%
International markets	135.7	132.1	2.8%
Total	**159.9**	**151.1**	**5.8%**
Average orders per buyer			
France	4.3	4.2	2.4%
International markets	3.6	3.6	0.0%
Total	**4.2**	**4.1**	**2.4%**
Average basket size (in euros)			
France	38.0	36.8	3.1%
International markets	38.1	37.1	2.8%
Total	**38.0**	**36.9**	**3.0%**

- *Average orders per buyer*. The average number of orders per buyer depends on various factors, particularly its service quality and the quality of the Group's offering, its customers' satisfaction with their previous orders, the Group's use of CRM and customer loyalty tools, the activity of members and the level of traffic that the Group is able to achieve. The average number of orders per buyer also depends on the sales channel used by members to access the Group's platform. Mobile users tend to be more active and access the internet site more often than users logging on via desktop or laptop. This high level of activity by users of the mobile site drives favorable purchasing behavior. In 2016, the Group's mobile users placed twice as many orders than members using the desktop site. The importance of the mobile site in the Group's business is significant, accounting for about 77% of traffic[1] and 55% of gross internet sales[27] in 2016.

- *Average basket size*. The average basket size for orders on the Group's platform is affected by a number of factors, including the product mix offered, the pricing strategy applied by the Group, the percentage of orders placed from mobile devices, and practical considerations such as, for certain sales, restrictions on customers combining in one transaction products from several event sales.

    - *Product mix*. The product category to which an ordered product belongs has an impact on average basket size. In fact, some product categories include more expensive products, while others have less expensive products. The Group sells goods and services in a variety of product and service categories, particularly fashion-related products and non-

1 Excluding the contribution of Saldi Privati.

fashion related products such as consumer electronics, home furnishings, leisure, entertainment, and travel services. Depending on the proportion of the Group's orders that are placed in more expensive product categories, such as consumer electronics and furnishings, the average basket size could increase or decrease. Sales in the fashion-related product category account for the majority of the Group's sales. However, their percentage of gross internet sales fell from 56% in 2015 to 52% in 2016.

- *Pricing.* The Group's pricing strategy is to offer its products typically at discounts of between 50 and 70% of the retail price. The Group's average order size is affected by changes in general discount levels as well as the distribution of discounts within its typical 50-70% range. Discount levels can be affected by a variety of factors, including changes in the availability of stock, the price of products in the overstock wholesale sector, the prices offered by competitors for similar items, and the Group's pricing strategy, which may be more aggressive in markets where it seeks to enhance its brand and acquire new members.

- *Mobile order share*. The percentage of the Group's orders placed from mobile devices may affect the average basket size. Indeed, while users accessing the Group's platform on the mobile site have historically placed a greater average number of orders than users accessing the Group's desktop site, the average size of orders placed on mobile devices is generally lower than the size of orders placed on the desktop site. The Group believes that this is primarily a result of the more spontaneous nature of mobile shopping, which lends itself more easily to fashion-related items than to product categories with higher average prices, such as furniture.

9.1.4 Composition and Key Drivers of Other Line Items in the Income Statement

9.1.4.1 Cost of Goods Sold

The Group's cost of goods sold is the cost of purchasing, from its brand partners, the goods and services sold by the Group through its internet and offline channels. It is recognized at the total price paid by the Group, after deducting any product returns for which the Group is reimbursed.

The cost of goods sold primarily depends on the volume of products sold by the Group and the prices at which the brand partners are willing to sell. Changes in prices due to volume discounts, market forces or other reasons will affect the Group's cost of goods sold. As noted above, the type of sale (consignment vs. firm sale) has a significant impact on the prices at which brand partners are willing to sell products to the Group. Brand partners typically offer more attractive pricing when the Group purchases goods on a firm sales basis.

9.1.4.2 Gross Margin

The Group's gross margin is determined by subtracting the Group's cost of goods sold from its revenue. Its gross profit margin is determined by dividing the gross margin by the revenue for the period. The principal drivers of the Group's gross margin are the Group's sourcing terms and pricing strategy in each of its markets, its product mix, and the mix of consignment sales and firm sales.

9.1.4.3 Expenditure on Marketing

The Group's marketing expenses are primarily composed of salaries and benefits paid to the Group's marketing team, costs incurred in producing advertising and publicity materials and the amounts paid to marketing channels such as search engines, social networks, television and radio networks. Marketing expenses are driven primarily by the Group's marketing budget and strategy, and the market prices charged by the channels used by the Group. Historically, the Group has always sought to have a marketing budget in its core market in France that represents a relatively stable percentage

of its revenue. The Group's international expansion also affects the Group's marketing expenses. The Group generally incurs higher levels of marketing expenses as a percentage of revenue when it is building its brand and number of Members in new markets. The Group also hires marketing personnel who come from each of its international markets to design and implement its marketing strategy, so the Group's international growth will require hiring new staff and will affect the cost of personnel. The maturity of the Group's operations in a market also affects the average marketing spend required to recruit a new member or to convert a member into a repeat buyer.

9.1.4.4 Logistics & Fulfillment Costs

The Group's logistics & fulfillment costs include various costs that are mostly variable and relate to the processing of orders from buyers. The key components of logistics & fulfillment costs include:

- *Logistics and shipping of orders.* The Group's expenditure on logistics and shipping represent a major part of the Group's logistics & fulfillment costs and include all the costs related to product sorting and order preparation, processing and delivery. These costs primarily include payments to the Group's third-party logistics service providers (Dispeo, Deret and other providers), which comprise the majority of logistics expenses, along with personnel expenses for the Group's logistics team, rental charges on warehouses, and payments to delivery companies for shipping. The cost of logistics and shipping is primarily driven by the Group's sales volume. It is also affected by the organization of the Group's logistics operations and the terms of the outsourcing arrangements that the Group is able to negotiate. Logistics costs are also affected by the mix of product types, since certain items are more expensive to prepare and ship. The proportion of consignment sales to firm sales also affects these costs because the Group must keep stocks for firm purchases, which increases logistics costs. Finally, expenditure on shipping is affected by the mix between French and international sales, since, for certain countries (such as Portugal and Poland) shipping costs are higher because of their distance from the Group's warehouses, located in France. The percentage of shipping costs relative to net revenues is affected in part by the portion of the shipping cost that is passed on to buyers.

- *Cost of production.* The cost of the Group's production activity is composed primarily of the personnel costs of its production team, the cost of production equipment including computers and cameras, and payments to third-parties including production companies, models, directors and photographers. The number of private sales produced by the Group in a given period is the main factor affecting these costs, because every event sale is created and produced by the Group's team. The number of international markets also affects these costs because of the need to hire local staff to produce both the content and the private sales in these new markets.

- *Customer service*. The Group's customer service costs are primarily composed of the personnel costs paid to the Group's in-house customer service team, which depend primarily on the size of the Group's in-house customer service team, and payments to its third-party service providers. Third-party service providers handle first contact with customers before certain contacts are forwarded to the Group's in-house customer service team. The third-party cost is primarily driven by the volume of customer inquiries and complaints, which is affected by the volume of sales and the quality of the Group's products and logistics services.

- *Financial transaction costs*. These costs are primarily fees associated with processing card payments and payments to third-party payment processors. The cost is primarily affected by the volume of sales and the average commissions charged, which typically include volume discounts and depend on the payment methods used.

- *Related amortization and depreciation*. In this line item, the Group recognizes the cost of amortization and depreciation of the fixed assets used in its logistics & fulfillment and order processing activities. These costs are primarily composed of amortization and depreciation of

leasehold improvements to the Group's warehouses, equipment and tools used in the Group's warehouses, technology used in production functions and the software used to support these functions. This is primarily driven by the amount of the Group's investments in the fixed assets that the Group uses to perform these functions and the mix of the types of assets. The Group uses straight-line depreciation, based on the estimated useful life of the assets.

9.1.4.5 General & Administrative Expenses

The Group's general & administrative expenses are primarily composed of the costs associated with managing its business, sourcing goods and the IT costs associated with its platform. Most of these expenses are relatively stable over time. The primary components of this line item are:

- *Costs of the sourcing and brand relations team*. The costs related to the sourcing of products and services to be sold through the Group's platform are recognized in this line item, which is the largest component of the Group's general & administrative expenses. These costs primarily consist of personnel costs relating to the Group's sourcing and brand relations team. The size of the Group's team is primarily driven by the Group's efforts to attract new brands and to expand its international recruitment efforts. To a lesser extent, it is driven by the volume of the Group's event sales.

- *Office costs*. The cost of rental charges for the Group's headquarters, office improvements and general office equipment are the main components of office costs. Rents are fixed for the term of the leases and, when the leases are renegotiated, they will depend on market conditions and the Group's need for space. General office equipment costs are relatively stable, but will be affected by any increase or reduction in the number of the Group's employees.

- *Head office costs.* This expense comprises the cost of the salaries and bonuses paid to senior management and to the Group's administrative team.

- *IT costs*. This expense includes personnel costs for the Group's in-house IT team, the costs of outsourced IT functions and the cost of maintenance of the Group's IT platform. The Group's IT costs are affected primarily by the size of the Group's business, by decisions to develop and introduce new functionality, new applications, new services or capabilities, and, to a lesser extent, by the volume of traffic on the Group's platform.

- *Related amortization and depreciation costs*. The main components of this line item are the amortization and depreciation of the software and hardware supporting the Group's technology platform, the leasehold improvements to its corporate headquarters, and office equipment. It is affected by the Group's decision to invest in improvements to its facilities and the development and maintenance of its technology platform. It is also affected by the volume of office equipment that the Group's operations require, which is driven by the number of employees.

- *Other costs.* This line item includes travel costs, local taxes on the Group's properties, and professional fees paid primarily to the Group's auditors and legal counsel.

9.1.4.6 Current Income

The Group's current operating income is calculated by subtracting from its revenue the Group's cost of goods sold, marketing expenses, logistics & fulfillment costs and general & administrative expenses.

9.1.4.7 Depreciation of Intangible Assets Recognized at the Time of a Merger

This line item comprises the depreciation expense recognized against the value of the members' file and of the technology treated as acquired by SRP Groupe S.A. at the time of its reorganization in 2010. As part of this reorganization, the Group also recognized goodwill in an amount of €81.6 million. See Note 4.1 to the Group's consolidated annual financial statements for the year ended December 31, 2016. The Group amortizes these intangible assets using straight-line depreciation based on their estimated useful life: seven years, both for the members' file and for the technology. The value of the Group's brand, recognized as an intangible asset at the time of this same reorganization, is not amortized because it has an unlimited useful life and therefore does not lose value. The Group tests the recoverable value of these assets whenever there are signs of impairment and at least once each year. The impairment test consists in assessing their value in use by applying, in particular, the discounted cash flow method (discounted net future cash flows). Estimated cash flows are determined in the course of the Group's three-year budgeting and strategic planning process, using assumptions for growth rates that the Group believes are reasonable. See Notes 1.14 and 4.1 to the Group's consolidated annual financial statements for the year ended December 31, 2016.

9.1.4.8 Other Operating Income and Expenses

This line item includes non-recurrent income and expenses, such as capital gains or losses from the disposal of tangible and intangible assets, restructuring costs approved by management, litigations costs, costs relating to business combinations and goodwill impairment. In particular, it includes residual expenses associated with the Company's shares being admitted for trading on Euronext Paris in October 2015, consulting fees and other costs revealed during the acquisition and consolidation of Saldi Privati in November 2016 and costs related to certain bonus share and stock option awards granted. This item is affected by a number of factors, including the volume and significance of litigation to which the Group is a party that the Group considers non-recurring, and the nature of any strategic transactions considered in the given period. Cost of share-based payments primarily depends on the expenditure resulting from awarding bonus shares, including social contributions.

9.1.4.9 Operating Profit

The Group's operating profit is determined by subtracting expenses related to the depreciation of intangible assets recognized upon business organization and any non-recurring expenses from the Group's current income and adding any non-recurring income. The Group believes this figure is a useful indicator of the overall performance of its business for the year before accounting for financing costs or taxes.

9.1.4.10 Net Finance Cost

Net finance cost is a function of the sums borrowed and the average rates of interest incurred. The Group currently has no outstanding financial indebtedness other than leases on several pieces of equipment used in its warehouses. The monthly rents under each of these finance leases are fixed and unchanged for the term of the contract. All the finance leases in effect on December 31, 2016 will expire by 2019, and, when they expire, the Group will become the owner of this equipment. This line item will be affected if the Group decides to finance its activities or expansion by incurring long-term debt or to acquire the additional equipment by means of leases. The net finance cost will also be affected by the provisions of these leases.

9.1.4.11 Other Financial Income and Expenses

This line item is composed primarily of the interest earned on the Group's bank accounts and short-term demand deposits, less any interest expense relating to short-term borrowing.

9.1.4.12 Profit Before Tax

This line item is calculated by subtracting the expenses related to the Group's leases from its operating profit and by making an adjustment to its other financial income and expenses.

9.1.4.13 Tax on Income

Tax on income comprises the income tax and value-added tax imposed on companies. It does not include the local taxes paid by the Group, which are recorded under the line item "General & administrative expenses" presented above. This line item primarily depends on the Group's ability to generate profits, the size of this profit, and the tax regime of the countries in which this profit is generated. It may also be affected by tax deferrals and tax loss carry-forwards.

9.1.4.14 Net Income

The Group's net income for the period is calculated by subtracting the expenses recognized by the Group as tax on income from the "Profit before Tax" presented above.

9.1.4.15 EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is one of the main indicators used by the Group to manage its operations and assess its performance. It 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, 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.

The Group considers that this measure is useful for readers of its financial statements because it provides a measure of the operating income which excludes non-cash components such as depreciation and amortization, items that are not within its control such as income tax, and items that are not expected to recur in future reporting periods.

EBITDA should not be considered as a substitute for operating income because depreciation, amortization, impairment, income tax and non-recurring items, which are excluded from it, do ultimately have an effect on operating income, net income and the Group's financial position. Section 9.2.16 "EBITDA" of this Registration Document provides a reconciliation of EBITDA with Group net income.

9.1.5 Gross Internet Sales

One of main performance indicators monitored by the Group in managing its business is "gross internet sales". Gross internet sales is the total amount billed to buyers on the Group's platform during a given period. The Group tracks changes in gross internet sales through its business intelligence and data analytics platform, and uses it to manage its business and allocate resources. In particular, the Group uses gross internet sales to monitor the return on marketing investments by cohort, to analyze sales by product category, and to track traffic and the percentage of sales made using mobile devices.

Gross internet sales is not an IFRS financial measure, and the definition used by the Group may differ from similarly titled indicators used by other companies. This measure should not be used as a substitute for net internet sales as presented in the Group's IFRS consolidated financial statements. The Group believes gross internet sales is a useful supplemental measure because it corresponds to the total amount billed and collected on the Group's platform during a given period.

Gross internet sales corresponds to the gross amount of sales on the Group's internet platform:

- before deducting value added taxes;
- before accounting adjustments for the recognition of revenue as described in Note 1.14 to the Group's consolidated financial statements, including:
    - timing differences linked to the deferred revenue recognition (due to the fact that certain criteria must be fulfilled before recognizing revenue, in particular delivery of the product to the buyer);
    - the impact of reimbursements granted for cancellations and returns, which are recognized as a cancellation of the initial sale; and
    - the effect of presenting certain sales of travel offers on a net basis where the Group acts as an agent. In addition, gross internet sales only includes sales that are made on its internet platform.

Gross internet sales does not include revenue generated through other channels, such as offline sales to wholesale distributors and B2B services provided to brand partners. Sales volumes, calculated by adding revenue generated through other channels to gross internet sales, increased 22.4%, from €605.2 million in 2015 to €740.7 million in 2016.

The following table sets forth a reconciliation of gross internet sales with IFRS net internet sales for the years ended December 31, 2016 and 2015.

	Year ended December 31,	
	2016	**2015**
	(in € thousands)	
Total gross internet sales[1]	**721,606**	**591,674**
VAT[2]	**(113,472)**	(93,515)
Revenue recognition impacts[3]	(87,497)	(68,900)
Non-internet and other revenue[4]	19,067	13,573
Net revenues (IFRS)	**539,704**	**442,832**

(1) Corresponds to the total amount billed to buyers during a given period.

(2) Value added tax is applied to every sale. The applicable value-added tax rate depends on the country where the buyer is located.

(3) Accounting adjustments for revenue recognition as described in Note 1.14 of the Group's annual consolidated financial statements, including: (i) timing differences due to the fact that certain criteria (e.g. delivery) must be fulfilled before recognizing revenue; (ii) the impact of reimbursements granted for cancellations and returns, which are recognized as a reduction in revenue; and (iii) the effect of presenting certain sales of travel offers on a net basis where the Group acts as an agent.

(4) "Non-internet and other revenue" corresponds primarily to revenues generated from offline sales to wholesalers, including offline re-sales of returned internet sales items.

9.2 COMPARISON OF THE GROUP'S ANNUAL RESULTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND DECEMBER 31, 2015

The table below shows the Group's consolidated statement of income for the years ended December 31, 2016 and 2015, in thousands of euros.

Line items in the consolidated income statement

	Year ended December 31,		(% change)
	2016	**2015**	**2015 vs. 2016**
	(in € thousands)		
Internet Sales			

France	453,729	370,012	22.6%
International	71,709	63,236	13.4%
Total internet revenue	**525,438**	**433,248**	**21.3%**
Other revenue[(1)]	14,266	9,584	48.9%
Total revenue	**539,704**	**442,832**	**21.9%**
Cost of goods sold	(332,028)	(263,679)	25.9%
Gross margin	**207,676**	**179,153**	**15.9%**
Marketing	(25,683)	(26,897)	(4.5)%
Logistics & fulfillment	(122,084)	(102,650)	18.9%
General & administrative expenses	(36,887)	(29,861)	23.5%
Current income	**23,022**	**19,745**	**16.6%**
Depreciation of intangible assets recognized at the time of a business combination	(804)	(783)	2.7%
Cost of share-based payments	(13,295)	(4,089)	225.2%
Other operating income and expenses	(6,322)	(4,017)	56.8%
Operating income	**2,601**	**10,856**	**(76.0)%**
Net finance cost	(690)	(137)	403.6%
Other financial income and expenses	580	(106)	(647.2)%
Profit before tax	**2,491**	**10,613**	**(76.5)%**
Tax on income	(2,741)	(5,470)	(49.9)%
Net income for the period	**(250)**	**5,143**	**(104.9)%**

(1) Other revenues consist primarily of sales that the Group makes through its offline wholesale channel.

The table below shows selected financial data from the Group's consolidated statement of income and consolidated financial statements for the years ended December 31, 2016 and 2015 as a percentage of net revenues.

Financial information selected from the Group's consolidated income statement as a percentage of revenue

	Year ended December 31,	
	2016	**2015**
	(*as a % of net revenues*)	
Internet income		
France	84.0%	83.6%
International	13.3%	14.3%
Total internet income	**97.3%**	**97.8%**
Other revenues	2.7%	2.2%
Total income	**100%**	**100.0%**
Cost of goods sold	(61.5)%	(59.5)%
Gross margin	**38.5%**	**40.5%**
Marketing	(4.8)%	(6.1)%
Logistics & order fulfillment	(22.6)%	(23.2)%
General & administrative expenses	(6.8)%	(6.7)%
Current income	**4.3%**	**4.5%**
Depreciation of intangible assets recognized at the time of a business combination	(0.1)%	(0.2)%
Cost of share-based payments	(2.5)%	(0.9)%
Other operating income and expenses	(1.2)%	(0.9)%

Operating income	**0.5%**	**2.5%**
Net finance cost	(0.1)%	(0.0)%
Other financial income and expenses	(0.1)%	0.0%
Profit before tax	**0.5%**	**2.4%**
Tax on income	(0.4)%	(1.2)%
Net income for the period	**(0.0)**%	**1.2%**

The table below shows selected information on the results of the Group's operations for the years ended December 31, 2016 and 2015.

Selected operating data

	2016*	**2015**	**2015 vs. 2016** *(% change)*
Total number of members *(at December 31)*			
France	19,553,044	16,786,641	16.5%
International	8,728,590	7,781,145	12.2%
Total	**28,281,634**	**24,567,786**	**15.1%**
Buyers *(for the year ended December 31)*			
France	2,767,336	2,388,603	15.9%
International	466,265	478,817	(2.6)%
Total	**3,233,601**	**2,867,420**	**12.8%**
Average revenue per buyer *(for the year ended December 31)*			
France	164.0	154.9	5.8%
International	135.7	132.1	2.8%
Total	**159.9**	**151.1**	**5.8%**
Average orders per buyer *(for the year ended December 31)*			
France	4.3	4.2	2.4%
International	3.6	3.6	0.0%
Total	**4.2**	**4.1**	**2.4%**
Average Basket Size *(for the year ended December 31)*			
France	38.0	36.8	3.1%
International	38.1	37.1	2.8%
Total	**38.0**	**36.9**	**3.0%**

* The selected operating information for fiscal year 2016 is provided without taking into account the merger with Saldi Privati.

9.2.1 Revenue

Group net revenue increased 21.9% in 2016 (from €442.8 million in 2015 to €539.7 million in 2016). Excluding the acquisition of Saldi Privati, Group net revenues rose 20.0% in 2016 (from €442.8 million in 2015 to €531.3 million in 2016).

The Group's total net internet sales increased 21.3% in 2016 (from €433.2 million in 2015 to €525.4 million in 2016) driven, in particular, by France.

France. In 2016, Group internet sales in France rose €83.7 million (up 22.6%), from €370.0 million in 2015 to €453.7 million in 2016, representing growth of nearly two times higher than the growth of the e-commerce and retail markets in France (*source*: Fevad).

International. In 2016, internet sales in the Group's international markets increased €8.5 million, up 13.4% from €63.2 million in 2015 to €71.7 million in 2016, thanks, in particular, to Saldi Privati's contribution over the last two months of fiscal year 2016 (€8.4 million). On a like-for-like basis, internet sales in the Group's international markets remained stable, with strong organic growth in the second half of 2016 offsetting the decline in revenue in the first half of the year because of the transition phase the Group went through at that time.

During the fourth quarter, Group internet sales totaled €194.6 million, up 27.1% compared to fiscal year 2015 (up 21.7% excluding the Saldi Privati acquisition), driven both by France and by a strong international rebound.

The Group's internet sales growth in 2016 came mostly from a sharp increase in the number of buyers in France, coupled with steady increases in average revenue per buyer both in France and internationally.

Buyers. The Group continues to build positive momentum via an increasingly large member community (up 15.1% in 2016) with nearly 3.7 million new members in 2016, while the new member to buyer conversion rate is constantly increasing, with nearly 1.2 million new buyers in 2016 (a 12.8% increase in 2016). The number of buyers in 2016 exceeded 3.2 million, an increase of nearly 13% compared to last year.

Average revenue per buyer. Average revenue per buyer continued to grow substantially (up 5.8% in 2016) to reach €159.9. In 2016, this increase was due to higher average orders per buyer (around 4.2 orders per buyer on average in 2016, compared to 4.1 orders in 2015), combined with an approximate 3.0% increase in average basket size, reaching €38.0. This trend shows how attractive the Group's offering is, illustrates growing member loyalty, and reveals the positive impact from initiatives such as "Infinity" (free and unlimited delivery service for a €20 yearly subscription fee, launched in France in 2015) or "single basket" (option launched in France in late 2015, enabling users to combine purchases from several sales into one basket), whose roll-out largely helped boost both order frequency and average basket size per buyer.

As in 2015, growth in the Group's internet sales remained strong in 2016 due to the growing importance of mobile devices, which now generate 77% of traffic and 55% of gross internet sales (excluding Saldi Privati's contribution) in 2016, i.e. 7 points more than last year. Purchases made on mobile devices generate an average of two times the orders than orders made via desktop/laptop computers (around 5.1 orders per year made from mobile devices versus 3.4 orders per year made on a desktop). For a discussion on increasing market penetration of mobile commerce in the Group's international markets, see Section 9.1.2.1 "European Online Retail Industry Dynamics" of this Registration Document.

9.2.2 Gross Margin

The Group's gross margin increased €28.5 million in 2016 (up 15.9%) going from €179.2 million in 2015 to €207.7 million in 2016).

Gross margin as a percentage of net revenues declined from 40.5% in 2015 to 38.5% in 2016. Gross margin was adversely impacted by changes in the product mix sold by the Group (around 35 basis points) and by the consolidation of Saldi Privati (about 15 bps). Moreover, the gross margin was also

affected by a rebalancing of part of the marketing budget in favor of initiatives designed to boost the conversion and loyalty of members such as the roll-out of Infinity Service (free and unlimited delivery service, on subscription, launched in France in late 2015) or "one basket" (option launched in France in late 2015 that enables the purchases of several sales to be grouped together in one basket) (about 100 bps) as well as some investments in pricing (about 50 bps). These investments to stimulate the Group's future growth impacted gross margin by around 150 bps and were almost entirely offset by a reduction in marketing expenses.

Excluding the impact of these items, the Group's gross margin reached 40% of revenues in 2016, generally in line with the performance in 2015.

The control of operating expenses and iron discipline compensated for slower growth in the gross margin, which fell back from 36.0% of revenue in 2015 to 34.2% of revenue in 2016, as detailed below.

9.2.3 Marketing

In absolute terms, the Group's marketing costs dropped 4.5% in 2016 (from €26.9 million in 2015 to €25.1 million in 2016). As a percentage of Group revenues, marketing costs fell 130 bps, from 6.1% of revenue in 2015 to 4.8% in 2016.

The drop in marketing expenses, both in absolute terms and as a percentage of revenue between 2015 and 2016, is due to: targeted marketing efforts in France where the Group already has excellent brand recognition (83% assisted brand awareness rate); a temporary reduction in marketing spending in the Group's international markets in 2016; the rebalancing of part of the marketing budget towards investments in prices and free delivery initiatives.

9.2.4 Logistics & Order Fulfillment

Logistics costs and order fulfillment as a percentage of revenues dropped 23.2% in 2015 to 22.6% in 2016 (a drop of 60 bps) despite significant investments to strengthen the teams, develop infrastructures, and improve service quality; for example, opening a new 2,000 m^2 sales production center at Roubaix (in Northern France) in March 2016.

9.2.5 General & Administrative Expenses

The general and administrative expenses, as a percentage of revenue, have remained stable because the economies of scale were partially offset by new hires in the sourcing teams, by an increase in IT spending and new hires in certain support departments (finance, human resources, and legal). These additional expenses are mostly fixed costs and their increase represents an investment designed to strengthen the Group's structure in support of the Group's growth and future needs.

9.2.6 Current Operating Income

Reflecting the above trends, the Group's current operating income increased by 16.6%, from €19.7 million in 2015 to €23.0 million in 2016. As a percentage of revenue, current operating income fell from 4.5% in 2015 to 4.3% in 2016 because of a drop in the Group's gross margin as a percentage of revenue, mostly offset by a recent reduction in marketing, logistics and fulfillment expenditure.

9.2.7 Depreciation of Intangible Assets Recognized at the Time of a Business Combination

This line item, which mainly relates to straight-line depreciation of the value of the members' file and the technology considered to have been acquired by the Group as part of a corporate reorganization resulting in the Group's creation in 2010, remained unchanged at €0.8 million for each of the years ended December 31, 2015 and 2016.

9.2.8 Cost of Share-based Payments

The cost of payments in shares of the Group increased from €4.1 million in 2015 to €13.3 million in 2016, mainly due to the award of bonus share plans in connection with the admission of the Company's shares to trading on Euronext Paris in October 2015. This expense had a marginal impact of about €2.5 million on the Group's cash and cash equivalents.

9.2.9 Other Operating Income and Expenses

Other operating income and expenses represented a net expense of €6.3 million in 2016 (compared to €4.0 million in 2015), which mainly corresponds to the remaining balance of fees relating to the October 2015 admission to trading of the Company's shares on Euronext Paris, to the costs of restructuring, and to the consulting fees and costs associated with the acquisition of and merger with Saldi Privati.

9.2.10 Operating Income

Reflecting the factors described above, the Group's operating profit fell from €10.9 million in 2015 to €2.6 million in 2016, a decrease of 76.0%. As a percentage of net revenue, the operating profit fell from 2.5% in 2015 to 0.5% in 2016.

9.2.11 Net Finance Costs

The Group's net finance costs, consisting entirely of payments under leases, rose from €0.1 million in 2015 to €0.7 million in 2016.

9.2.12 Other Financial Income and Expenses

Other financial income and expenses represented net income of €0.6 million in 2016 and a net expense of €0.1 million in 2015.

9.2.13 Pre-tax Profit

The Group's pre-tax profit fell by 76.5%, from €10.6 million in 2015 to €2.4 million in 2016. This decrease was primarily due to a drop in operating profit (detailed above). The Group's pre-tax profit fell from 2.4% in 2015 to 0.5% in 2016, reflecting a reduction in operating income as a percentage of net revenue.

9.2.14 Income Tax

The Group's income tax expense fell 49.9%, from €5.5 million in 2015 to €2.7 million in 2016.

9.2.15 Adjusted Net Income

Reflecting the factors described above, the Group's net income, adjusted for expenses related to the award of bonus share plans as part of the admission of the Company's shares for trading on Euronext Paris, rose 42.0% from €9.2 million in 2015 to €13 million in 2016.

9.2.16 EBITDA

The table below shows the calculation of the Group's EBITDA in thousands of euros and as a percentage of net revenue for the years ended December 31, 2016 and 2015.

	Year Ended December 31,				
	2016		2015		2016 vs. 2015
	in € thousands	*as a % of net revenue*	*in € thousands*	*as a % of net revenue*	*% change*
Net income	(250)	(0.0)%	5,143	1.2%	(98.2)%
Depreciation of intangible assets recognized at the time of a business combination	804	0.0%	783	0.2%	2.7%
Amortization and depreciation of capital assets	5,229	1.0%	3,978	0.9%	31.4%
Of which, amortization associated with logistics and order processing	*1,787*	*0.3%*	*1,665*	*0.4%*	*7.3%*
Of which, amortization associated with general & administrative expenses	*3,442*	*0.6%*	*2,313*	*0.5%*	*48.8%*
Cost of share-based payments	13,295	2.5%	4,089	0.9%	225.1%
Non-recurring items[1]	6,322	1.2%	4,017	0.9%	57.4%
Net finance cost	690	0.1%	137	0.0%	403.6%
Other financial income and expense	(580)	0.1%	106	0.0%	647.2%
Income tax	2,741	0.4%	5,470	1.1%	56.2%
EBITDA	**28,251**	**5.2%**	**23,723**	**5.4%**	**19.1%**
France	*35,141*	*7.5%[2]*	*30,888*	*8.1%[2]*	*13.8%*
International	*(6,890)*	*(9.6)%[2]*	*(7,165)*	*(11.3)%[2]*	*3.8%*

(1) This line item primarily comprises non-recurring items recognized in the "Other operating income and expenses" line item. For more details, please refer to Section 9.2.9 "Other operating income and expenses" of this Registration Document.

(2) As a percentage of net revenue in the relevant geographic region (France or International).

EBITDA rose 19.1% in 2016 to €28.3 million, corresponding to an EBITDA margin of 5.2% of revenue in 2016. Excluding the acquisition of Saldi Privati, EBITDA increased faster than revenues and totaled €28.8 million (i.e. a 21.5% increase compared to 2015), corresponding to an EBITDA margin of 5.4% of revenues in 2016, even though the Group made substantial investments throughout the year in delivery, prices and teams to encourage member loyalty and enable the Group to meet the demands of the substantial business growth forecast for the coming years.

France. The Group's EBITDA in France increased €4.2 million (13.8%) in 2016, from €30.9 million in 2015 to €35.1 million in 2016; and profitability reached 7.5% in 2016.

International. EBITDA from the international markets was negative €6.9 million in 2016, compared to a negative EBITDA of €7.2 million in 2015. Internationally, the Group's profitability grew substantially as a percentage of revenue, but remained negative because of substantial investments in marketing and prices, in the creation of local sourcing teams, and also caused by the merger with Saldi Privati.

10. GROUP LIQUIDITY AND EQUITY CAPITAL

Pursuant to Article 28-1 of Regulation (EC) no. 809/2004, the information relating to Group's cash and equity information for the year ended December 31, 2015 appearing in Chapter 10 "Review of the Group's Financial Position and Results "of this 2015 Registration Document are included herein by reference.

10.1 OVERVIEW

The Group's main need for liquidity has historically consisted of cash used for its working capital requirements and capital expenditure. In the past, the Group met these needs mainly from its cash in hand and its operating cash flows. In meeting its liquidity needs, the Group benefits significantly from the positive working capital dynamics associated with consignment sales. These enable the Group to collect funds from customers before placing firm orders for the associated stock. This dynamic, combined with the Group's positive operating profit, has historically allowed the Group to generate, annually, net cash flow from operating activities in excess of net income for the period, in amounts that have been more than sufficient to meet the working capital required for firm sales, for its operations, and to fund its modest capital expenditure. The Group has not paid any dividends, focusing instead on investments to grow the business and maintaining a strong cash position giving it the flexibility to pursue future strategic investments. Given these dynamics, the Group has made only limited use of debt financing, with total gross financial debt of €3.0 million at December 31, 2016, consisting almost entirely of leases. As part of the admission to trading of the Company's shares on Euronext Paris in October 2015, the initial public offering included a primary offering for a net amount of €48.9 million, in addition to the secondary offering. The Group regularly reviews acquisition and investment opportunities and may make targeted acquisitions and investments to implement its business strategy, as it did with the acquisition of Saldi Privati, in Italy, at the end of 2016. The Group expects to fund these investments by using its cash in hand, its operating cash flows, by the issuing bonds or shares, by bank borrowing, or by a combination of these methods.

10.2 FINANCIAL RESOURCES

The Group's positive working capital dynamics have historically enabled it to generate strong operating cash flows to meet its recurrent cash needs, without recourse to borrowing or to the issuance of equity instruments. Moreover and in order to accelerate its growth, the Group raised €48.9 million as part of its initial public offering, which gave the Group additional flexibility to pursue strategic opportunities, as illustrated by the acquisition of Saldi Privati, in Italy, which was finalized in November 2016. The Group has historically relied on the following sources of financing:

- *Cash flow from operating activities before tax*. The Group generated positive operating net cash flows before tax of €35.0 million for the year ended December 31, 2016 and €19.1 million for the year ended December 31, 2015, reflecting the Group's positive net revenue. For more information, see Sections 10.4 "The Dynamics of Working Capital Requirements" and 10.5.1 "Net Cash from Operating Activities" of this Registration Document. The tax paid was €2.3 million in 2016 and €5.1 million in 2015.

- *Cash and cash equivalents in hand*. The Group's strong cash flows enabled it to fund its operations and make operational investments, while continuing to increase its already high reserves of cash. The cash and cash equivalents recorded in the Group's balance sheet at December 31, 2016 and 2015 amounted to €97.0 million and €103.0 million, respectively.

- *Proceeds from the primary offering of the initial public offering.* As part of the admission to trading of the Company's shares on Euronext Paris in October 2015, the initial public offering included a primary offering for a net amount of €48.9 million, in addition to the secondary offering.

- *Finance leases.* The Group has so far engaged in limited borrowing, mainly in the form of finance leases, primarily with respect to its warehouse at Marly and its automatic sorting machine. The total amount outstanding in respect of these finance leases was €3.0 million at December 31, 2016, and €3.9 million at December 31, 2015.

10.3 CAPITAL EXPENDITURE

Since its creation, the Group's capital expenditure has consisted primarily of investments in sorting machine equipment, improvements to its technology platform, and renovations and improvements to its warehouses and offices. In 2015 and 2016, the Group also capitalized a part of its research and development expenditures, consisting principally of investments in IT development. R&D expenditure has been focused principally on the expansion of the mobile, on improvements to the Group's websites and on improvements to the Group's order processing system, including its logistics management. In November 2016, the Group also acquired Saldi Privati, financed from the Group's cash in hand (€32 million). The Group's total investment expenditures for the years ended December 31, 2016 and 2015 amounted to €8.4 million and €6.3 million, respectively. The Group intends to continue increasing its expenditure on capital investment to support its growth, roughly in line with the expected growth in revenue, but capital expenditures are inherently changeable and the Group may alter its investment strategy at any time in order to take advantage of an opportunity.

10.4 THE DYNAMICS OF WORKING CAPITAL REQUIREMENTS

The Group's practice is that the majority of its sales are made on a consignment basis, which generally creates favorable dynamics for its working capital requirements. When it makes sales of products bought on a consignment basis, the Group does not place a firm order or pay the supplier until the products have been ordered and paid for by the member. As a result, on average, the cash that the Group collects from buyers on an annual basis for consignment sales is greater than the cash paid to suppliers for consignment sales in the same period. In contrast, when the Group makes a sale on a firm sale basis, it orders and pays for the underlying stock in advance of the related event sale, generating a working capital requirement to fund the purchase of the products. The Group has historically made the majority (typically in excess of 75%) of its sales on a consignment sale basis. In 2015 and 2016, respectively 81% and 80% of the Group's gross internet sales were generated by private sales for which the products were purchased on consignment. As a result, over the year, the Group's working capital requirement has historically been negative, meaning that the Group generates net working capital instead of using it.

As a result of this dynamic, the changes in the Group's working capital requirements generated positive cash flows of €13.6 million in 2016.

10.5 ANALYSIS OF CASH FLOW

The Group's cash flows are primarily generated by the large flows of cash from its operating activities, which result from its retail sales with payment on placing the order, from the favorable working capital requirement dynamic relating to sales of products purchased on a consignment basis, and from its strong sales revenue. The following table summarizes the Group's cash flows for the years ending December 31, 2016 and 2015.

	Year Ended December 31,	
	2016	**2015**
	(*in thousands of euros*)	
Net cash flow from operating activities	32,756	13,946
Net cash flow from investment activity	(39,880)	(6,408)
Net cash flow from funding activity	1,146	47,714

Changes in cash and cash equivalents	(5,978)	55,252

10.5.1 Net Cash from Operating Activities

The following table breaks down certain key components determining the Group's operating cash flow:

	Year ended December 31,	
	2016	**2015**
	(*in thousands of euros*)	
Consolidated net income for the period	(250)	5,143
Adjustments	18,228	8,640
Cash flow from operations after tax and net finance costs	17,978	13,783
Tax for the period	2,741	5,470
Net finance costs	690	137
Impact of changes in working capital requirement	13,608	(303)
Of which, impact of change in stock	*(16,284)*	*(15,557)*
Of which, impact of change in trade accounts payable and receivable	*25,502*	*16,418*
Of which, impact of change in other receivables and payables	*4,390*	*(1,164)*
Cash flow from operating activities before tax	35,017	19,087
Current income, net of tax	*(2,261)*	*(5,141)*
Net cash flow from operating activities	32,756	13,946

The Group generated net cash from operating activities of €32.8 million in 2016 and €13.9 million in 2015. In each of the two years, the Group's net cash from operating activities exceeded its net income for the period. In 2015, it primarily reflected the strong growth in revenues and the increase in the percentage of gross internet sales represented by private sales for which the products had been purchased on a consignment basis, as well as the increase in the Group's non-cash expenses (in particular, expenses relating to share-based payments), partially offset by the negative impact of working capital requirements during the period and the effect of the extraordinary expense of €4.0 million, primarily relating to the admission to trading of the Company's shares on Euronext Paris in October 2015. In 2016, a large increase in cash flow related to operating activities was due to growth in EBITDA and the impact from a €15.0 million change in working capital requirements.

Change in working capital

Changes in the working capital requirement generated €13.6 million in positive cash in 2016, and €0.3 million in negative cash in 2015. As described above in Section 10.4 "The Dynamics of Working Capital Requirements" of this Registration Document, the Group's business generally features favorable working capital dynamics associated with the fact that most of the goods sold on the Group's platform are sourced on a consignment basis.
However, for fiscal year 2015, favorable dynamics relating to consignment purchases from suppliers were more than offset by the working capital requirements the Group was confronted with during the same period, which led to a negative €0.3 million impact on operating cash flows despite the growth in products bought on a consignment basis in gross internet sales. In the fourth quarter of 2015, the Group made strategic inventory purchases of €4.2 million on a firm sale basis and recorded €5.2 million in cash outflow due to a change in the timing of marketing expenses that made average changes in inventory and trade receivables higher than average changes in trade payables. In 2016, the changes in average inventory and trade receivables were low compared to the changes in average accounts payable, enabling the Group to generate positive cash flow from its changes in its working capital requirement.

The cash flows generated by changes in the working capital requirement were 2.8% of revenue in 2016, and (0.0)% of revenue in 2015.

10.5.2 Net Cash from Investment Activity

The following table summarizes the key components of the Group's investment cash flows for the periods indicated.

	Year ended December 31,	
	2016	**2015**
	(€ thousands)	
Impact from changes in scope …….	(31.751)	--
Acquisitions of intangible and tangible assets	(8,400)	(6,348)
Acquisition of stakes in associate companies	--	--
Net change in non-current financial assets	(97)	(79)
Proceeds from sale of intangible and tangible assets	368	19
Net cash flow from investment activity	(39,880)	(6,408)

In 2016, the Group generated negative cash flow from investment activity of (€39.9) million, versus (€6.4) million in 2015. This change was primarily due to the Saldi Privati acquisition (€32 million) funded using the Group's cash in hand. Investments have increased from €6.4 million in 2015 to €8.4 million in 2016, but they have remained relatively unchanged as a percentage of revenue. For more detail regarding the composition of the Group's capital expenditures and capitalized research and development expenditures, see Section 10.3 "Capital Expenditure" of this Registration Document.

10.5.3 Net Cash Flow from Financing Activity

The following table summarizes the Group's cash flows from financing activity for the periods indicated:

	Year ended December 31,	
	2016	**2015**
	(*in thousands of euros*)	
Capital increase and share premium.....	2,737	48,888

New financial liabilities	--	--
Repayment of financial liabilities	(901)	(1,037)
Financial costs paid	(690)	(137)
Cash flow from financing activity	(1,146)	47,714

In 2016, the Group generated €1.1 million in cash flow from financing activity, primarily due to exercises of stock options. The Group generated positive net cash from financing activity of €47.7 million in 2015, primarily due to the capital increase and share premium resulting from the primary offering in connection with the admission to trading of the Company's shares on Euronext Paris in October 2015.

11. RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

11.1 RESEARCH AND DEVELOPMENT

The Group believes that enterprise-wide innovation is key to its success and continued growth. It therefore strives to maintain a culture of innovation that leverages insights from data analytics to improve every aspect of its service and operations. The Group's research and development expenditure in 2016 was €3.7 million, and was primarily devoted to improvements in its mobile apps and websites, as well as efficiency improvements in its logistics and fulfillment systems. For more details, see Section 5.2 "Investments" of this Registration Document.

11.1.1 Technological Development

Since its founding, the Group has maintained a strong technology-centric culture emphasizing innovation. The Group's technology platform was largely designed in-house by its approximately 30-member development team, overseen by its experienced Chief Technical Officer. The Group's technology strategy focuses on the integrated development of core applications and systems in-house that run on reliable third-party software frameworks such as .NET and Qlikview, and the use of best-in-class commercially available licensed technologies for other functions. The Group believes that its in-house development expertise enhances its ability to develop solutions tailored to the needs of its business and to adapt to changing market conditions, an especially important factor in the online and mobile commerce sectors. The Group's technology team has extensive shared experience, with many members having been with the Group for many years, and their familiarity with its technology platform allows them to efficiently develop and implement improvements.

The Group employs a data-driven decision making model across all of its business units, including technological services. Its advanced business intelligence and data analytics platform, adapted in-house from a Qlikview framework, allows the Group to easily generate relevant data to support and evaluate its development efforts. For example, analysis of members' shopping behaviors and customer feedback can guide the Group to opportunities for potential technological platform improvement, and analysis of back-end systems can identify potential areas for platform efficiency developments. Once developments are implemented, the Group is able to evaluate their effectiveness and impact using its business intelligence and data analytics platform and to refine and improve its platform on a continuous basis and guide future development spending.

11.1.1.1 Development of Front-end Systems

The Group has been able to efficiently build and improve its front-end web and mobile interfaces:

- *Mobile development*. The Group strives to make mobile apps available on all major mobile devices, including iPhone and iPad as well as Android-based and Windows-based phones and tablets, and continually enhances its applications through periodic updates. For example, in February 2015, the Group updated its Android and iOS mobile apps with additional sales filters and ergonomic optimizations.

- *Website development*. The Group's in-house technology and design teams work closely together to ensure that its websites provide an attractive and reliable sales platform. The Group's investment in this area has equipped it with the highest performing website in terms of optimized latency (homepage upload speed) among e-commerce websites in France according to a study published by *Journal du Net* (April 14, 2014). The technology team constantly works to improve the presentation and customer experience on the Group's website by launching new functionalities. In early 2015, for example, the Group launched a new layout for travel offers on its website and introduced new sales filters enabling members to sort sales by last day and by delivery options. In March 2016, the Group also launched an

innovative search engine that enables members to quickly identify sales of their preferred products.

11.1.1.2 Development of Back-end Systems

The Group has developed a significant portion of its back-end systems and software in-house, namely its operational and production systems and its business intelligence systems. The Group's technology team has developed a number of customized applications and modules to tailor the information provided to its various business lines and efficiently deliver usable information. It has also developed proprietary enterprise resource planning software that allows it to automate many operational functions and decisions. The Group continually upgrades its back-end systems. For example, in early 2015, the Group launched a system that automated certain portions of the member refund process, and launched a program that automates a portion of its sales event creation process to increase efficiency.

11.1.1.3 Ongoing Technology Development

The Group currently has almost 200 technology projects in process or being planned across various platform components and functions. These projects include improvements to its mobile apps and its desktop website to add new payment options and new functionalities and improved social media integration efforts, as well as ongoing improvements to its platform design and presentation to improve the user experience.

Please refer to Section 6.5.12.1 "Technology Architecture" for more information on the Group's technological platform.

11.1.2 Logistical Operations Development

The Group continually seeks to enhance the efficiency of its logistical operations. For example, in 2014 the Group invested in an product sorting machine that has allowed it to begin automating certain aspects of the sorting of inventory received from suppliers that were previously done by hand and increase the efficiency of its inventory sorting operations. The Group also made updates to its in-house returns systems to improve accuracy and processing time. As part of the process of transitioning a majority of its logistics operations to Dispeo in 2014, the Group engaged in significant development efforts to integrate its platform with Dispeo's and to improve efficiency and accuracy. The Group believes that through investments in research and development for its logistics and fulfillment process it will continue to improve the quality of its service to buyers and increase satisfaction and loyalty.

Ongoing logistics development

The Group continues to invest in improvements to its logistics operations to enhance effectiveness and efficiency for both its in-house and outsourced logistics operations. Key ongoing projects include work process, system integration and warehouse organization projects to improve its product sorting operations and improvements to the integration of its returns-processing functions and its outsourcing order preparation and packaging function through Dispeo.

Please refer to Section 6.5.11 "Logistics and Fulfillment" for more information on the Group's logistics system.

11.2 INTELLECTUAL PROPERTY

Given the importance of intellectual property in its sector, the Group maintains a policy of vigilantly protecting its four main types of intellectual property rights – know-how, trademarks, software and databases – in the eight European countries where it does business.

The intellectual property rights held by the Group primarily comprise the following:

(i) rights to distinctive marks, such as trademarks, logos or domain names, in particular those including the name "showroomprive". These intellectual property rights are registered or are in the process of being registered in most of the countries where the Group does business, in order to protect them appropriately;

(ii) its know-how with respect to marketing and management of customer relations;

(iii) rights relating to application software and integrated management software developed by the Group; and

(iv) rights relating to customer databases.

11.2.1 Intellectual Property Rights

11.2.1.1 Trademarks and Domain Names

The Group holds a portfolio of registered trademarks in the principal countries where it does business, at a national, European Community and international level, as the case may be. These trademarks relate principally to signs including the names "showroomprive" and "showroomprive.com", as well as to certain other signs such as "Brandinvites" and "Crazy Days".

The Group has registered numerous domain names both in France and internationally that include the name "showroomprive" in various extensions and forms, in order to secure its rights to the name in all of the countries where it does business.

11.2.1.2 Know-how

The Group's marketing and customer-relations strategies rely on the development and use of significant know-how with respect to data collection and processing and to database analysis, based on which specific procedures are put in place to drive sales and create customer loyalty.

This confidential know-how is developed internally and maintained within the Marketing & Business Development teams.

11.2.1.3 Licenses and Software

Using open-source software tools, the Group has internally developed its own enterprise resource planning systems ("ERP") to manage each stage of its sales cycle.

These software solutions are operated under the supervision of the Information Systems Department and cover, in particular, back-office functions and management of user interfaces, orders, the sorting system, distribution solutions and sales production.

In addition, since 2010 the Group has developed multi-platform mobile apps, which constitute a key growth factor as the increase in the number of sales platforms has led to customer diversification.

11.2.1.4 Databases

The Group has made substantial financial, material and human resources investments to create, verify and use databases containing information about its customers and members who are registered on its websites. showroomprive.com holds all of the rights relating to these databases.

11.2.2 Licenses

11.2.2.1 Licenses Granted to the Group

In connection with its supplier agreements, the Group holds authorizations to use its suppliers' brands for purposes of distribution, marketing and product promotion. Depending on the type of agreement, the authorization may relate to the use of these brands for the Group's internet sales or in connection with the distribution of merchandise to consumers or businesses in France, or, sometimes, abroad.

In addition, licenses have been granted to the Group in connection with various collaborations entered into as part of the Group's marketing strategy.

For example, the Group works on a white label basis with certain commercial partners that offer private sales to their members on their own websites using the Group's service. This business model requires a license to permit the Group to use its partners' brands.

In addition, the Group enters into one-off co-branding transactions, such as the *"Grand Jeu Showroomprivé Grazia.fr"* and *"Jeu-concours Showroomprive.com et Journaldesfemmes.com"*, in connection with which commercial partner's brands and the Group's brands are used jointly. Co-branding agreements rely on reciprocal brand licensing agreements between the Group and the partners in question.

Other than software licenses used in connection with database management, e-mail processing, and the operation, development and maintenance of the Group's technology platforms and information system, the Group holds no other licenses to third-party intellectual property.

11.2.2.2 Licenses Granted by the Group

Other than the licenses granted by the Group in connection with its co-branding agreements, as discussed above, as well as certain payment system implementation agreements pursuant to which the Group grants its service providers licenses to enable them to provide the services in question, the Group has not granted any material licenses to its intellectual property.

12. TREND INFORMATION

12.1 BUSINESS TRENDS

For a detailed description of the Group's results in 2015 and 2016, see Chapter 9 "Operating and Financial Review" of this Registration Document.

12.2 OUTLOOK

The objectives presented below do not constitute forecasts or estimates of the Group's profits, but represent its strategic targets and action plan. These objectives are based on data, assumptions, and estimates that the Group considers reasonable. Such data, assumptions and estimates are subject to change or modification based on uncertainties in the economic, financial, competitive, regulatory or tax environments.

Moreover, the occurrence of one or more of the risks described in Chapter 4 "Risk Factors" could have an impact on the Group's business, results, financial position or prospects and therefore jeopardize its ability to achieve the objectives presented below. The Group does not guarantee and can give no assurance that the objectives described in this section will be achieved.

12.3 MEDIUM-TERM OUTLOOK

Considering the change in the Group's scope after the Saldi Privati acquisition in November 2016, the Group considers that the financial objectives for 2018 it published during its IPO are outdated. As a result, the Group has defined a new roadmap and trajectory for 2020 that was presented when the annual results for the year ended December 31, 2016 were announced.

The Group's objectives are:

- to double its revenue to about €1.1 billion by 2020;
- to achieve an EBITDA margin greater than 7.5% by 2020; and
- to have an operating cash flow to EBITDA ratio of more than 100%.

See Section 13.2 "Group Forecasts for Fiscal Year Ending December 31, 2017" of this Registration Document.

These objectives are in line with the Group's goal of ensuring that its international expansion is a success and were prepared on the basis of the Group's strategic focus areas, which aim to maintain:

- sustained growth in the number of members and buyers in France and internationally, combined with continued improvements in repeat purchase dynamics; and
- continued improvement in profitability, due principally to the Group's strong operational leverage resulting from its cost structure and an improvement in the profitability of its international operations.

12.4 KEY FIGURES AND HIGHLIGHTS OF Q1 2017

The Group has announced its net revenues for the first quarter of 2017 ended March 31.

12.4.1 Key figures for Q1 2017 (unaudited)

	Q1 2016	Q1 2017	*% Growth*
Net revenue (€ millions)*	**117.3**	**153.8**	***31.0%***
Total internet sales (€ millions)	**114.4**	**149.3**	***30.5%***
Buyers (in millions)**	**1.3**	**1.5**	***8.4%***
Revenue per buyer (€)**	**85.3**	**94.8**	***11.1%***
Number of orders (in millions)	**3.0**	**3.5**	***17.2%***
Average orders per buyer**	**2.2**	**2.4**	***8.1%***
Average basket size (€)**	**38.1**	**39.2**	***2.9%***

(millions)	12/31/2016	3/31/2017	*Variation*
Cumulative Buyers**	**6.8**	**7.0**	***+ 0.3***

12.4.2 First quarter highlights

Booming Growth

- A sharp increase in growth (up 31%) in growth (up 31%) driven by both France and International, despite the impact of a one-week postponement of the official sales period in France in January, and of one day less, compared to last year, which slowed down growth of retail and e-commerce in France (online spending by French consumers rose only 8.5% in the first three months of the year according to the e-commerce index of the Journal du Net).

- The growth was mainly driven by a sharp increase in buyer spending (up 11.1%) and in the number of buyers.

- The increased buyer spending was driven by an 8.1% rise in orders per buyer and 2.9% growth in average basket size compared to the first quarter of 2016.

- Strong momentum in new member acquisition and buyer conversion, with 0.8 million new members and 0.3 million new buyers over the period.

Continuously Strengthening Our International Operations and Rolling Out the Multi-Local Strategy Launched in 2016

- Launch of the Infinity service in Belgium, with Italy soon to follow.

- Continuing to integrate Saldi Privati into the SRP platform to fully combine our Italian operations with the Saldi Privati brand by the beginning of the third quarter.

- Strengthening our local and international supply chain teams.

- Launching a pilot website in Morocco. Official launch of the Web local website and the app is planned for the second quarter, after the current trials are completed.

Recognition of the Group's Strength in Mobile

- "UX 2017 Prize" awarded by Contentsquare for the Group's mobile app, which reinforces the company's image of being "mobile first".

- 75% of traffic and 54% of revenue during the quarter came from mobile.

Strengthening the Group's Beauty Offering by Finalizing the Acquisition of Beauteprivee

- Showroomprive successfully closed the acquisition of Beauteprivee and now holds a 60% stake in the company's share capital, valuing the whole Company at €18 million, with an option to acquire the remaining 40% in 2019.

- This merger between the two companies would enable Showroomprivé to strengthen its position in the market for sales of cosmetics and well-being online and enhance its offering for Digital Women.

- With more than three million members and over 800 brand partners, Beauteprivee posted €19 million in IFRS revenues in 2016, up more than 40% compared to the previous year, and an EBITDA margin of over 7%. (for more information about this acquisition, see Section 12.4.3 "Acquisition of Beauteprivee, the French Leader in Private Online Beauty Sales" in this Registration Document).

Showroomprivé Confirms its Societal Commitment with the Inauguration of the School of E-Commerce Foundation

- In accordance with the Group's corporate social responsibility policy, the Group opened a school dedicated to the e-commerce trades in Roubaix, which now accepts the long-term unemployed as well. For six and a half months, 18 students will receive innovative training in the e-commerce sector, and they end the program with a six month internship.

- Launch of the second annual Look Forward program, with already eight new startups hosted at end of the first quarter.

Confirmation of the Group's 2017 Objectives

- Revenue of between around €690 million and €720 million, representing growth of between 28% and 33% compared to the revenue for fiscal 2016;

- An EBITDA margin (excluding Saldi Privati) of 6% for the Group in 2017, up 60 basis points compared to 2016.

- A ratio of net operating cash flow to EBITDA of more than 100%.

12.4.3 Acquisition of Beauteprivee, the French Leader in Private Online Beauty Sales

On March 15, 2017, Showroomprivé finalized the acquisition of a 60% stake in Beauteprivee. The company was valued at €18 million for all its share capital, with an option to acquire the remaining 40% in 2019.

With more than three million members and over 800 brand partners, Beauteprivee is the French leader in the online cosmetics, beauty and well-being product sales market.

The company, founded in 2007 by Xavier Chauvin and Frederic Bille with the support of the founders of Voyageprivé (including Denis Philipon), posted €19 million in IFRS revenues, 40% growth compared to the previous year. Its EBITDA margin was greater than 7%.

This merger with Beauteprivee will enable Showroomprivé to rely on the expertise of Beauteprivee's employees to strengthen its position in the cosmetics and well-being online sales market and to strengthen its offering to its core target audience - Digital Women.

The co-founders of Beauteprivee, Frédéric Bille and Xavier Chauvin will continue to perform the functions of co-CEOs and manage the company after the merger with Showroomprivé.

13. PROFIT FORECASTS OR ESTIMATES

13.1 ASSUMPTIONS

The Group has based its forecasts on its consolidated annual financial statements for the year ended December 31, 2016.

These forecasts rely principally on the following assumptions:

(i) no material changes in the scope of consolidation compared to the scope of consolidation at December 31, 2016;

(ii) maintenance of the regulatory and tax conditions in effect on December 31, 2016;

(iii) no major unfavorable foreign exchange effects, given that the Group's business is based principally in Eurozone countries;

(iv) Group revenues in 2017 driven by:

- sustained growth in the number of buyers;

- growth in internet revenues per buyer resulting primarily from expected growth in the number of orders per buyer.

(v) the increase in the EBITDA margin in 2017 compared to previous years will be driven primarily by the Group's operating leverage (for more details see Section 9.2.5 "General & Administrative Expenses" of this Registration Document) from which the Group benefits in terms of its cost structure. Marketing expenses are driven primarily by the Group's marketing budget and strategy. Logistics & fulfillment costs depend mainly on the number of orders handled. Most general & administrative costs are relatively unchanged over time. In 2016, 52% of the Group's combined marketing expenses, logistics & fulfillment, and general & administrative costs were variable, and 48% were fixed costs.

(vi) the Group's cash flow in 2017 reflect:

- Maintenance of a model based principally on sales of articles purchased on a conditional basis, with the corresponding favorable effects on the Group's working capital requirements.

- Capital expenditures (acquisitions of tangible and intangible fixed assets) of about 1.5% to 1.7% of revenues.

(vii) success of the merger with Saldi Privati.

13.2 GROUP FORECASTS FOR FISCAL YEAR ENDING DECEMBER 31, 2017

Based on the assumptions described above, the Group believes it will be able to achieve the following objectives for fiscal year ending December 31, 2017:

(i) revenues of between €690 million and €720 million, representing growth of between 28% and 33% compared with revenues for fiscal year 2016;

(ii) an EBITDA margin higher than 6.0% of revenues (excluding Saldi Privati); and

(iii) a ratio of cash flow from operating activities to EBITDA of more than 100%.

The forecasts presented in this section were prepared on the basis of data, assumptions and estimates considered reasonable by the Group. These data, assumptions and estimates may change because of uncertainties in the economic, political, accounting, competitive, regulatory and tax environment or as a function of other factors that are unknown to the Group at the date of this Registration Document.

Moreover, the occurrence of one or more of the risks described in Chapter 4 "Risk Factors" could have an impact on the Group's business, results, financial position or prospects and therefore jeopardize these forecasts. The Group makes no undertaking and gives no guarantees as to the accuracy of the forecasts included in this section.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES

The Company is a limited liability company with a board of directors. A description of the main provisions of the Company's bylaws relating to the functioning and powers of the Board of Directors, as well as a description of the main provisions of the internal regulations of the Board of Directors and of the special committees of the Board is included in Chapter 16 "Operation of the Administrative and Management Bodies" and in Section 21.2 "Constitutive Documents and Bylaws".

14.1.1 Board of Directors

14.1.1.1 Composition of the Board of Directors

The table below shows the composition of the Board of Directors at December 31, 2016, and the main positions and offices held by board members in the Company and outside the Group during the last five years.

Name, business address	Age[3]	Gender	Nationality	Date of first appointment	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Group during the last five years
David Dayan 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	43 years	M	French	July 29, 2010	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2018	Chairman of the Board of Directors CEO Director	Positions and offices held on the date of this Registration Document: - Positions and offices held during the past five years (and no longer held): -
Thierry Petit 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	43 years	M	French	July 29, 2010	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2018	Deputy CEO Director	Positions and offices held on the date of this Registration Document: - Positions and offices held during the past five years (and no longer held): -

Name, business address	Age[3]	Gender	Nationality	Date of first appointment	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Group during the last five years
Hendrik Nelis 6th Floor, 1 New Burlington Place, London W1S 2HR United Kingdom	53 years	M	Dutch	August 5, 2010	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2017	Director Member of the Audit Committee	Positions and offices held as of the date of this Registration Document: - Partner at Accel Partners (USA) - Director of WorldRemit Limited (UK) - Director of Funding Circle Holdings Limited (UK) - Director of M.Gemi (RCW, Inc.) (USA) - Member of the Supervisory Board of Gameforge AG (Germany) - Member of the Advisory Board of Flaregames Holding GmbH (Germany) - Director of Accel Partners Limited (UK) - Director of CartoDB Inc. (USA) - Director of Celonis SE (USA) - Director of Lola Travel (USA) Positions and offices held during the past five years (and no longer held): - Director of Netvibes Limited (UK) - Director of Kayak Software Corporation[1] (USA) - Member of the Supervisory Board of sprd.net AG (Germany) - Director of KDS S.A. (France) - Director of OnForce, Inc. (USA)
Éric Dayan 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	37 years	M	French	October 16, 2015	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2019	Director	Positions and offices held on the date of this Registration Document: - Positions and offices held during the past five years (and no longer held): -

Name, business address	Age[3]	Gender	Nationality	Date of first appointment	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Group during the last five years
Michaël Dayan 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	35 years	M	French	October 16, 2015	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2019	Director	Positions and offices held on the date of this Registration Document: - Manager of SCI Développement Positions and offices held during the past five years (and no longer held): -
Mathieu Laine 9 Palace Gardens Terrace London, W8 4SA United Kingdom	41 years	M	French	October 16, 2015	Annual shareholders' meeting convened to adopt the financial statements for the fiscal year ending December 31, 2016	Director Member of the Nomination and Compensation Committee	Positions and offices held on the date of this Registration Document: - Chairman of Altermind UK - Chairman of Altermind Group - Co-manager of Hypermind Positions and offices held during the past five years (and no longer held): -

Name, business address	Age[3]	Gender	Nationality	Date of first appointment	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Group during the last five years
Marie Ekeland 67, rue d'Aboukir 75002 Paris France	41 years	F	French	October 16, 2015	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2017	Independent Director Member of the Nomination and Compensation Committee	Positions and offices held on the date of this Registration Document: - President of Daphni SAS - Vice President of the association France Digitale - Member of the Board of Directors of Parrot SA [1] - Member of the Board of Directors of the Institut Louis Bachelier - Member of the National Digital Council - President of Bibicheri SARL Positions and offices held during the past five years (and no longer held): - Member of the Board of Directors of Elaia Partners SAS, - Non-voting observer on the Board of Directors of Teads-Ebuzzing SAS, - Member of the Board of Directors of Criteo SA [1] - Representative of Elaia Partners SAS on the board of directors or supervisory board of Wyplay SAS, Scoop.it SAS, Ykone SAS, Allmyapps SAS, Seven Academy SAS, Mobirider SAS, Pandacraft SAS, Teads SAS
Melissa Reiter Birge 3 Stony Point West, Westport, CT 06880 USA	48 years	F	American	October 16, 2015	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2018	Independent Director Chair of the Audit Committee	Positions and offices held on the date of this Registration Document: - Founder and Chairman & CEO of Mia Tango, Inc. (USA) Positions and offices held during the past five years (and no longer held): - CFO of Kayak Software Corporation, a subsidiary of Priceline Group, Inc.[1] (USA)

Name, business address	Age[3]	Gender	Nationality	Date of first appointment	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Group during the last five years
Olivier Marcheteau 33, boulevard du Général Martial Valin 75015 Paris France	46 years	M	French	October 16, 2015	Annual shareholders' meeting convened to adopt the financial statements for the year ended December 31, 2016[2]	Independent Director Member of the Audit Committee Chairman of the Nomination and Compensation Committee	Positions and offices held as of the date of this Registration Document: - COO and member of the Board of Directors of Vestiaire Collective (France) Positions and offices held during the past five years (and no longer held): - Chairman of the Board of Directors of Casino Entreprises (France) - Chairman of the Board of Directors of Cdiscount (France) - Director of MonShowroom (France) - Director of Banque Casino (France)

Name, business address	Age[3]	Gender	Nationality	Date of first appointment	Expiration date of term of office	Main position within the Company	Main positions and offices held outside the Group during the last five years
Weiguo (David) Gu No. 20, Huahai Street, Liwan District, Guangzhou, China	40 years	M	Chinese	November 25, 2015	Annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2017	Director	Positions and offices held on the date of this Registration Document: - Director of Wangzhi Technology Limited (China) - Director of Hifashion Group Inc. (China) - Director of Shanghai Assured Data Infosec Technology Co., Ltd. (China) - Director of BabySpace Corp. (China) - Director of Ensogo Ltd. (Singapore)[1] - Director of Zhuhai Xiaoyuan Technology Co., Ltd. (China) - Director of BBLink (Shanghai) Information & Technology Co., Ltd. (China) - Director of Beijing Zhizu Technology Co., Ltd. (China) - Director of BrandAlley UK Ltd. (United Kingdom) - Director of Felyuan Logistics Co., Ltd. (China) - Director of Shanghai Ding Zhuo Network Technology Co., Ltd. (China) Positions and offices held during the past five years (and no longer held): -

(1) Listed company

(2) Renewal proposed to the annual shareholders' meeting scheduled for June [7], 2017

(3) Number of full years at December 31, 2016

For details on the number of shares held by the directors, see Section 17.2.2 "Shareholdings of Members of the Board of Directors and Senior Management" in this Registration Document.

Directors are appointed for a four-year period (Article 15 of the Company's bylaws) and the Company's bylaws provide for the renewal of directors by periodic rotation each year, in order to encourage a phased renewal while ensuring the continuity of the work of the Board of Directors as recommended in the AFEP-MEDEF Code to which the Company refers.

The dates on which the directors' terms of office expire were decided at the annual shareholders' meeting of October 16, 2015 and the directors were divided into four groups: (i) the first group, consisting of two directors (Éric Dayan and Michaël Dayan) appointed for a one-year term that

expired at the end of the annual shareholders' meeting convened to adopt the financial statements for 2015; in this regard, the annual shareholders' meeting of May 30, 2016 convened to approve the financial statements for 2015, approved the renewal of Eric Dayan's and Michaël Dayan's terms as directors for a four year period, until the end of the annual shareholders' meeting convened to approve the financial statements for year ending December 31, 2019; (ii) the second group, consisting of two directors (Mathieu Laine and Olivier Marcheteau), appointed for a two-year term that will expire at the end of the annual shareholders' meeting convened to adopt the financial statements for 2016; (iii) the third group, consisting of three directors (Hendrik Nelis, Marie Ekeland and Weiguo (David) Gu, the latter was co-opted on November 25, 2015) appointed for a three-year term that will expire at the end of the annual shareholders' meeting convened to adopt the financial statements for 2017; and (iv) the fourth group consisting of three directors (David Dayan, Thierry Petit and Melissa Reiter Birge) appointed for a four-year term that will expire at the end of the annual shareholders' meeting convened to adopt the financial statements for 2018.

The terms of office of Mathieu Laine and Olivier Marcheteau expire at the end of the annual shareholders' meeting to be held June 26, 2017. In this regard, at its meeting on April 27, 2017 and on the proposal of the Nominations and Compensation Committee, the Board of Directors resolved to propose to the annual shareholders' meeting to be held on June 26, 2017 that it renew the terms of office of Mathieu Laine and Olivier Marcheteau as directors for a four-year period, namely until the end of the annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2020.

Pursuant to Article 16 of the bylaws and on the recommendation of the Board of Directors, the annual shareholders' meeting may appoint a nonvoting observer. The Board of Directors may also appoint the nonvoting observer directly, subject to ratification by the next annual shareholders' meeting. Following his resignation as a director, Karim Khoury was appointed as a nonvoting observer by a decision of the Board of Directors on November 25, 2015, for a four-year term that will expire at the end of the annual shareholders' meeting convened to adopt the financial statements for the year ending December 31, 2018, in accordance with Article 16 of the Company's bylaws. This appointment was ratified by the annual shareholders' meeting on May 30, 2016. Karim Khoury resigned from his position as the Company's nonvoting observer with effect from April 13, 2017.

14.1.1.2 Biographical Information about the Members of the Board of Directors

David Dayan is a co-founder, along with Thierry Petit, of showroomprive.com, created in 2006. He has been Chairman and CEO of the Group since its creation. Before the creation of showroomprive.com, he worked in the inventory clearance sector for 15 years, during which he developed significant experience, know-how and a network of relationships with brands and wholesalers. He began his career at the age of 18 in a family-run wholesale/clearance business.

Thierry Petit is a co-founder, along with David Dayan, of showroomprive.com, which was created in 2006. He has been a Director and Deputy CEO of the Group since its creation. Thierry Petit began his career in digital agencies in 1995 and, at the age of 25, created the first price comparison tool in France (toobo.com), which was sold to Libertysurf in July 2000. Thierry Petit has nearly 20 years of experience in the creation of start-ups. He is also vice-chairman of the Board of France Digitale. Thierry Petit studied telecommunications engineering.

Hendrik Nelis has been a member of SRP Groupe's Board of Directors since 2010. In 2004, he joined Accel Partners, a fund investing in both early and late-stage internet and software companies. He has managed Accel's investments in numerous companies including SRP Groupe, Kayak, Gameforge, KDS, Funding Circle, WorldRemit and Check 24. Before joining Accel Partners, Hendrik Nelis was at Perry Capital, an American hedge fund for which he invested in technology and media companies. Prior to Perry Capital, he was at Goldman Sachs, where he advised technology businesses

on corporate finance and M&A transactions. He spent the first decade of his career in Silicon Valley, where he founded E-motion, a software company backed by venture capital. He started his career at Hewlett-Packard in various engineering positions. Hendrik Nelis was a member of the World Economic Forum and served on the Selection Committee of the WEF Technology Pioneers Program for many years. He is a director of WorldRemit Limited (United Kingdom), Funding Circle Holdings Limited (United Kingdom), Accel Partners Limited (United Kingdom), CartoDB Inc. (United States of America), M.Gemi (RCW, Inc.) (United States of America), Celonis SE (Germany) and Lola Travel Company Inc. (United States of America). He is also a member of the Supervisory Boards of Gameforge AG (Germany) and a member of the Advisory Board of Flaregames Holding GmbH (Germany). Hendrik Nelis holds an MBA with distinction from Harvard Business School and a PhD and MS in electrical engineering from Delft University of Technology in the Netherlands.

Éric Dayan served as head of inventory management and sales director from 2000 to 2006 for FRANCE EXPORT, a company specialized in the clothing and shoe distribution sector. In 2006, he helped create the company showroomprivé.com as associate director and was responsible for BtB operations at Showroomprivé until the end of 2016.

Michaël Dayan has decided to join in the building of showroomprivé.com. An entrepreneur by nature, he assists Showroomprivé.com on commercial and legal subjects, while ensuring the implementation of its business plan. Michaël Dayan holds a *Certificat d'Aptitude à la Profession d'Avocat* (CAPA) from the *École de Formation professionnelle des Barreaux* of the Paris Court of Appeals (EFB) as well as a master's in business law (*Université Paris Assas*) and a DESS in European business law (*Université Paris Descartes*).

Mathieu Laine was a corporate lawyer at Bredin Prat and then at Brandford-Griffith, from 2001 to 2007. In 2007, he founded his own company, Altermind, located in Paris. Altermind is a strategic consulting firm specializing in mobilizing top-ranked academics (finance, strategy, economics professors, etc.) on tasks. Altermind advises several CAC 40 CEOs, leaders of firms in France and internationally, as well as successful entrepreneurs and governments. Mathieu Lane works mainly on defining and implementing his clients' strategies, M&A transactions, supporting the opening of markets to free competition, developing economic arguments to be used in litigation agreements before the Competition Authority, as well as in the context of complex negotiations with the French State and on putting in place *ad hoc* strategies about sensitive matters requiring the development of cutting-edge studies and the setting up of "battles of ideas". In 2014, he opened an English office, Altermind UK, in London. In 2015, he co-founded Hypermind in London, a markets prediction company, with Émile Servan-Schreiber in joint venture with the American company Lumenogic. He taught business law at Paris II Panthéon-Assas University from 2001 to 2005, and also teaches economics and political philosophy at Sciences-Po. As a columnist at *Le Point*, he has an active media presence and publishes essays in defense of freedom. In January 2016, he published the *Dictionnaire amoureux de la Liberté* with the publisher Plon. Mathieu Laine graduated from Sciences-Po and holds a postgraduate degree in business law from Paris II-Panthéon-Assas University.

Marie Ekeland is the President of Daphni and was formerly a partner with Elaia Partners, a venture capital firm dedicated to the digital economy, and she currently serves on the board of directors of Parrot and is also President of Bibicheri SARL. She began her career in 1997 as an IT specialist at the investment bank JP Morgan, first in New York, where she participated in the development of an app for Fixed Income trading rooms, and then in Paris, where she managed the team in charge of its global support. In 2000, Marie Ekeland joined the innovation investment team at CPR Private Equity, and then continued her career on the Venture Capital team at Crédit Agricole Private Equity before joining Elaia Partners in 2005. She is also the co-founder and Vice President of France Digitale, uniting entrepreneurs and investors in digital innovation for the development of this ecosystem. Marie Ekeland is also a member of the *Conseil National du Numérique* (national digital council) and a member of the Board of Directors of the *Institut Louis Bachelier*. Marie Ekeland holds an engineering degree in mathematics and information technology from the Université Paris IX Dauphine and a master's in analysis and economic policy from the École d'Économie in Paris.

Melissa Reiter Birge has been a member of the Board of Directors of SRP Groupe since 2015. She is the founder and Chairman & CEO of Mia Tango, Inc. (USA), incorporated in 2016. From 2009 to 2016, she was the CFO of KAYAK Software Corporation, a US e-commerce company. From 2002 to 2009, she held various positions, including controller at Orbitz, Inc., and Vice President of Finance at Potbelly Sandwich Works, LLC, a chain of restaurants. From 1991 to 2002, Melissa Reiter Birge held several positions, including senior manager in the Audit Department at Arthur Andersen LLP. Melissa Reiter Birge holds a B.S. in business administration from the University of Miami (Ohio).

Olivier Marcheteau is COO and a member of the Board of Directors of the French start-up Vestiaire Collective, an online pre-owned fashion and luxury product sales company, operating in France and in the United Kingdom since 2014. From 2010 to 2014, he was Chairman of the Board of Directors of Casino Entreprises and Cdiscount and held the position of non-food e-commerce director of the Casino group. He began his career in consumer marketing, first at Procter & Gamble France, where he held the position of product manager, and then at Nike France, where he held the position of marketing manager for the brands of the French subsidiary. Olivier Marcheteau moved into e-commerce by joining the online auction start-up Aucland in 2000, where he held the position of marketing manager for Europe, before joining Microsoft, where he held several positions. Initially head of marketing and communication at MSN France, Olivier Marcheteau later became head of the communication services business unit at MSN/Windows Live for Europe, and then CEO of internet services for the group in France, before becoming the CEO of the group's consumer and internet company in France. Mr. Marcheteau has also served on the boards of MonShowroom and Banque Casino. He is a graduate of HEC and holds a degree in applied economics from the Institut d'Études Politiques in Paris.

Weiguo (David) Gu has been a member of the Board of Directors of SRP Groupe since 2015, following Vipshop Holdings Limited's investment in the Company. Mr. Gu is the Senior Director of Corporate Development at Vipshop Holdings Limited, a leading online brand overstock company in China. Previously, he was a venture capitalist, Vice President of Lightspeed Venture Partners in China, and a strategy consultant and project leader in the Shanghai office of Boston Consulting Group. Mr. Gu holds an MBA from the MIT Sloan School of Management and a bachelor's in electronic engineering from Jiao Tong University in Shanghai, China.

Karim Khoury[1] has been a member of SRP Groupe's Board of Directors since 2015. He was appointed as non-voting observer on November 25, 2015. He is an attorney and a member of the Geneva bar. He started his career as a trainee with the law firm of Ming, Halperin, Burger & Inaudi from 1999 to 2001, during which time he worked on major criminal and civil cases involving important businessmen and politicians. He was also involved in major arbitration and financial cases. Mr. Khoury was admitted to the Geneva bar in 2002, when he joined Froriep Renggli, an international law firm based in Zurich, Zug, Geneva, London and Madrid, as an associate, in its Commercial and Financial Law Department. He joined Chabrier Avocats SA in 2004 as a Partner. He specializes in financing. He has considerable experience representing institutional and individual investors, arrangers and dealers in a wide variety of structured products. Karim Khoury holds a master's degree in law from the University of Geneva.

14.1.1.3 Applicable Organization and Governance Rules of the Board of Directors

The composition of the Board of Directors reflects a diversity of skills and a balanced representation of men and women, in proportions that comply with applicable legal requirements and with those of the AFEP-MEDEF Code, to which the Company refers.

Pursuant to the investment contract signed between the Company, the Founders, Vipshop Holdings Limited, and its subsidiary Vipshop International Holdings Limited, in October 2015, the latter may,

[1] Karim Khoury resigned from his position as the Company's nonvoting observer with effect from April 13, 2017

under certain conditions, ask the Company to appoint a director of its choosing, and the Founders undertake to vote in favor of such a resolution.

Balanced representation of women and men

At December 31, 2016, the Board included two women, Marie Ekeland and Melissa Reiter Birge, representing 20% of the directors. In order to comply with the provisions of Law no. 2011-103 of January 27, 2011 relating to the gender balance on Boards of Directors and Supervisory Boards and to ensuring gender equality in the workplace, the appointment of one or more additional women directors is expected to be proposed at the annual shareholders' meeting of June 26, 2017 so that, at the end of that meeting and assuming the proposed resolutions are adopted, the proportion of directors of each sex will be greater than 40%, in accordance with the provisions of Article L.225-18-1 of the French Commercial Code (for more information, please refer to the report by the Chairman of the Board of Directors (required by Article L.225-37 of the French Commercial Code) on: the composition of the Board and the application of the principle of gender balance in the Board's composition; the manner in which the Board's work is prepared and organized; and the internal control and risk management procedures implemented by the Company, set forth in Annex II of this Registration Document).

Independent members of the Board of Directors

At December 31, 2016, the Board of Directors also included three independent members: Marie Ekeland, Olivier Marcheteau and Melissa Reiter Birge, representing 30% of the directors.

The independence criteria applied by the Board are those set forth in the AFPEP-MEDEF Code revised in November 2016.

At its meeting on September 25, 2015 (before the Company's shares were admitted to trading on Euronext Paris), the Board had decided that only Marie Ekeland, Olivier Marcheteau and Melissa Reiter Birge were independent directors in terms of the AFEP-MEDEF Code's criteria, in respect of their appointment as directors of the Company with effect from the admission of the Company's shares to trading on Euronext Paris.

The Nomination and Compensation Committee at its meeting of April 25, 2017 and the Board of Directors at their meeting of April 25, 2017 conducted their annual assessment of the independence of the members of the Board of Directors. Based on this assessment and on the advice of the Nomination and Compensation Committee, the Board of Directors concluded that four directors (Marie Ekeland, Melissa Reiter Birge, Olivier Marcheteau and Hendrik Nelis) are independent.

Concerning Marie Ekeland, the Board was reminded that Thierry Petit, David Dayan and Michaël Dayan have invested in a mutual fund Daphni, co-founded by Marie Ekeland. After advice from the Nomination and Compensation Committee, the Board confirmed that this investment was not material and therefore did not affect Marie Ekeland's independence as a director of the Company.

Concerning Hendrik Nelis, it was confirmed that he meets all the independence criteria provided for in Article 8.4 of the AFEP-MEDEF Code, which is the Group's corporate governance code of reference. However, Hendrik Nelis was appointed on the recommendation of Accel Partners, which together holds 8.3% of the Company's share capital and 11.5% of its voting rights, and therefore, in accordance with Article 8.7 of the AFEP-MEDEF Code, the Company questioned Hendrik Nelis's qualification as an independent director, considering the Company's shareholding structure and the existence of potential conflicts of interest. On this subject, it was firstly pointed out that Accel Partners is a non-controlling financial investor in the Company's share capital. In addition, and apart from the shareholding structure: (i) the Company is controlled by the Founders acting in concert; (ii) with the exception of the agreement for orderly sale signed on October 29, 2015 between the

Founders and Kilwa Investment S.A., Accel Partners has not entered into any agreement with the Founders; and finally, (iii) Accel Partners is not bound to the Company by any agreement. In these circumstances and after receiving advice from the Nominations and Compensation Committee, the Board of Directors deemed that Accel Partners' stake in the Company's share capital did not affect Hendrick Nelis's independence and has decided to qualifyhis status as an independent director (for more information, see the report by the Chairman of the Board of Directors provided for by Article L.225-37 of the French Commercial Code on: the composition of the Board and the application of the principle of gender balance in the Board's composition; the terms for preparation and organization of the Board's work; and the internal control and risk management procedures implemented by the Company, shown in Annex II of this Registration Document).

14.1.2 CEO and Deputy CEO of the Company

The positions of Chairman of the Board of Directors and CEO have been combined since the incorporation of the Company. These positions are held by David Dayan.

At its meeting on October 15, 2015, the Board of Directors renewed in advance David Dayan's term as CEO of the Company and Thierry Petit's term as Deputy CEO of the Company, for their terms of office as directors, i.e., for four years expiring at the end of the annual shareholders' meeting convened to adopt the Company's financial statements for the year 2018.

In accordance with the law, with the Company's bylaws and with the Board of Directors' internal regulations, the Company's Chairman and CEO chairs meetings of the Board of Directors, organizes and directs the Board's work and meetings, and ensures the smooth running of the Company's management bodies, making sure in particular that the directors are able to carry out their duties.

Since the Company's shares were admitted for trading on Euronext Paris, and by virtue of the shareholders' agreement entered into on that date and described in Section 18.4 "Shareholders' Agreements", the founders have agreed to ensure that every two years, David Dayan and Thierry Petit will take turns as Chairman of the Board of Directors, and that David Dayan and Thierry Petit will be appointed as CEO and Deputy CEO, respectively.

Éric Dayan and Michaël Dayan resigned from their positions as the Company's Deputy CEOs on October 30, 2015.

14.1.3 Other Management Bodies

14.1.3.1 Executive Committee

The Group has established an Executive Committee consisting of 11 members whose role is to coordinate the Group's operational management. In March 2017, Erwan Le Meur, General Counsel, was appointed to the Executive Committee, which now has 12 members on the date of filing this Registration Document. This Committee meets weekly and analyzes the Group's financial and operational performance, determining and monitoring strategic projects and proposing action plans to attain the Group's short- and medium-term objectives. The Executive Committee, co-chaired by David Dayan and Thierry Petit, includes the Company's principal operational managers:

- Nicolas Woussen, Chief Financial Officer;
- Gilles Tateossian, General Manager, Business;
- Anil Benard-Dende, Chief Operating Officer;
- Marianne Brucy, Chief Marketing Officer;

- Frédéric Delalé, Chief Technical Officer;
- Irache Martinez, Brand Director; and
- Aurélie Fuchs, Head of Sourcing Strategy;
- Baptiste Matton, Sourcing Director;
- Thomas Kienzi, Secretary of the Executive Committee and Deputy CFO; and
- Erwan Le Meur, General Counsel.

Biographical Information about the Members of the Executive Committee:

Nicolas Woussen joined the Group in 2015 as Chief Financial Officer. He began his career at the M&A Department of Dresdner Kleinwort Wasserstein. In 2005, he joined Casino as Deputy Director of M&A in Europe, Asia, Latin America and the United States. In 2010, Nicolas Woussen joined Cdiscount as Deputy CEO in charge of finance at Cdiscount and Executive Officer of Cnova, one of the main players in global e-commerce. At Cdiscount, he was in charge of finance, legal affairs, resources, planning and internal control. He oversaw the company's initial public offering on NASDAQ in November 2014 and guided the development of Cdiscount in France and seven other countries. Nicolas Woussen graduated from HEC.

Gilles Tateossian joined the Group in September 2016 as Head of the B2B Department and Firm Purchases Coordinator, before being appointed General Manager, Business in December 2016. He is an entrepreneur who created his first business, importing sporting goods from the United States, in 1988. In 1998, he created ABC Sourcing to meet the high demand of the new French outlets. ABC Sourcing specializes in buying discontinued inventory and reselling them to distributors. ABC Sourcing will become a specialist in major sporting good brand clearance sales by supplying a network of more than 500 customers, before focusing its business on the digital sales channel by adding event sales sites. ABC Sourcing, which Gilles Tateossian founded and managed, was purchased by SRP Groupe in September 2016.

Anil Benard-Dende joined the Group in 2016 as Chief Operating Officer. He began his career as a consultant with PwC before joining the PPR (Kering) Group in 2001, first in Fnac, then as Head of Logistics and Supply Chain at Conforama Switzerland in 2004. In 2007, he joined Casino as Director of Methods and Organization at Easydis (Casino Group's logistics subsidiary). In 2009, Anil Benard-Dende joined Cdiscount as Head of Logistics and Supply Chain. In particular, he was responsible for reorganizing logistics operations, improving service quality and rolling out Cdiscount pick-up outlets in Casino stores. In 2011, he was appointed Head of Development, then in 2013 International Vice-President of Cnova, one of the world's largest global e-commerce companies, where he was responsible for all international subsidiaries in Africa, Europe, South America and Asia. Anil Benard-Dende is an engineering graduate from Arts et Métiers Engineering School (Ensam).

Marianne Brucy joined the Group in 2011 as Director of International Development until her appointment as Chief Marketing Officer in May 2014. Prior to this, Marianne Brucy worked as a Senior Consultant at Mars & Co, a strategic consulting firm, where she worked primarily for large international groups in the FMCG sector. She graduated from Sciences Po – IEP Paris in 2005 with a degree in finance and strategy.

Frédéric Delalé has been Chief Technical Officer since 2007. As an engineer specialized in software development at the Neurones group, he was responsible for internet/intranet projects for major accounts prior to creating Toobo.com in 1999.

Irache Martinez joined the Group in 2014 to help create the Brand Department as well as the Group's internal communication agency. Following a master's in economics at San Pablo University in Madrid and a postgraduate degree in marketing management at Essec, Irache Martinez climbed the ranks from advertising manager to Associate Director in the largest international advertising agencies (Lowe, Ogilvy, JWT, Bddp/TBWA) where, for over 15 years, she managed international brands from every angle in fashion, luxury, mass market, as well as banking and institutions.

Aurélie Fuchs joined the Group in 2013 to manage the Marketing Intelligence Department, prior to her appointment as Head of Sourcing Strategy. She spent 17 years at communication and marketing consulting firms, of which the last nine years were with BDDP & Fils (Omnicom/TBWA) as director of media strategic planning. Aurélie Fuchs is a graduate of CELSA and ESCEM Tours.

Baptiste Matton joined the Group in 2015 as Deputy Sales Director. He has been Sales Director since January 2017. Baptiste Matton began his career within the Casino Group as Task Officer for General Management. In 2013, he joined Cnova Group, one of the world's largest global e-commerce companies, as Business Development Manager, particularly of the new business activities launched by Cdiscount. Baptiste Matton is a graduate of ESCP Europe.

Thomas Kienzi joined the Group in 2015 as head of M&A and Investor Relations, before being appointed as Deputy CFO in September 2016. He was Executive Director at the American bank Morgan Stanley, which he joined in 2008 after working at Crédit Agricole CIB and Deutsche Bank in Paris and London. He holds a degree from EDHEC, and spent more than 12 years in investment banking, advising companies in France and abroad on mergers and acquisitions, initial public offerings, capital increases and financing.

Erwan Le Meur joined the Group in February 2016 as General Counsel. Erwan Le Meur practiced law for eight years in the corporate departments of Latham & Watkins, then at Debevoise & Plimpton, in Paris and in New York. In 2009, he joined Amazon where he spent six years working in Paris, then in Seattle, and gained extensive knowledge of the challenges affecting the distribution and e-commerce sectors. Admitted to the Bar in Paris and in New York, he holds a DESS in business law, an MBA from the Sorbonne and an LLM from Columbia University.

For biographical information on David Dayan and Thierry Petit, see Section 14.1.1.2 "Biographical Information about the Members of the Board of Directors" in this Registration Document.

14.1.3.2 Steering Committee

A Steering Committee was created as an additional support for the Executive Committee. The Steering Committee meets on a quarterly basis and includes, in addition to members of the Executive Committee, the Group's other principal managers, representing a total of approximately 20 members. The role of this Committee is to conduct an overall review of the Company's operational and financial performance during the quarter, as well as to circulate the action plans established by the Executive Committee.

14.2 STATEMENT REGARDING THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

At the date of this Registration Document, to the Company's knowledge and except for the family relationship between David Dayan (Chairman of the Board of Directors and CEO), Éric Dayan (Deputy CEO) and Michaël Dayan (Deputy CEO), who are brothers, there are no family relationships between members of the Company's Board of Directors and Senior Management (CEO and Deputy CEOs).

To the Company's knowledge, over the course of the past five years: (i) none of the members of the Board of Directors, the CEO or the Deputy CEO has been convicted of fraud; (ii) except as indicated below, none of the members of the Board of Directors, the CEO or the Deputy CEO has been

associated with any bankruptcy, receivership or liquidation; (iii) no accusations or official public sanctions have been brought against any of the members of the Board of Directors, the CEO or the Deputy CEO by statutory or regulatory authorities (including designated professional bodies); and (iv) none of the members of the Board of Directors, the CEO or the Deputy CEO has been disqualified by a court from acting as a member of the administrative, management or supervisory body of any company, or from being involved in the management or performance of business of any company.

Marie Ekeland represented Elaia Partners SAS on the Board of Directors of Allmyapps, whose judicial liquidation was ordered in 2014.

14.3 CONFLICTS OF INTEREST

At the date of this Registration Document, to the Company's knowledge, and except for the information described in Section 14.2 "Statement regarding the Board of Directors and Senior Management" and in Chapter 19 "Related Party Transactions", there are no potential conflicts of interest between the duties of the members of the Board of Directors and of Senior Management (CEO and Deputy CEO) of the Company and their private interests.

At the date of this Registration Document, to the Company's knowledge, there are no contracts or agreements of any kind with the principal shareholders, clients, suppliers or others pursuant to which any of the members of the Company's Board of Directors or Senior Management (CEO and Deputy CEO) of the Company is or will be appointed to such office or position. However, by virtue of the shareholders' agreement between the Founders described in Section 18.4 "Shareholders' Agreements", which came into effect on the admission of the Company's shares to trading on Euronext Paris:

- the Founders have agreed to vote in favor of the appointment of at least half the directors selected by them and to ensure that David Dayan and Thierry Petit will take turns as Chairman of the Board of Directors and that David Dayan and Thierry Petit will be appointed as CEO and Deputy CEO, respectively;

- Mathieu Laine, CEO of Altermind UK, whose subsidiary Altermind France is party to a strategic consulting contract and an economic analysis contract with a Group company, was appointed as a member of the board of directors from the date of admission of the Company's shares to trading on Euronext Paris, in accordance with the agreement referred to above. For further information, see Section 19.2 of this Registration Document, entitled "Special Report of the Statutory Auditors on the Regulated Agreements and Commitments for the Fiscal Year Ended December 31, 2016.

Furthermore:

- Hendrik Nelis, a director of the Company, is a partner in the Accel fund, which, at February 28, 2017, held approximately 8.5% of the Company's share capital via affiliated entities;

- Karim Khoury1, the Company's nonvoting observer, was appointed on the recommendation of a group of investors that took an equity stake during the first quarter of 2015; and

- Weiguo (David) Gu was appointed on the recommendation of Vipshop International Holdings Limited, an entity of Vipshop Holdings Limited, which held approximately 4.5% of the Company's share capital on February 28, 2017.

1 [1] Karim Khoury was appointed a director of the Company at the annual shareholders' meeting of October 16, 2015. He resigned from his position as director with immediate effect on October 29, 2015. After this resignation, he was appointed as a nonvoting observer by resolution of the Board of Directors on November 25, 2015, ratified by the annual shareholders' meeting of the Company of May 30, 2016. Karim Khoury resigned from his position as nonvoting observer for the Company with effect from April 13, 2017.

At the date of this Registration Document and to the Company's knowledge, the members of the Board of Directors have not agreed to any restrictions concerning the sale of their investment in the Company's share capital, with the exception of the rules relating to the prevention of insider trading and the recommendations of the AFEP-MEDEF Code imposing a requirement to hold shares, and subject to:

- the provisions of the internal regulations according to which each member of the Board of Directors must own (directly or indirectly) at least 200 of the Company's shares throughout his or her term of office, and in any event no later than six months following his or her appointment;

- the provisions of the shareholders' agreements that have remained in effect after the initial public offering described in Section 18.4 "Shareholders' Agreements" of this Registration Document;

- the agreement for orderly sale described in Section 18.4 "Shareholders' Agreement" of this Registration Document;

- the lock-up commitments relating to the stock warrants and bonus shares described respectively in Section 15.1.4 "Stock Warrants and Stock Options Plans" and Section 15.1.5 "Performance Shares" of this Registration Document.

15. COMPENSATION AND BENEFITS OF DIRECTORS AND CORPORATE OFFICERS

15.1 COMPENSATION AND BENEFITS OF DIRECTORS AND CORPORATE OFFICERS

Since the listing of the Company's shares on Euronext Paris, the Company has complied with the recommendations of the AFEP and MEDEF Corporate Governance Code for Listed Companies (as defined in Section 16.5 below), which serves as the Company's code of reference pursuant to Article L.225-37 of the French Commercial Code. For a summary of how the Company applies the AFEP-MEDEF Code, see Section 16.5 "Statement Relating to Corporate Governance" of this Registration Document. The information set out below takes into account: the provisions of the AFEP-MEDEF Code (revised in November 2016) as interpreted by the High Committee for Corporate Governance (the AFEP-MEDEF application guide, updated in December 2016 and the October 2016 High Committee for Corporate Governance Annual Report); the AMF's recommendations shown in the guide on how to create Registration Documents updated by the AMF on April 13, 2015; and the AMF's report on corporate governance and management compensation for listed companies of November 17, 2016.

The tables in the sections below provide a summary of the compensation and benefits of any kind paid to the Chairman and CEO, to the Deputy CEOs and to the members of the Board of Directors by (i) the Company and (ii) the companies controlled by it, as defined by Article L.233-16 of the French Commercial Code.

Eric Dayan and Michaël Dayan resigned from their positions as Deputy CEOs of the Company on October 30, 2015.

15.1.1 Summary of compensation of the executive corporate officers

The table below presents the compensation of David Dayan, Thierry Petit, Éric Dayan and Michaël Dayan for the years ended December 31, 2016 and 2015.

Table 1 – Summary table of compensation, options and shares granted to each executive corporate officer (AMF classification)

(in euros)	**Fiscal Year 2015**	**Fiscal Year 2016**
David Dayan, CEO		
Compensation due for the fiscal year *(detailed in Section 15.1.2 below)*	486,000	400,000
Valuation of variable multi-year compensation granted during the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	486,000	400,000
Thierry Petit, Deputy CEO		
Compensation due for the fiscal year *(detailed in Section 15.1.2 below)*	486,000	400,000
Valuation of variable multi-year compensation granted during the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year *(detailed in Section 15.1.5)*	12,008,030	-
Total	12,494,030	400,000
Éric Dayan[(1)]		

Compensation due for the fiscal year *(detailed in Section 15.1.2 below)*	285,000	285,000
Valuation of variable multi-year compensation granted during the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	285,000	285,000
Michaël Dayan[(1)]		
Compensation due for the fiscal year *(detailed in Section 15.1.2 below)*	285,000	285,000
Valuation of variable multi-year compensation granted during the fiscal year	-	-
Valuation of options granted during the fiscal year	-	-
Valuation of performance shares granted during the fiscal year	-	-
Total	285,000	285,000

(1) Éric Dayan and Michaël Dayan resigned from their positions as Deputy CEOs of the Company on October 30, 2015.

15.1.2 Compensation of the executive corporate officers

15.1.2.1 Summary of compensation of each executive corporate officer

The table below sets forth fixed and variable compensation as well as other benefits granted to David Dayan, Thierry Petit, Éric Dayan and Michaël Dayan for the fiscal years ended December 31, 2016 and 2015.

Table 2 – Summary table of the compensation of the executive corporate officers (AMF classification)

	2015		2016	
(in euros)	**Amounts due[(1)]**	**Amounts paid**	**Amounts due[(1)]**	**Amounts paid**
David Dayan, CEO				
Fixed Compensation	336,000	336,000	336,000	336,000
Variable Compensation	150,000[(3)]	-	64,000	-
Multi-year Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in Kind	-	-	-	-
Total	486,000	336,000	400,000	336,000
Thierry Petit, Deputy CEO				
Fixed Compensation	336,000	336,000	336,000	336,000
Variable Compensation	150,000[(3)]	-	64,000	-
Multi-year Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in Kind	-	-	-	-
Total	486,000	336,000	400,000	336,000

Éric Dayan[2]				
Fixed Compensation	210,000	210,000	210,000	210,000
Variable Compensation	75,000	-	75,000	-
Multi-year Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in Kind	-	-	-	-
Total	285,000	210,000	285,000	210,000
Michaël Dayan[2]				
Fixed Compensation	210,000	210,000	210,000	210,000
Variable Compensation	75,000	-	75,000	-
Multi-year Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in Kind	-	-	-	-
Total	285,000	210,000	285,000	210,000

(1) Compensation granted for duties during the year, whatever the date of payment.

(2) Eric Dayan and Michaël Dayan resigned from their positions as Deputy CEOs of the Company on October 30, 2015.

(3) Annual variable compensation for fiscal year 2015 were paid during 2016.

15.1.2.2 Principles Governing the Compensation of Corporate Officers

In accordance with AFEP-MEDEF Code recommendations, the components of compensation due or allocated to each executive corporate officer for the year ended December 31, 2016 were submitted to the Shareholders' Meeting for its opinion on June [7], 2017 under a specific resolution for each executive corporate officer.

Additionally, in accordance with Article L.225-37-2 of the French Commercial Code (from Law No. 2016-1691 dated December 9, 2016 concerning transparency, anti-corruption and the modernization of economic life) (the **"Sapin II Law"**), the principles and criteria used to determine the breakdown and allocation of fixed, variable and exceptional components comprising total compensation and benefits of any kind granted to executive corporate officers for the year ended December 31, 2017 are subject to approval by the Annual Shareholders' Meeting under a specific resolution for each executive corporate officer. As a result, these items will be submitted to the annual shareholders' meeting to be held on June 26, 2017. The principles applicable to the compensation of the executive corporate officers on admission of the Company's shares to trading on Euronext Paris are described below.

15.1.2.2.1 Fixed annual compensation

David Dayan and Thierry Petit each receive fixed annual compensation of €336,000.

15.1.2.2.2 Variable annual compensation

At its meeting on February 16, 2016, and on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to set the following variable compensation for David Dayan and Thierry Petit for the fiscal year ended December 31, 2016 as follows:

- 50% of annual variable compensation: depending on the level of achievement of consolidated revenue generated during the fiscal year relative to the target for consolidated revenue indicated in the forecasts.

  This criterion will not be met if the growth achieved in 2016 is below the threshold of 90% of the low end of the target objective; the criterion will be 100% achieved if the growth generated in 2016 reaches the high end of the target objective.

- 50% of annual variable compensation: determined based on the level of achievement of the objective for consolidated EBITDA during the fiscal year relative to the target for consolidated EBITDA indicated in the forecasts.

  This criterion will not be met if 2016 EBITDA is lower than the threshold of 90% of the low end of the target objective; the criterion will be 100% achieved if the 2016 EBITDA reaches the high end of the target objective.

  provided that outperformance of one of the two criteria described above may be set off against underperformance of the other criterion.

  Each person's annual variable compensation may not exceed €180,000 (of which €30,000 for meeting 120% of the objectives), namely about 54% of annual fixed compensation.

  The target objectives for consolidated revenue and consolidated EBITDA mentioned above are described in Chapter 13 of the 2015 Registration Document.

On February 27, 2017, the Board of Directors, on the proposal of the Nominations and Compensation Committee, noted that only one of the two variable compensation performance criteria had been achieved, namely the criterion of achieving the revenue set for the fiscal year ended December 31, 2016. For the fiscal year ended December 31, 2016, the Board of Directors decided to set the variable compensation of David Dayan and Thierry Petit at €64,000 for each of them.

Following the adoption of the Sapin II Law in November 2016 reforming the "say on pay" rules, Article L.225-37-2 of the French Commercial Code now specifies that: *"In companies whose shares are admitted for trading on a regulated market, the principles and criteria used to determine the breakdown and allocation of the fixed, variable and extraordinary components comprising total compensation and benefits of any kind granted to the Chairman, General Managers or Deputy General Managers for their term of office are the subject of a resolution submitted for the approval of the Annual Shareholders' Meeting at least once each year."*

At its meeting of February 27, 2017 and on the recommendation of the Nomination and Compensation Committee, the Board of Directors resolved to submit for approval by the annual shareholders' meeting set for June 26, 2017 the criteria for determining and granting the variable compensation for fiscal year ending December 31, 2017 as follows:

- 33% of the annual variable compensation: determined based on the level of achievement of the objective for consolidated revenues generated during the fiscal year relative to the target consolidated revenues indicated in the forecasts.

  This criterion will not be met if the growth achieved in 2017 is below the threshold of 90% of the low end of the target objective, namely €675 million; the criterion will be 100% achieved if the growth generated in 2017 reaches the high end of the target objective, namely €720 million.

- 33% of annual variable compensation: determined based on the level of achievement of the objective for consolidated EBITDA during the fiscal year relative to the target for consolidated EBITDA indicated in the forecasts.

  This criterion will not be met if 2017 EBITDA is lower than the threshold of 90% of the low end of the target objective, namely an EBITDA margin of 5.9%; the criterion will be 100% achieved if the 2017 EBITDA reaches the high end of the target objective, namely an EBITDA margin of 6.2%.

- 33% of annual variable compensation: depending on the achievement three strategic objectives: (1) strengthening the organization (hiring and retaining talented people); (2) international expansion; and (3) service quality. These objectives will be assessed at the discretion of the Board of Directors after receiving an opinion from the Nominations and Compensation Committee.

  provided that outperformance of one of the first two criteria described above may be set off against underperformance of the other criteria.

  Annual variable compensation may not exceed €180,000 (of which €30,000 for achieving 120% of the objectives), namely about 54% of the annual fixed compensation.

15.1.2.2.2.1 Non-compete clause

David Dayan and Thierry Petit are not subject to a non-compete clause in the event of the termination of their duties.

15.1.2.2.3 Severance or other benefits due or likely to become due following termination or change of office

David Dayan and Thierry Petit are not entitled to severance or other benefits due or likely to become due following termination or change of office.

15.1.2.2.4 Other benefits

David Dayan and Thierry Petit are each entitled to use a company car.

15.1.2.2.5 Supplementary pension plan

David Dayan and Thierry Petit do not have the benefit of a supplementary pension plan.

15.1.3 Directors' Fees and Other Compensation Paid to Members of the Board of Directors (Other than the Executive Corporate Officers)

Pursuant to Article 6 of its internal rules, the Board, on the recommendation of the Nominations and Compensation Committee, is free to distribute among its members the directors' fees allocated to the Board by the annual shareholders' meeting, taking into account the attendance of directors at meetings of the Board and its Committees. A proportion, determined by the Board and withheld from the directors' fees granted to the Board, is paid to the members of the Committees, also taking into account their attendance at meetings of these Committees.

At a meeting on September 25, 2015, the Board of Directors resolved to pay directors' fees to the independent directors, in accordance with the following guidelines:

- €25,000 per year, with a fixed portion of 40% and a variable portion of 60% depending on attendance at meetings of the Board of Directors; and

- €10,000 per year for a member of a Board Committee (€15,000 for the Chairman of a Committee), with a fixed portion of 40% and a variable portion of 60% depending on attendance at meetings of the Committee.

If a person is appointed, or a term of office ends, during the year, these amounts are paid on a prorated basis.

At the combined shareholders' meeting held on October 16, 2015, the shareholders resolved to award €150,000 per year in directors' fees to members of the Board of Directors. This amount will remain in effect each year unless a new annual shareholders' meeting resolves to change the total amount of directors' fees allocated to the Board.

At its meeting on April 21, 2016 and on the recommendation of the Nominations and Compensation Committee, the Board of Directors distributed directors' fees for fiscal 2015 as follows:

- Marie Ekeland: € 7,250;
- Melissa Reiter Birge: € 7,750; and
- Olivier Marcheteau: € 8,750.

These directors' fees for 2015 were paid during 2016.

At its meeting of April 27, 2017 and on the recommendation of the Nominations and Compensation Committee, the Board of Directors distributed directors' fees for fiscal year 2016 as follows:

- Marie Ekeland: € 35,000;
- Melissa Reiter Birge: € 38,500; and
- Olivier Marcheteau: € 50,000.

These directors' fees due for the 2016 fiscal year will be paid during 2017. The table summarizing the directors' fees paid to the directors in 2015 and 2016 is as follows:

Table 3 – Table of directors' fees and other compensation received by non-executive corporate officers (AMF classification)

Non-executive corporate officers	Amounts paid during fiscal year 2015 (in euros)		Amounts paid during fiscal year 2016 (in euros)	
	Directors' fees [3]	**Other compensation**	**Directors' fees [4]**	**Other compensation**
Hendrik Nelis	0	0	0	0
Éric Dayan	0	0[1]	0	0
Michaël Dayan	0	0[1]	0	0
Mathieu Laine	0	0	0	0
Marie Ekeland	0	0	7,250	0
Melissa Reiter Birge	0	0	7,250	0
Olivier Marcheteau	0	0	8,750	0
Weiguo (David) Gu	0	0	0	0
Karim Khoury[2]	0	0	0	0
TOTAL	**0**	**0**	0	0

(1) The compensation paid to Éric Dayan and Michaël Dayan in 2015 and 2016 is presented in Section 15.1.2 of this Registration Document, with a reminder, however, that Éric Dayan and Michaël Dayan resigned from their positions as Deputy CEOs of the Company on October 30, 2015.

(2) Karim Khoury was appointed a director of the Company at the annual shareholders' meeting of October 16, 2015. He resigned from his position as director with immediate effect on October 29, 2015. After resigning from his office as a director, Karim Khoury was appointed nonvoting observer by resolution of the Board of Directors on November 25, 2015, ratified by the annual shareholders' meeting of the Company of May 30, 2016. Karim Khoury resigned from his position as nonvoting observer for the Company with effect from April 13, 2017.

(3) In principle, directors' fees are paid every six months. However, it has been decided that the directors' fees due in fiscal year 2015 will be paid in 2016.

The directors' fees paid in 2016 are the same as the directors' fees allocated for 2015. The directors' fees for 2016 will be paid during 2017.

(4)

Pursuant to Article 16 of the Company's bylaws, the position of the non-voting observer does not receive compensation.

15.1.4 Stock Warrants and Stock Options Plans

15.1.4.1 Stock warrants or stock options of the Company, or of a company in the Group, granted to executive corporate officers during fiscal year 2016

Table 4 - Stock warrants or stock options granted to executive corporate officers by the issuer or by any group company during 2016 (AMF classification)

Stock Warrants or Stock Options Granted During the Fiscal Year to Executive Corporate Officers by the Issuer or by Any Group Company						
Name of Executive Corporate Officer	No. and date of the plan	Type of instrument (option or warrant)	Valuation of the options depending on the method used for the consolidated financial statements	Number of options granted during the fiscal year	Exercise price	Exercise period
David Dayan	-	-	-	-	-	-
Thierry Petit	-	-	-	-	-	-

No stock warrants or stock options were granted to executive corporate officers during the fiscal year ended December 31, 2016.

A history of the grants of stock warrants or stock options is shown in Section 15.1.4.3 "History of Stock Warrant and Stock Option Plans" (Table 8) of this Registration Document.

15.1.4.2 Stock warrants or stock options exercised by executive corporate officers during fiscal year 2016

Table 5 - Stock warrants or stock options exercised by executive corporate officers during fiscal year 2016 (AMF classification)

Stock Warrants or Stock Options Exercised During the Fiscal Year by Each Executive Corporate Officer			
Name of Executive Corporate Officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
Thierry Petit	Plan No. 1 – 8/5/2010	544,320 (1) (2)	4.00 euros
Thierry Petit	Plan No. 2 – 8/5/2010	315,000 (3) (4)	4.00 euros

(1) In accordance with Article L.225-185 of the French Commercial Code, the Board of Directors meeting of August 5, 2010 resolved that the number of shares resulting from the exercise of stock options that Thierry Petit will be required to retain in registered form during the length of his term as Deputy CEO must represent 10% of the amount of the net capital gain earned by him when he exercises these stock options.

(2) A put option agreement was entered into between certain shareholders (David Dayan, Michaël Dayan and Éric Dayan) and the Company (as beneficiary) in order to enable it to acquire the shares that will be delivered by the Company after the stock options have been exercised. The Company acquired 544,320 SRP Groupe shares from these shareholders on December 6, 2016 following the

exercise by Thierry Petit of 859,320 stock warrants and stock options granted under Plans No. 1 and 2, in order to be able to deliver them to Thierry Petit under Plan 1, concerning the 544,320 SRP Groupe shares issued.

(3) In accordance with the provisions of Article L.225-185 of the French Commercial Code, the Board of Directors meeting of August 5, 2010 resolved that the number of shares resulting from the exercise of the stock warrants that Thierry Petit will be required to retain in registered form during the length of his term as Deputy CEO must represent 10% of the amount of the net capital gain earned by him when exercising such stock warrants.

(4) Following Thierry Petit's exercise of 315,000 stock warrants on SRP Groupe shares to be issued, the Company delivered 315,000 new SRP Groupe shares to Thierry Petit on December 7, 2016.

15.1.4.3 History of Stock Warrant and Stock Option Plans

Table 8 – History of grants of stock warrants and stock options – Information on the stock warrants or stock options (AMF classification)

The table below shows the Company's stock warrant and stock option plans at December 31, 2016 [(1)].

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9
Date of shareholders' meeting	8/5/2010	8/5/2010	8/5/2010	8/5/2010	8/5/2010	8/5/2010	8/5/2010	8/5/2010	10/27/2014
Date of Board of Directors' meeting	8/5/2010	8/5/2010	1/31/2011	11/30/2011	10/15/2012	1/15/2013	4/15/2013	10/4/2013	10/27/2014
Nature of the instruments (warrants or options)	Option	Warrant	Warrant	Warrant	Warrant	Warrant	Warrant	Warrant	Warrant
Number of options granted:	544,320	315,000	293,750	38,750	342,500	50,000	167,500	50,000	70,000
of which, granted to:									
- *David Dayan*	-	-	-	-	-	-	-	-	-
- *Thierry Petit*	544,320[(2) (3)]	315,000[(4)]	-	-	-	-	-	-	-
Exercise Period	10/30/2015 – 8/5/2020	10/30/2015 – 8/5/2020	10/30/2015 – 1/31/2021	10/30/2015 – 11/30/2021	10/30/2015 – 10/15/2022	10/30/2015 – 1/15/2023	10/30/2015 – 4/15/2023	10/30/2015 – 10/4/2023	10/30/2015 – 10/27/2024
Number of options exercised at December 31, 2016	544,320	315,000	81,831	-	99,499	43,570	37,906	14,064	18,025
Number of options canceled or expired	0	0	100,000	38,750	127,185	6,430	48,438	2,343	15,624
Price of warrant or option (euro)	4	4	4	4.60	5.20	5.20	5.20	5.60	7.20
Number of options remaining at December 31, 2016	0	0	58,481	0	113,004[(5)]	0[(5)]	72,937[(5)]	33,593[(5)]	35,451[(5)]

(1) This table takes account of the decision of the Board of Directors meeting held on October 15, 2015 to adjust the rights of the grantees of options following the reverse stock split.

(2) In accordance with Article L.225-185 of the French Commercial Code, the Board of Directors meeting on August 5, 2010 determined that the number of shares resulting from the exercise of stock options that Thierry Petit will be required to retain in registered form during the length of his term as Deputy CEO must represent 10% of the amount of the net capital gain earned by him when exercising such stock options.

(3) A call option agreement was entered into between certain shareholders (David Dayan, Michaël Dayan and Éric Dayan) and the Company (as beneficiary) in order to allow it to acquire the shares that will be delivered by the Company in the event of the exercise of said purchase options. Following the exercise of 859,320 stock options granted to Thierry Petit under Plan nos. 1 and 2, on December 6, 2016, the Company acquired 544,320 SRP Groupe shares from these shareholders to be able to deliver them to Thierry Petit under Plan 1 relating to 544,320 SRP Groupe shares issued.

(4) In accordance with Article L.225-185 of the French Commercial Code, the Board of Directors meeting on August 5, 2010 determined that the number of shares resulting from the exercise of stock options that Thierry Petit will be required to retain in registered form during the length of his term as Deputy CEO must represent 10% of the amount of the net capital gain earned by him when exercising such stock options.

(5) At its meeting on October 15, 2015, the Board of Directors resolved to amend the Company's stock warrant Plan nos. 5 to 9, as follows:

- warrants that have already vested and have not been exercised at the date of the IPO may be exercised at any time following the IPO;
- warrants that have not yet vested at the date of the IPO: (i) will not expire; (ii) will vest in accordance with the schedule provided for in their respective plans; and (iii) may be exercised at any time thereafter, subject to the other provisions of the plans.

The Board of Directors has conditioned these amendments and specifications on a lock-up commitment by the holder.

Each holder of a warrant, the exercise terms of which have been met, agrees with the Company and the underwriters of the IPO to the following lock-up commitment: for 50% of the shares underlying their warrants, a lock-up from the end of the stabilization period (November 27, 2015) until the end of a period expiring 180 calendar days after the closing date of the IPO (May 2, 2016).

15.1.4.4 Stock Warrants and Stock Options Granted to the Company's Top 10 Employees

Table 9 – Stock warrants or stock options granted to and exercised by the top ten non-executive employees during the fiscal year ended December 31, 2016

	Total number of options or warrants granted	Weighted average price	Plan
Options granted during fiscal year 2016, by the Company and any company whose employees were eligible for option grants, to the 10 employees of the Company or any such company who received the highest number of such options	-	-	-
Options on the shares of the Company, and of the companies previously mentioned, exercised during fiscal year 2016 by the 10 employees of the Company or such companies who hold the greatest number of options or warrants.....	212,623	€4.8	Plans 3, 5, 6, 7, 8 and 9

15.1.5 Performance Shares

15.1.5.1 Performance shares granted to senior management during fiscal year 2016

Table 6 – Bonus shares granted to each corporate officer during fiscal year (AMF classification)

Executive Corporate Officer	Plan no. and date	Number of shares granted during the fiscal year ended December 31, 2016	Valuation of shares per accounting treatment used in the consolidated financial statements	Date of acquisition	Date performance shares can be transferred	Performance conditions
Thierry Petit	-	-	-	-	-	-
David Dayan	-	-	-	-	-	-

No performance shares were granted to executive corporate officers during the fiscal year ended December 31, 2016.

A history of bonus shares granted is shown in Section 15.1.5.3 "History and Policy of Bonus Share Grants" (Table 10) in this Registration Document.

15.1.5.2 Performance Shares Available to Executive Corporate Officers During Fiscal Year 2016

Table 7 – Bonus shares granted that have become available to each executive corporate officer during fiscal year 2016 (AMF classification[1])

Bonus Shares Granted that Have Become Available for Each Corporate Officer	Plan no. and date	Number of Shares that Have Become Available during the Fiscal Year	Vesting Conditions
Thierry Petit	Plan No. 2 – 9/25/2015	625,000	The performance shares granted to Thierry Petit on September 25, 2015 did not provide for any performance conditions, contrary to the provisions of the bonus share plan implemented on October 29, 2015 (Plan no. 2), to the extent that this grant, which preceded the IPO, reflected the previous intention of the founders to introduce instruments allowing a relative rebalancing of the stakes held by the two main founding shareholders, in order to reflect more appropriately the balance in their respective contributions to the performance of the Company before its IPO.

[1] This table takes into account the resolution of the Board of Directors on October 15, 2015 to adjust the rights of the grantees of performance shares following the reverse stock split.

15.1.5.3 History and policy of bonus share grants

Table 10 – History of bonus share allocations – Information on the bonus shares granted (AMF classification)[(1)]

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
Date of shareholders' meeting	9/25/2015	9/25/2015	9/25/2015	9/25/2015	5/30/2016	5/30/2016
Date of Board of Directors' meeting	9/25/2015	10/29/2015	5/30/2016	5/30/2016	2/14/2017	2/14/2017
Total number of bonus shares granted	625,000	350,585	52,500	24,003	52,283	48,360
Of which:						
- *David Dayan*	-	-	-	-	-	-
- *Thierry Petit*	625,000	100,000	-	-	-	-
Date of acquisition of the shares	9/25/2016	10/29/2017	5/30/2018	5/30/2018	2/14/2019	2/14/2019
Date of end of lock-up period	9/25/2017	10/29/2018	5/30/2019	5/30/2019	-	-
Number of shares subscribed at December 31, 2016	625,000	0	0	0	0	0
Cumulative number of shares cancelled or expired	0	11,600	0	0	0	0
Number of bonus shares remaining at year-end	0	338,985	52,500	24,003	0	0

(1) This table takes account of the resolution of the Board of Directors meeting of October 15, 2015 to (2) adjust the rights of the grantees of performance shares following the reverse stock split.

Since the Company's shares were admitted for trading on Euronext Paris in October 2015, the Group has applied a compensation policy that aims to reward and retain key talent within the Group while providing managers and employees with an opportunity to share in the success of the Group's business, including through the grant of bonus shares linked to the Group's long-term strategy. Performance shares are granted to the Company's executive corporate officers and managers, as well as to senior executives, expatriates and employees whose commitment and achievements the Group wishes to recognize.

On September 25, 2015, the Company's combined shareholders' meeting, in its fifth resolution, authorized the Board of Directors to grant existing bonus shares, or bonus shares to be issued, to executive officers or employees of the Company, or companies or groupings related to it, in the manner set forth in Article L.225-197-2 of the French Commercial Code, up to a limit of 3.72% of the share capital on the day of the Board of Directors' resolution.

Based on the authorization granted by the annual shareholders' meeting, the Board of Directors' meetings of September 25, 2015 (Plan no. 1) and October 29, 2015 (Plan no. 2) set up two initial plans for the granting of bonus shares to executive officers and employees of the Company and its subsidiaries.

Based on the same authorization granted by the annual shareholders' meeting of September 25, 2015 (Plan nos. 3 and 4), the Board of Directors' meeting of May 30, 2016 set up two new plans for the granting of bonus performance shares to employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

On May 30, 2016, the Company's combined shareholders' meeting, in its twentieth resolution, renewed the authorization granted to the Board of Directors to grant existing bonus shares, or bonus shares to be issued to executive officers or employees of the Company, or companies or groupings related to it in the manner provided for in Article L.225-197-2 of the French Commercial Code, up to a limit of 3.72% of the share capital on the day of the Board of Directors' resolution.

Based on the authorization granted by the annual shareholders' meeting of May 30, 2016, the Board of Directors, on February 14, 2017, introduced two new bonus share allocation plans (Plan nos. 5 and 6) for executive officers and employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

At the next annual shareholders' meeting to be held on June 26, 2017, shareholders will be asked to renew the financial delegation authorizing the Board of Directors to grant bonus shares to Group employees and corporate officers.

15.1.6 Employment Contracts, Pensions, and Severance Compensation in the event of Termination of Duties of Executive Corporate Officers

Table 11 – Employment contracts, pensions, and severance compensation in the event of termination of duties of each executive corporate officer

Executive Corporate Officer	Employment contract		Supplementary pension plan		Severance or other benefits due or likely to become due following termination or change of office		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
David Dayan Chairman and Chief Executive Officer Start of term: Renewed in 2015 End of term: AGM 2018		✓		✓		✓		✓
Thierry Petit Deputy CEO Start of term: Renewed in 2015 End of term: AGM 2018		✓		✓		✓		✓

15.2 AMOUNT OF PROVISIONS MADE OR RECORDED BY THE COMPANY OR ITS SUBSIDIARIES FOR THE PAYMENT OF PENSIONS OR OTHER RETIREMENT BENEFITS

Neither the Company nor its subsidiaries have set aside any provisions for the payment of pensions or other retirement benefits for its executive corporate officers.

16. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 TERMS OF OFFICE OF MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

The terms of office of the members of the Company's Board of Directors and Senior Management appear in Section 14.1 of this Registration Document, entitled "Composition of Management and Supervisory Bodies". This section makes it clear that re-election of members of the Board of Directors is organized by a system of regular rotation, in accordance with the recommendations of the AFEP-MEDEF Code.

16.2 INFORMATION ON THE SERVICE CONTRACTS BETWEEN MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES AND THE COMPANY OR ANY OF ITS SUBSIDIARIES

To the Company's knowledge at the date of this Registration Document, there are no service agreements between members of the Company's Board of Directors, or between the CEO or the Deputy CEO and the Company, or any of its subsidiaries that provide for the granting of benefits.

Note that Mathieu Lane, who is a member of the Board of Directors of the Company, is CEO of Altermind UK, whose subsidiary Altermind France is party to an agreement to provide strategic advice and economic analysis to a Group company. For further information, see Section 19.2 of this Registration Document, entitled "Special Report of the Statutory Auditors on the Regulated Agreements and Commitments for the Fiscal Year ended December 31, 2016".

16.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

16.3.1 Participation in Board of Directors' Meetings by Videoconference or Communication Means

In compliance with Article L.225-37 of the French Commercial Code, the meetings of the Board of Directors may be held by any means of videoconference or telecommunication that enables identification of the directors and guarantees their real attendance, i.e. that transmit at least the participants' voice and satisfy technical requirements to allow for the continuous and simultaneous broadcasting of the deliberations in order to allow them to participate in the meetings of the Board of Directors.

Directors taking part in the meeting by way of videoconference or telecommunication are deemed present for the purposes of quorum and majority calculations.

The above provisions do not apply to the adoption of the decisions provided for by Articles L.232-1 and L.233-16 of the French Commercial Code, relating, respectively, to the preparation of the annual financial statements and the management report, as well as the preparation of the Group's consolidated financial statements and management report.

16.3.2 Matters Reserved for the Board of Directors

Pursuant to Article 17 of the Company's bylaws, the Board of Directors sets limits on the powers of the CEO, when required, in the terms of its internal regulations by specifying the transactions that require prior authorization from the Board of Directors. Each year, the Board of Directors sets either an overall amount within which the CEO may make commitments on behalf of the Company in the form of sureties, endorsements and guarantees, or an amount beyond which each one of the above commitments may not be made. Any commitments in excess of the overall limit or the maximum amount set for a commitment, respectively, must be specially authorized by the Board of Directors

Pursuant to Article 3.2 of the Board of Directors' internal regulations, the Board of Directors must give its prior authorization by a simple majority of its members present or represented, for any fact, event, act or decision affecting the Company and other members of the Group, and relating to:

- the adoption of the annual budget;
- investments or cash expenses (other than in the ordinary course of business) not provided for in the annual budget which, individually or in the aggregate, would exceed €1,000,000 annually;
- the acquisition, transfer or subscription of units, shares or other form of interest in any other company, group or entity, the establishment of a joint undertaking or subsidiary or the transfer or pledge of its shares or any material tangible asset not provided for in the budget, representing an investment amount for the Group in excess of €5,000,000;
- grants of options and the terms on which such options will be granted to the employees and managers, as well as the implementation of a profit-sharing plan for managers or employees;
- the appointment or removal of a founder who has management duties within the Group or any person, CEO, Deputy CEO, Operations Director or Chief Financial Officer (CFO);
- the appointment or renewal of the Company's statutory auditors;
- any direct or indirect agreement between the Company or any subsidiary and any of its shareholders, officers or founders;
- any material change in the activity and strategic orientation of the Company or of a subsidiary as defined in the business plan and annual budget;
- any financial debt commitment (in particular financial guarantees) of the Group in excess of €5,000,000, as well as any guarantee or any surety granted within this framework;
- the grant of any mortgage or surety relating to all or substantially all of an asset, and representing in excess of €500,000 individually within the global limit of €1,000,000 a year, and not provided for by the annual budget;
- the appointment or removal of a manager of a Group company;
- any acquisition or transfer or operating lease of the Company's business or making available or transferring of a significant trademark used by the Group.

16.3.3 Number of Shares Required to be Held by the Directors

Pursuant to Article 2.10 of the internal regulations of the Company's Board of Directors, each member of the Board of Directors must own (directly or indirectly) at least 200 shares of the Company throughout his or her term of office, and in any event no later than six months following his or her appointment. Share loans by the Company to members of the Board of Directors are not permitted for the purpose of satisfying this obligation. This obligation does not apply to employee shareholders who are appointed to the Board of Directors.

16.3.4 Management of Conflicts of Interest

To prevent risks of conflicts of interest, the Board of Directors, under Article 1 of the Board of Directors' internal regulations, assesses the independence of each of its members (or candidates) whenever a board member's term of office is renewed or a member is appointed to the Board, and at

least once a year, before the Company's annual report is published. During this assessment, the Board, with the advice of the Nomination and Compensation Committee, examines the qualifications of each of its members (or candidates) one by one in terms of the criteria in the AFEP-MEDEF Code, their personal circumstances and the position of the individual in question *vis-à-vis* the Company. The findings of this assessment are reported to the shareholders in the annual report and to the shareholders' meeting when members of the Board of Directors are elected.

Pursuant to Article 2.3 of the Board of Directors' internal regulations, each member of the Board of Directors is required to notify the Board of any situation involving an actual or potential conflict of interest and they must refrain from taking part in any vote on any resolution of the Board where they find themselves in any such situation.

16.4 COMMITTEES OF THE BOARD OF DIRECTORS

At its meeting on August 28, 2015 and pursuant to Article 17 of the Company's bylaws and Article 8 of the Board of Directors' internal regulations, the Board of Directors decided to create two Board committees: the Audit Committee and the Nomination and Compensation Committee.

The current composition of the committees was decided by the Board of Directors at its meeting on November 25, 2015, as follows: the Audit Committee is composed of the following three members: Melissa Reiter Birge as Chair, Olivier Marcheteau and Hendrik Nelis, each for a term of office coinciding with their term as a member of the Board of Directors; and the Nomination and Compensation Committee is composed of the following three members: Olivier Marcheteau, as Chair, Marie Ekeland and Mathieu Laine, each for a term of office coinciding with their term as a member of the Board of Directors.

The rules governing the composition, duties and procedure of the Audit Committee and the Nomination and Compensation Committee are described below.

16.4.1 Audit Committee

16.4.1.1 Duties (Article 1 of the Audit Committee's Internal Regulations)

The function of the Audit Committee is to monitor questions relating to the preparation and the control of accounting and financial information, as well as overseeing the efficiency of risk monitoring and operational internal control, in order to facilitate the Board of Directors' duties to control and verify such matters.

In this context, the Audit Committee carries out the following duties:

(i) Monitoring the preparation of financial information.

The Audit Committee must examine the yearly and interim accounts and consolidated financial statements prior to their presentation to the Board of Directors to ensure the relevance and consistency of accounting methods used to prepare these financial statements. If necessary, the Audit Committee also examines major transactions where there may be a conflict of interest.

The Audit Committee must examine provisions and their adjustments and any situation that could pose a material risk to the Group, as well as all financial information or any quarterly, half-year and annual reports on the Company's business, and all financial information released as a result of a special transaction (acquisition, merger, market transaction, etc.).

To the extent possible, this examination should take place at least two (2) days before presentation to the Board.

The examination of the financial statements should be accompanied by a presentation by the Statutory Auditors highlighting not only the key points of the statutory audit, namely audit adjustments and any material internal control weaknesses identified, but also the accounting options used, as well as a presentation by the CFO describing the Company's risk exposure and significant off-balance sheet commitments.

(ii) Monitoring the efficiency of internal control, internal audit and risk management systems relating to financial and accounting information.

The Audit Committee must ensure the relevance, reliability and implementation of internal audit procedures and identification, coverage and management procedures for the Company's risks related to its activities and to the accounting and financial information.

The Audit Committee must also examine the risks and off-balance sheet commitments of the Company and its subsidiaries. In particular, the Committee must interview the heads of internal audit and regularly examine the mapping of business risks. The Committee must also give its opinion on the organization of the service and receive updates about its work program. It should receive the internal audit reports or a periodic summary of these reports.

The Committee oversees the existence, efficiency, deployment and implementation of corrective procedures in the event of material weaknesses or anomalies within the internal control and risk management systems.

(iii) Monitoring the statutory audit of the single-entity and consolidated financial statements by the Company's Statutory Auditors.

The Audit Committee should seek information from and monitor the Company's Statutory Auditors (including not in the presence of the Executive Management), particularly regarding their general work program, any problems they may have encountered during their assignment, improvements which they believe should be made to the Company's financial statements or other accounting documents, accounting irregularities, anomalies or inaccuracies which they may have discovered, uncertainties and significant risks relating to the preparation and treatment of accounting and financial information, and significant weaknesses of internal controls that they may have discovered.

The Audit Committee must regularly hear from the Statutory Auditors, including not in the presence of the executive corporate officers. In particular, the Audit Committee must hear from the Statutory Auditors during meetings of the Committee reviewing the process for the preparation of financial information and the examination of the financial statements, so that they may report on the implementation of their assignment and the conclusions of their work.

(iv) Monitoring of the Statutory Auditors' independence.

The Audit Committee must supervise the procedure for the selection and renewal of the Statutory Auditors and must submit the results of this selection to the Board of Directors. At the end of the Statutory Auditors' terms of office, the selection or re-appointment of Statutory Auditors may, if proposed by the Audit Committee and agreed by the Board, be preceded by a call for tenders supervised by the Committee, which approves the specifications and selection of firms to ensure that the "best bidder" and not the "lowest bidder" is selected.

In order for the Audit Committee to monitor the rules of independence and objectivity of the Statutory Auditors throughout their term of office, the Audit Committee should receive each year:

- the Statutory Auditors' declaration of independence;

- the amount of fees paid to the Statutory Auditors' network by companies controlled by the Company or its parent company relating to services other than certification of the accounts; and
- information about the services performed in connection with the auditing work directly linked to the Statutory Auditors' assignment.

The Audit Committee must also examine, with the Statutory Auditors, the risks to their independence and the preventive measures taken to mitigate these risks. In particular, it must ensure that the amount of fees paid by the Company and the Group, or the part that such fees represent of the revenue of the firms and their networks, are not likely to impair the Statutory Auditors' independence.

The Statutory Auditor's assignment should exclude any other services not associated with this assignment, in accordance with the code of ethics for Statutory Auditors and with their professional standards. The selected Statutory Auditors must, for themselves and for the network to which they belong, give up any consulting activity (legal, tax or information technology consulting) that it has directly or indirectly provided to the Company. With respect to companies controlled by the Company or its parent company, the Statutory Auditors should refer to the code of ethics for Statutory Auditors. However, subject to prior approval from the Audit Committee, services that are incidental or directly complementary to the auditing of the financial statements, such as acquisition or post-acquisition audits, may be carried out, but not any valuation or advisory work.

The Audit Committee provides regular reports on its activities to the Board of Directors and informs the Board of any difficulties encountered.

16.4.1.2 Composition (Article 2 of the Audit Committee's Internal Regulations)

The Audit Committee is composed of three or four members, at least two-thirds of whom are appointed from among the independent members of the Board of Directors as defined by Article 1.1 of the internal regulations of the Board of Directors, among its representatives on the Board. The composition of the Audit Committee may be modified by the Board of Directors acting on the request of the Chairman, and must be modified in the event of a change in the general composition of the Board of Directors.

In particular and in accordance with the applicable legal provisions, the members of the Committee must have specific skills in finance and accounting.

All the members of the Audit Committee must, when appointed, receive information about the Company's specific accounting, financial and operational aspects.

The term of office for members of the Audit Committee members coincide with their terms of office as members of the Board of Directors. They may be renewed at the same time as their terms of office on the Board of Directors.

The Chairman of the Audit Committee is appointed from among the independent members after careful review by the Board of Directors and on the proposal of the Nomination and Compensation Committee. Executive corporate officers may not serve on the Audit Committee.

The secretary of the Audit Committee may be any person appointed by the Chairman of the Committee, or with the latter's agreement.

16.4.1.3 Operation (Article 3 of the Audit Committee's Internal Regulations)

The Audit Committee may validly deliberate, either during a meeting, or by phone or videoconference, in the same manner as the Board, on notice of meeting from its Chairman or from the Committee's secretary, on condition that at least half the members participate in the deliberations.

Notices of meetings must include an agenda and may be delivered orally or by any other means.

The Audit Committee makes decisions on the basis of a majority of the members attending the meeting, with each member having one vote.

The Audit Committee meets as often as is necessary and, in any event, at least twice per year, in connection with the preparation of the annual and half-year financial statements.

Meetings are held prior to the Board of Directors' meeting and, to the extent possible, at least two days before such meeting if the Audit Committee's agenda relates to the examination of half-year and annual financial statements prior to their examination by the Board of Directors.

16.4.2 Nominations and Compensation Committee

16.4.2.1 Duties (Article 1 of the Nomination and Compensation Committee's Internal Regulations)

The Nomination and Compensation Committee is a specialized committee of the Board of Directors the principal function of which is to help the Board in appointments to the managing bodies of the Company and the Group, as well as to determine and regularly assess all the compensation and benefits of the Group's senior executives or senior staff, including all deferred benefits and/or compensation for voluntary or forced departure from the Group.

In this context, the Nomination and Compensation Committee performs the following duties in particular:

(i) Proposals for appointments to the Board of Directors, to the General Management and to the Board's Committees

The Nomination and Compensation Committee's primary duty is to make proposals to the Board of Directors for the appointment of members of the Board of Directors (at the annual general meeting or by co-option), of members of General Management, and of the members and the Chairman of the Audit Committee.

To this effect, it provides the Board of Directors with reasoned arguments for such proposals. The latter are guided in the best interests of the Company and its shareholders. Generally, the Committee must endeavor to display a wealth of experience and points of view, while ensuring that the Company's management bodies have a high level of knowledge, internal and external credibility and stability. Moreover, it establishes and maintains a succession plan for the members of the Board of Directors and of the officers of the Company in order to be able to quickly propose succession solutions to the Board of Directors in the event of an unforeseen vacancy.

With reference to nominating members of the Board of Directors, the Committee takes the following criteria into account: (i) the desired balance of the Board of Directors in regard to the composition of and changes in the Company's shareholders, (ii) the desired number of independent members, (iii) the required proportion of men and women set by the regulations in force, (iv) the appropriateness of renewing terms of office and (v) the integrity, knowledge, experience and independence of each candidate. The Nomination and Compensation Committee must also establish a procedure to select future independent members and make its own evaluations of potential candidates before they are approached.

When making its recommendations, the Nomination and Compensation Committee must ensure that the number of independent members on the Board of Directors and on the Board's Special Committees (in particular, the Audit Committee and the Nomination and Compensation Committee) meets the minimum number of independent members required by the governance principles to which the Company adheres and by the internal regulations of its Board of Directors.

(ii) Annual evaluation of the independence of the members of the Board of Directors

Each year, before the Company's annual report is published, the Nomination and Compensation Committee examines the position of each member of the Board of Directors regarding the criteria for independence adopted by the Company and submits its opinion to the Board so that it can examine each member's position with regard to these criteria.

(iii) Examination and proposal to the Board of Directors concerning all the types and manner of compensation of the main executive directors of the Group

The Committee makes proposals which include both fixed and variable compensation but also, if applicable, stock warrants or options, the award of performance shares and more generally any incentive plans set up within the Group, retirement and pension plans, severance benefits, benefits in kind or individual benefits, and any other direct or indirect compensation (including long-term) which may serve as compensation for members of the General Management.

The Committee is informed about the same types of compensation of the Group's main senior executives and the compensation policies implemented within the Group, and decides on the compensation policy for its main senior executives.

As part of the preparation of its proposals and its work, the Committee takes into account the corporate governance practices to which the Company adheres, and in particular the following principles:

(a) The amount of overall compensation for members of General Management submitted to the vote of the Board of Directors takes into account the general interests of the Company, market practices and the performance of the members of the General Management.

(b) Each one of the types of compensation for members of General Management is clearly reasoned and in line with the general interests of the business. The proposed compensation must be appropriate for the Company's market position, with reference both to French market practices and to international practices.

(c) The compensation of members of General Management must be determined equitably and be consistent with that of the Group's other senior executives, taking account of their responsibilities, skills and personal contribution to the Group's performance and growth.

(d) The Committee proposes criteria for the variable portion of the compensation of members of General Management, which must be consistent with the annual performance reviews of the members of General Management and with the Group's strategy. The performance criteria used to determine the variable portion of the compensation of members of General Management - whether this is a bonus or a grant of stock warrants or options, or of performance shares - must be simple to determine and to explain, must satisfactorily translate the Group's performance and economic development objectives, at least in the medium term, must allow transparency with regards to the shareholders in the annual report and at shareholders' meetings, and must be aligned with the Company's objectives and with its usual practices concerning the compensation of its senior executives.

(e) The Committee monitors the evolution of the fixed and variable portions of the compensation of members of General Management over several years with regard to the Group's performance.

(f) If necessary, the Committee ensures that the grant of stock warrants or options, or performance shares - or more generally any profit-sharing plans implemented within the Group - is motivated by the objective of strengthening convergence in the long-term interests of the beneficiaries and of the Company. Every member of General Management must undertake not to engage in transactions to hedge his risk in respect of said options or performance shares.

(g) The same methodology applies to assessment of the compensation and benefits of the principal managers who are not executive officers of the Group and, more generally, of the policies implemented in this regard.

(h) In any event, the Committee may make any proposal or recommendation on its own initiative, or at the request of the Board of Directors, or of General Management.

(iv) Examination and proposal to the Board of Directors concerning the allocation of directors' fees

The Committee proposes to the Board of Directors the overall amount of the directors' fees which will be submitted to the shareholders' meeting as well as the allocation of the directors' fees and the individual amounts of payments to be made to members of the Board of Directors, taking account of the members' actual attendance at meetings of the Board and of the Committees of which they are members, of the responsibilities which they undertake and of the time which they must dedicate to their functions.

The Committee also submits a proposal on the compensation awarded to the Chairman of the Company's Board of Directors.

(v) Exceptional assignments

The Committee is consulted by the Board of Directors to make recommendations on all exceptional compensation related to exceptional duties which may be given by the Board to some of its members, if applicable.

16.4.2.2 Composition (Article 2 of the Nomination and Compensation Committee's Internal Regulations)

The Nomination and Compensation Committee will be composed of 3 or 4 members, a majority of whom will be chosen from among the independent members of the Board of Directors within the meaning of Article 1.1 of the internal regulations of the Board of Directors. They are appointed by members of the Board of Directors based on their independence and their knowledge in selecting or compensating executive directors of listed companies. Executive corporate officers may not serve on the Nomination and Compensation Committee.

The composition of the Nomination and Compensation Committee can be modified by the Board of Directors acting at the request of the Chairman and must be modified in the event of a change in the general composition of the Board of Directors.

The length of the terms of members of the Nomination and Compensation Committee coincides with the length of their terms as members of the Board of Directors. They may be renewed at the same time as their terms of office on the Board of Directors.

The Chairman of the Nomination and Compensation Committee is appointed from among the independent members of the Board of Directors.

The secretary of the Audit Committee may be any person appointed by the Chairman of the Committee, or with the latter's agreement.

16.4.2.3 Functioning (Article 3 of the Nomination and Compensation Committee's Internal Regulations)

The Nomination and Compensation Committee may transact business either through a meeting, or by phone or videoconference, under the same conditions as the Board, upon notice by its Chairman or by the Committee's secretary, so long as at least half of the members participate in the deliberations. Notices of meetings must include an agenda and may be delivered orally or by any other means.

The Nomination and Compensation Committee makes decisions on the basis of the majority of the members participating in the meeting, with each member having one vote.

The Nomination and Compensation Committee meets as often as necessary and, in any case, shall meet at least once per year prior to the Board of Directors' meeting, deciding its members' status with regard to the independence standards adopted by the Company and shall meet in any case prior to the Board of Directors' meeting regarding the setting of the compensation of the members of the Executive Management or the distribution of directors' fees.

16.5 STATEMENT RELATING TO CORPORATE GOVERNANCE

Since the Company listed its shares on Euronext Paris on November 2, 2015, the Company refers to, and subject to the indications below, complies with the Corporate Governance Code for listed companies published by AFEP and MEDEF in December 2008 and revised in April 2010, in June 2013, in November 2015 and in November 2016 (the "**AFEP-MEDEF Code"**) and interpreted by the High Committee for Corporate Governance (AFEP-MEDEF Code application guide updated in December 2016; High Committee for Corporate Governance October 2016 Annual Report).

Go to http://www.afep.com/contenu/focus/code-de-gouvernement-d-entreprise-des-societes-cotees to see the most updated version of the AFEP-MEDEF Code (updated November 2016).

The Company applies the AFEP-MEDEF Code (as revised in November 2016) except for the following recommendations:

Recommendation of the AFEP-MEDEF Code	Company's Comment
Recommendation 8.3 of the AFEP-MEDEF Code – 2nd paragraph Independent directors must account for half the members of the Board in widely held corporations without controlling shareholders. In controlled companies, independent directors must account for at least a third. (…)	At December 31, 2016, 30% of the members of the Board of Directors are independent, a percentage rounded down *vis-à-vis* the percentage (33.33%) recommended by the AFEP-MEDEF Code to allow the Board composition to reflect the shareholder structure while maintaining a reasonable size. However, the presence of independent members on the two specialized Board committees fully complies with the recommendations of the AFEP-MEDEF Code; each of the two committees includes two independent members out of three, and the committees are chaired by independent directors.
Recommendation 10.3 of the AFEP-MEDEF Code **"It is recommended that the Board hold one meeting each year without executive corporate officers in attendance. "**	Given the recent nature of this recommendation resulting from the revision of the AFEP-MEDEF Code in November 2016, no meeting of the non-executive directors, without executive or internal directors in attendance, took place during 2016. To comply with this recommendation in 2017, the board is planning to have a meeting without executive corporate officers in attendance.

For more information on the report by the Chairman of the Board of Directors provided for by Article L.225-37 of the French Commercial Code on the composition of the Board and the application of the principle of gender balance in the Board's composition, the terms for preparation and organization of the Board's work, and the internal control and risk management procedures implemented by the Company, see Annex II of this Registration Document.

16.6 INTERNAL CONTROL

The Group's internal control system relies in particular on its business intelligence systems which allow for the real-time monitoring of a significant number of performance indicators in the Group's main operational areas. The Group's internal control system relies on the following principles:

- It is intended to guarantee:
  - compliance with laws and regulations;
  - the application of the instructions and guidelines set by the Group's Executive Management;
  - the proper functioning of the internal processes of the Group, in particular those contributing to the protection of its assets; and
  - the reliability of financial information.
- The internal control system includes the following components:
  - continuous monitoring of key performance indicators in each of the Group's operational areas at all levels of the Group, contributing to the improvement of the control environment and a rapid identification of potential anomalies;
  - a formal definition of the powers and responsibilities within the framework of policies and procedures implemented by the Group;
  - a set of policies and procedures relating to the preparation and verification of the Group's financial information;

- high-performance IT systems in order to analyze the Group's activity in real time;
- a risk management system as described in Section 4.4.2 "*Risk Management*".

For more information on the report by the Chairman of the Board of Directors provided for by Article L.225-37 of the French Commercial Code on the composition of the Board and the application of the principle of gender balance in the Board's composition, the terms for preparation and organization of the Board's work, and the internal control and risk management procedures implemented by the Company, see Annex II.

17. EMPLOYEES

17.1 HUMAN RESOURCE MANAGEMENT

17.1.1 Headcount

On December 31, 2016, the Group had 873 employees worldwide, compared to 826 employees at December 31, 2015, representing an increase of 5.7%.

The table below shows the changes in the number of employees of the Group over the last three years:

Total workforce	2014	2015	2016
Worldwide	694	826	873
France	672	807	840

The Group's employees are employed by various subsidiaries of the Company located in Europe. Most of the Group's employees are located in France.

Some of the Group's employees work in operations that specifically target countries other than France.

The table below shows the allocation of the Group's 873 employees at December 31, 2015 and 2016 by legal entity:

Workforce by legal entity	December 31, 2015	December 31, 2016
SRP Groupe SA	0	0
Showroomprive.com S.à r.l	618	693
SRP Logistique S.à r.l	174	147
Showroomprive Store S.à r.l.	14	0
Showroomprive Germany GmbH	0	2
Showroomprive Spain SLU	18	28
Showroomprive Italy SRL	2	3
TOTAL	**826**	**873**

Nearly the entire workforce is employed by Group subsidiaries located in France.

17.1.1.1 Hires

The table below shows the number of new hires during the fiscal years ended December 31, 2014, 2015 and 2016:

	December 31,		
Number of hires	2014	2015	2016
Worldwide	377	473	423
France	359	469	393

New hires represented 57.2% and 48.2% of the total workforce as of December 31, 2015 and 2016, respectively. The Group has increased its hiring rate over the last several years to meet the demands of its growing business.

17.1.1.2 Departures

The table below shows the number of departures (resignations, contract terminations and dismissals) for the fiscal years ended December 31, 2014, 2015 and 2016:

	December 31,		
Number of departures	**2014**	**2015**	**2016**
Worldwide	97	110	149
France	85	107	142

Departures represented 13.3% and 17% of the total workforce at December 31, 2015 and 2016, respectively.

The 146 departures from the Group's French companies in 2016 break down as follows:

- 76 resignations;
- 53 contractual terminations;
- 17 dismissals.

17.1.2 Workforce Distribution

17.1.2.1 Workforce Distribution by Activity

The table below shows the distribution of the Group's employees by activity at December 31, 2016:

Department	December 31, 2016
Purchasing	153
Sales Administration	29
Quality Audit	1
Financial Communications	3
Accounting	13
Management Control	11
Brand Management	26
General Management	7
IRL	4
IT Projects	19
IT Support	6
Vendée IT	50
Legal Affairs	3
Administrative Logistics	15
Look Forward	2
B to C Marketing	30
B to B Marketing	18
Sales Production	230
Human Resources	13
Customer Service	78
General Services	9
SRP 30	-
SRP Groupe	-
SRP Logistique	147
Transportation	2
Wholesale	4
TOTAL	**873**

17.1.2.2 Workforce Distribution by Type of Employment Agreement

The table below shows a breakdown of the Group's workforce by type of employment agreement at December 31, 2014, 2015 and 2016:

	December 31,		
Workforce Distribution by Type of Employment Agreement	**2014**	**2015**	**2016**
Permanent employment agreements	553	639	748
Short-term employment agreements and others (internships, apprenticeships, etc.)	141	187	125
TOTAL	**694**	**826**	**873**

17.1.2.3 Workforce Breakdown by Age Bracket

The table below shows a breakdown of the Group's workforce by age bracket at December 31, 2014, 2015 and 2016:

Workforce Breakdown by Age Bracket	December 31, 2014	2015	2016
25 and younger	196	195	118
26-35	373	475	575
36-45	88	120	141
46 and older	37	36	39
TOTAL	694	826	**873**

17.1.2.4 Workforce Distribution by Gender

The table below shows a breakdown of the Group's workforce by gender at December 31, 2014, 2015 and 2016:

Workforce Distribution by Gender	December 31, 2014	2015	2016
Women	402	506	544
Men	292	320	329
TOTAL	**694**	**826**	**873**

17.1.3 Human Resources Policy

17.1.3.1 Professional Equality

17.1.3.1.1 Measures to promote gender equality

The majority of the Group's workforce (62% of the Group's workforce at December 31, 2016), and in particular the workforce of Showroomprive.com S.à r.l., is composed of women. This is explained both by its area of specialty and by its core target demographic.

In 2014, Showroomprive.com S.à r.l. implemented an action plan to promote gender equality. The plan includes commitments related to training and sensitizing managers to professional equality between women and men, hiring and equal access to employment for women and men, training following full-time parental leave, work-life balance and equal pay, in particular with respect to part-time employees. These commitments are accompanied by quantitative indicators, and a monitoring process has been put in place. Annual reports are submitted to the Works Council.

Additionally, the Group has supported several outside initiatives to promote women and encourage access to traditionally male-dominated professions. As a result, the Group sponsored the "*Les femmes s'en mêlent*" festival, which aims to grow the presence of female artists in the industry.

The Group has also partnered up with the "*La Flamme Marie-Claire*" initiative, which sells scented candles and gives proceeds from sales to organizations such as *Toutes à l'école*, *Entrepreneurs du Monde* and *Rêv'elles*. These organizations set up academic and training programs for girls and women across the world.

17.1.3.1.2 Measures to promote employment and inclusion of persons with disabilities

The Group is aware of and complies with its legal obligations with regard to employing persons with disabilities. Specifically, it uses services and subcontractors from the disabled and sheltered employment sector, particularly in the field of printing. In 2016, purchases from the disabled and sheltered employment sector amounted to €24,791.50.

As part of its commitment not to exclude persons with disabilities, the Group has implemented a solution on its web portal that enables customers who are deaf or hard of hearing to access its services through visual or written exchanges, videoconference, webcam or chat.

17.1.3.1.3 Anti-discrimination policy

The Group has made commitments to promote the anti-discrimination measures, in particular age discrimination against either younger or older employees, in connection with action plans under the French "cross-generational contract".

For example, the Company has undertaken to develop work study programs for young people and to recruit employees over age 45.

The Company has also made provisions for integration and mentoring programs in order to make it easier to integrate young employees into the Group and encourage skills transfer.

In order to promote retention of older employees, the Group relies on ongoing training, in particular through bonuses for training hours taken under the individual right to training and the personal training account.

17.1.3.2 Compensation Policy

The table below shows total gross compensation paid by the Group (excluding social security contributions) as of and for the years ended December 31, 2014, 2015 and 2016:

	December 31,		
(€ million)	**2014**	**2015**	**2016**
Gross compensation	21.9	28.3	31.4

The compensation of almost all of the Group's employees is composed of a fixed portion and a variable portion.

The maximum amount of variable compensation is generally set in each employment agreement, and the compensation is paid annually or semi-annually. The employer unilaterally sets the objectives, which are based on performance indicators relevant to the employee's area of activity.

Employees who work in certain specific departments (such as purchasing and customer service) receive specific variable compensation, paid monthly, based on objectives determined by the employer and taking into account considerations including market conditions, competition in the employee's sector and the potential of the work assigned to the employee.

17.1.3.3 Employee Relations

The Group's subsidiaries are subject to different legal and regulatory requirements for employee representation depending on the country where they operate. The Group complies with local requirements for employee and union representation.

Due to the concentration of its workforce in France and the small number of employees in the other European Union Member States, the Group is not required to have a European works council.

Within Showroomprive.com S.à r.l, a works council was formed for the first time in October 2013, since the previous elections in 2011 had resulted in vacancies from a lack of candidates. There are also employee delegates. There is no union representation.

At SRP Logistique S.à r.l., the employee representative body (*délégation unique du personnel*), which brings together employee delegates and employee representatives to the works council in one body, is made up of seven members and seven alternates elected from among employees. There is also a union representative within SRP Logistique S.à r.l.

Regular meetings are held with employee representatives as often as local regulations require, except in unusual circumstances and when employee representatives request a meeting.

The Group believes that it enjoys very satisfactory employee relations. It has no history of labor unrest or strikes.

The next staff elections will be held in October 2017.

17.1.3.4 Training

Training provided by the Group during December 31, 2014, 2015 and 2016 was as follows:

	December 31[1]	
	2015	**2016**
Total number of hours of training	2,623	3,992.5[2]
Part of annual budget used for employee training	0.59%	0.8%[1]

* information not available

[1] These indicators include only the employees of Showroomprive.com SARL, or 79% of the employees present at December 31, 2016.
[2] These indicators include only the employees of Showroomprive.com SARL, or 79% of the employees present at December 31, 2016.

The low average age of its employees has resulted in the Group having little need for job retraining. However, our ever-changing jobs and technologies require that employees maintain skills in IT and business-related subject matters, in particular.

In 2016, 246 employees of Showroomprive.com S.A.R.L. received training, for a total of 3,997 training hours.

The breakdown of training by gender was 78% women and 22% men in 2016.

In 2016, training was held in the following areas:

- management;
- foreign languages (particularly English);
- IT systems (and especially office automation);
- job training (e.g. web design, UX, HTML); and
- workplace safety.

For 2017, other than mandatory safety training, priority training actions relate to the following:

- foreign languages;
- gaining expertise in industry-specific tools (CRM management tools, translation software);
- management; and
- technical training (IT, photo and video techniques, community management, etc.).

17.2 SHAREHOLDINGS AND STOCK WARRANTS OR OPTIONS HELD BY MEMBERS OF MANAGEMENT AND CERTAIN GROUP EMPLOYEES

17.2.1 Shareholdings of Certain Group Employees

In connection with the admission of the Company's shares to trading on Euronext Paris in the fourth quarter of 2015, the Company implemented a capital increase reserved for employees in France, Spain and Italy who are members of a company savings plan or a an international group savings plan in a total amount of €325,275.60 (issue premium included), representing 20,851 shares.

Furthermore, since the Company's shares were admitted for trading on Euronext Paris, the Group has applied a compensation policy that aims to reward and retain key talent within the Group while providing managers and employees with an opportunity to share in the success of the Group's business, including through the grant of bonus shares, which are connected to the Group's long-term strategy. Performance shares are granted to Company's Corporate Officers and to managers, expatriates and employees in recognition of their commitment and achievements for the Group.

On September 25, 2015, the Company's Special Shareholders' Meeting authorized the Board of Directors in its fifth resolution to award existing bonus shares, or bonus shares to be issued, to corporate officers or employees of the Company or companies or groupings related to it under the terms and conditions set forth in Article L.225-197-2 of the French Commercial Code, for up to 3.72% of the share capital when the Board of Directors takes this decision.

Based on the authorization granted by the Shareholders' Meeting on September 25, 2015, on May 30, 2016, the Board of Directors set up two performance share allocation plans (bonus shares) for employees of the Company and its subsidiaries. These two plans involve 50 employees who will receive a total of 76,503 Company bonus shares, accounting for approximately 0.2% of the Company's share capital at May 30, 2016. One of the plans requires meeting performance conditions (two employees) and the other does not require meeting performance conditions (48 employees).

The Board of Directors has created a list of beneficiaries divided between the two plans and has approved the terms and conditions for payment of the plans as follows:

- a bonus share award not subject to performance conditions relating to 24,003 existing or future common stock of the Company reserved for employees of the Company or of one of its affiliated companies or groupings as defined in Article L.225-197-2 of the French Commercial Code, providing for (i) a two-year vesting period, provided that a continued employment requirement is met (for both employees and corporate officers), subject to the usual exemptions (death or disability, or if certain capital transactions on the Company's share capital take place), and (ii) a one-year holding period for bonus shares awarded after the vesting period, subject to the usual exemptions (death or disability, or if certain capital transactions on the Company's share capital take place); and

- a bonus share award subject to performance conditions relating to 52,500 existing or future common stock of the Company reserved for employees of the Company or of one of its affiliated companies or groupings as defined in Article L.225-197-2 of the French Commercial Code, providing for (i) a two-year vesting period, provided that a continued employment requirement is met (for both employees and corporate officers), subject to the usual exemptions (death or disability, or if certain

capital transactions on the Company's share capital take place), (ii) meeting two performance conditions (described below) and (iii) a one-year lock-up period for bonus shares awarded after the vesting period, subject to the usual exemptions (death or disability, or if certain capital transactions on the Company's share capital take place). The number of awarded bonus shares transferred in full to each beneficiary after the vesting period will vary:

- for 50%: between the level of achievement of the Group's objective for consolidated revenue growth (expressed as a percentage) for the year ending December 31, 2017 versus the fiscal year ended December 31, 2015 compared to the target consolidated revenue growth objective for the same period; and

- for 50%: between the level of achievement of the consolidated EBITDA margin for 2016-2017 (expressed as a percentage) versus the weighted average target of revenue from the consolidated EBITDA margin.

In order to be able to continue motivating its employees and its subsidiaries' employees and to retain employees by offering a medium-term incentive, the Extraordinary Shareholders' Meeting of May 30, 2016 resolved to renew the financial authority of the Board of Directors to award bonus shares to employees and corporate officers of the Group for 38 months from the date of the meeting, and resolved that:

- the total amount of bonus shares that can be awarded to employees and corporate officers of the Group may not exceed three (3)% of the share capital as of the date of the resolution by the Board of Directors;

- the total number of bonus shares that can be awarded to executive corporate officers may not entitle the beneficiary to more than one and a half (1.5)% of the share capital on the date of the resolution by the Board of Directors;

- the award of shares to executive corporate officers should be subject to meeting serious and demanding performance criteria for several consecutive years which will be fixed by the Board of Directors on the proposal of the Committee;

- executive corporate officers of the Company should make a formal commitment not to proceed with any transactions to hedge their risk;

- executive corporate officers of the Company may not have their performance shares awarded to them when they leave the company;

- share awards may be spread out between fiscal years 2016 to 2018;

- the award of said shares to their beneficiaries should become final after a minimum vesting period of at least one year from the date of the resolution by the Board of Directors, and the beneficiaries should retain these shares for a maximum of one year after the shares are awarded;

- executive corporate officers of the Company will be obliged to keep a portion of their vested shares registered in their name until the termination of their position.

Based on the authorization granted by the Shareholders' Meeting of May 30, 2016, the Board of Directors set up two new performance share allocation plans (bonus shares) on February 17, 2017 for employees of the Company and its subsidiaries. These two plans involve 197 employees who will be receiving a total of 104,643 Company shares free of charge, accounting for approximately 0.3% of the Company's share capital at February 17, 2017. One of the plans requires meeting performance conditions (four employees) and the other does not require meeting performance conditions (193 employees).

The Board of Directors has created a list of beneficiaries divided between the two plans and has approved the terms and conditions for payment of the plans as follows:

- a bonus share award not subject to performance conditions, concerning 56,283 existing or future common stock of the Company, reserved for employees of the Company or of one of its affiliated companies or groupings as per the terms and conditions provided set forth in Article L.225-197-2 of the French Commercial Code, providing for (i) a two-year vesting period, provided that a continued employment requirement is met (for both employees and corporate officers), subject to the usual exemptions (death or disability, or if certain capital transactions on the Company's share capital take place), and (ii) no holding period for bonus shares awarded; and

- a bonus share award subject to performance conditions, concerning 48,360 existing or future common stock of the Company, reserved for employees of the Company or of one of its affiliated companies or groupings as per the terms and conditions set forth in Article L.225-197-2 of the French Commercial Code, providing for (i) a two-year vesting period, provided that a continued employment requirement is met (for both employees and corporate officers), subject to the usual exemptions (death or disability, or if certain capital transactions on the Company's share capital take place), and (ii) a requirement to meet two performance conditions (as described below) and (iii) no holding period for bonus shares awarded. The number of awarded bonus shares transferred in full to each beneficiary after the vesting period will vary:

  - for 50%: between the level of achievement of the Group's objective for consolidated revenue growth (expressed as a percentage) for the year ending December 31, 2018 versus the fiscal year ended December 31, 2016 compared to the target consolidated revenue growth objective for the same period; and

  - for 50%: between the level of achievement of the consolidated EBITDA margin for 2017-2018 (expressed as a percentage) compared to the weighted average target of revenue from the consolidated EBITDA margin.

For more information on stock warrants or options as well as bonus shares held by certain Group employees, see Section 15.1.4.3 "History of stock warrant and stock option plans", Section 15.1.4.4 "Stock warrants and stock options granted to the Company's top 10 employees" and Section 15.1.5.3 "History and policy of bonus share grants" in this Registration Document.

17.2.2 Shareholdings of Members of the Board of Directors and Senior Management

The table below shows the number of shares held, by the members of the SRP Board mentioned below, in the Company's share capital at February 28, 2017:

Directors	Number of shares
Marie Ekeland	200
Weiguo (David) Gu	200
Mathieu Laine	200[(1)]
Olivier Marcheteau.....	200
Hendrik Nelis	200
Melissa Reiter Birge	200

[(1)] Shares held through Altermind UK.

For more information on the shares held indirectly by the Founders, see Section 18.1 "Shareholders" of this Registration Document.

For more information about the stock warrants or options and the bonus shares held by the members of the Board of Directors and of General Management, see Section 15.1.4.3 “History of stock warrant and stock option plans” Section 15.1.4.4 “Stock warrants and stock options granted to the Company’s top 10 employees” and Section 15.1.5.3 “History and policy of bonus share grants” in this Registration Document.

17.3 AGREEMENTS PROVIDING FOR EMPLOYEE PARTICIPATION IN THE ISSUER’S SHARE CAPITAL

In September 2015, the Group implemented company savings plans in the operating companies located in France, including Showroomprive.com.

Under the terms of these plans, employees can make voluntary payments invested directly in Company shares.

In 2015, the Group also implemented a similar system open to the employees of its participating foreign subsidiaries through an international group savings plan, limited to payments invested in Company shares in the context of capital increases.

18. MAIN SHAREHOLDERS

18.1 SHAREHOLDERS

18.1.1 Shareholding Structure

The table below shows the shareholders who hold at least 5% of the share capital and voting rights of the Company at February 28, 2017.

	At February 28, 2017		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights [10]**
Ancelle SARL[1] [2]	5,546,272	16.2%	19.5%
Victoire Investissement Holding SARL[3]	3,714,941	10.8%	15.1%
Cambon Financière SARL[4]	3,299,629	9.6%	13.4%
TP Invest Holding SARL[5][6]	2,655,056	7.7%	7.8%
Total Founders	15,163,191	44.2%	55.4%
Accel Partners Affiliates[7]	2,835,000	8.3%	11.5%
Vipshop International Holdings Limited[8]	1,538,461	4.5%	3.1%
Other shareholders[9]	14,740,058	43.0%	30.0%
Total	**34,276,710**	**100%**	**100%**

(1) Entity controlled by David Dayan.

(2) This number includes 52,707 shares held by Aurélie Dayan, the wife of David Dayan.

(3) Entity controlled by Éric Dayan.

(4) Entity controlled by Michaël Dayan.

(5) Entity controlled by Thierry Petit.

(6) For a description of the bonus shares and options granted to Thierry Petit, see Section 15.1.5.3 "History and Policy of Bonus Share Grants", and Section 15.1.4.3 "History of Stock Warrant and Stock Option Plans".

(7) This refers to the funds (managed by Accel Partners) that hold shares in the Company, and these shares are grouped together for the purposes of the above information on the shareholding structure. These funds are as follows: Accel London III L.P., Accel London Investors 2009 L.P., Accel Growth Fund L.P., Accel Growth Fund Strategic Partners L.P., Accel Growth Fund Investors 2010 LLC, Accel IX L.P., Accel IX Strategic Partners L.P. and Accel Investors 2010 (B), LLC.

(8) Wholly-owned subsidiary of Vipshop Holdings Limited.

(9) The 80,575 shares held by Group employees, i.e. 0.2% of the share capital and 0.2% of the voting rights, are also included. At December 31, 2016, Group employees, as defined in Article 225-102 of the French Commercial Code, held 80,506 shares, i.e. 0.2% of the share capital and 0.2% of the voting rights.

(10) Since November 2, 2015, pursuant to the bylaws, double voting rights are attached to fully paid-up shares that have been continuously held in registered form by the same shareholder for a minimum of two consecutive (2) years. To calculate this holding period, the holding period of the Company's shares preceding the listing date of the Company's shares on Euronext Paris is taken into account.

18.1.2 Disclosures of Threshold Crossings

By letter received on May 13, 2016, Axa Investment Managers (controlled by Axa S.A.), acting on behalf of the funds that it manages, declared that it had fallen below the threshold of 5% of the share capital of SRP Groupe on May 10, 2016, and held 1,615,856 shares of SRP Groupe, representing the same number of voting rights, i.e. 4.90% of the share capital and 3.34% of the voting rights of this Company (based on share capital consisting of 32,960,323 shares representing 48,337,445 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF). This threshold crossing resulted from a purchase of SRP shares on the market. Axa Investment Managers made it clear that it was acting independently of the person who controls it on the terms and conditions set forth in Article L.233-9 II of the French Commercial Code and Articles 223-12 and 223-12-1 of the General Regulation of the AMF.

By letter received on June 28, 2016, Kilwa Investment (controlled Karim Khoury) declared that it had fallen below the threshold of 5% of the share capital of SRP Groupe on June 23, 2016, and held 45,833 shares of SRP Groupe, representing the same number of voting rights, i.e. 0.14% of the share capital and 0.09% of the voting rights of this company (based on share capital consisting of

32,960,323 shares representing 48,337,445 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the AMF's General Regulation). This threshold crossing resulted from an off-market purchase of SRP shares.

By letter received on December 12, 2016, and by another dated January 6, 2017:

(i) Ancelle (controlled by David Dayan) declared that it had individually fallen below the threshold of 20% of the voting rights of SRP Groupe on December 6, 2016, after selling 239,065 SRP Groupe shares back to the company, and held 5,493,565 shares of SRP Groupe, representing 9,505,175 voting rights, or 16.54% of the share capital and 19.68% of the voting rights of this Company (based on share capital consisting of 33,217,929 shares representing 48,302,552 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF);

(ii) Cambon Financière (controlled by Michaël Dayan) declared that it had individually fallen below the threshold of 10% of the share capital of SRP Groupe on December 6, 2016, after selling 143,592 SRP Groupe shares back to the Company, and held 3,299,629 shares of SRP Groupe, representing 6,599,258 voting rights, or 9.93% of the share capital and 13.66% of the voting rights of this Company (based on share capital consisting of 33,217,929 shares representing 48,302,552 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF);

At this time, the group acting in concert, consisting of Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Éric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan) and TP Invest Holding Sàrl (controlled by Thierry Petit) had not crossed any threshold and stated that, on December 6, 2016, it held 13,678,871 shares of SRP Groupe, representing 25,875,787 voting rights, or 41.18% of the share capital and 53.57% of the voting rights of said Company (based on share capital consisting of 33,217,929 shares representing 48,302,552 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF).

In these same letters, TP Invest Holding (controlled by Thierry Petit) declared that it individually exceeded:

(i) the 5% voting rights threshold of SRP Groupe on December 7, 2016, after Thierry Petit exercised 315,000 SRP Groupe stock options to be issued. The company individually held 1,485,736 shares of SRP Groupe on this date (including 315,000 SRP Groupe shares directly held by Thierry Petit) representing 2,656,472 voting rights, or 4.43% of the share capital and 5.46% of the voting rights of this Company (based on a total number of shares comprising SRP Groupe's share capital, representing 33,532,929 shares and a total of 48,617,552 SRP Groupe theoretical voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF, taking into account Thierry Petit's exercise of 315,000 stock options, which led to an issue of as many new Company shares). At this time, the group acting in concert, consisting of Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Éric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan) and TP Invest Holding Sàrl (controlled by Thierry Petit) had not crossed any threshold, and stated that, on December 7, 2016, it held 13,993,871 shares of SRP Groupe, representing 26,190,787 voting rights, or 41.73% of the share capital and 53.87% of the voting rights of said Company (based on share capital consisting of 33,532,929 SRP Groupe shares and a total of 48,617,552 SRP Groupe theoretical voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF, taking into account Thierry Petit's exercise of 315,000 stock options, which led to an issue of as many new Company shares);

(ii) the 5% voting rights threshold of SRP Groupe on December 9, 2016, after Thierry Petit exercised 544,320 SRP Groupe stock options issued, and held 2,030,056 shares of SRP Groupe on this date, representing 3,200,792 voting rights, or 6.05% of the share capital and 6.58% of the voting rights of this Company (based on share capital comprising 33,534,179 shares representing 48,618,802 SRP Groupe voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF, taking into account the exercise of 1,250 stock options by some Company shareholders, which led to an issue of as many new shares of the Company). At this time, the group acting in concert, consisting of Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Éric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan) and TP Invest Holding Sàrl (controlled by Thierry Petit) had not crossed any threshold, and stated that, on December 9, 2016, it held 14,538,191 shares of SRP Groupe, representing 26,735,107 voting rights, or 43.35% of the share capital and 54.99% of the voting rights of said Company (based on share capital consisting of 33,534,179 shares representing 48,618,802 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF, taking into account the exercise of 1,250 stock options by some Company shareholders, which led to an issue of as many new Company shares).

By letter received on December 29, 2016, followed by a letter received on January 6, 2016, the group acting in concert, consisting of Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Éric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan) and TP Invest Holding Sàrl (controlled by Thierry Petit) also stated that after Thierry Petit acquired 625,000 new bonus shares of SRP Groupe, on December 22, 2016, it held 15,163,191 shares of SRP Groupe, representing 27,360,107 voting rights, or 44.38% of the share capital and 55.55% of the voting rights of said Company (based on share capital consisting of 34,164,865 shares representing 49,249,488 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the General Regulation of the AMF, taking into account the exercise of 5,686 stock options by some Company shareholders, which led to an issue of as many new Company shares and an issue of 625,000 new SRP Groupe bonus shares granted to Thierry Petit).

Furthermore, as a result of the transactions listed above, between December 6 to December 22, 2016 the group acting in concert increased its shareholding (which was initially between 30% and 50%) by more than 1% in less than 12 consecutive months. In light of this, the group acting in concert requested that the AMF grant it an exemption from being obligated to file a tender offer on SRP Groupe shares. Considering that the group acting in concert previously held the majority of the Company's voting rights, on January 5, 2017, the AMF granted this exemption to the group acting in concert (AMF Decision No. 217C0074).

18.2 SHAREHOLDERS' VOTING RIGHTS

Each of the Company's shares carries one voting right.

In addition, the bylaws of the Company, as amended with effect from the listing date of the Company's shares for trading on Euronext Paris, provide for double voting rights for fully paid-up shares that have been continuously held in registered form by the same shareholder for a minimum of two consecutive (2) years. To calculate this holding period, the holding period of the Company's shares preceding the listing date of the Company's shares on Euronext Paris is taken into account.

Pursuant to Article L.225-123, paragraph 2 of the French Commercial Code, in the event of a capital increase by capitalization of reserves, profits or issue premiums, double voting rights shall be granted with respect to any new bonus shares allocated to a shareholder as a result of their holding of existing shares that are entitled to this double-voting right.

This right to double-voting may be exercised at any Shareholders' Meeting.

Any share converted to bearer form, or the ownership of which is transferred, loses the right to double voting. However, a transfer of ownership due to inheritance, to liquidation of community of property between spouses or to a donation *inter vivos* to a spouse or relative entitled to inherit, does not result in the loss of vested rights nor interrupt the qualifying period mentioned in the second paragraph of this section.

18.3 CONTROL STRUCTURE

At February 28, 2017, Ancelle SARL, Victoire Investissement Holding SARL, Cambon Financière SARL and TP Invest Holding SARL (collectively, the "Founders") held 44.2% of the share capital and 55.4% of the voting rights of the Company. Ancelle SARL, Victoire Investissement Holding SARL, Cambon Financière SARL and TP Invest Holding SARL are respectively controlled by David Dayan, Éric Dayan, Michaël Dayan and Thierry Petit. At February 28, 2017, Accel Partner Affiliates held 8.3% of the share capital and 11.5% of the voting rights.

For more information about the Company's shareholding structure at February 28, 2017, see Section 18.1.1 of this Registration Document, entitled "Shareholding Structure".

A shareholders' agreement was entered into between the Founders, David Dayan, Thierry Petit, Éric Dayan and Michaël Dayan on October 29, 2015 and constitutes an agreement to act in concert. For more information about this shareholders' agreement, see Section 18.4 "Shareholders' Agreements" of this Registration Document.

At the date of this Registration Document, the Company applies a system of governance to ensure that the Founders' control is not exercised abusively. In this regard, please note that three of the ten directors who comprise the Board of Directors at December 31, 2016 are independent members, i.e. close to one-third of the Board, as recommended by the AFEP-MEDEF Code. Moreover, each of the Board's two Special Committees includes two independent members and is chaired by a member who is independent of the Board.

18.4 SHAREHOLDERS' AGREEMENTS

18.4.1 Shareholders' Agreement between the Founders and their Holding Companies

On October 29, 2015 a shareholders' agreement (the "Agreement") was entered into between Ancelle S.à r.l., Victoire Investissement Holding S.à r.l., Cambon Financière S.à r.l., TP Invest Holding S.à r.l. (together, the "Holding Companies") and Thierry Petit, David Dayan, Éric Dayan and Michaël Dayan (together, the "Founders"); the Holding Companies and the Parties being referred to together as the "Parties", and individually as a "Party".

The Agreement constitutes an agreement to act in concert, and in particular provides for the following:

- the principles of good governance, including:
    - the principle of a two-year rotation of the Chairmanship of the Board of Directors between David Dayan and Thierry Petit, with the Chairman also acting as Chief Executive Officer and the other acting as Deputy CEO, which will continue, provided that David Dayan and Thierry Petit both have operational roles in the Group;
    - an agreement to submit certain important decisions to the Board of Directors for prior approval (i.e. those listed in the Company's internal regulations);
    - as long as David Dayan and Thierry Petit directly or indirectly remain shareholders: (i) each of them will be among the directors whose appointment will be proposed by members

of the group acting in concert at the shareholders' general meeting; and (ii) the other directors, whose appointment will be proposed by the members of the group acting in concert, will be selected jointly by David Dayan and Thierry Petit, it being specified that, if they do not agree, the members of the group acting in concert shall freely exercise their right to vote at general meetings for the appointment of other directors;

- the principle of appointing the Chairman and the Chief Executive Officer from among the directors;

- the obligation to consult each other, and particularly:

  - before each meeting of the Company's Board of Directors or shareholders and provided that the members of the group acting in concert have operational roles within the Group, the principle of consultation between David Dayan and Thierry Petit to adopt a joint position for each item on the agenda;

  - a commitment by each Party in favor of the joint position thus adopted, or, if applicable, to ensure that the directors of the Company, appointed on the proposal of the members of the group acting in concert, vote in favor of such position;

- restrictions regarding the transfer of securities, and particularly:

  - except with the prior consent of the other Parties or in the event of a public tender or exchange offer (or mixed offer) supported by the Chairman and Chief Executive Officer and the Deputy CEO, each Party undertakes as follows:

    - not to transfer more than 60% of the total number of shares it owns at the date of admission of the Company's shares for trading on Euronext Paris (on a fully-diluted basis and taking into account the bonus shares granted and not yet fully vested) before the third anniversary of such date of admission;

    - not to transfer more than 25% of the shares it owns on the date when the Company's shares were admitted for trading on Euronext Paris (on a fully-diluted basis and taking into account the bonus shares granted and not yet fully vested) for a period of twelve (12) consecutive months; and

    - not to transfer securities to a third party (or its affiliates) which directly or indirectly controls a competing business;

  - an undertaking to maintain 100% family control of their holdings of assets;

  - each Party undertakes not to acquire, without the consent of the other Parties, securities that would result in such Party holding more than 30% of the Company's voting rights.

- the introduction of a joint preemptive right and of a right to sell jointly, except in the event of a transfer of securities on the market to one or more undetermined purchasers.

The Agreement was entered into for a term of ten (10) years from the date of signature by all the Parties. Exceptionally, the Agreement shall be terminated before that date if the Parties collectively own less than 30% of the Company's voting rights. In addition, a Party shall automatically cease to be bound by the provisions of the Agreement from the date on which it owns (directly or indirectly) less than 25% of the Company's share capital and voting rights which it owned on the date when the Company's shares were admitted for trading on Euronext Paris (on a fully-diluted basis and taking into account the bonus shares granted and not yet fully vested).

18.4.2 Agreements Between the Founders and Certain Investors

A shareholders' agreement between all the shareholders of the Company (including the Founders) and entered into before the Company's IPO, as amended and updated on September 25, 2015, was terminated when the Company's shares were admitted for trading on Euronext Paris, with the exception of Clauses 11, 18, 20.3 and 20.4, only some of which are still in effect. Clauses 20.3 and 20.4 of said agreement imposed non-compete and non-solicitation obligations on the Founders. These clauses will remain applicable (for each Founder) until the first of the following two dates occurs: (a) the date on which the funds (managed by Accel Partners) and the Company's shareholders from the Gulf Region (via Kilwa Investment S.A, as applicable) no longer hold shares of the Company and (b) the expiration of a period of twelve (12) months from the termination of their positions with the Company.

Moreover, an agreement for orderly sale was entered into on October 29, 2015 between Ancelle SARL, Victoire Investissement Holding SARL, Cambon Financière SARL and TP Invest Holding SARL, the Accel Partners Affiliates and Kilwa Investment S.A., providing, in particular:

- that if a party intends to sell shares in an accelerated book-building offering, it must inform the other parties, and the latter (provided their lock-up commitments have expired or been lifted) will have the right to participate in the accelerated offering, in accordance with an established process;

- an undertaking by all parties to abstain for a period of 90 days following any accelerated book-building offering carried out in accordance with the agreement for orderly sale;

- in connection with transactions on the market, undertakings to comply with certain restrictions, particularly concerning the daily volume of sales; and the undertaking to use one or two investment services providers, subject to certain exceptions;

- exceptionally: (i) non-brokered OTC transactions, (ii) sales made by an executive officer of the Company pursuant to an irrevocable management mandate in accordance with the AMF recommendations regarding the prevention of insider trading and relating to less than 1% of the share capital over a period of six consecutive months, and (iii) the tendering of shares in response to a takeover bid for the Company, are not governed by the agreement for orderly sale.

The parties to this agreement specified that they do not intend to act in concert.

The agreement for orderly sale is valid for a two-year period starting from the closing of the initial public offering, i.e. until November 2, 2017, provided however that this period ended on November 2, 2016 for Kilwa Investment S.A. This agreement took effect at the IPO and will terminate early with regard to any party that holds less than 1.5% of the share capital or less than 5% of the free float of the Company's shares.

18.4.3 Investment Agreement with Vipshop Holdings Limited

In connection with the listing of the Company's shares on the Euronext Paris regulated market in October 2015, an agreement (the "Investment Agreement") was entered into between the Company and the Founders, on the one hand, and Vipshop Holdings Limited and its subsidiary Vipshop International Holdings Limited (the "Investor"), on the other, providing for Vipshop Holdings Limited to take a stake in the Company's capital through its subsidiary Vipshop International Holdings Limited, as part of the admission of the Company's shares for trading on Euronext Paris.

Vipshop Holdings Limited is a leader in the online clearance of brand merchandise in China, offering popular brands and high-quality products to consumers throughout China at prices significantly lower

than retail prices. Since its creation in August 2008, Vipshop has quickly grown its number of customers and partner brands, both of which have now reached a significant size. Vipshop International Holdings Limited is a wholly owned subsidiary of Vipshop Holdings Limited and is registered in Hong Kong. The company is in the retail business and represents Vipshop Holdings Limited's investment vehicle for its principal business in China.

In addition to the terms of the acquisition of an equity stake by Vipshop International Holdings Limited in the share capital of SRP Groupe at the time of the Company's initial public offering, the Investment Agreement provided for the Investor to make certain commitments to the Company, which are summarized below and remain applicable for the terms specified below:

(i) a commitment not to increase, directly or indirectly, its stake in the Company's capital for a period expiring 18 months following the date of closing (the "Suspension Period"), except (x) as part of an increase in capital with preemptive subscription rights for the shareholders, or (y) during takeover bid by the Investor for 100% of the Company's existing shares. At the end of this 18-month period, any share acquisitions by the Investor are subject to prior notice to the Company during a further 18-month period, on certain conditions;

(ii) an undertaking to tender all its shares in any takeover bid for the Company's capital launched by a third party within 36 months following the date of closing of the initial public offering, and approved by the Company's Board of Directors, subject to a minimum return on investment for the Investor; and

(iii) an undertaking, for as long as the Board of Directors includes a director appointed on the recommendation of the Investor: (x) not to hold or make any investment in the capital of a company in the "fashion flash sales" sector in Europe; and (y) not to participate in a joint venture with a third party in the field of "fashion flash sales" in Europe, with the exception of its existing non-controlling stake in an English company. From closing of the initial public offering and during the five-year term of the agreement, the Investor may ask the Company to appoint a director of its choosing and the sellers undertake to vote in favor of such a resolution. This right will terminate and the director will be obliged to resign from office if, after the expiration of the exclusivity obligations set forth above, the Investor engages in transactions prohibited by this commitment and if the Investor's stake is reduced by more than 30% with respect to its stake on the day of the closing of the initial public offering.

The Investment Agreement entered into force on October 16, 2015 for a term of five years.

18.5 AGREEMENTS LIKELY TO LEAD TO A CHANGE IN CONTROL

At the date of this Registration Document and to the Company's knowledge, there is no agreement the performance of which could entail a change in control at a future date, except for the agreements described in Section 18.4 "Shareholders' Agreements".

18.6 FACTORS THAT MIGHT HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

In accordance with Article L.225-100-3 of the French Commercial Code, the factors that could have an impact in the event of a takeover bid are discussed below.

18.6.1 The Structure of the Company's Share Capital

See Section 18.1 "Shareholders" of this Registration Document.

18.6.2 Restrictions on the Exercise of Voting Rights and Transfers of Shares Provided for in the Company's Bylaws or Agreements Brought to the Company's Attention Pursuant to Article L.233-11 of the French Commercial Code

See Section 18.4 "Shareholders' Agreements" and Section 18.5 "Agreements Likely to Lead to a Change in Control" of this Registration Document.

18.6.3 Direct or Indirect Holdings in the Company's Share Capital of which the Company Is Aware Pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code

See Section 18.1 "Shareholders" of this Registration Document.

18.6.4 Holders of Securities Providing Special Control Rights over the Company and Description of Such Rights

None.

18.6.5 Control Mechanisms Provided for Any Employee Shareholding Program, When Such Control Rights Are Not Exercised by Employees

None.

18.6.6 Agreements Between Shareholders of which the Company Is Aware and which Could Result in Restrictions on the Transfer of Shares and in the Exercise of Voting Rights

See Section 18.4 "Shareholders' Agreements" of this Registration Document.

18.6.7 Rules Applicable to the Appointment and Replacement of Members of the Board of Directors or to Amendments of the Company's Bylaws

See Section 18.4 "Shareholders' Agreements" of this Registration Document.

18.6.8 Powers of the Board of Directors, in Particular Concerning Share Issuance and Buybacks

The financial resolutions in force on the date of this Registration Document and approved at the annual combined shareholders' meeting on May 30, 2016 as well as the financial resolutions the adoption of which will be proposed to at the annual shareholders' meeting on June 26, 2017, are shown in Section 21.1.1 "Subscribed Share Capital and Share Capital Authorized but Not Issued" of this Registration Document.

18.6.9 Agreements Signed by the Company That Are Amended or Terminated in the Event of a Change of Control of the Company

The logistics services contract between showroomprive.com and Deret E. QLS SAS dated February 17, 2012 provides that, in the event of a change in control (as defined in Articles 233-1 *et seq.* of the French Commercial Code) of showroomprive.com or Deret E. QLS SAS in favor of a third party and/or any company whether or not it is a subsidiary of said group, the provisions of said contract shall apply to the new substituted entity, subject to the prior written consent of the other party.

18.6.10 Agreements Providing Compensation for Members of the Board of Directors or Employees If They Resign or Are Dismissed Without Real and Serious Cause or If Their Employment is Terminated Because of a Takeover Bid

None.

18.7 SUMMARY OF THE TRANSACTIONS MENTIONED IN ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE CARRIED OUT DURING FISCAL YEAR 2016

The table below presents a summary (Article 223-26 of the General Regulation of the AMF) of the transactions mentioned in Article L.621-18-2 of the French Monetary and Financial Code carried out in fiscal year 2016:

Person concerned	Financial instrument	Nature of the transaction	Transaction date	Place of transaction	Unit price (in euros)	Transaction amount (in euros)
Ancelle SARL[1] ...	Shares	Sale	February 16, 2016	Euronext Paris	1.00	1.00
TP Invest Holding SARL[2]	Shares	Sale	February 16, 2016	Euronext Paris	1.00	1.00
Victoire Investissement Holding SARL[3] ..	Shares	Sale	February 16, 2016	Euronext Paris	1.00	1.00
Cambon Financière SARL[4]	Shares	Sale	February 16, 2016	Euronext Paris	1.00	1.00
Ancelle SARL[1] ...	Shares	Sale	November 23, 2016	Euronext Paris	1.00	1,211.00
Ancelle SARL[1] ...	Shares	Sale	November 23, 2016	Euronext Paris	1.00	17,319.00
TP Invest Holding SARL[2]	Shares	Sale	November 23, 2016	Euronext Paris	1.00	448.00
TP Invest Holding SARL[2]	Shares	Sale	November 23, 2016	Euronext Paris	1.00	6,400.00
Cambon Financière SARL[4]	Shares	Sale	November 23, 2016	Euronext Paris	1.00	727.00
Cambon Financière SARL[4]	Shares	Sale	November 23, 2016	Euronext Paris	1.00	10,403.00
Victoire Investissement Holding SARL[3] ..	Shares	Sale	November 23, 2016	Euronext Paris	1.00	11,711.00
Victoire Investissement Holding SARL[3] ..	Shares	Sale	November 23, 2016	Euronext Paris	1.00	819.00
Ancelle SARL[1] ...	Shares	Sale	December 6, 2016	Euronext Paris	4.00	956,260.00
Victoire Investissement Holding SARL[3] ..	Shares	Sale	December 6, 2016	Euronext Paris	4.00	646,652.00
Cambon Financière SARL[4]	Shares	Sale	December 6, 2016	Euronext Paris	4.00	574,368.00
Thierry Petit.....	Shares	Exercise of stock options	December 7, 2016	Euronext Paris	4.00	1,260,000.00
Thierry Petit.....	Shares	Exercise of stock options	December 9, 2016	Euronext Paris	4.00	2,177,280.00
Thierry Petit.....	Shares	Vesting of bonus shares	December 22, 2016	Euronext Paris	20.19	12,618,750.00

(1) Legal entity affiliated with David Dayan, member of the Board of Directors and CEO of SRP Groupe.

(2) Legal entity affiliated with Thierry Petit, member of the Board of Directors and Deputy CEO of SRP Groupe.

(3) Legal entity affiliated with Éric Dayan, member of the Board of Directors of SRP Groupe.

(4) Legal entity affiliated with Michaël Dayan, member of the Board of Directors of SRP Groupe.

19. RELATED PARTY TRANSACTIONS

19.1 RELATED PARTY TRANSACTIONS

In the ordinary course of the Group's business, a number of the Group's wholly owned subsidiaries have entered into intragroup service agreements for the purpose of re-invoicing shared services such as management, administrative and financial services and logistics costs within the Group. Some of the Group's wholly-owned subsidiaries also have entered into cash management agreements to optimize cash management within the Group. The Company and its French subsidiaries have formed a tax consolidation group since January 1, 2012. These subsidiaries have entered into a tax consolidation agreement with the Company governing their contribution to the various taxes for which the Company is the sole taxpayer in its capacity as the parent company.

In the ordinary course of its business, the Group also carries out transactions with entities collectively controlled by David Dayan, Thierry Petit, Éric Dayan and Michaël Dayan. In 2016, 2015 and 2014, these transactions consisted primarily of rent paid on leases entered into at normal market rates for the warehouse at Fosses (for which the lease ended at the end of April 2015), for the warehouse at Saint-Witz and for the Company's registered office at la Plaine Saint-Denis. The total fees paid to these related-party entities amounted to €1.9 million, €2.0 million and €2.1 million, in 2016, 2015 and 2014, respectively. For further information, see Note 6.2 to the Consolidated Financial Statements set forth in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016" of this Registration Document.

For the years ended December 31, 2015 and 2014, the special reports by the statutory auditors on regulated agreements appearing at Section 19.2 "The statutory auditors' special report on regulated agreements for the year ended December 31, 2016" of this Registration Document describes the reported transactions.

In accordance with Article 28-1 of EC Regulation no. 809/2004, the special reports of the Company's Statutory Auditors on regulated agreements for the years ended December 31, 2015 and 2014 appear respectively in Chapter 19 "Related Party Transactions" in the 2015 Registration Document or in the Base Prospectus, and they are also included in this Registration Document for reference purposes.

19.2 SPECIAL REPORT OF THE STATUTORY AUDITORS ON THE REGULATED AGREEMENTS AND COMMITMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

SRP Groupe S.A.

Registered office: ZAC Montjoie - 1 rue des Blés - 93212 La Plaine Saint-Denis Cedex
Authorized capital: €1,367,658.76

Shareholders' Meeting Convened to Adopt the Financial Statements for the Year ended December 31, 2016

Dear Shareholders,

In our capacity as the statutory auditors of your company, we present below our report on regulated agreements and commitments.
It is our responsibility to communicate to you, based on information provided to us, the principal terms and conditions of these agreements and commitments that have been brought to our attention or which we may have identified as part of our assignment, without expressing an opinion on their usefulness or merit, or identifying any other such agreements or commitments. It is the responsibility of the shareholders to determine whether these agreements and commitments are appropriate and should be approved in accordance with the terms of Article R.225-31 of the French Commercial Code.

We are also required to report to you the information set out in Article R.225-31 of the French Commercial Code relating to the implementation of agreements and commitments during the fiscal year that have already been approved by the shareholders' meeting.

We worked with the due care and attention that we deemed necessary in accordance with the professional guidance issued by the *Compagnie nationale des commissaires aux comptes* (the French Institute of Statutory Auditors) for this type of assignment. Those procedures involved ensuring that the information disclosed to us was consistent with the source documents from which it was taken.

AGREEMENTS AND COMMITMENTS SUBJECT TO APPROVAL ON THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

Pursuant to Article L.225-40 of the French Commercial Code, we were informed about the following agreement, which received prior authorization from your Board of Directors.

Cooperation Agreement with Altermind

Persons concerned:

Mathieu Laine – Chairman of Altermind and director of SRP Groupe.

Nature and subject:

An amendment dated May 30, 2016 between Showroomprivé.com, a subsidiary of your company, and Altermind, of which Mathieu Laine is Chairman, was signed to renew a cooperation agreement dated September 19, 2014 as modified on March 28, 2015. This agreement states that Altermind shall provide consulting services to executive directors of Showroomprivé.com on company strategy, development, image and reputation.

Reasons justifying the company's interest in working with Altermind:

This amendment, signed on the authority of your company's Board of Directors at its meeting on May 30, 2016, is of interest to your group because of the support provided by Altermind and the need to specify how the success fee paid to Altermind is calculated, which takes into account Showroomprivé.com's business growth, its parent company's stock market listing and the group's new business developments.

Terms and conditions:

In accordance with the amendment dated May 30, 2016, Altermind's services were invoiced to Showroomprivé.com in the amount of €166,000 (excl. tax) for services rendered in 2016, as well as a further €35,000 (excl. tax) for the 2015 fiscal year, and the "success fees" of €110,000 (excl. tax) following your company's IPO.

Agreements and Commitments Authorized since the Reporting Date

We have been informed of the following agreements and commitments authorized since the reporting date of the fiscal year just ended, which are subject to prior authorization by your Board of Directors.

Service Agreement with Altermind

Persons concerned:

Mathieu Laine – Chairman of Altermind and director of SRP Groupe.

Nature and subject:

The agreement signed between Showroomprivé.com, a subsidiary of your company, and Altermind, of which Mathieu Laine is Chairman, provides for the provision of consulting and support services as part of your group's legal strategy.

Reasons justifying the company's interest in working with Altermind:

This agreement is of strategic interest to your group.

Terms and conditions:

This agreement did not have an impact on the financial statements of Showroomprivé.com for the 2016 fiscal year, since Altermind will receive a "success fee" for providing its services.

AGREEMENTS AND COMMITMENTS APPROVED BY ANNUAL GENERAL MEETINGS IN PREVIOUS YEARS

Agreements and Commitments Approved in Previous Years that Remained in Effect During the Fiscal Year

In accordance with Article R.225-30 of the French Commercial Code, we have been informed that the following agreement, already approved by the general shareholders' meeting in previous years, has continued in effect during the fiscal year just ended.

Investment Contract with Vipshop Holdings Limited and its Subsidiary Vipshop International Holdings Limited

Entities involved:

SRP Groupe S.A. and the companies held by the directors of SRP Groupe S.A., i.e. Ancelle S.A.R.L., Cambon Financière S.A.R.L., Victoire Investissement Holding S.A.R.L., and TP Invest Holding S.A.R.L.

Directors involved:

- David Dayan, Chairman of the Board of Directors and CEO of SRP Groupe S.A. and Manager of Ancelle S.A.R.L.
- Thierry Petit, Deputy CEO and director of SRP Groupe S.A. and Manager of TP Invest Holding S.A.R.L.
- Éric Dayan, director of SRP Groupe S.A. and Deputy CEO of SRP Groupe S.A. until October 30, 2015 and Manager of Victoire Investissement Holding S.A.R.L.
- Michaël Dayan, director of SRP Groupe S.A. and Deputy CEO of SRP Groupe S.A. until October 30, 2015 and Manager of Cambon Financière S.A.R.L.

Nature and purpose:

SRP Groupe S.A. and the companies owned by the directors mentioned above signed an investment agreement on October 16, 2015 with Vipshop Holdings Limited and its subsidiary Vipshop International Holdings Limited, which provides for Vipshop International Holdings Limited to take an equity stake in SRP Groupe S.A.

Reasons justifying the company's interest in working with Vipshop:

This investment agreement, the signature of which was authorized by the Board of Directors at its meeting on October 15, 2015 and approved by the General Shareholders' Meeting held on May 30, 2016, is justified by its positive impact on completion of the IPO, and more generally by its strategic interest for the company.

Terms and conditions:

This investment agreement, with a term of five years to October 16, 2020, provides for the following terms and conditions:

- acquisition of 1,538,461 shares by Vipshop International Holdings Limited for approximately €30 million at a price of €19.50 per share, with each share having a par value of €0.04 and an issue premium of €19.46.
- Vipshop International Holdings Limited may, on certain terms and conditions, ask SRP Groupe S.A. to appoint a director of its choosing. Under this provision, Weiguo Gu has been a director since 2015.
- Vipshop International Holdings Limited has made certain commitments to SRP Groupe S.A. for terms varying from 12 to 36 months following the IPO of SRP Groupe S.A.

Paris La Défense, April 27, 2017

KPMG AUDIT IS

Jean-Pierre Valensi
Partner

Paris, April 27, 2017

Jérôme Benaïnous

Jérôme Benaïnous
Partner

20. FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS, FINANCIAL POSITION AND RESULTS

Pursuant to Article 28-1 of Regulation (EC) No 809/2004, the following financial statements are included by reference in this reference document:

• the consolidated financial statements for the year ended December 31, 2015 and the corresponding audit report of the Company's statutory auditors set out in Chapter 20 "Financial Information Concerning the Group's Assets and Liabilities, Financial Position and Results" of the 2015 Registration Document;

• the consolidated financial statements for the year ended December 31, 2014 and the related auditor's report of the Company's statutory auditors set out in Chapter 20, "Financial Information Concerning the Group's Assets and Liabilities, Financial Position and Results" of the Base Prospectus.

20.1 GROUP FINANCIAL INFORMATION

20.1.1 Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

showroomprive•com

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1. FINANCIAL STATEMENTS

1.1. Statement of profit or loss

in K€	31-déc Notes	2016	2015	2014
Net revenues	3.2	539,704	442,832	349,791
Cost of goods sold	3.2	- 332,028	- 263,679	- 202,929
Gross margin		**207,676**	**179,153**	**146,862**
		38.5%	***40.5%***	***42%***
Marketing	3.2	- 25,683	- 26,897	- 21,928
Logistics & Fulfillment	3.2	- 122,084	- 102,650	- 84,949
General & Administrative expenses	3.2	- 36,887	- 29,861	- 26,828
Current operating profit		**23,022**	**19,745**	**13,156**
Depreciation of assets recognized through business combination	4.2	- 804	- 783	- 783
Cost of share based payments	3.5, 4.15 & 4.16	- 13,295	- 4,089	- 103
Other operating income and expenses	3.5	- 6,322	- 4,017	- 2,305
Operating profit		**2,601**	**10,856**	**9,965**
Net finance costs		**- 690**	**- 137**	**- 144**
Other financial income and expenses		**580**	**- 106**	**52**
		-		
Profit before tax		**2,491**	**10,613**	**9,873**
Income taxes	3.3	- 2,741	- 5,470	- 4,003
Net income for the period		**- 250**	**5,143**	**5,870**
Attributable to owners of the Parent		**- 250**	**5,143**	**5,870**
Attributable to third parties				

1.2. Statement of total comprehensive income

Net income for the period	**- 250**	**5,143**	**5,870**
Income and expense recognized in equity		-	-
Total comprehensive net income for the period	**- 250**	**5,143**	**5,870**

1.3. Consolidated balance sheet

in K€	31-déc Notes	30-juin Notes	31/12/2016	31/12/2015	31/12/2014
Goodwill	4.1	4.1	102,782	81,576	81,576
Other intangible assets	4.2		39,289	28,861	27,726
Tangible assets	4.3		15,626	14,833	14,141
	4.4				-
Financial assets	4.4		3,624	1,105	1,181
Deferred tax assets	4.12		3,278	75	75
Non current assets			**164,599**	**126,450**	**124,699**
Inventories	4.5	4.2	82,638	57,068	41,691
Trade receivables and similar accounts	4.6 & 4.7	4.3	36,612	24,014	14,925
Income tax receivable	4.7		3,519	3,058	2,744
Other receivables	4.7	4.4	36,915	27,952	19,388
Cash and cash equivalent	4.9	4.5	97,004	102,982	47,730
Current assets			**256,688**	**215,074**	**126,478**
Total Assets			**421,287**	**341,524**	**251,177**

in K€		Notes	31/12/2016	31/12/2015	31/12/2014
Share capital			1,368	1,316	1,210
Share premium reserves	1.6	1.5	172,492	168,532	119,750
Other reserves			28,944	13,056	3,886
Net income			- 250	5,143	5,870
Total shareholders' equity			**202,554**	**188,047**	**130,716**
Total equity	1.6	1.5	**202,554**	**188,047**	**130,716**
Long term financial liabilities	4.13	4.7	2,038	2,962	3,625
Employee benefits	4.10	4.7	88	116	89
Deferred tax liabilities	4.12		11,628	9,883	9,239
Total non current liabilities			**13,754**	**12,961**	**12,953**
Short term financial liabilities	4.13	4.7	966	916	1,005
Provision for risks and charges	4.11	4.6	1,324	993	795
Accounts payable	4.8		148,504	100,108	75,362
Income tax liabitity	4.8		710		-
Other current payables	4.8	4.4	53,475	38,499	30,346
Total current liabilities			**204,979**	**140,516**	**107,508**
Total Liabilities			**218,733**	**153,477**	**120,461**
Total Equity and Liabilities			**421,287**	**341,524**	**251,177**

1.4. Consolidated cash flow statement

in K€	Notes	2016	2015	2014
Net income for the period	1.1	- 250	5,143	5,870
Adjustments				
Depreciation & Amortization	4.2, 4.3, 4.5, 4.6, 4.11	7,280	5,358	3,786
Gain / Loss on sale of assets		177	- 18	67
Fair value measurement of stock options	4.16 & 4.17	10,771	3,300	103
Cash flows from operations before finance costs and income tax		**17,978**	**13,783**	**9,826**
Income taxes for the period	1.1	2,741	5,470	4,003
Net finance costs	1.1	690	137	144
Change in inventories	4.5	*- 16,284*	*- 15,557*	*- 13,775*
Change in accounts payable and receivable	4.7 & 4.8	*25,502*	*16,418*	*26,835*
Change in other receivables/payables	4.7 & 4.8	*4,390*	*- 1,164*	*31*
Change in working capital	4.18	13,608	- 303	13,091
Cash flow from operating activities before tax		**35,017**	**19,087**	**27,064**
Current income tax paid		- 2,261	- 5,141	- 7,195
Net cash from operating activities		**32,756**	**13,946**	**19,869**
Change in perimeter		- 31,751		-
Acquisition of intangible and tangible assets	4.2 & 4.3	- 8,400	- 6,348	- 4,920
Acquisition of stakes in associate companies		-	-	-
Net change in non current financial assets	4.4	- 97	- 79	- 217
Proceeds from sale of intangible and tangible assets	4.2 & 4.3	368	19	78
Net cash from investing activities		**- 39,880**	**- 6,408**	**- 5,059**
Increase in share capital and share premium reserves	1.6		48,610	-
Proceeds from stock-options	1.6	2,737	278	
New financial liabilities				
Repayment of financial liabilities	4.13	- 901	- 1,037	- 507
Finance costs paid	1.1	- 690	- 137	- 144
Other flows from financing activities				
Net cash from financing activities		**1,146**	**47,714**	**- 651**
Total cash flow for the period		**- 5,978**	**55,252**	**14,159**
Cash and cash equivalent at the beginning of the period		102,982	47,730	33,571
Cash and cash equivalent at the end of the period		**97,004**	**102,982**	**47,730**

Details of the composition of the closing cash position are provided in Note 4.9.

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				
At December 31, 2013	**1,210**	**119,750**	**-**	**-**	**348**	**348**	**3,434**	**124,742**	**-**	**124,742**
Net income for the period	-	-	-	-	-	-	5,870	5,870	-	5,870
Total comprehensive net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**5,870**	**5,870**	**-**	**5,870**
Share-based payments	-	-	-	-	104	104	-	104	-	104
Other changes	-	-	-	-	-	-	-	-	-	-
At December 31, 2014	**1,210**	**119,750**	**-**	**-**	**452**	**452**	**9,304**	**130,716**	**-**	**130,716**
Net income for the period	-	-	-	-	-	-	5,143	5,143	-	5,143
Total comprehensive net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**5,143**	**5,143**	**-**	**5,143**
IPO on Euronext	103	48,507	-	-	-	-	-	48,610	-	48,610
Proceeds from stock-options	3	275	-	-	-	-	-	278	-	278
Free shares and share options charges	-	-	-	-	3,300	3,300	-	3,300	-	3,300
Other changes	-	-	-	-	-	-	-	-	-	-
At December 31, 2015	**1,316**	**168,532**	**-**	**-**	**3,752**	**3,752**	**14,447**	**188,047**	**-**	**188,047**
IPO on Euronext			-	-	-	-	- 250	- 250	-	- 250
Total comprehensive net income for the period			**-**	**-**	**-**	**-**	**- 250**	**- 250**	**-**	**- 250**
Proceeds from stock-options	27	3,960	-	-	-	-	-	3,987	-	3,987
Free shares and share options charges			-	-	10,771	10,771	-	10,771	-	10,771
Other changes	25		-	-	-	-	- 25	-	-	-
At December 31, 2016	**1,368**	**172,492**	**-**	**-**	**14,523**	**14,523**	**14,172**	**202,554**	**-**	**202,554**

The change from fiscal year 2015 relates mainly to the capital increase resulting from the primary market offer of securities as part of the admission for trading of the Company's shares on Euronext Paris in October 2015, and to net income for the year.

As part of the admission of the Company's shares for trading, the par value of the shares was increased from €0.01 to €0.04.

At December 31, 2015, the share capital of SRP Groupe S.A. comprised 32,890,324 shares of a par value of €0.04 each.

At December 31, 2016, the share capital of SRP Groupe S.A. comprised 34,191,469 shares with a par value of €0.04 each.

ACCOUNTING STANDARDS, CONSOLIDATION METHODS, VALUATION METHODS AND PRINCIPLES

1.6. The Group

The year ended December 31, 2016 covered a period of 12 months.

The Company's consolidated financial statements at December 31, 2016 include SRP Groupe S.A. and its subsidiaries (together referred to as the "Group").

The Group's business consists in the private sale of items on the internet.

1.7. Main events of the fiscal year

In late September 2016, SRP Groupe acquired 100% of the shares of ABC Sourcing, a specialist in sales of end-of-line products to wholesalers, in France, for an amount of €2.5 million plus an earnout.

In early November 2016, SRP Groupe acquired 100% of the shares of Saldi Privati, the number two for event sales in Italy, for an amount of €28 million.

2015 - Initial Public Offering on the Euronext Paris regulated market.

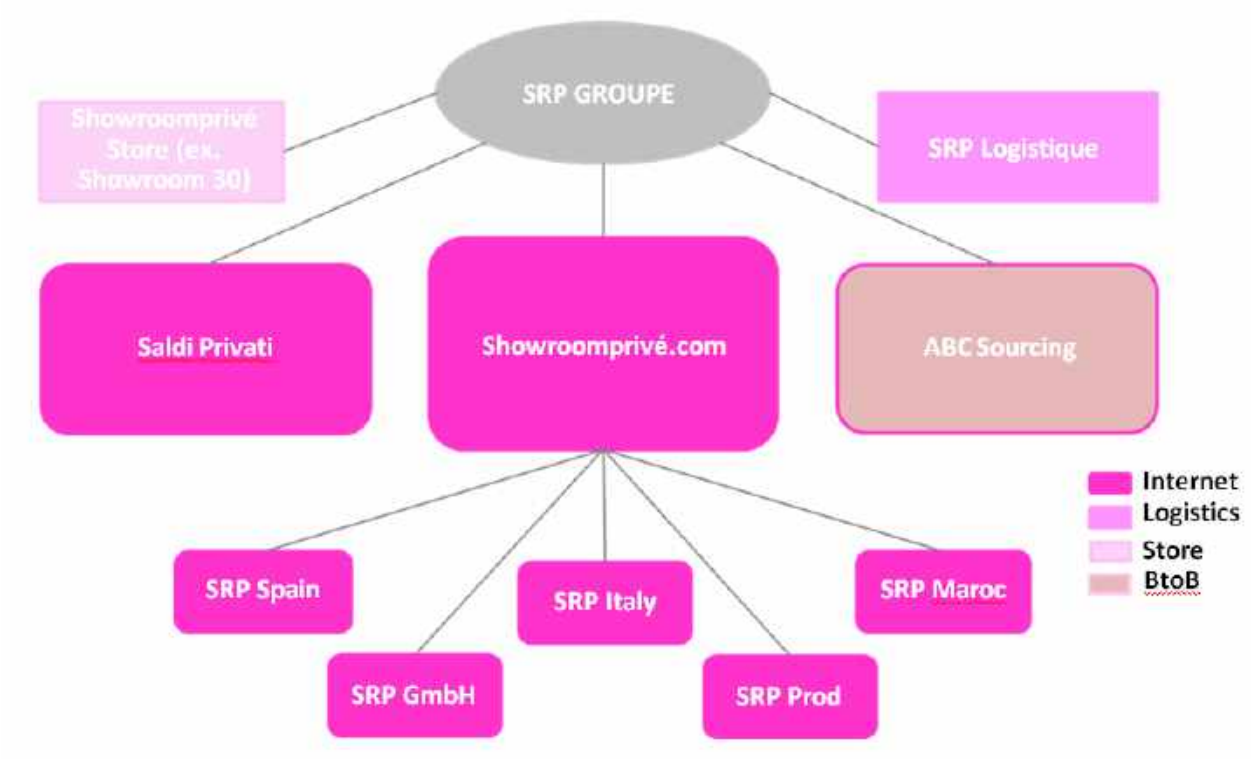
The SRP Groupe issued 2,564,103 new shares as part of its *Offre à Prix Ouvert* (i.e. open-priced tender offer ("OTO"), for which settlement and delivery occurred on November 2, 2015.

The shares were admitted to trading in Compartment B of the Euronext Paris regulated market under the ISIN code FR0013006558 and the trading code SRP on October 30, 2015.

The price for the OTO and for the Global Placement was set at €19.50 per share (i.e. €0.04 par value and €19.46 of issue premium per share).

1.8. Group organization

The Group's streamlined its organization structure on December 31, 2016 as follows:



The five subsidiaries - SRP Spain, SRP Gmbh, SRP Italy, SRP Prod and SRP Maroc provide support services for the core business activity of Showroomprivé.com.

1.9. Accounting standards

Statement of compliance and IFRS used

The main accounting methods applied for the preparation of the consolidated financial statements are described below. Pursuant to Regulation No. 1606/2002 adopted on July 19, 2002 by the European Parliament and the European Council, the Group's published consolidated financial statements at December 31, 2016 were prepared in accordance with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standards Board) and adopted by the European Union (on publication in the Official Journal of the European Union) on December 31, 2016. International accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards) as well as their interpretation by the SIC (Standing Interpretations Committee) and IFRS IC (IFRS Interpretations Committee) interpretations.

All the standards adopted by the European Union are available on the European Commission's website on the following address:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

New standards, amendments and interpretations applicable in the European Union and whose application are mandatory or which may be applied in advance for fiscal years starting as from January 1, 2016

For the preparation of its consolidated financial statements at December 31, 2016, the SRP Groupe applied the same standards, interpretations and accounting methods as in its financial statements for the year ended December 31, 2015 published in the base prospectus registered on April 28, 2016 under the number R.16-034, or, as relevant, the new standards applicable from January 1, 2016.

- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IAS 16 and IAS 38 – Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 19 - Defined Benefit Plans - Employee Contributions
- Annual Improvements cycle 2010-2012
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements cycle 2012-2014
- Amendments to IAS 27 - Equity method in separate financial statements

The application of these standards had no material impact on the consolidated financial statements in 2016.

Furthermore, the Group has decided not to apply in advance the standards published by the IASB, approved by the European Union that may be applied in advance from January 1, 2016.

These standards have no material incidence on the Group's financial statements.

New standards, amendments and interpretations applicable in the European Union and to be applied after December 31, 2016

Standard	IASB application date	Incidence on the Group
IFRS 9: Financial Instruments: Recognition and Measurement	January 1, 2018	On July 24, 2014, the IASB published a new standard on financial instruments that is intended to replace most of the existing IFRS provisions, notably IAS 39. The new standard, not yet adopted by the European Union, applies from January 1, 2018. Given the group's current financial structure, this new standard should not have a material impact on the group's financial statements.
IFRS 15: Revenue from Contracts with Customers	January 1. 2018	On May 28, 2014, the IASB published a new standard on the recognition of revenues that is intended to replace most of the existing provisions in IAS 18 and IAS 11. The new standard, approved by the EU, is applicable from January 1, 2018, with an earlier application permitted. The impact of this standard is currently being assessed.

Standards, amendments and interpretations published by the IASB but not yet approved by the European Union

Standard	IASB application date	Incidence on the Group
IFRS 16: Leases	January 1, 2019	On January 13, 2016, the IASB published the new standard on lease contracts. The new standard, not adopted by the European Union, applies from January 1, 2019 or in advance from January 1, 2018 with IFRS 15. The impact of this standard is currently being assessed.
IAS 7: Statement of Cash Flows	January 1, 2017	In January 2016, the IASB published amendments on cash flow statements. Not yet adopted by the European Union, these new amendments apply from January 1, 2017. The impact of this standard is currently being assessed.
IAS 12: Income Taxes: Recognition of Deferred Tax	January 1, 2017	January 19, 2016, the IASB published amendments on income

Assets for Unrealised Losses		taxes: Recognition of Deferred Tax Assets for Unrealised Losses. Not yet adopted by the European Union, these new amendments apply from January 1, 2017.The impact of this standard is currently being assessed.
IFRS 2: Classification and Measurement of Share-based Payment Transactions	January 1, 2018	On June 30, 2016, the IASB published amendments to the Classification and Measurement of Share-based Payment Transactions which define the accounting rules. Not yet adopted by the European Union, these new amendments apply from January 1, 2018, with early application permitted.The impact of this standard is currently being assessed.
IFRIC 22: Foreign Currency Transactions and Advance Consideration	January 1, 2018	On December 8, 2016, the IASB published the interpretation on foreign currency transactions and advance consideration. Not yet adopted by the European Union, this interpretation applies as of January 1, 2018, with an earlier application permitted. The impact of this standard is under study but should not have a material incidence on the group's turnover.
IFRS 14: Regulatory Deferral Accounts	January 1, 2016	This standard, which was published on January 30, 2014 but has not yet been adopted by the European Union, should improve the comparability of financial information for entities that have activities subject to regulated tariffs. The impact of this standard is currently being assessed but should not have a material impact.

First adoption of IFRS in the year ended December 31, 2011

1.10. Consolidation methods

➢ Subsidiaries

A subsidiary is an entity controlled by the Group. The Group exercises control over another entity where it has power over that entity, exposure to variable returns from the entity and, due to its power over that entity, has the ability to affect the returns that it draws from it.

In assessing control, the Group takes into account the substantive voting rights, i.e. those currently exercisable or exercisable at the time when decisions will be taken in relation to relevant activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

➢ Associates

An associate is an entity over which the Group exercises a significant influence in relation to financial and operational policies, without exercising control or joint control over these policies. The consolidated financial statements include the Group's share of the profit and other comprehensive income of equity-accounted companies, from the date on which the significant influence is exercised until the date when it ceases.

If the Group's share of the losses of an associate is higher than its investment in that company, the book value of the equity-accounted investments is reduced to nil and the Group no longer recognizes its share of forthcoming losses, unless the Group has a legal or implicit obligation to share in the losses or to make payments on behalf of the associate.

➢ Joint ventures

A joint venture is an entity in which the Group has a joint control with one or more partners by virtue of a contractual agreement giving it rights to the net assets of that entity. The Group recognizes its interest using the equity method. The consolidated financial statements include the Group's share of the profit and other comprehensive income of equity-accounted companies, from the date on which the significant influence is exercised until the date when it ceases.

➢ Transactions eliminated from the consolidated financial statements

Balance sheet amounts, income and expenditure resulting from intra-group transactions are eliminated when preparing the consolidated financial statements.

The accounting methods used by subsidiaries are standardized and aligned on those adopted by the Group.

The consolidation scope is detailed in Note 2 below "Scope".

Companies consolidated by the Group have prepared their financial statements at December 31, 2016, 2015 and 2014 in accordance with the accounting principles applied by the Group since their date of first consolidation.

The Group does not control any *ad-hoc* non-consolidated entity.

1.11. Valuation base

The financial statements are prepared on the basis of historical cost, except for some categories of assets and liabilities which are valued at fair value in accordance with IFRS. The concerned categories are:

- liabilities resulting from share-based payment transactions;
- financial assets and liabilities valued at fair value.

1.12. Reporting currency and transactions denominated in foreign currencies

The consolidated financial statements of the SRP Groupe are drawn up in euros.

Income, expenditure, receivables or payables resulting from transactions denominated in foreign currencies are converted into euros at the transaction date. Receivables or payables denominated in foreign currencies existing at the year-end are converted at the year-end exchange rate. Translation differences resulting from the application of different exchange rates are recognized in the income statement of the period and included in operating income or financial income depending on the nature of the underlying transaction.

1.13. 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 may change over time and 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, deferred tax assets and assets and liabilities resulting from finance leases.

1.14. Accounting principles and valuation methods

The accounting principles and valuation methods applied by the Group are detailed in the following paragraphs.

➢ Business combinations

Business combinations are recognized using the acquisition method at the acquisition date (in accordance with the revised IFRS 3), which is the date on which control is transferred to the Group. An entity is controlled where the Group has power over this entity and exposure or rights to variable returns from its involvement with the entity, and where it has the ability to use its power over the entity to affect the amounts of these returns.

The Group values goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- if the business combination is carried out in phases, the fair value of any previous investment in the acquired company; less
- the fair value of identifiable assets acquired and liabilities taken over.

Within 12 months following the acquisition, the acquisition price must be allocated to the identifiable assets acquired. This allocation may give rise to the recognition of intangible assets such as brand, members' file, technology, etc.

When the difference is negative, the gain from a bargain purchase is immediately recognized in profit.

The consideration transferred excludes the amounts relating to the settlement of pre-existing relationships. These amounts are generally recognized in profit or loss.

The costs relating to the acquisition, other than those relating to an issue of debt or equity securities, that the Group bears due to a business combination are recognized as expenditure when they are incurred.

The consideration transferred (which includes the price paid) to acquire the target is valued at fair value. It is equal to the total of fair values of assets given to sellers, the buyer's debts to sellers, and equity instruments issued by the buyer.

➢ Intangible assets and goodwill

- Goodwill

The goodwill resulting from acquisitions of subsidiaries is included in intangible assets. Goodwill is carried at cost less accumulated impairment losses (cf. business combinations).

- Other intangible assets

Intangible assets are initially valued at their acquisition or production cost.

Intangible assets may be amortized, where applicable, over periods corresponding to their legal protection or their expected useful life.

Amortization is calculated on a straight-line basis based on the estimated useful life of the different categories of assets.

Research costs are recognized as expenditure when they are incurred. Development costs, i.e. costs arising from the application of the results of research in view of the production of computer developments and projects (applications, application software, etc.) and new or substantially improved processes, are recognized as assets where the Group can demonstrate:

- technical feasibility, its intention to complete the intangible asset and its ability to use or sell it;
- availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development;
- that the intangible asset will generate probable future economic benefits (existence of a market or its usefulness to the Group).

The costs thus recognized in assets include direct labor costs. Other development costs are recognized as expenditure when they are incurred. Development costs are recognized in assets at their cost less accumulated depreciation and accumulated impairment losses.

The main amortization periods used are as follows:

- Software: 1 to 3 years
- Members' file: 7 years
- Technology: 7 years
- Brand: not amortized
- Development expenditure: 4 years

- Tangible assets

Tangible assets are initially stated in the balance sheet at their acquisition or production cost.

Tangible assets are depreciated as from the time that they are installed and ready for use, or for assets produced internally, as from the time when the asset is completed and ready for use.

Amortization is calculated on a straight-line basis based on the estimated useful life of the different categories of assets.

The main useful lives used are as follows:

- Fixtures and fittings: 5 to 10 years
- Industrial plant and equipment: 3 to 10 years
- Office equipment: 3 years
- Computer and photographic equipment: 3 years
- Furniture: 3 to 7 years
- Motor vehicles: 5 years

➢ Depreciation of tangible and intangible assets

The recoverable value of intangible and tangible assets is tested every time that there are indications of an impairment loss at the reporting date, and at least once a year as regards goodwill and intangible assets with an indefinite useful life.

The impairment test consists in assessing the value in use of each unit generating its own cash flow (cash generating units).

Currently, considering its activity, the Group only has one cash generating unit.

Using the discounted cash flow method in particular, the assessment of the recoverable value of the cash generating unit is based on factors taken from the budgetary process and the three-year strategic plan, which includes growth rates and rates of return, deemed to be reasonable. Discount rates (based on the weighted-average cost of capital) and long-term growth rates over the period beyond three years, based on analyses of the industry in which the Group operates, are applied when valuing the cash generating unit.

Where the recoverable value of a cash generating unit is less than its net book value, the corresponding impairment loss is allocated primarily to goodwill and recognized in operating profit as "Other operating income and expenditure".

➢ Lease

A lease that transfers to the Group substantially all the risks and rewards inherent in ownership of an asset is classified as a finance lease.

The criteria for assessing these leases are based in particular on:

- the ratio between the asset's lease term and its useful life,
- total future payments divided by the fair value of the asset financed,
- the existence of a transfer of ownership at the end of the lease,
- the existence of a favorable purchase option,
- the specific nature of the leased asset.

In this case, at the initial recognition, the leased asset is recognized at fair value or, if it is lower, at the present value of the minimum payments in respect of the lease. The corresponding entry for this asset is a financial debt.

After the initial recognition, the asset is recognized using the accounting method applicable to this type of asset.

Assets held by virtue of finance leases are depreciated over their useful life or, where it is shorter, over the term of the corresponding lease. Depreciation is in accordance with the methods and rates mentioned in the paragraph on tangible assets, and the tax incidence of this restatement is taken into account.

Any other lease is an operating lease and is not recognized in the Group's financial statements. It is recorded as an operating lease, and only the lease payments are recorded in the income statement.

➢ Inventories

Inventories are stated at the lower of cost and the estimated realizable value.

Inventories are valued at weighted-average cost, and include acquisition costs and costs incurred in bringing them to their present location and condition. This value is net of discounts and rebates obtained from suppliers.

Impairment is recognized based on an analysis of the age and rotation of stocks to take into account the related impairment loss, if the estimated realizable value is lower than the book value.

The realizable value is the estimated selling price in the ordinary course of business.

➢ Payables and receivables

Trade and other receivables are valued at fair value at the initial recognition, then at the amortized cost less impairment losses.

All debts are initially recognized at fair value. After their initial recognition, the Group values at amortized cost all financial liabilities other than those held for trading.

➢ Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand and call deposits. They also include UCITS that meet the definition of cash equivalents as per IAS 7. UCITS that do not meet the definition of cash and cash equivalents are classified as other current assets.

Bank overdrafts repayable on demand and which form an integral part of the Group's cash management are also considered as cash and cash equivalents for the purposes of the cash flow statement.

➢ Deferred tax and income tax

- **Deferred tax**

The Group may recognize deferred tax in the event of:

- temporary differences between the tax values and the book values of assets and liabilities in the consolidated balance sheet,
- tax credits and tax loss carry-forwards.

Deferred tax is calculated using the liability method, using the last tax rate applicable for each company.

Deferred tax assets are taken into account only:

- if their recovery does not depend on future earnings,
- or if their recovery is likely due to the existence of a taxable profit expected during their settlement period.

- **Income tax**

A tax consolidation agreement has been implemented since January 1, 2012 among all French entities of the Group. By virtue of this agreement, each entity records its tax expense as if it were liable separately, and the parent company records its profit, if any, separately.

The tax liability is the estimated amount of tax payable in respect of taxable profit for the year, determined using the applicable tax rate, and by adjusting the tax liability amount in respect of previous years. The tax liability also includes any tax payable due to dividend declaration.

➢ Retirement and pre-retirement liabilities

- Pension plan:

The Group is primarily concerned by defined contribution pension plans.

Defined contribution pension plans are subject to payments by employees and by companies of the Group to institutions authorized to manage such pension funds. The Group's obligations are limited to the payment of these contributions which are therefore recorded in the income statement as they are incurred.

The Group is also concerned by defined benefit pension plans, in particular for retirement indemnities paid to employees.

The obligation amount is determined using the projected unit credit method. The discount rate is the rate, at the reporting date, on first-class bonds that have maturity dates close to those of the Group's obligations. This rate was 1.50% on December 31, 2016, compared with 1.75% on December 31, 2015 and 1.75% on December 31, 2014.

➢ Provisions

A provision is recognized in the consolidated financial statements at the year-end if, and only if, there is a current obligation (legal or constructive) resulting from a past event, it is likely that an outflow of funds will be necessary to settle the obligation and if the obligation amount can be reliably estimated. Provisions are discounted where the effect of the time value of money is material.

➢ Turnover

Income from ordinary activities is equal to the fair value of the consideration received or to be received in respect of goods and services sold in the Group's normal course of business. Income from ordinary activities are stated net of value added tax, returned goods, discounts and rebates, and after deduction of intra-group sales.

Income from ordinary activities are recognized as follows:

- Sale of goods

Revenue from the sale of goods is recorded as turnover when goods are delivered and therefore the significant risks and benefits inherent to the ownership of the goods have been transferred to the buyer. It is stated at the fair value of the consideration received or to be received net of benefits granted to buyers and net of discounts.

- Customer loyalty scheme (Referral coupons)

The Group has implemented a customer loyalty scheme whereby the site gives internet users, upon the first purchase made by a new member that they have referred to the site, a purchase coupon of a fixed amount that can be used as from that date. This coupon gives them a discount on their purchases of products from the site during the coupon's validity period. These referral vouchers meet the definition of IFRIC 13 and their fair value is deducted from the turnover when the new referred member makes a purchase.

- Returned goods

Goods returned by clients are recognized as the cancellation of an initial sale. At the year-end, a provision is recognized to take into account goods not yet returned at that date but relating to transactions for the year ended.

➢ Share-based payments

Share option and share purchase plans have been granted to a given number of employees and senior executives of the Group. They give the right to subscribe for SRP Groupe S.A. shares over a period of 10 years, subject to fulfilment of specific conditions, at a fixed exercise price determined at their allocation.

The options are valued at an amount equivalent to the fair value of the benefit granted to the employee or the senior executive at the date of allocation. The expenditure relating to these options is recognized as other operating income and expenditure, over the vesting period of the option rights, with a corresponding entry to equity.

The fair value of the option is determined by applying the "Black and Scholes" model, where the factors include in particular the exercise price of the options, their life, the reference share price at the allocation date, the implicit volatility of the share price, and the risk-free interest rate. The expenditure recognized also takes into account assumptions about the turnover rate among employees who have benefited from the share allocation.

Bonus shares were granted to a given number of employees and senior executives of the Group. Bonus shares are subject to a valuation based on the benefit granted to beneficiaries at the grant date. The expense related to these bonus shares and the related social security contributions, are recognized in "Cost of share-based payments" over the vesting period.

The fair value of bonus shares takes into account the assumptions on the turnover of staff benefiting from bonus shares.

➢ Income statement

In order to better understand the specificities of its business, the Group presents an income statement by function, which highlights the following:

1) Cost of goods sold
2) Marketing
3) Logistics and processing of orders, relating to:
    - expenditure directly attributable to goods sold,
    - logistics costs
4) Overheads and administrative costs.

All these items represent operating expenses which are deducted from the turnover to obtain the current operating income, which is the main performance indicator of the Group's business.

In order to provide more comprehensive information, these operating expenses are broken down by type in Note 3.3 "Operating expenses by type" of the Notes to the Accounts.

The operating income is obtained taking into account the following:

- depreciation of assets recognized in the course of a business combination;
- cost of share-based payments which include the expenditure resulting from spreading the fair value of bonus shares and share options allocated to employees;
- non-recurrent income or expenditure.

Other operating income and expenditure includes significant non-recurring expenses or income, such as capital gains or losses from the disposal of tangible and intangible assets, restructuring costs approved by management, litigation costs, costs related to business combinations, and goodwill impairment.

The net income is obtained taking into account the following:

- the cost of net financial debt, which includes in particular interests on financial debts based on the effective interest rate, interests paid in connection with finance leases less income from cash and cash equivalents,
- other financial income and expenditure,
- the current and deferred tax expense.

➢ Earnings per share

The information stated is calculated on the basis of the following principles:

- Basic earnings per share: this is calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares outstanding during the year after deducting treasury shares held over the period. The average number of ordinary shares outstanding is an adjusted weighted annual average of the number of ordinary shares redeemed or issues over the period and calculated on the basis of the date of issue of the shares during the year;
- Diluted earnings per share: the net income attributable to the Group and the weighted average number of shares outstanding, taken into account for calculating the basic earnings per share, are adjusted for the effects of all potentially dilutive ordinary shares: share options and bonus shares issued (Notes 4.15 "Share option plans" and 4.16 "Bonus share plans").

➢ Segment reporting

An operating segment is a distinct component of the entity, which generates revenue and related costs and is exposed to risks and profitability that are different from other operating segments. An operating

segment is monitored and analyzed regularly by the Company's principal decision makers in order to measure the segment's performance and allocate distinct resources.

In accordance with IFRS 8 criteria, Group management considered that Showroomprivé.com consists of a single operating segment: sale of products and services on the internet.

2. SCOPE OF CONSOLIDATION

2.1. Scope at the year-end

Legal entities	2016			2015			2014		
	Interest rate	Control rate	Conso. method	Interest rate	Control rate	Conso. method	Interest rate	Control rate	Conso. method
Showroom 30	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
Showroomprivé.com (ex- SRP Trading)	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
SRP Groupe	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
SRP Logistique	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
SRP Spain	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
SRP GmbH	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
SRP Italy	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG
SRP Prod	100,00 %	100,00 %	IG	100,00 %	100,00 %	IG			
Saldi Privati	100,00 %	100,00 %	IG						
ABC Sourcing	100,00 %	100,00 %	IG						
SRP Maroc	100,00 %	99,99 %	IG						

Key to the consolidation methods: "NC" means Not Consolidated, "GC" means Global Consolidation.

Since incorporation of the Group, as described in Note 4.1 "Goodwill", the growth in scope has been linked to the following restructuring transactions:

- 2012: Mergers with France Export, DS Club, Look Concept, International Trading Company and Société Trading International by Showroomprivé.com.
- 2013: Merger of SRP Trading and Showroomprivé.com.
- 2014: Merger of Voltaire Consulting and SRP Logistique.

2.2. Change to the consolidation scope during the year

The changes in the consolidation scope in 2016 were as follows:

- SRP Groupe acquired ABC Sourcing which entered the scope of consolidation on October 1, 2016;
- SRP Groupe acquired Saldi Privati which entered the scope of consolidation on November 1, 2016;
- A new entity was created: SRP Maroc, 99.99% owned by Showroomprivé.com. This company's business is on-line selling, which is part of Showroomprivé.com's business.

3. NOTES TO THE INCOME STATEMENT

3.1. EBITDA

in K€		2016	2015	2014
Net income for the period		**- 250**	**5,143**	**5,870**
Depreciation of assets recognized through business combination	4.2	804	783	783
Deprec. & Am. of tangible and intangible assets	4.2 & 4.3	5,229	3,978	2,375
o/w amort. in Logistics & Fulfillment		1,787	1,665	863
o/w amort. in G&A		3,158	2,313	1,511
Cost of share-based payments	3.4, 4.14 & 4.15	13,295	4,089	103
Non recurring items	3.4	6,322	4,017	2,305
Net finance costs		690	137	144
Other financial income and expenses		- 580	106	- 52
Income taxes	3.3	2,741	5,470	4,003
EBITDA		**28,251**	**23,723**	**15,531**

3.2. Segment reporting by geographic area

The Group deploys its offer in France and in 8 other countries from its single platform based in France.

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

- France: France, DOM-TOM
- International: Belgium, Spain, Italy, Portugal, Netherlands, Poland, multi-currency site and Germany (launched in 2015)

in K€	2016			2015			2014		
	Total consolidated	France	International	Total consolidated	France	International	Total consolidated	France	International
Internet sales	525,438	453,729	71,709	433,248	370,012	63,216	338,527	285,845	52,682
Growth	21.3%	22.6%	13.4%	28.0%	29.4%	20.0%			
Other	14,266	14,266		9,584	9,584		11,264	11,264	
Total net revenue	**539,704**	**467,995**	**71,709**	**442,832**	**379,596**	**63,216**	**349,791**	**297,109**	**52,682**
Growth	21.9%	23.3%	13.4%	26.6%	27.8%	20.0%	*36.2%*	*35.9%*	*37.6%*
EBITDA	**28,251**	**35,141**	**- 6,890**	**23,723**	**30,888**	**- 7,165**	**15,531**	**19,156**	**- 3,625**
% of net revenue	5.2%	7.5%	-9.6%	5.4%	8.1%	-11.3%	*4.4%*	*6.4%*	*-6.9%*

EBITDA by geographic area is determined by allocating the operating expenses to day-to-day business activity. .

3.3. Operating expenses by type

in K€	2016	2015	2014
Cost of goods sold	- 332,028	- 263,679	- 202,929
Purchases and sub-contracting expenses	- 131,328	- 114,534	- 96,741
Personnel expenses	- 45,945	- 38,871	- 32,213
Tax expenses	- 3,126	- 3,232	- 2,518
Deprec. & Am. of tangible and intangible assets	- 5,229	- 3,978	- 2,375
Other provisions and depreciations	- 1,247	- 597	- 628
Other operating income and expense	2,221	1,803	769
Current operating expenses	**- 516,682**	**- 423,088**	**- 336,635**

The expenditure shown in the profit and loss account is detailed by type, as follows:

3.4. Tax

The tax expense in respect of the years presented is broken down as follows:

in K€	2016	2015	2014
Deferred taxes	477	- 644	- 28
Current income taxes	- 3,218	- 4,826	- 3,975
Income tax expense	**- 2,741**	**- 5,470**	**- 4,003**

In respect of the year 2016:

The tax expenses include:

- tax on profits for a total of €1,753,000
- tax on the *Contribution sur la Valeur Ajoutée des Entreprises* (i.e. French corporate value added tax) in the amount of €988,000

The deferred tax revenue mainly comprises:

- €1,260,000 of net income relating to temporary variances resulting from the reversal of deferred tax liabilities, recognized in respect of intangible assets originating from a business combination (cf. goodwill and intangible assets), and from provisions for risks and charges which are not tax deductible.
- partially offset by tax charges relating mainly to the activation of research and development projects for €791,000 and to IFRS restatement of lease payments for €39,000.

In respect of the year 2015:

The tax expenses include:

- tax on profit for a total of €4,500,000
- "Corporate Value Added Tax" in the amount of €970,000

The deferred tax expense is mainly due to:

- €632,000 of expenses relating mainly to the activation of research and development projects, IFRS restatement of lease payments for €39,000, temporary differences for €393,000.
- €298,000 of net income relating to temporary differences, in particular due to the reversal of deferred tax liabilities recognized in respect of intangible assets resulting from a business combination (cf. goodwill and intangible assets), and to provisions for risks and charges which are not tax deductible.

In respect of the year 2014:

The tax expense includes:

- tax on profit for a total of €3,149,000
- "Corporate Value Added Tax" for €826,000

The deferred tax expense is mainly due to:

- €592,000 of expenses relating mainly to the activation of research and development projects for €493,000, IFRS restatement of lease payments for €59,000, the impact of elimination of internal profit margins for €23,000.
- €565,000 of net income relating to temporary differences, in particular due to the reversal of deferred tax liabilities recognized in respect of intangible assets resulting from a business combination (cf. goodwill and intangible assets), and to provisions for risks and charges which are not tax deductible.

The difference between the effective tax rate and the theoretical tax rate is broken down as follows:

in K€	31-déc-16	31-déc-15	31-déc-14
Standard tax rate in France	**34%**	**38%**	**38%**
Total comprehensive net income for the period	-250	5,143	5,870
Income tax expense	-2,741	5,470	4,003
Profit before tax	**2,491**	**10,613**	**9,873**
Theoritical tax expense	858	4,033	3,752
Impact of:			
Non recognition of deferred tax losses incurred over the period	122	83	22
Permanent differences	446	153	114
CVAE reclassification as income tax	648	601	512
Cancellation of income tax expense calculated on tax credits	-383	-531	-413
Free shares impact	3,708	1,254	-
Tax rate impact	-1,526		
Corporate sponsorship	-969		
Other	-162	-124	16
Actual tax expense	**2,741**	**5,470**	**4,003**
Effective tax rate	*110%*	*52%*	*41%*

3.5. Cost of share based payments and Other operating income and expenditure

In respect of the year 2016, Cost of share based payments and Other operating income and expenditure mainly include the following:

- the expense resulting from grants of bonus shares made at the time of the admission of the Company's shares to trading, and then during fiscal year 2016, for €13,258,000 which includes associated social security contributions of €2,524,000,
- non-recurrent fees for €1,143,000 mainly relating to the costs incurred in the admission to trading of the Company's shares on the Euronext Paris regulated market and to the assignments of transition management,
- expenses of €877,000 relating to SR30's cessation of business activity,
- fees of €870,000 relating to the acquisition of Saldi Privati,
- restructuring charges of €1,597,000 on the Purchasing, Logistics and Support functions,
- donations of €629,000 to the Showroomprivé Foundation,

- costs involved in commercial and business litigation.

In respect of the year 2015, Cost of share based payments and Other operating income and expenditure mainly include the following:

- non-recurrent fees for €3,501,000, mainly related to costs incurred in the context of admission to trading of the Company's shares on the Euronext Paris regulated market,
- expenditure resulting from spreading the fair value of shares and share options allocated to employees for €84,000,
- expenditure resulting from spreading the fair value of the bonus shares, issued at the time of the admission of the Company's shares to trading, for €4,005,000 included social contributions.

In respect of the year 2014, Cost of share based payments and Other operating income and expenditure mainly include the following:

- restructuring costs for €1,720,000, mainly consisting of costs related to changes concerning the team in charge of purchasing,
- non-recurrent fees for €329,000, mainly relating to costs incurred as part of the preparations for admission to trading of the Company's shares on the Euronext Paris regulated market and the assessment of potential acquisition opportunities,
- expenditure resulting from spreading the fair value of shares and share options allocated to employees for €103,000.

4. NOTES TO THE BALANCE SHEET

4.1. Goodwill

in K€	31/12/2013	Scope entry	Exit from the scope	Depreciation	31/12/2014	Scope entry	Exit from the scope	Depreciation	31/12/2015	Scope entry	Exit from the scope	Depreciation	31/12/2016
Goodwill	81,576	-	-	-	81,576	-	-	-	81,576	21,206	-	-	102,782
Dep. Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-
Total net value	**81,576**	**-**	**-**	**-**	**81,576**	**-**	**-**	**-**	**81,576**	**21,206**	**-**	**-**	**102,782**

It is worth recalling that SRP Groupe was created on July 29, 2010 and the subsidiaries were acquired on the same day for a total price of €120,960,000. The resulting goodwill amounted to €81,576,000.

2016 acquisitions

In September 2016, SRP Groupe acquired ABC Sourcing for a total amount of €3.75 million. The acquisition is broken down as follows: €1.25 million in cash, €1.25 million in SRP Groupe shares. The remaining €1.25 million corresponds to an earnout payable by thirds over the next three years, subject to satisfaction of a certain number of conditions.

The acquisition of ABC Sourcing resulted in the recognition of goodwill of €3.5 million.

Considering its reputation in the market, the brand was valued using a method based on fees normally charged back in this industry.

At October 1, 2016, following the PPA (purchase price allocation) work carried out to allocate the goodwill to identifiable tangible assets, the temporary breakdown of the acquisition price was as follows:

in K€	
Net assets acquired	- 29
Intangible assets, net of the deferred taxes:	
Brand	259
Goodwill	3,520
	3,750

Also in 2016, SRP Groupe acquired Saldi Privati on November 3, for an amount of €28.0 million (excluding net debt), fully paid in cash.

The purchase agreement also provides for an earnout payment of up to €10 million based on the fulfillment of a number of criteria in Saldi Privati's 2018 financial statements. Of this amount, €2.5 million has already been paid on a provisional basis.

Given the uncertainties relating to the consolidation and potential synergies by 2018, the earnout price has not been recognized to date.

The acquisition of Saldi Privati resulted in the recognition of goodwill of €17.7 million.

The cohort of members was valued and recognized as intangible assets insofar as it was statistically demonstrated that a member registered on the site carried out, following registration, a series of predictable purchases. The members' file was valued based on a discounted cash flow method. The gross value of this members' file was amortized over its estimated useful life of 7 years.

Considering its reputation in the market, the brand was valued using a method based on fees normally charged back in this industry.

At November 1, 2016, following the PPA (purchase price allocation) work carried out to allocate the price of the goodwill to identifiable tangible assets, the provisional breakdown of the acquisition price was as follows:

in K€	
Net assets acquired	6,161
Intangible assets, net of the deferred taxes:	
Cohort of members	5,626
Brand	761
Goodwill	17,687
	30,235

Impairment test

In accordance with IAS 36, the recoverable value is the higher of the fair value less disposal costs and the value in use. The value in use is estimated using cash flow forecasts based on existing operating forecasts, including growth rates and rates of return deemed to be reasonable. Discount rates (based on the weighted-average cost of capital) have been assessed based on analyses of the industry in which the Group operates. Existing forecasts are based on past experience as well as the market outlook.

For the purposes of ascertaining the goodwill value and that of all intangible and tangible assets, as listed in notes 4.2 and 4.3, an impairment test was performed on December 31 of each year. This procedure, mainly based on the discounted cash flow method, consists in assessing the recoverable amount of the cash generating unit. Impairment tests are performed every year and each time there is an indication of an impairment loss.

Considering its online sale business and its organization structure, the Group has identified only one cash generating unit, namely SRP Groupe.

At December 31, 2016, 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 years (the fourth year is projected to infinity),
- long-term growth rate: 2.5%,
- discount rate: 9.5%.

At December 31, 2015, 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 years (the fourth year is projected to infinity),

- long-term growth rate: 2%,
- discount rate: 9.4%.

At December 31, 2014, 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 years (the fourth year is projected to infinity),
- long-term growth rate: 2%,
- discount rate: 10.63%.

The result of this impairment test did not lead to the recognition of any impairment losses at December 31, 2016.

Furthermore, a sensitivity analysis of the calculation of the variation in key parameters (discount rate and long-term growth rate), conducted for each fiscal year did not show any likely scenario where the recoverable value of the cash generating unit would become lower than its book value. In fact, an increase of 100 basis points in the discount rate or a fall of 100 basis points in the long-term growth rate leads to a value of the cash generating unit which is higher than the value of the assets that it consists of.

4.2. Other intangible assets

in K€	31/12/2015	Acquisitions	Disposals	Depreciation /Reversal	Change in scope of conslidation	Reclass.	31/12/2016
Research and development expenditures	3,970	3,713	-	-	-	-	7,683
Licenses and software	2,352	460	- 71	-	7,482	144	10,367
Brand	23,783	-	-	-	6,937	13	30,733
Cohort of members	5,320	-	-	-	885	-	6,205
Other intangible assets	5	-	- 200	-	1,122	-	927
Intangible assets	**35,430**	**4,173**	**- 271**	**-**	**16,426**	**157**	**55,915**
Amort./Dep. of research and dev. Expenditures	- 972	-	-	- 1,440	-	-	- 2,412
Amort./dep. Of licenses and software	- 1,479	-	71	- 676	- 7,192	-	- 9,276
Amort./Dep of cohort of members	- 4,118	-	-	- 784	- 36	-	- 4,938
Am./Dep. of intangible assets	**- 6,569**	**-**	**71**	**- 2,900**	**- 7,228**	**-**	**- 16,626**
Total net value	**28,861**	**4,173**	**- 200**	**- 2,900**	**9,198**	**157**	**39,289**

Acquisitions over the year concern mainly the capitalization of part of the research and development costs incurred over the period. These costs concern mainly the improvement of the mobile version of the website, the development of the website itself and customer order processing systems, including the streamlining of logistics.

Total R&D expenditure incurred under the activation criteria for 2016 amounts to €3,713,000.

Disposals relate mainly to the mothballing of the SR30 business.

Changes in the scope of consolidation are mainly from Saldi Privati.

in K€	31/12/2014	Acquisitions	Disposals	Depreciation /Reversal		Reclass.	31/12/2015
Research and development expenditures	1,644	2,326	-	-	-	-	3,970
Licenses and software	1,538	775	-	-	-	39	2,352
Brand	23,783	-	-	-	-	-	23,783
Cohort of members	5,320	-	-	-	-	-	5,320
Other intangible assets	5	-	-	-		-	5
Intangible assets	**32,290**	**3,101**	**-**	**-**	**-**	**39**	**35,430**
Amort./Dep. of research and dev. Expenditures	- 287	-	-	- 685	-	-	- 972
Amort./dep. Of licenses and software	- 920	-	-	- 559	-	-	- 1,479
Amort./Dep of cohort of members	- 3,357	-	-	- 761	-	-	- 4,118
Am./Dep. of intangible assets	**- 4,564**	**-**	**-**	**- 2,005**	**-**	**-**	**- 6,569**
Total net value	**27,726**	**3,101**	**-**	**- 2,005**	**-**	**39**	**28,861**

Acquisitions over the year concern mainly the capitalization of part of the research and development costs incurred over the period. These costs concern mainly the improvement of the mobile version of the website, the development of the website itself and customer order processing systems, including the streamlining of logistics.

Total R&D expenditure incurred under the activation criteria was:

- for fiscal year 2015: €4,351,000,
- for fiscal year 2014: €3,001,000,
- for fiscal year 2013: €2,913,000.

in K€	31/12/2013	Acquisitions	Disposals	Depreciation /Reversal		Reclass.	31/12/2014
Research and development expenditures	160	1,484	-	-	-	-	1,644
Licenses and software	806	483		-	-	249	1,538
Brand	23,783	-	-	-	-	-	23,783
Cohort of members	5,320	-	-	-	-	-	5,320
Other intangible assets	-	5	-	-		-	5
Intangible assets	**30,069**	**1,972**	**-**	**-**	**-**	**249**	**32,290**
Amort./Dep. of research and dev. Expenditures	- 78	-	-	- 209	-	-	- 287
Amort./dep. Of licenses and software	- 493	-	-	- 427	-	-	- 920
Amort./Dep of cohort of members	- 2,597	-	-	- 760	-	-	- 3,357
Am./Dep. of intangible assets	**- 3,168**	**-**	**-**	**- 1,396**	**-**	**-**	**- 4,564**
Total net value	**26,901**	**1,972**	**-**	**- 1,396**	**-**	**249**	**27,726**

Acquisitions during the year concern mainly the capitalization of part of research and development costs incurred over the period. These costs concern mainly the improvement of the mobile version of the website, the development of the website itself and of the customer order processing systems, including the streamlining of logistics.

Total research and development costs incurred that met the capitalization criteria were as follows:

- for fiscal year 2014: €3,001,000,
- for fiscal year 2013: €2,913,000.

4.3. Tangible assets

in K€	31/12/2015	Acquisitions	Disposals	Depreciation	Change in scope of consolidation	Reclass.	Scrapping	31/12/2016
Land	1,223	-	-	-	-	-	-	1,223
Buildings and refurbishment	9,851	298	- 41	-	411	1,927	- 742	11,704
Facilities, plant & equipment	6,191	101	-	-	21	203	-	6,516
Tangible assets in progress	83	2,423	-	-	-	- 2,298	- 9	199
Advances payments for fixed assets	-	-	-	-	-	-	-	-
Other tangible assets	6,047	1,405	- 97	-	641	10	- 320	7,686
Tangible assets	**23,395**	**4,227**	**- 138**	**-**	**1,073**	**- 158**	**- 1,071**	**27,328**
o/w finance lease	*7,940*		-	-	-	-	-	*7,940*
Amort/ Dep. of buildings and refurbishment	*- 2,538*	-	41	- 1,145	- 210	-	505	- 3,347
Amort./Dep. of tech facilities, plant & equipment	*- 2,769*	-	-	- 930	- 15	-		- 3,714
Amort./Dep. of other tangible assets	*- 3,255*	-	97	- 1,254	- 446	-	217	- 4,641
Amort./Dep. of tangible assets	**- 8,562**	**-**	**138**	**- 3,329**	**- 671**	**-**	**722**	**- 11,702**
o/w finance lease	*- 2,645*	-	-	*- 976*			-	*- 3,621*
Total net value	**14,833**	**4,227**	**-**	**- 3,329**	**402**	**- 158**	**- 349**	**15,626**

Acquisitions during the year include mainly:

- improvement works at the head office for €1,412,000,
- improvement work on the "l'Atelier" sales production site in Roubaix, for €581,000,
- furniture, computer and production equipment for the office at La Plaine Saint-Denis for €1,139,000.

Disposals relate mainly to the mothballing of the SR30 business.

Changes in the scope of consolidation are mainly from Saldi Privati.

in K€	31/12/2014	Acquisitions	Disposals	Depreciation		Reclass.	Scrapping	31/12/2015
Land	1,223	-	-	-		-	-	1,223
Buildings and refurbishment	7,766	600	-	-		1,485	-	9,851
Facilities, plant & equipment	5,989	84	-	-		118	-	6,191
Tangible assets in progress	419	1,355	-	-		- 1,691	-	83
Advances payments for fixed assets	25	-	-	-		-	- 25	-
Other tangible assets	4,552	1,493	- 47	-		49	-	6,047
Tangible assets	**19,974**	**3,532**	**- 47**	**-**		**- 39**	**- 25**	**23,395**
o/w finance lease	*7,655*	*285*	-	-		-	-	*7,940*
Amort/ Dep. of buildings and refurbishment	- 1,675	-	-	- 863		-		- 2,538
Amort./Dep. of tech facilities, plant & equipment	- 1,849	-	-	- 920		-		- 2,769
Amort./Dep. of other tangible assets	- 2,309	-	28	- 974		-	-	- 3,255
Amort./Dep. of tangible assets	**- 5,833**	**-**	**28**	**- 2,757**		**-**	**-**	**- 8,562**
o/w finance lease	*- 1,711*	-	-	*- 934*			-	*- 2,645*
Total net value	**14,141**	**3,532**	**- 19**	**- 2,757**		**- 39**	**- 25**	**14,833**

Acquisitions during the year include mainly:

- computer equipment for €939,000, including servers for €285,000,
- furniture for €408,000,
- improvement works at the head office for €1,191,000,
- improvement works on the "l'Atelier" sales production site in Roubaix, for €609,000.

in K€	31/12/2013	Acquisitions	Disposals	Depreciation	Reclass.	Scrapping	31/12/2014
Land	1,223	-	-	-	-	-	1,223
Buildings and refurbishment	6,544	1,387	-	-	436	- 601	7,766
Facilities, plant & equipment	3,001	2,699	-	-	308	- 19	5,989
Tangible assets in progress	662	375		-	- 571	- 47	419
Advances payments for fixed assets	448	53		-	- 476	-	25
Other tangible assets	3,690	1,250	- 78	-	54	- 364	4,552
Tangible assets	**15,568**	**5,764**	**- 78**	**-**	**- 249**	**- 1,031**	**19,974**
o/w finance lease	*4,839*	*2,816*	**-**	-	-	**-**	*7,655*
Amort/ Dep. of buildings and refurbishment	- 1,624	-	-	- 652	-	601	- 1,675
Amort./Dep. of tech facilities, plant & equipment	- 1,459	-	-	- 409	-	19	- 1,849
Amort./Dep. of other tangible assets	- 1,902	-	-	- 678	-	271	- 2,309
Amort./Dep. of tangible assets	**- 4,985**	**-**	**-**	**- 1,739**	**-**	**891**	**- 5,833**
o/w finance lease	*- 1,360*	**-**	**-**	*- 351*		**-**	*- 1,711*
Total net value	**10,583**	**5,764**	**- 78**	**- 1,739**	**- 249**	**- 140**	**14,141**

Acquisitions during the year include mainly:

- An unpacking line for the St Witz warehouse for €2,816,000,
- Improvement works at the St Witz warehouse for €1,162,000,
- Improvement works at the Head Office of La Plaine Saint-Denis for €1,006,000,
- Furniture, computer and production equipment for the office at La Plaine Saint-Denis for €992,000.

4.4. Financial assets

in K€	31/12/2015	Acquisitions	Disposals	Depreciation	Change in scope of conslidation	31/12/2016
Investment	-	-	-	-	-	-
Loans, guarantees and other receivables	1,105	2,549	- 3	- 143	116	3,624
Financial assets	**1,105**	**2,549**	**- 3**	**- 143**	**116**	**3,624**
Depreciation of investment	-	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-	-
Financial assets depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Total net value	**1,105**	**2,549**	**- 3**	**- 143**	**116**	**3,624**

The increase in loans is mainly from a component of the purchase price for Saldi Privati, which has been placed in a blocked deposit account for €2,500,000.

in K€	31/12/2014	Acquisitions	Disposals	Depreciation	31/12/2015	31/12/2015
Investment	-	-	-	-		-
Loans, guarantees and other receivables	1,181	89	- 10	- 155	-	1,105
Financial assets	**1,181**	**89**	**- 10**	**- 155**	**-**	**1,105**
Depreciation of investment	-	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-	-
Financial assets depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Total net value	**1,181**	**89**	**- 10**	**- 155**	**-**	**1,105**

in K€	31/12/2013	Acquisitions	Disposals	Dep./Reversal	Variations de Périmètre	31/12/2014
Investment	-	-	-	-		-
Loans, guarantees and other receivables	964	217	-	-	-	1,181
Financial assets	**964**	**217**	**-**	**-**	**-**	**1,181**
Depreciation of investment	-	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-	-
Financial assets depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Total net value	**964**	**217**	**-**	**-**	**-**	**1,181**

4.5. Inventories

Stocks and work-in-progress are made up of the following:

in K€	31/12/2016			31/12/2015			31/12/2014		
	Gross value	Dep.	Net value	Gross value	Dep.	Net value	Gross value	Dep.	Net value
Packaging and supplies inventory	426	-	426	290	-	290	371	-	371
Goods inventory	84,201	- 1,989	82,212	57,349	- 571	56,778	41,711	- 391	41,320
Total Inventories	**84,627**	**- 1,989**	**82,638**	**57,639**	**- 571**	**57,068**	**42,082**	**- 391**	**41,691**

The total amount of Saldi Privati's inventory amounted €8,256,000 at December 31.

4.6. Trade receivables and similar accounts

This item is made up of the following:

	31/12/2016			31/12/2015			31/12/2014		
in K€	Gross value	Provisions for doubtful accounts	Net value	Gross value	Provisions for doubtful accounts	Net value	Gross value	Provisions for doubtful accounts	Net value
Accrued income	3,083		3,083	6,601		6,601	2,701		2,701
Accounts receivable	7,920	- 914	7,006	4,887	- 554	4,333	4,216	- 531	3,685
Advances and prepayments	26,523		26,523	13,080		13,080	8,539		8,539
Total receivables and related accounts	**37,526**	**- 914**	**36,612**	**24,568**	**- 554**	**24,014**	**15,456**	**- 531**	**14,925**

4.7. Breakdown of receivables by maturity

in K€	31/12/2016	Less than 1 year	2 years	3 years	4 years	5 years and more
Loans, guarantees and other receivables	3,624	-		-	-	3,624
Total Financial fixed assets	**3,624**	**-**	**-**	**-**	**-**	**3,624**
Accounts receivable	7,006	7,006	-	-	-	-
Accrued income	3,083	3,083				
Advances and prepayments	26,523	26,523	-	-	-	-
Total receivables and related accounts	**36,612**	**36,612**	**-**	**-**	**-**	**-**
Current income taxes	3,519	3,519	-	-	-	-
Employee advances and prepaid payroll taxes	56	56	-	-	-	-
Tax-related receivable - other than income tax	16,966	16,966	-	-	-	-
Other receivables	- 993	- 993	-	-	-	-
Prepaid expenses	20,886	20,886	-	-	-	-
Total other receivables	**36,915**	**36,915**	**-**	**-**	**-**	**-**
Total Receivables	**80,670**	**77,046**	**-**	**-**	**-**	**3,624**

in K€	31/12/2015	Less than 1 year	2 years	3 years	4 years	5 years and more
Loans, guarantees and other receivables	1,105	-		-	-	1,105
Total Financial fixed assets	**1,105**	**-**	**-**	**-**	**-**	**1,105**
Accounts receivable	4,333	4,333	-	-	-	-
Accrued income	6,601	6,601				
Advances and prepayments	13,080	13,080	-	-	-	-
Total receivables and related accounts	**24,014**	**24,014**	**-**	**-**	**-**	**-**
Current income taxes	3,058	3,058	-	-	-	-
Employee advances and prepaid payroll taxes	18	18	-	-	-	-
Tax-related receivable - other than income tax	11,377	11,377	-	-	-	-
Other receivables	354	354	-	-	-	-
Prepaid expenses	16,203	16,203	-	-	-	-
Total other receivables	**27,952**	**27,952**	**-**	**-**	**-**	**-**
Total Receivables	**56,129**	**55,024**	**-**	**-**	**-**	**1,105**

in K€	31/12/2014	Less than 1 year	2 years	3 years	4 years	5 years and more
Loans, guarantees and other receivables	1,181	-		-	-	1,181
Total Financial fixed assets	**1,181**	**-**	**-**	**-**	**-**	**1,181**
Accounts receivable	3,685	3,685	-	-	-	-
Accrued income	2,701	2,701				
Advances and prepayments	8,539	8,539	-	-	-	-
Total receivables and related accounts	**14,925**	**14,925**	**-**	**-**	**-**	**-**
Current income taxes	2,744	2,744	-	-	-	-
Employee advances and prepaid payroll taxes	33	33	-	-	-	-
Tax-related receivable - other than income tax	7,815	7,815	-	-	-	-
Other receivables	207	207	-	-	-	-
Prepaid expenses	11,332	11,332	-	-	-	-
Total other receivables	**19,387**	**19,387**	**-**	**-**	**-**	**-**
Total Receivables	**38,237**	**37,056**	**-**	**-**	**-**	**1,181**

4.8. Breakdown of debts by maturity

in K€	31/12/2016	Less than 1 year	2 years	3 years	4 years	5 years and more
Long term financial liabilities (finance lease)	2,038	-	901	878	244	15
Short term financial liabilities (finance lease)	934	934	-	-	-	-
Other financial liabilities	32	32	-	-	-	-
Total Payable and related accounts	**3,004**	**966**	**901**	**878**	**244**	**15**
Accounts payable	79,310	79,310	-	-	-	-
Accrued invoices	64,797	64,797	-	-	-	-
Advances from customers and billed in advance	4,397	4,397	-	-	-	-
Total Payable and related accounts	**148,504**	**148,504**	**-**	**-**	**-**	**-**
Income tax liabilities	-	-	-	-	-	-
Amounts due to social security agencies	6,321	6,321	-	-	-	-
Employee-related liabilities	4,742	4,742	-	-	-	-
Accrued taxes other than income tax	9,576	9,576	-	-	-	-
Other liabilities	2,173	2,173	-	-	-	-
Total other liabilities	**22,812**	**22,812**				
TOTAL	**174,320**	**172,282**	**901**	**878**	**244**	**15**

in K€	31/12/2015	Less than 1 year	2 years	3 years	4 years	5 years and more
Long term financial liabilities (finance lease)	2 962	-	924	901	878	259
Short term financial liabilities (finance lease)	911	911	-	-	-	-
Other financial liabilities	5	5	-	-	-	-
Total Payable and related accounts	**3 878**	**916**	**924**	**901**	**878**	**259**
Accounts payable	53 034	53 034	-	-	-	-
Accrued invoices	43 314	43 314	-	-	-	-
Advances from customers and billed in advance	3 760	3 760	-	-	-	-
Total Payable and related accounts	**100 108**	**100 108**	**-**	**-**	**-**	**-**
Income tax liabilities	-	-	-	-	-	-
Amounts due to social security agencies	4 360	4 360	-	-	-	-
Employee-related liabilities	2 895	2 895	-	-	-	-
Accrued taxes other than income tax	7 401	7 401	-	-	-	-
Other liabilities	278	278	-	-	-	-
Deferred revenues	23 565	23 565	-	-	-	-
Total other liabilities	**38 499**	**38 499**				
TOTAL	**142 485**	**139 523**	**924**	**901**	**878**	**259**

in K€	31/12/2014	Less than 1 year	2 years	3 years	4 years	5 years and more
Long term financial liabilities (finance lease)	3 625	-	806	829	853	1 137
Short term financial liabilities (finance lease)	1 000	1 000	-	-	-	-
Other financial liabilities	5	5	-	-	-	-
Total Payable and related accounts	**4 630**	**1 005**	**806**	**829**	**853**	**1 137**
Accounts payable	48 085	48 085	-	-	-	-
Accrued invoices	22 968	22 968	-	-	-	-
Advances from customers and billed in advance	4 309	4 309	-	-	-	-
Total Payable and related accounts	**75 362**	**75 362**	**-**	**-**	**-**	**-**
Income tax liabilities	-	-	-	-	-	-
Amounts due to social security agencies	3 356	3 356	-	-	-	-
Employee-related liabilities	3 447	3 447	-	-	-	-
Accrued taxes other than income tax	5 402	5 402	-	-	-	-
Other liabilities	200	200	-	-	-	-
Deferred revenues	17 941	17 941	-	-	-	-
Total other liabilities	**30 346**	**30 346**				
TOTAL	**110 338**	**106 713**	**806**	**829**	**853**	**1 137**

4.9. Cash and cash equivalents

in K€	31/12/2016	31/12/2015	31/12/2014
Short-term investments	19,574	25,393	15,577
Cash at bank	77,430	77,589	32,153
Bank overdrafts			
Net cash	**97,004**	**102,982**	**47,730**

At December 31, 2016, short-term investments comprised mostly immediately available short-term deposits, as was the case in the previous years.

Over the year 2016, the maintenance of cash at €97 million mainly reflects the positive cash flow from operating activities for €34.07 million, of which €18.5 million through cash flow from operations and €14.4 million through the change in net working capital.

Over the year 2015, the increase in cash of €55.3 million is mainly due to the positive cash flow from operating activities for €13.9 million and to the increase of the authorized capital for a total of €48.9 million, primarily related to the Euronext Paris IPO.

Over the year 2014, the increase in cash of €14.2m is mainly due to the positive cash flow from operating activities for €19.9m, of which €9.8m through cash flow from operations and €13.1m through the change in net working capital.

4.10. Employee benefits

in K€	31/12/2015	Provisions	Reversals of used provisions	Reversals of unused provisions	Change in scope of consolidation	31/12/2016
Provisions for pensions and post-employment benefits	116	49	-	- 80	3	88
Total	**116**	**49**	**-**	**- 80**	**3**	**88**

in K€	31/12/2014	Provisions	Reversals of used provisions	Reversals of unused provisions	Change in scope of consolidation	31/12/2015
Provisions for pensions and post-employment benefits	89	27	-	-	-	116
Total	**89**	**27**	**-**	**-**	**-**	**116**

in K€	31/12/2013	Provisions	Reversals of used provisions	Reversals of unused provisions	Change in scope of consolidation	31/12/2014
Provisions for pensions and post-employment benefits	71	18	-	-	-	89
Total	**71**	**18**	**-**	**-**	**-**	**89**

4.11. Provisions

in K€	31/12/2015	Provisions	Reversals of used provisions	Reversals of unused provisions	31/12/2016
Provision for litigation - less than one year	309	451	- 132	- 41	587
Total Provision for risks	**309**	**451**	**- 132**	**- 41**	**587**
Misceleaneous	684	638	- 585	-	737
Total Provisions for charges	**684**	**638**	**- 585**	**-**	**737**

Provisions for litigation relate to commercial litigation for €365,000 and labor disputes amounting to €86,000.

Reversals of provisions for disputes mainly relate to commercial litigation for €163,000.

Provisions for charges mainly concern the social security contribution relating to grants of bonus shares.

Showroomprivé.com is subject to a tax audit covering the fiscal years 2013 and 2014 and on July 4, 2016 received a proposal for reassessment of corporation tax and value added tax.

During this process involving both the Company and the tax authorities, the Company refused all the increases at September 1, 2016 but these increases were confirmed by a reply from the tax authorities dated October 7, 2016.

The Company, supported by its legal counsel, considers that it has serious arguments on the merits, and intends to contest all the additional charges resulting from the proposed reassessment.

Consequently, and at this stage of the proceedings, no provision has been made in the financial statements at December 31, 2016.

in K€	31/12/2014	Provisions	Reversals of used provisions	Reversals of unused provisions	31/12/2015
Provision for litigation - less than one year	795	104	- 192	- 398	309
Total Provision for risks	**795**	**104**	**- 192**	**- 398**	**309**
Misceleaneous	-	684	-	-	684
Total Provisions for charges	**-**	**684**	**-**	**-**	**684**

in K€	31/12/2013	Provisions	Reversals of used provisions	Reversals of unused provisions	31/12/2014
Provision for litigation - less than one year	292	644	- 105	- 36	795
Total Provisions for charges	**292**	**644**	**- 105**	**- 36**	**795**
Total Provisions for charges	**-**	**-**	**-**	**-**	**-**

4.12. Deferred tax

in K€	31/12/2015	Def. tax expense recognized in the Income Statement	Change in scope of consolidation	Def. tax expense recognized in Equity	31/12/2016
Deferred tax liabilities	75	304	2,899	-	3,278
Net balance for deferred taxes	9,883	- 173	1,918	-	11,628
	- 9,808	**477**	**981**	**-**	**- 8,350**
Breakdown of deferred tax					
Def. tax on temporary differences	59	- 33	-	-	26
Def. tax on other restatements	231	- 278	-		- 47
Def. tax on elimination of intercompany transactions	- 23		-	-	- 23
Recognition of tax loss carry-forwards	62	294	2,898	-	3,254
Def. tax on depreciation of assets recognized through business combination	- 8,550	1,260	- 1,918	-	- 9,208
Def. tax on elimination of start-up expenses	- 2		-	-	- 2
Def. tax on provisions for pensions and other post-employment benefits	42	- 18	1	-	25
Def. tax impact on finance lease restatement	- 503	43	-	-	- 460
Def. tax on capitalisation of research and development costs	- 1,125	- 791			- 1,916
Net balance for deferred taxes by nature	**- 9,808**	**477**	**981**	**-**	**- 8,350**

At December 31, 2016, changes in deferred tax through the income statement are mainly due to:

- the amortization of intangible assets identified at the time of purchase price allocation (PPA) when the Group was created, and again with the acquisitions of Saldi Privati and ABC Sourcing, resulting in a reversal of deferred tax liabilities in the same amounts,
- the capitalization of research and development projects and its amortization.

in K€	31/12/2014	Def. tax expense recognized in the Income Statement	Variations de périmètre	Def. tax expense recognized in Equity	31/12/2015
Deferred tax liabilities	75	-	-	-	75
Net balance for deferred taxes	9,239	644	-	-	9,883
	- 9,164	**- 644**	**-**	**-**	**- 9,808**
Breakdown of deferred tax					
Def. tax on temporary differences	452	- 393	-	-	59
Def. tax on other restatements	102	129	-		231
Def. tax on elimination of intercompany transactions	- 23	-	-	-	- 23
Recognition of tax loss carry-forwards	62	-	-	-	62
Def. tax on depreciation of assets recognized through business combination	- 8,847	298	-	-	- 8,550
Def. tax on elimination of start-up expenses	15	- 17	-	-	- 2
Def. tax on provisions for pensions and other post-employment benefits	32	10	-	-	42
Def. tax impact on finance lease restatement	- 464	- 39	-	-	- 503
Def. tax on capitalisation of research and development costs	- 493	- 632			- 1,125
Net balance for deferred taxes by nature	**- 9,164**	**- 644**	**-**	**-**	**- 9,808**

At December 31, 2015, changes in deferred tax through the income statement are mainly due to:

- amortization of intangible assets identified during the PPA when the Group was created, leading to a reversal of deferred tax liabilities for the same amount,
- the capitalization of research and development projects and its amortization.

There is no tax loss relative to carryforwards unused at December 31, 2015.

in K€	31/12/2013	Def. tax expense recognized in the Income Statement	Variations de périmètre	Def. tax expense recognized in Equity	31/12/2014
Deferred tax assets	68	7	-	-	75
Deferred tax liabilities	9,203	36	-	-	9,239
Net balance for deferred taxes	**- 9,135**	**- 29**	**-**	**-**	**- 9,164**
Breakdown of deferred tax					
Def. tax on temporary differences	193	259	-	-	452
Def. tax on other restatements	102	-	-		102
Def. tax on elimination of intercompany transactions	0	- 23	-	-	- 23
Recognition of tax loss carry-forwards	62	-	-	-	62
Def. tax on depreciation of assets recognized through business combination	- 9,145	298	-	-	- 8,847
Def. tax on elimination of start-up expenses	32	- 17	-	-	15
Def. tax on provisions for pensions and other post-employment benefits	25	7	-	-	32
Def. tax impact on finance lease restatement	- 405	- 59	-	-	- 464
Def. tax on capitalisation of research and development costs	-	- 493			- 493
Net balance for deferred taxes by nature	**- 9,135**	**- 29**	**-**	**-**	**- 9,164**

At December 31, 2014, changes in deferred tax through the income statement are mainly due to:

- amortization of intangible assets identified during the PPA when the Group was created, leading to a reversal of deferred tax liabilities for the same amount,
- the capitalization of research and development projects and its amortization,
- the impact of elimination of internal profit margins and the reintegration of provisions for risks and charges, which are not tax deductible.

There is no tax loss relative to carryforwards unused at December 31, 2014.

4.13. Borrowings and financial liabilities

in K€	31/12/2015	Increase	Repayment	Other	31/12/2016
Bank borrowings	2,962	-	-	- 924	2,038
Mid- and long-term financial liabilities	**2,962**	**-**	**-**	**- 924**	**2,038**
Bank borrowings due in less than 1 year	911	-	- 901	924	934
Other borrowings due in less than 1 year	5	-	-	-	5
Bank overdrafts	-	27	-	-	27
Short-term financial liabilities	**916**	**27**	**- 901**	**924**	**966**
o/w finance lease	*3,866*		*- 901*	-	*2,965*
Total Loans and financial debts	**3,878**	**27**	**- 901**	**-**	**3,004**

Financial liabilities relate almost exclusively to finance leases.

in K€	31/12/2014	Increase	Repayment	Other	31/12/2015
Bank borrowings	3,625	238	-	- 901	2,962
Mid- and long-term financial liabilities	**3,625**	**238**	**-**	**- 901**	**2,962**
Bank borrowings due in less than 1 year	1,000	47	- 1,044	908	911
Other borrowings due in less than 1 year	5	-	-	-	5
Bank overdrafts	-	-	-	-	-
Short-term financial liabilities	**1,005**	**47**	**- 1,044**	**908**	**916**
o/w finance lease	*4,625*	*285*	*- 1,044*	-	*3,866*
Total Loans and financial debts	**4,630**	**285**	**- 1,044**	**7**	**3,878**

in K€	31/12/2013	Increase	Repayment	Other	31/12/2014
Bank borrowings	1,829	2,793	-	- 997	3,625
Mid- and long-term financial liabilities	**1,829**	**2,793**	**-**	**- 997**	**3,625**
Bank borrowings due in less than 1 year	487	23	- 507	997	1,000
Other borrowings due in less than 1 year	5	-	-	-	5
Bank overdrafts	-	-	-	-	-
Short-term financial liabilities	**492**	**23**	**- 507**	**997**	**1,005**
o/w finance lease	*2,316*	*2,816*	*- 507*	-	*4,625*
Total Loans and financial debts	**2,321**	**2,816**	**- 507**	**-**	**4,630**

4.14. Definition of classes of financial assets and liabilities by accounting category

in K€	31/12/2016						
Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Financial derivatives classified as cash flow hedges for accounting purposes	Total carrying amount	Fair value of the category
Financial assets		3,624				3,624	3,624
Operating receivables and other current receivables		73,527				73,527	73,527
Derivative instruments						0	0
Receivables related to intermediation activity						0	0
Other non current assets						0	0
Funds related to intermediation activity						0	0
Cash and Cash equivalents	97,004					97,004	97,004
TOTAL ASSETS	**97,004**	**77,151**	**0**	**0**	**0**	**174,155**	**174,155**
Long term financial liabilities			2,038			2,038	2,038
Other non-current liabilities				88		88	88
Short term financial liabilities			966			966	966
Operating liabilities and other current liabilities			201,979			201,979	201,979
Payables related to intermediation activity						0	0
Derivative instruments						0	0
TOTAL LIABILITIES	**0**	**0**	**204,983**	**88**	**0**	**205,071**	**205,071**

in K€	31/12/2015						
Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Financial derivatives classified as cash flow hedges for accounting purposes	Total carrying amount	Fair value of the category
Financial assets		1,105				1,105	1,105
Operating receivables and other current receivables		51,966				51,966	51,966
Derivative instruments						0	0
Receivables related to intermediation activity						0	0
Other non current assets						0	0
Funds related to intermediation activity						0	0
Cash and Cash equivalents	102,982					102,982	102,982
TOTAL ASSETS	**102,982**	**53,071**	**0**	**0**	**0**	**156,053**	**156,053**
Long term financial liabilities			2,962			2,962	2,962
Other non-current liabilities				116		116	116
Short term financial liabilities			916			916	916
Operating liabilities and other current liabilities			138,607			138,607	138,607
Payables related to intermediation activity						0	0
Derivative instruments						0	0
TOTAL LIABILITIES	**0**	**0**	**142,485**	**116**	**0**	**142,601**	**142,601**

in K€	31/12/2014						
Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Financial derivatives classified as cash flow hedges for accounting purposes	Total carrying amount	Fair value of the category
Financial assets		1,181				1,181	1,181
Operating receivables and other current receivables		34,313				34,313	34,313
Derivative instruments						0	0
Receivables related to intermediation activity						0	0
Other non current assets						0	0
Funds related to intermediation activity						0	0
Cash and Cash equivalents	47,730					47,730	47,730
TOTAL ASSETS	**47,730**	**35,494**	**0**	**0**	**0**	**83,224**	**83,224**
Long term financial liabilities			3,625			3,625	3,625
Other non-current liabilities				89		89	89
Short term financial liabilities			1,005			1,005	1,005
Operating liabilities and other current liabilities			105,708			105,708	105,708
Payables related to intermediation activity						0	0
Derivative instruments						0	0
TOTAL LIABILITIES	**0**	**0**	**110,338**	**89**	**0**	**110,427**	**110,427**

4.15. Share option plans

On August 5, 2010 the General Meeting of Shareholders authorized the Board of Directors to grant to a certain number of Group employees, on one or more occasions over a period of 38 months, warrants entitling them to subscribe for new shares.

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

The main features of these plans and the basis of calculation are summarized 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	05/08/10	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	-	-	- 53,438	-	- 2,812	-	- 8,220	-	- 900
Total number of options exercised over the current year	- 544,320	- 315,000	- 81,831		- 99,499	- 43,570	- 37,906	- 14,064	- 18,025
Total number of options cancelled	-	-	- 100,000	- 38,750	- 127,185	- 6,430	- 48,438	- 2,343	- 15,624
Total number of remaining options at 31 December 2016	-	-	58,481	-	113,004	-	72,937	33,593	35,451
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 / considering as equal to the exercise price	4.00	4.00	4.00	4.60	5.20	5.20	5.20	5.60	7.20
Exercice 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 Plan no. 1 and 2 are intended for senior executives.

In the case of Plan no. 1, the rights were immediately acquired on the date of incorporation of SRP Groupe and contributions made.

Depending on the calculation parameters used in determining the fair value based on the Black & Scholes model, and on the basis of an updated assumption of the turnover rate of beneficiary employees, the expense recognized in "Other operating expenditure" amounts to:

- €37,000 for the year 2016,
- €84,000 for the year 2015,
- €103,000 for the year 2014.

The total amount to be amortized between 2017 and 2018 in respect of these plans is €13,000.

4.16. Bonus share plans

On September 25, 2015 and then on May 30, 2016, 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 decided at the same time as the IPO on the Euronext regulated market.

	Plan n°1	Plan n°2	Plan n°3	Plan n°4
Date of the General Meeting	25/09/15	25/09/15	30/05/16	30/05/16
Date of the executive board	25/09/15	29/10/15	30/05/16	30/05/16
Total number of free shares authorized	625,000	500,000	52,500	24,003
Total number of free shares attributed over the previous periods	625,000	350,585		
Total number of free shares attributed over the current year	-	-	52,500	24,003
Total number of free shares exercised over the current year	- 625,000	-	-	-
Total number of free shares cancelled	-	- 11,600	-	-
Total number of remaining free shares at 31 December 2016	-	338,985	52,500	24,003
Weighted average vesting period (in year)	1.0	2.0	2.0	2.0
Share price at the granting date	17.62	17.62	19.19	19.19
Exercice price (€)	-	-	-	-
Weighted average fair value at grant date	16.77	15.57	13.70	13.70

The main features of these plans and the basis of calculation are summarized in the table below:

It is stipulated that Plan no. 1 is intended for senior executives, while Plan no. 2 is intended for employees or senior executives.

Depending on the calculation parameters used in determining the fair value, and on the basis of an updated assumption of the turnover rate of recipient employees, the expense recognized as "Cost of share based payments" amounts to €10,735,000 for 2016.

The total amount to be amortized between 2017 and 2018 in respect of these plans is €2,998,000.

4.17. Earnings per share

Basic earnings per share

in K€	2016	2015	2014
Total comprehensive net income for the period - part attributable to owners of the consolidating entity	- 250	5,143	5,870
Average number of ordinary shares	33,649,675	30,677,558	120,960,000
Diluted earnings per share (in €)	- 0.007	0.163	0.048

Diluted earnings per share

in K€	2016	2015	2,014
Total comprehensive net income for the period - part attributable to owners of the consolidating entity	- 250	5,143	5,870
Average number of ordinary shares	33,649,675	30,677,558	120,960,000
Impact of dilutive instruments:	650,658	921,657	1,667,292
Average number of diluted ordinary shares	34,300,333	31,599,215	122,627,292
Diluted earnings per share (in €)	- 0.007	0.163	0.048

4.18. Analysis of changes in operating working capital items

in K€	**31/12/2015**	Variations	Changes in the scope of consolidation and others	**31/12/2016**
Inventory	57,639	16,284	10,704	**84,627**
Accounts receivable (gross value)	24,568	11,775	1,183	**37,526**
Prepaid expenses	16,203	4,540	143	**20,886**
Other current assets (gross value)	11,749	1,402	2,878	**16,029**
Subtotals Assets (1)	**110,159**	**34,001**	**14,908**	**159,068**
Accounts payable	100,108	36,528	11,868	**148,504**
Deferred revenues	23,565	5,289	1,809	**30,663**
Other current liabilities	14,965	5,792	2,086	**22,843**
Subtotals Liabilities (2)	**138,638**	**47,609**	**15,763**	**202,010**
Working capital requirement (1)-(2)	**- 28,479**	**- 13,608**	**- 855**	**- 42,942**

in K€	**31/12/2014**	Items with cash impact	Changes in the scope of consolidation	**31/12/2015**
Inventory	42,082	15,557		**57,639**
Accounts receivable (gross value)	15,456	5,229		**24,568**
Prepaid expenses	11,332	-		**16,203**
Other current assets (gross value)	8,056	3,693		**11,749**
Subtotals Assets (1)	**76,926**	**24,479**	**-**	**110,159**
Accounts payable	75,362	4,400		**100,108**
Deferred revenues	17,941	-		**23,565**
Other current liabilities	12,405	2,087		**14,965**
Subtotals Liabilities (2)	**105,708**	**6,487**	**-**	**138,638**
Working capital requirement (1)-(2)	**- 28,782**	**17,992**	**-**	**- 28,479**

Change in Working Capital	**303**

in K€	**31/12/2013**	Items with cash impact	Changes in the scope of consolidation	**31/12/2014**
Inventory	28,307	13,775		**42,082**
Accounts receivable (gross value)	12,323	1,090		**15,456**
Prepaid expenses	7,808	-		**11,332**
Other current assets (gross value)	6,071	1,985		**7,981**
Subtotals Assets (1)	**54,509**	**16,850**	**-**	**76,851**
Accounts payable	47,370	18,613		**75,362**
Deferred revenues	12,516			**17,941**
Other current liabilities	10,389	2,016		**12,405**
Subtotals Liabilities (2)	**70,275**	**20,629**	**-**	**105,708**
Working capital requirement (1)-(2)	**- 15,766**	**- 3,779**	**-**	**- 28,857**

Change in Working Capital	**- 13,091**

5. THE GROUP'S EXPOSURE TO FINANCIAL RISKS

5.1. Market risk

Foreign exchange risk

The Group is not significantly exposed to foreign-exchange risk in respect of its operational activities. The large majority of the (internet) transactions made by its customers is invoiced or paid in euros. Most purchases from suppliers are invoiced or paid in euros.

If the euro appreciates (or depreciates) against another currency, the value in euros of the asset and liability, the income and the expenditure entries, initially recognized in this other currency, will decrease (or increase). Thus, fluctuations in the value of the euro may have an impact on the value in euros of the asset and liability, the income and the expenditure entries not denominated in euros, even if the value of these entries has not changed in the original currency.

As in 2015 and 2014, a 10% variation in the exchange rates of currencies other than the operating currencies of the subsidiaries would therefore not have a material impact on the Group's net income for 2016.

Interest rate risk

The Group is exposed to interest rate risk in respect of its short-term investments.

The impact of a one point fall in interest rates applied to short-term rates would not have had a material impact on the Group's net income for the year 2016, as in 2015 and 2014.

5.2. Liquidity risk

In order to manage the liquidity risk which may result from the repayment of financial liabilities, whether at their contractual maturity or prematurely, the Group implements a prudent financial policy based in particular on the investment of its surplus free cash flow in risk-free financial investments.

The Group is not subject to any bank guarantee.

5.3. Credit risk

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

- trade receivables: this risk is monitored on a daily basis through the collection and recovery processes. Furthermore, the high number of individual customers minimize credit concentration risk in respect of trade receivables;
- and financial investments: the Group's policy is to spread its investments over monetary instruments of short-term maturity, in general for a period of less than one month, in compliance with the rules on counterparty diversification and quality.

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

The Group does not have any material doubtful or unamortized financial debts.

The maturity of trade receivables at December 31, 2016 is as follows:

In K€	< 3 months	> 3 months et < 6 months	> 6 months et < 1 year	> 1 year	Total
Accounts receivable at 31st December 2016	6,837	508	152	423	7,920

6. RELATED PARTIES

6.1. Related parties with control over the Group

At December 31, 2016 the SRP Groupe had not granted any loan or borrowing to members of the Group's Senior Management.

During the fiscal year ended December 31, 2016 no significant transaction was executed with shareholders and members of management bodies.

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

in K€	2016	2015	2014
Fixed salaries	1,092	1,092	1,092
Variable salaries	285	450	450
Cost of share-based payments	8,535	2,894	2
Total	**9,912**	**4,436**	**1,544**

Subsidiaries in the Group's consolidation scope carry out transactions among them, which are eliminated for the purposes of the consolidated financial statements.

6.2. 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, relate mainly to the rental of the following real properties:

- Fosses warehouse (lease ended April 2015),
- Saint-Witz warehouse.

in K€	31/12/2016	31/12/2015	31/12/2014
Accounts receivable / payable	-	-	- 57
Purchase of goods and services	1,914	2,001	2,109

7. OFF-BALANCE SHEET COMMITMENTS

7.1. Commitments received

in K€	31/12/2016	31/12/2015	31/12/2014
Discounted notes not yet matured (received)	-	-	-
Deposits and guarantees (received)	-	-	-
Mortgages and collaterals (received)	-	-	-
Forward purchases of foreign currencies (received)	-	-	-
Better fortunes clause (received)	-	-	-
Other commitments received	-	-	-
Off-balance sheet commitments received	**-**	**-**	**-**

7.2. Commitments given

in K€	31/12/2016	31/12/2015	31/12/2014
Discounted notes not yet matured (given)			20
Deposits and guarantees (given)	-	-	-
Mortgages and collateral (given)		1,900	990
Forward purchases of foreign currencies (given)	-	-	-
Better fortunes clause (given)	-	-	-
Trade receivables ceded	-	-	-
Other commitments given	-	-	-
Off-balance sheet commitments given	**-**	**1,900**	**1,010**

Moreover, the amount of the commitments given in relation to future rent amounted to €5,924,000 at December 31, 2016, at more than one year.

7.3. Average headcount at year-end

	31/12/2016	31/12/2015
Officials	380	319
Employees	369	323
Total Staff	**749**	**811**

7.4. Events occurring after the balance sheet date

The company has entered into exclusive negotiations for the acquisition of a minority stake in BeautéPrivé.com.

7.5. Statutory auditors' fees

For the financial year ended 31 December 2016, the total amount of statutory auditors' fees for the Group is 321 K€.

20.1.2 Statutory Auditors' Report on the Group's Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016

SRP Groupe S.A.
Registered office: ZAC Montjoie - 1 rue des Blés - 93212 La Plaine Saint-Denis Cedex
Share capital: €1,367,658.76
Statutory auditors' report on the consolidated financial statements
Fiscal year ended December 31, 2016

Dear Shareholders,

As part of our performance of the assignment entrusted to us by your Shareholders' Meeting, we submit to you our report for the year ended December 31, 2016, concerning:

- the audit of the consolidated financial statements of SRP Groupe S.A. attached to this report;
- the reasons for our assessments;
- the specific verification required by law.

The consolidated financial statements have been adopted by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require the application of due care and attention in order to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We certify that the consolidated financial statements give a true and fair view of the assets, financial position of the Group and of the results of its operations formed by the persons and entities included in the consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

2 Reasons for the assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code concerning the reasons for our assessments, we bring the following matter to your attention:

- The goodwill shown as the net amount of €102.8 million in the balance sheet at December 31, 2016 was subject to an impairment test as described in Notes 1.14 "Accounting Principles and Valuation Methods" and 4.1 "Goodwill" to the consolidated financial statements. We have reviewed the methods used to conduct this test based on forecasts of the discounted cash flow and have checked the overall consistency of the assumptions with forecast data from the strategic plan, and we have verified that the information disclosed in the Notes to the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

3 Specific verification

In accordance with French GAAP, we have also carried out the specific verification required by law on the information relating to the Group provided in the management report.

We have no observations to make as to its fair presentation and consistency with the consolidated financial statements.

The statutory auditors

Paris La Défense, March 28, 2017

KPMG Audit IS

Jean-Pierre Valensi
Partner

Paris, March 28, 2017

Jérôme Benaïnous

Jérôme Benaïnous
Partner

20.1.3 Statutory financial statements of SRP Groupe for the fiscal year ended December 31, 2016

FINANCIAL STATEMENTS
AT DECEMBER 31, 2016

SRP GROUPE

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BALANCE SHEET

in K€	31/12/2016	31/12/2015
Other intangible assets	-	-
Tangible assets	-	-
Financial assets	211,174	175,637
Non current assets	**211,174**	**175,637**
Advances and prepayments	-	67
Accounts receivables	5,480	
Other receivables	3,180	3,048
Cash and cash equivalent	5,293	310
Current assets	**13,952**	**3,425**
Total Assets	**225,126**	**179,062**

in K€	31/12/2016	31/12/2015
Share capital	1,368	1,316
Share premium reserves	172,492	168,533
Other reserves	27	27
Retained earnings	119	- 83
Net income	- 846	226
Total shareholders' equity	**173,159**	**170,019**
Total equity	**173,159**	**170,019**
Provision for risks and charges	737	684
Total non current liabilities	**737**	**684**
Short term financial liabilities	44,918	6,658
Accounts payable	747	747
Tax and social debts	3,532	954
Other liabilities	2,032	-
Total current liabilities	**51,229**	**8,359**
Total Liabilities	**51,967**	**9,043**
Total Equity and Liabilities	**225,126**	**179,062**

INCOME STATEMENT

in K€	31/12/2016	31/12/2015
Net revenues	4,566	4,052
OPERATING INCOME	**4,566**	**4,052**
Purchases and sub-contracting expenses	926	3,586
Tax expenses	65	7
Own shares		
Personnel expenses	2,770	221
Deprec. & Am. of tangible and intangible assets	20	45
Other expenses	124	-
OPERATING EXPENSES	**3,904**	**3,859**
OPERATING PROFIT	**663**	**193**
Financial income	279	7
Financial expenses	1,448	177
FINANCIAL PROFIT / LOSS	**- 1,170**	**- 170**
PROFIT / LOSS BEFORE TAX	**- 507**	**23**
Exceptional income	585	789
Exceptional expenses	1,310	789
EXCEPTIONAL PROFIT / LOSS	**- 725**	**-**
Income tax	386	203
NET INCOME FOR THE PERIOD	**- 846**	**226**

NOTES TO THE FINANCIAL STATEMENTS

The results of the year ended 12/31/2016 are as follows:

- the total balance sheet, before appropriation of net profit, is €225,126,280;
- the income statement, with total revenue of €5,430,247, presented in the form of a list, shows a net loss of €845,835 for the period.

The fiscal year covers a period of 12 months from 1/1/2016 to 12/31/2016.
The notes and tables below form an integral part of the annual financial statements.

1. MAIN EVENTS OF THE FISCAL YEAR

In late September 2016, SRP Groupe acquired 100% of the shares of ABC Sourcing, specialist in the sale of end-of-line products to wholesalers, in France, for an amount of €2.5 million, plus an earnout.
In early November 2016, SRP Groupe acquired 100% of the shares of Saldi Privati, number 2 for event sales in Italy, for an amount of €28 million (excluding net debt).
Reminder of 2015 highlights
Initial Public Offering on the Euronext Paris regulated market
SRP Groupe issued 2,564,103 new shares as part of its public offering *(Offre à Prix Ouvert*), delivery of which occurred on November 2, 2015.
The shares were admitted to trading on Compartment B of the Euronext Paris regulated market under the ISIN code FR0013006558 and the trading symbol SRP on October 30, 2015.
The price of the public offering and the global placement was fixed at €19.50 per share (i.e. €0.04 nominal plus €19.46 issue premium per share).

2. ACCOUNTING RULES AND METHODS

The financial statements have been drawn up in accordance with French accounting standards, in particular the provisions of Regulation 2014-03 of the *Autorité des Normes Comptables* (French accounting standards authority) approved by Ministerial Order on September 8, 2014 relating to the General Chart of Accounts.
The general accounting policies have been applied in compliance with the principle of prudence and are based on the following basic assumptions:
- going concern principle,
- consistent accounting methods from one fiscal year to the next,
- appropriate cut-offs,
- true and fair view,
- compliance and accuracy.

The basic method used for valuing items recognized in the accounts is the historical cost method.

The main principles applied are as follows:

2.1 Intangible assets

Intangible assets are valued at their acquisition cost (purchase price plus incidentals, excluding expenses incurred in purchasing of the assets).
They relate mainly to start-up costs of €227,000 and are amortized over a period of five years.

2.2 Financial assets

Financial assets are valued at their acquisition cost (purchase price, incidentals and expenses incurred in purchasing of the assets).
Financial assets at December 31, 2016 comprise the following:

Controlling interest in SHOWROOMPRIVE.COM	€170,169,268
Controlling interest in SRP LOGISTIQUE	€4,219,261

Controlling interest in SHOWROOMPRIVE STORE	€1,248,449
Controlling interest in ABC SOURCING	€3,750,000
Controlling interests in SALDI PRIVATI	€30,235,054
Total gross value of controlling interests	**€209,622,033**
Impairment of investment in SHOWROOMPRIVE STORE	- €947,896
Total net value of investment	**€208,674,137**

Note that SRP Groupe owns 100% of the share capital of these companies.

In €

	Share capital	Shareholders' equity other than Share capital	% of capital held	Turnover (last FY)	Net Income (last FY)	Shares at net book value	Loans and advances	Guarantees	Dividends (last FY)
A - DETAILED INFORMATION CONCERNING									
1 - Subsidiaries (more than 50% share capital)									
SHOWROOMPRIVE.COM	145,810,290	49,353,418	100	527,846,272	6,657,619	170,169,269	Néant	Néant	Néant
SRP LOGISTIQUE	25,900	498,121	100	10,044,454	- 16,727	4,219,261	Néant	Néant	Néant
SHOWROOMPRIVE STORE	220,000	80,553	100	758,941	- 870,419	300,553	72,168	Néant	Néant
ABC SOURCING	20,000	- 395,016	100	13,597,268	- 392,840	3,750,000	Néant	Néant	Néant
SALDI PRIVATI	900,000	5,385,833	100	42,396,754	- 3,932,427	30,235,054	2,500,000	Néant	Néant
B - GLOABL INFORMATION CONCERNING									
1 - Subsidiaries not included in A									
a) French									
b) Foreign									
2 - Associated companies not included in A :									
a) French									
b) Foreign									

2.3 Impairment of equity interests

The gross value of investments on the balance sheet reflects their acquisition cost, which includes expenses directly related to the asset. The acquisition cost of investments takes account of the price paid on acquisition and any variable earnouts based on the business activity and future results of the acquired company.

Impairment is recognized if, at year end, the value in use of an investment is lower than its net book value. Value in use is determined on the basis of estimated discounted future cash flows, reduced or increased by net debt or net cash.

At December 31, 2016, the value in use of the controlling interests was assessed on the basis of the net future cash flows discounted over a 4-year period then projected to infinity, reduced or increased by the net debt or net cash of the entity in question. The discount rate used was 9.5% and the long-term growth rate used was 2.5%. Furthermore, a sensitivity analysis of the calculation of the variation in key parameters (discount rate and long-term growth rate) did not show any likely scenario under which the value in use of the controlling interests would fall below its book value.

Regarding discontinued activities (e.g. SHOWROOMPRIVE STORE at December 31, 2016), an impairment is recognized when, at year end, the net worth of the company is less than the value of the investment. In this case, the investment in SHOWROOMPRIVE STORE was impaired in the amount of €948,000.

2.4 Provisions for risks and charges

The Company applies CRC Regulation 2000-06 to its liabilities. In this context, provisions for risks and charges were created to provide against the probable outflow of resources to third

parties without consideration paid to the Company. These provisions are estimated taking into account the most probable assumptions on the balance sheet date.
A provision for charges of €737,000 relating to the social charges accrual (*forfait social*) on the grant of bonus shares is recognized in the financial statements at December 31, 2016.

2.5 Receivables

Receivables are valued at their par value. A provision for depreciation is made when the inventory value is lower than the book value.

2.6. Turnover

SRP Groupe S.A. is the lead holding company of all the entities in the Showroomprive.com Group.
Turnover comprises re-invoicing for administrative and financial services rendered by SRP Groupe S.A. on behalf of its subsidiaries.

2.7 Operating expenses

The Company's operating expenses amount to €3,904,000 and mainly represent fees for €812,000 and salary expenses for €,2,770,000 that includes €2,524,000 corresponding to the payment of the social charges accrual *(forfait social*) on the grant of bonus shares during the year.

2.8 Financial result

Financial expenses for the year relate mainly to the impairment of the investment in SHOWROOMPRIVE STORE for €947,000 interest accrued on current account advances for €209,000 and the net book value of investment securities sold for €291,000. Financial income mainly relates to the net income on sales of investment securities for €277,000.

2.9 Non-recurring income/expense

Non-recurring income/expense comprises exceptional charges including fees related to acquisition of the shares of ABC SOURCING and SALDI PRIVATI for €671,000 and to the provision booked for the social charges accrual *(forfait social*) on the grant of bonus shares for €53,000.

3. NOTES TO THE BALANCE SHEET

3.1 Assets

in K€	31/12/2015	Acquisitions	Disposals	Depreciation /Reversal	Reclass.	31/12/2016
Research and development expenditures	227	20	-	-	-	247
Licenses and software	-	-	-	-	-	-
Brand	-	-	-	-	-	-
Cohort of members	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-
Intangible assets	**227**	**20**	**-**	**-**	**-**	**247**
Land	-	-	-	-	-	-
Buildings and refurbishment	-	-	-	-	-	-
Facilities, plant & equipment	-	-	-	-	-	-
Tangible assets in progress	-	-	-	-	-	-
Advances payments for fixed assets	-	-	-	-	-	-
Other tangible assets	-	-	-	-	-	-
Tangible assets	**-**	**-**	**-**	**-**	**-**	**-**
Equity interests	-	-	-	-	-	-
Other Participation	175,637	33,985	-	-	-	209,622
Other Title owed	-	-	-	-	-	-
Loand and Other Financial assets	-	2,500	-	-	-	2,500
Financial assets	**175,637**	**36,485**	**-**	**-**	**-**	**212,122**
TOTAL	**175,864**	**36,505**	**-**	**-**	**-**	**212,369**

The increase in other investments corresponds to the acquisition of shares of ABC SOURCING and SALDI PRIVATI.

The increase in loans is essentially a component of the purchase price of SALDI PRIVATI in the amount of €2,500,000 that was deposited in an escrow account.

3.2 Depreciation and amortization

in K€	31/12/2015	Acquisitions	Disposals	Reclass.	31/12/2016
Amort./dep. of Intangible asset	227	20	-	-	247
Amort./dep. of Tangible asset	-	-	-	-	-
Amort./dep of Financial asset	-	948	-	-	948
TOTAL	**227**	**968**	**-**	**-**	**1,195**

ANNUAL AMORTIZATION (BREAKDOWN)

in K€	Straight-line amortisation	Decreasing amortisation	Exceptional amortisation	Depreciation
Amort./dep. of Intangible asset	20	-	-	-
Amort./dep. of Tangible asset	-	-	-	-
Amort./dep of Financial asset	-	-	-	948
TOTAL	**20**	**-**	**-**	**948**

3.3 Ageing analysis of payables

in K€	31/12/2016	Less than 1 year	2 years	3 years	4 years	5 years and more
Long term financial liabilities (finance lease)	-	-	-	-	-	-
Short term financial liabilities (finance lease)	-	-	-	-	-	-
	-	-	-	-	-	-
Other financial liabilities	2	2	-	-	-	-
Total Payable and related accounts	**2**	**2**	**-**	**-**	**-**	**-**
Accounts payable	356	356	-	-	-	-
Accrued invoices	391	391	-	-	-	-
Advances from customers and billed in advance	-	-	-	-	-	-
Total Payable and related accounts	**747**	**747**	**-**	**-**	**-**	**-**
Income tax liabilities	-	-	-	-	-	-
Amounts due to social security agencies	2,556	2,556	-	-	-	-
Employee-related liabilities	10	10	-	-	-	-
Accrued VAT	913	913	-	-	-	-
Accrued taxes other than VAT and income tax	52	52				
Other liabilities	44,916	44,916	-	-	-	-
Other liabilities	2,032	2,032	-	-	-	-
Total other liabilities	**50,480**	**50,480**				
TOTAL	**51,229**	**51,229**	**-**	**-**	**-**	**-**

3.4 Ageing analysis of receivables

in K€	31/12/2016	Less than 1 year	2 years	3 years	4 years	5 years and more
Loans, guarantees and other receivables	2,500	-		2,500	-	-
Total Financial fixed assets	**2,500**	**-**	**-**	**2,500**	**-**	**-**
Other Accounts receivable	5,480	5,480	-	-	-	-
Accrued income						
Advances and prepayments			-	-	-	-
Total receivables and related accounts	**5,480**	**5,480**	**-**	**-**	**-**	**-**
Current income taxes	1,928	1,928	-	-	-	-
Current VAT	181	181				
Employee advances and prepaid payroll taxes			-	-	-	-
Tax-related receivable - other than income tax			-	-	-	-
Other receivables	7	7	-	-	-	-
Group and shareholders	1,063	1,063				
Prepaid expenses			-	-	-	-
Total other receivables	**3,179**	**3,179**	**-**	**-**	**-**	**-**
TOTAL	**11,159**	**8,659**	**-**	**2,500**	**-**	**-**

3.5 Expenses payable

EXPENSES PAYABLE INCLUDED IN THE FOLLOWING BALANCE SHEET ITEMS	31/12/2016
in K€	
Convertible bonds	
Other bonds	
Long term financial liabilities (finance lease)	2
Short term financial liabilities	208
Accounts payable	391
Tax and social debts	52
Liabilities on fixed assets and related accounts	
Cash and cash equivalents	
Other liabilities	
TOTAL	**653**

3.6 Income receivable

INCOME RECEIVABLE INCLUDED IN THE FOLLOWING ITEMS	31/12/2016
In K €	
Financial fixed assets	
Assets (related to participations)	
Other financial fixed assets	
Receivables	
Receivable on customers and related accounts	5,480
Employees	
Social institution	
State	
Various accrued income	
Other receivables	
Cash equivalents	
Cash	
TOTAL	**5,480**

3.7 Related parties

At December 31, 2016 the SRP Groupe had not granted any loan or borrowing to members of the Company's general management.
During the year ended December 31, 2016, Showroomprive.com, a subsidiary of SRP Groupe S.A., completed transactions with Altermind for a total of €315,000 as part of an agreement concluded for this purpose.
In the normal course of business, the SRP Groupe carries out transactions with its subsidiaries on market terms and conditions.

3.8 Compensation

Compensation paid to executive management in 2016 amounted to €156,000.
Compensation paid to members of the Board of Directors in the same year came to €124,000.

4. OTHER INFORMATION

4.1 Tax consolidation

A tax consolidation agreement was implemented with effect from January 1, 2012 between SRP Groupe S.A., the Group's parent company and all its French subsidiaries.
Pursuant to this agreement, SRP Groupe S.A. is only liable to the tax payable on the overall Group profit and recognizes the overall tax liability payable by the Group. Clause 1 of the agreement provides that "*Each Subsidiary shall pay to SRP GROUPE S.A., by way of contribution to the payment of tax on Group companies and regardless of the effective amount of said tax, an amount equal to the tax that would have been charged on its profit and/or its net long-term capital gains in the year if it had been taxable separately, after deduction of all rights to offset taxes to which the SUBSIDIARY would have been entitled in the absence of consolidation. […]*
At the end of a loss-making year, a Subsidiary shall have no claim against SRP GROUPE S.A., even if the latter establishes a claim against the French Treasury by opting to carry back the total loss. "

At December 31, 2016, SRP Groupe S.A. recognized €386,000 of income from tax consolidation relating to the positive difference between the Group's tax liability of €2,468,000 and the cumulative tax liability of the subsidiaries consolidated for tax purposes of €2,854,000.
ABC SOURCING, the shares of which were acquired at the end of 2016, will be reflected in the tax consolidation from 2017.

4.2 Stock options

On August 5, 2010, the General Meeting of Shareholders authorized the Board of Directors to grant, to a certain number of Group employees, on one or more occasions and over a period of 38 months, warrants entitling them to subscribe to new shares.
On October 27, 2014, the General Meeting of Shareholders authorized the Board of Directors to grant, to a certain number of Group employees, on one or more occasions and over a period of 38 months, warrants entitling them to subscribe to new shares.
The main features of these plans and the basis of calculation are summarized 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	05/08/10	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 year	-	-	- 53,438	-	- 2,812	-	- 8,220	-	- 900
Total number of options exercised over the current year	- 544,320	- 315,000	- 81,831		- 99,499	- 43,570	- 37,906	- 14,064	- 18,025
Total number of options cancelled	-	-	- 100,000	- 38,750	- 127,185	- 6,430	- 48,438	- 2,343	- 15,624
Total number of options remaining at 31 December 2016	-	-	58,481	-	113,004	-	72,937	33,593	35,451
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 / considering as 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 faire value at grant date	-	0.29	0.32	0.37	0.42	0.38	0.37	0.77	1.24

Note that Plans No. 1 and 2 are intended for senior executives.

In the case of Plan No. 1, the rights vested immediately on the date of incorporation of the SRP Groupe and when contributions had been made.

Plans No. 2, 3 and 4 provide for the gradual vesting of rights over a period of four years, subject to continued employment with the Group.

4.3 Plans for grants of bonus shares

On September 25, 2015, and then on May 30, 2016, the General Meeting of Shareholders authorized the Board of Directors to grant bonus shares to a certain number of Group employees, on one or more occasions and over a period of 38 months. These plans were set up as part of the initial public offering on the Euronext regulated market.
The main features of these plans and the basis of calculation are summarized in the table below:

	Plan n°1	Plan n°2	Plan n°3	Plan n°4
Date of the General Meeting	25/09/15	25/09/15	30/05/16	30/05/16
Date of the executive board	25/09/15	29/10/15	30/05/16	30/05/16
Total number of free shares authorized	625,000	500,000	52,500	24,003
Total number of free shares attributed over the previous periods	625,000	350,585		
Total number of free shares attributed over the current year	-	-	52,500	24,003
Total number of free shares exercised over the current year	- 625,000	-	-	-
Total number of free shares cancelled	-	- 11,600	-	-
Total number of free shares remaining at 31 December 2016	-	338,985	52,500	24,003
Weighted average vesting period (in year)	1.0	2.0	2.0	2.0
Share price at the granting date	17.62	17.62	19.19	19.19
Exercise price (€)	-	-	-	-
Weighted average faire value at grant date	16.77	15.57	13.70	13.70

Note that Plan no. 1 is intended for senior executives, and Plans 2, 3 and 4 are for employees or senior executives.

4.4 Composition of the share capital

For information, as part of the Company's IPO in 2015, the par value of the shares was increased from €0.01 to €0.04. December 31, 2016, the share capital is made up of 34,191,469 shares of a par value of €0.04 each.

In €	Number	Nominal value	Amount
Shares in the share capital at the start of the financial year	32,890,324	0.04 €	1,315,613
Shares issued during the financial year	1,301,145	0.04 €	52,046
Shares reimbursed during the financial year	-	0.04 €	-
Shares in the share capital at the end of the financial year	34,191,469	0.04 €	1,367,659

The change in the share capital is a result of the exercise of 609,895 stock warrants, the issue of 625,000 new shares for bonus share awards, and the issue of 66,250 shares as part of the acquisition of ABC SOURCING.

4.5 Change in capital and reserves

The increase in the issue premium in 2016 relates to:

- the exercise of stock options for €2,712,000;
- the capital increase in connection with the acquisition of ABC Sourcing for €1,247,000.

in K€	31/12/2015	Additional paid-in capital	Other variations	2015 Net income appropriation	31/12/2016
Share capital	1,316	27	25	-	1,368
Share premium reserves	168,533	3,959		-	172,492
Other reserves	27	-	-	-	27
Retained earnings (profit)	-	-	- 108	226	118
Retained earnings (loss)	- 83	-	83		0
Net income	226	- 846	-	- 226	- 846
TOTAL	**170,019**	**3,140**	**-**	**- 0**	**173,159**

4.6 Off-balance sheet commitments

None.

4.7 Identity of the parent company consolidating the Company's accounts

SRP GROUPE SA is the company heading the consolidation group following the full consolidation method for the companies listed under the heading "financial assets".

4.8 Post-balance sheet events

Showroomprivé completed the acquisition of a 60% stake in Beauteprivee, valuing the company at an enterprise value of €18 million for its entire share capital, with an option to acquire the remaining 40% in 2019.

4.9 Headcount

The headcount in 2016 was identical to that of 2015. The average headcount is four employees.

20.1.4 Statutory Auditors' Report on the Financial Statements of SRP Groupe for the Fiscal Year Ended December 31, 2016

SRP Groupe S.A.
Registered office: ZAC Montjoie - 1 rue des Blés - 93212 La Plaine Saint-Denis Cedex
Share capital: €1,367,658.76

Statutory auditors' report on the annual financial statements
Fiscal year ended December 31, 2016

Dear Shareholders,

In fulfilling the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you for the year ended December 31, 2016 on:

- the audit of the annual financial statements of SRP Groupe S.A., as attached to this report;
- the justification for our assessments;
- the checks and specific information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require the application of due care and attention in order to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit involves examining, using sample testing techniques or other selection methods, the evidence supporting the amounts and disclosures in the annual financial statements. It also involves evaluating the accounting principles followed, the accounting estimates made, and the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We certify that the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company of the preceding fiscal year, and of the results of its operations for the year then ended, in accordance with French accounting principles.

2 Justification of assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matter:

- The shares in subsidiaries and affiliates at December 31, 2016 in the net amount of €208,674,137 shown on the balance sheet, are carried at cost and amortized as applicable on the basis of their value in use as described in Note 2.3 "Impairment of securities" to the financial statements. Our work consisted in examining the procedures for determining the value in use of the securities, based on estimated discounted future cash flows, and in verifying the overall consistency of the data and assumptions on which these estimates are based.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verifications and information

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents sent to the shareholders with respect to the financial position and the annual financial statements.

With regard to the information provided in accordance with Article L.225-102-1 of the French Commercial Code on the compensation and benefits received by corporate officers, as well as any other commitments granted in their favor, we have verified their consistency with the financial statements or with the underlying information used to prepare the financial statements and, where necessary, with the information collected by your Company from companies controlling or controlled by your Company. Based on this work, we declare that this information is accurately and fairly presented.

In accordance with French law, we verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Paris La Défense, April 27, 2017

KPMG Audit IS

Jean-Pierre Valensi
Partner

Paris, April 27, 2017

Jérôme Benaïnous

Jérôme Benaïnous
Partner

20.2 STATUTORY AUDITOR FEES

The fees paid to the statutory auditors for the fiscal years 2016, 2015 and 2014 are set forth below:

	KPMG AUDIT IS			JÉRÔME BENAÏNOUS		
(in € thousands)	***2016***	***2015***	***2014***	***2016***	***2015***	***2014***
Audit						
Statutory audit, certification, audit of the individual company and consolidated financial statements	190	135	84	89	75	44
of which, SRP	*105*	*53*	*24*	*47*	*48*	*23*
of which, fully consolidated subsidiaries	*85*	*82*	*60*	*42*	*27*	*21*
Services other than the certification of the financial statements	25	502	0	0	80	0
of which, SRP	*25*	*502*	*0*	*0*	*80*	*0*
of which, fully consolidated subsidiaries	*0*	*0*	*0*	*0*	*0*	*0*
Sub-total	**215**	**637**	**84**	**89**	**155**	**44**
Other services rendered by the networks to fully consolidated subsidiaries	18	20	135	0	0	0
TOTAL	**233**	**657**	**219**	**89**	**155**	**44**

20.3 DIVIDEND DISTRIBUTION POLICY

The Company did not distribute any dividends during the past three fiscal years ended December 31, 2016, 2015 and 2014.

Furthermore, the Company does not intend to distribute dividends in the foreseeable future.

20.4 RESULTS OF THE COMPANY IN THE PAST FIVE FISCAL YEARS

SRP Groupe S.A.

RESULTS OF THE PAST FIVE FISCAL YEARS (in €)

Date approved *Length of the fiscal year (months)*	*12/30/2016* *12*	*12/30/2015* *12*	*12/31/2014* *12*	*12/31/2013* *12*	*12/31/2012* *12*
SHARE CAPITAL AT YEAR END					
Share capital	1,367,659	1,315,612	1,209,600	1,209,600	1,209,600
Number of shares					
- common stock	34,191,469	32,890,321	83,160,000	83,160,000	83,160,000
- preferred stock	0	0	37,800,000	37,800,000	37,800,000
Maximum number of shares to be created					
- by conversion of bonds					
- by warrants	728,954	1,926,578	7,033,842	6,882,280	5,982,280
OPERATIONS AND RESULTS					
Revenue excl. taxes	4,566,347	4,051,968	1,168,857	969,280	354,601
Income before taxes, participation, depreciation, amort. and provisions	-264,045	68,758	-124,066	26,867	-11,885
Income tax	386,106	203,126	84,215	376	78,447
Employee profit share	0	0	0	0	0
Depreciation, amortization and provisions	20,000	-45,400	-45,400	-45,400	-45,400
Net income for the period	-845,835	226,484	-85,251	-18,157	21,162
Distributed income			0	0	0
EARNINGS PER SHARE					
Income after tax, participation, before depreciation, amort. and provisions	-0.0242	0.0083	-0.0003	0.0002	0.0006
Income after tax, participation, depreciation, amort. and provisions	-0.0247	0.0069	-0.0007	-0.0002	0.0002
Dividend paid					
PERSONNEL					
Average number of employees *(1)*	0	4	4	4	4
Total payroll *(1)*	0	220,847	219,614	220,219	212,577
Benefits paid (health insurance, other benefits, etc.)					

(1) SRP Groupe has no employees, only corporate officers. All information relating to compensation is set forth in this Registration Document.

20.5 JUDICIAL, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

Significant Judicial, Administrative and Arbitration Proceedings

The Group is involved in legal, administrative and regulatory proceedings in the ordinary course of business. A provision is recorded by the Group whenever there is a sufficient probability that such disputes will result in costs to be borne by the Company or one of its subsidiaries and that the amount of such costs can be reasonably estimated.

At the date of this Registration Document, the Group is not aware of any governmental, legal or arbitration proceedings (including any threatened or pending proceedings of which the Group is aware) other that those mentioned below, that could have, or have had in the past 12 months, a material effect on the financial position or profitability of the Company or the Group.

At December 31, 2016, total provisions for litigation recorded by the Group was €0.6 million. For further information, see Note 4.11 to the Consolidated Financial Statements set forth in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016."

Proceedings Between the Group and Vente-privee.com

The Group operates in the market of online event sales where competition is fierce, particularly with the historically dominant operator. As part of its business activity, it has been involved in several disputes with Vente-privee.com, some of which are described below.

Court's seizure of documents relating to the Group's commercial strategy. By order dated February 21, 2012, the Presiding Judge of the Commercial Court of Bobigny, in response to a petition filed by Vente-privee.com claiming unfair competition, appointed a court officer to go to the Company's registered office to gather information and seize documents relating to the Company's commercial strategy. Showroomprive.com appealed to the Paris Court of Appeal, which reversed the order of the Presiding Judge of the Commercial Court of Bobigny dated February 21, 2012 and ordered the seized documents to be returned. Vente-privee.com appealed from the decision of the Paris Court of Appeals, but the Court of Cassation dismissed that appeal in September 2014.

Order for a court officer's report regarding the use of AdWords. By order dated February 22, 2012, the Presiding Judge of the Regional Court of Bobigny, in response to a petition filed by Vente-privee.com, appointed a court officer to go to the Company's registered office to gather information about the Group's use of the term "*vente privée*" ("private sale") in its Google AdWords campaigns. Showroomprive.com in turn petitioned the Paris Court of Appeal. In May 2013, the Paris Court of Appeal ruled that the Presiding Judge of the Regional Court of Bobigny lacked jurisdiction, which lay instead with the Presiding Judge of the Regional Court of Paris. By order dated December 18, 2013, the Presiding Judge of the Regional Court of Paris revoked the order of February 22, 2012 and ordered Vente-privee.com to return the seized documents to Showroomprive.com. Vente-privee.com appealed this decision to the Paris Court of Appeal. In February 2015, the Paris Court of Appeal overturned the order of December 18, 2013 and dismissed Showroomprive.com's petition to revoke the order of February 22, 2012. Showroomprive.com launched an appeal of the decision, but the Court of Cassation dismissed that appeal in November 2016.

Action to declare the trademark "vente-privee.com" invalid for lack of a distinctive nature. In September 2012, Showroomprive.com commenced an action against Vente-Privee.com in the Regional Court of Paris seeking to declare the French word mark "*vente-privee.com*" invalid for lack of a distinctive nature. In its November 2013 ruling, the Regional Court of Paris held that the mark "*vente-privee.com*" lacked a distinctive nature and, as a result, declared it invalid. Vente-privee.com appealed from this decision to the Paris Court of Appeal, which in March 2015 dismissed

Showroomprive.com's petition to invalidate the word mark "*vente-privee.com*" but nevertheless noted that registration of the word mark "*vente-privee.com*" could not have the effect of prohibiting competitors from using the term "*vente privée*" used in its generally understood meaning. Showroomprive.com entered an appeal against the decision, which was dismissed in December 2016.

Action to declare the trademark "vente-privee" invalid for lack of a distinctive nature. On July 19, 2016, Showroomprive.com commenced an action against Vente-Privee.com in the Regional Court of Paris seeking to declare the French word mark "vente-privee.com" invalid for lack of a distinctive nature.

Voluntary intervention by the Group in proceedings before the Competition Authority. On October 21, 2009, Brandalley filed a petition with the Competition Authority claiming that Vente-privee.com had abused its dominant position on the online private sales event market for the period 2005 to 2011. In its petition, Brandalley stated that it believes that Vente-privee.com has a dominant position in the online private event sales market, and abuses that dominant position by requiring the large brands whose products it sells to agree to exclusivity clauses that prohibit them from selling their unsold inventory to other, competing websites. In connection with these proceedings, Showroomprive.com testified and provided documents to the Competition Authority. In dismissing the case on November 28, 2014, the Competition Authority ruled that the online private event sales market as described in the notification of complaint for the period in question (2005-2011) had not been established, and therefore dismissed the claim of abuse of dominant position on the online private event sales market for the period 2005 to 2011.

Brandalley appealed this decision to the Paris Court of Appeal on January 6, 2015. On January 30, 2015, Showroomprive.com filed a motion of joinder so that it can intervene in Brandalley's appeal in support of Brandalley's claims and to obtain access to the file. Vente-privee.com filed an application for the inadmissibility of this motion of joinder. By its decision of May 28, 2015, the Court of Appeal granted Showroomprive.com's motion of joinder to intervene in Brandalley's appeal, and ordered the Competition Authority to deliver the non-confidential version of the documents to Showroomprive.com. Vente-privee.com filed an appeal, which it later withdrew.

By judgment of May 12, 2016, the Paris Court of Appeal rejected the appeal by Brandalley against the decision of November 28, 2014. Brandalley has launched a final appeal, which Showroomprivé.com intends to support.

Proceedings before the Commercial Court of Paris. On November 15, 2012, Showroomprive.com initiated proceedings against Vente-privee.com in the Commercial Court of Paris, asking the Court to order Vente-privee.com to cease certain unfair competitive practices and to pay damages to Showroomprive.com for abuse of its dominant position on the online private event sales market. In support of its claim, Showroomprive.com described in particular Vente-privee.com's practices with respect to exclusivity clauses. On May 20, 2014, the Commercial Court of Paris stayed these proceedings pending the Competition Authority's decision in the Brandalley case described above. In January 2017, Vente-privee.com requested the resumption of proceedings following the decision of the Court of Appeal on May 12, 2016. Showroomprive.com requested that the stay of proceedings be maintained pending the decision of the Court of Cassation in this case.

Inquiry by the French Competition Authority on the Standard Prices Used to Announce Reductions in Prices

In 2016, the French Competition Authority (the "DGCCRF") conducted investigations into several e-commerce sites, including the site operated by the Group, on the standard prices used to announce price reductions to consumers. At the date of this Registration Document, no notification of complaint or prosecution has been brought to the attention of the Group.

Tax Procedures

Showroomprive.com is subject to a tax audit for fiscal years 2013 and 2014 and on July 4, 2016 received a proposed assessment of corporate tax and value added tax.

As part of this tax assessment proceeding, the Company rejected all the increases dated September 1, 2016; the tax administration responded by confirming its position on these increases on October 7, 2016.

The Company, supported by its legal counsel, considers that it has serious arguments on the merits, and intends to contest all the additional charges resulting from the proposed reassessment.

Consequently, and at this stage of the proceedings, no provision has been made in the financial statements at December 31, 2016.

20.6 MATERIAL CHANGE IN THE GROUP'S COMMERCIAL OR FINANCIAL POSITION

To the Company's knowledge, there has been no material change in the Group's commercial or financial position since December 31, 2016 other than those described in this Registration Document.

21. SUPPLEMENTAL DISCLOSURES

21.1 SHARE CAPITAL

21.1.1 Subscribed Share Capital and Share Capital Authorized But Not Issued

At the date of registration of this Registration Document, the Company's share capital amounted to €1,367,658.76, divided into 34,191,469 shares with a par value of €0.04 each, entirely paid up and all of the same class.

The table below presents the financial resolutions in effect on the date of this Registration Document that were approved at the annual shareholders' meeting on May 30, 2016 and also shows their utilization during fiscal year 2016.

Subject of the resolution	Maximum par amount	Duration of the authorization	Utilization of the authorization during the fiscal year ended Saturday, December 31, 2016
Authorization given to the Board of Directors to trade in the Company shares	See Section 21.1.3	18 months	None
Delegation of authority to the Board of Directors to decide to increase the share capital of the Company or another company by issuing shares and/or securities providing immediate or future access to equity, with preemptive rights maintained	€650,000 for capital increases[(2)] €150 million for debt securities	26 months	None
Delegation of authority to the Board of Directors to decide to increase the share capital of the Company or another company by issuing shares and/or securities providing immediate or future access to equity, with a waiver of preemptive rights, through offerings to the public	€400,000 for capital increases [(2)] €150 million for debt securities	26 months	None
Delegation of authority to the Board of Directors to decide to increase the share capital of the Company or another company by issuing shares and/or securities providing immediate or future access to equity, with a waiver of preemptive rights, through private placements as defined in Article L.411-2, II of the Monetary and Financial Code	€300,000 for capital increases [(2)] €125 million for debt securities	26 months	None
Possibility of issuing shares or other equity securities providing immediate or future access to shares to be issued by the Company to compensate contributions in kind consisting of equity securities or other securities giving access to equity	up to a limit of 10% of the share capital[(2)]	26 months	Board of Directors on September 27, 2016, recorded by the Board of Directors on October 20, 2016[(3)] New shares: 66,250
Delegation of authority to the Board of Directors to decide to increase the share capital by	€50 million	26 months	None

Subject of the resolution	Maximum par amount	Duration of the authorization	Utilization of the authorization during the fiscal year ended Saturday, December 31, 2016
capitalization of premiums, reserves or otherwise			
Delegation of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without elimination of preemptive rights	Limit provided by regulations applicable on the date of issue (currently 15% of the initial issue) (1)(2)	26 months	None
Delegation of authority to the Board of Directors to decide to increase the Company's share capital by issuing shares and/or other securities providing immediate or future access to equity, eliminating preemptive rights, reserved for members of the company savings plan	1% of the share capital on the date of the resolution by the Board of Directors(2)	26 months	None
Authorization given to the Board of Directors to reduce the share capital by canceling treasury shares held by the Company	Up to a limit of 10% of the share capital per 24-month period	26 months	None
Delegation of authority to the Board of Directors to grant existing or new bonus shares to the members of the personnel and to the Group's senior management or some of them	3% of the share capital on the date of the annual shareholders' meeting (with a sub-limit of 1.5% of the share capital for grants to senior management)(2)	38 months	None(4)

(1) The additional issue will count towards the cap for the resolution in question, with or without preemptive rights.

(2) The total maximum par amount of capital increases that can be realized pursuant to this delegation counts towards the global limit of €800,000.

(3) This authorization was used by the Board of Directors on September 27, 2016 to issue the shares needed to acquire a portion of the share capital of ABC Sourcing on September 30, 2016. For more information about this acquisition, see Section 5.1.5 "Group History" of this Registration Document and Section 21.1.7 "Changes in Share Capital Over the Past Three Fiscal Years."

(4) This authorization was used by the Board of Directors on February 14, 2017 to award 104,643 bonus shares of the Company to employees. For more information, see Section 17.2.1 "Shareholdings of Certain Group Employees" of this Registration Document.

The table below shows the financial resolutions proposed to be adopted at the annual shareholders' meeting to be held on June [7], 2017:

Subject of the resolution	Maximum par amount	Term of the authorization
Annual shareholders' meeting of June [7], 2017		
Authorization given to the Board of Directors to trade in the Company shares	See Section 21.1.3	18 months
Delegation of authority to the Board of Directors to decide on the increase in the share capital of the Company or another company by issuing shares and/or securities providing immediate or future access to equity, with preemptive rights maintained	€650,000 for capital increases(2) €150 million for debt securities	26 months
Delegation of authority to the Board of Directors to	€400,000 for capital increases(2)	26 months

Subject of the resolution	Maximum par amount	Term of the authorization
decide to increase the share capital of the Company or another company by issuing shares and/or securities providing immediate or future access to equity, with a waiver of preemptive rights, through offerings to the public	€150 million for debt securities	
Delegation of authority to the Board of Directors to decide to increase the share capital of the Company or another company by issuing shares and/or securities providing immediate or future access to equity, with a waiver of preemptive rights, through private placements as defined in Article L.411-2, II of the Monetary and Financial Code	€300,000 for capital increases[2] €125 million for debt securities	26 months
Possibility of issuing shares or other equity securities providing immediate or future access to shares to be issued by the Company in consideration of contributions in kind consisting of equity securities or other securities giving access to equity	up to a limit of 10% of the share capital[2]	26 months
Delegation of authority to the Board of Directors to decide to increase the share capital by capitalization of premiums, reserves or otherwise	€50 million	26 months
Delegation of authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without elimination of preemptive rights	Limit provided by regulations applicable on the date of issue (currently 15% of the initial issue) [1][2]	26 months
Delegation of authority to the Board of Directors to decide to increase the Company's share capital by issuing shares and/or other securities providing immediate or future access to equity, eliminating preemptive rights, reserved for members of the company savings plan	1% of the share capital on the date of the resolution by the Board of Directors[2]	26 months
Authorization given to the Board of Directors to reduce the share capital by canceling treasury shares held by the Company	Up to a limit of 10% of the share capital per 24-month period	26 months
Delegation of authority to the Board of Directors to grant existing or new bonus shares to the members of the personnel and to the Group's senior management or some of them	3% of the share capital on the date of the annual shareholders' meeting (with a sub-limit of 1.5% of the share capital for grants to senior management)[2]	38 months

(1) The additional issue will count towards the cap for the resolution in question, with or without preemptive rights.

(2) The total maximum par amount of capital increases that can be realized pursuant to this delegation counts towards the global limit of €800,000.

21.1.2 Securities Not Representing Equity

At the date of registration of this Registration Document, the Company has not issued any securities not representing equity.

21.1.3 Control, Holding and Purchase by the Company of its Own Shares

21.1.3.1 Share Buyback Program

The 12th resolution of the Company's annual meeting of shareholders on May 30, 2016 authorized the Board of Directors, for an 18-month period starting on May 30, 2016, to implement a program to buyback the Company's treasury shares, in accordance with Article L.225-209 of the French Commercial Code, on the following terms:

Transaction	Term of the authorization	Maximum par amount	Maximum number of shares
Share buyback program	18 months	€50 million	10% of the Company's share capital

These shares may be purchased at any time within the limits authorized by current laws and regulations, by any means, particularly in order:

- to grant bonus shares in accordance with Article L.225-197-1 *et seq.* of the French Commercial Code; or
- to implement any stock option plan of the Company in accordance with Article L.225-177 *et seq.* of the French Commercial Code or any similar plan; or
- to grant or sell shares to employees as part of their profit sharing, or to implement any company savings plan (or similar plan) on the terms and conditions provided for by law, including Article L.3332-1 *et seq.* of the French Labor Code; or
- in general, to honor obligations related to stock option plans or other grants of shares to the employees or senior management of the issuer or an affiliate; or
- to deliver shares upon exercise of rights attached to securities providing access to equity by way of refund, conversion, swap, presentation of a coupon or in any manner; or
- to cancel all or some of the shares so purchased; or
- to deliver shares (by way of exchange, payment or otherwise) in connection with external growth transactions, mergers, spin-offs or contributions; or
- to stimulate activity or liquidity of the Company's shares on the secondary market by an investment services provider in connection with a liquidity agreement that complies with the Code of Ethics recognized by the AMF.

This program is also intended to allow implementation of any market practice accepted by the AMF and more generally the realization of any other transaction in compliance with the regulations in force. In such a case, the Company will inform its shareholders through a press release.

The maximum purchase price for shares may not exceed €40 per share.

At December 31, 2016, the Company did not hold any of its shares, and no shares of the Company were held by one of its subsidiaries or by a third party for its account.

It will be proposed to the annual meeting of shareholders to be held on June [7], 2017, to authorize the Board of Directors, for an 18-month period starting on June [7], 2017, to implement a share buyback program for Company shares, in accordance with Article L.225-209 of the French Commercial Code, on the following terms:

Transaction	Term of the authorization	Maximum par amount	Maximum number of shares

Share purchase program	18 months	€50 million	10% of the Company's share capital

These shares may be purchased at any time within the limits authorized by current laws and regulations, by any means, particularly in order:

- to grant bonus shares in accordance with Article L.225-197-1 *et seq.* of the French Commercial Code; or
- to implement any stock option plan of the Company in accordance with Article L.225-177 *et seq.* of the French Commercial Code or any similar plan; or
- to grant or sell shares to employees as part of their profit sharing, or to implement any company savings plan (or similar plan) on the terms and conditions provided for by law, including Article L.3332-1 *et seq.* of the French Labor Code; or
- in general, to honor obligations related to stock option plans or other grants of shares to the employees or senior management of the issuer or an affiliate; or
- to deliver shares upon exercise of rights attached to securities providing access to equity by way of refund, conversion, swap, presentation of a coupon or in any manner; or
- to cancel all or some of the shares so purchased; or
- to deliver shares (by way of exchange, payment or otherwise) in connection with external growth transactions, mergers, spin-offs or contributions; or
- to stimulate activity or liquidity of the Company's shares on the secondary market by an investment services provider in connection with a liquidity agreement that complies with the Code of Ethics recognized by the AMF.

This program is also intended to allow implementation of any market practice accepted by the AMF and, more generally, the realization of any other transaction in compliance with the regulations in force. In such a case, the Company will inform its shareholders through a press release.

The maximum purchase price for shares under this resolution will be €40 per share.

21.1.3.2 Liquidity Agreement

On January 5, 2016, the Company entrusted Oddo Corporate Finance with the implementation of a liquidity agreement in keeping with the AMF Code of Ethics of March 8, 2011 and approved by the AMF by a decision of March 21, 2011. For the implementation of this agreement, the following amounts were assigned to the liquidity account: an amount of €1 million and 0 shares of SRP. In October 2016, the Company decided to contribute an additional €1 million, bringing to €2 million the sum allocated to the liquidity agreement.

21.1.4 Other Securities Providing Access to Equity

At the date of registration of this Registration Document, the Company's shareholders have authorized stock options plans. For more information, see Section 15.1.4 "Stock Warrants and Stock Options Plans"

21.1.5 Terms Governing Any Acquisition Rights and/or Obligations Over Authorized But Unissued Capital

None.

21.1.6 Capital of Any Member of the Group That Is Under Option or Agreed Conditionally or Unconditionally to Be Put Under Option

None.

21.1.7 Changes to the Share Capital Over the Past Three Fiscal Years

The Company's share capital in the sum of €1,209,600 was not changed during the fiscal year ended December 31, 2014.

At the extraordinary shareholders' meeting on September 25, 2015, the shareholders, in their third resolution, decided to implement a reverse split of the Company's shares at the rate of four old shares for one new share and allocate one share with a par value of €0.04 to each shareholder for four shares previously held with a par value of €0.01 each.

At its meeting on October 15, 2015, the Board of Directors found that the number of shares resulting from the reverse split was 30,240,000 shares with a par value of €0.04 each (of which 20,790,000 are shares of common stock and 9,450,000 are preferred stock).

At its meeting on October 29, 2015, the Board of Directors found that the 9,450,000 preferred stock had been permanently converted into 9,450,000 shares of common stock, in accordance with the Company's bylaws in effect on that date.

In connection with the Company's IPO, at its meeting on October 29, 2015, the Board of Directors decided to implement a capital increase for cash by an amount (issue premium included) of €50,000,008.50 by issuing 2,564,103 new shares with a par value of €0.04 each, reflecting a par amount of capital increase of €102,564.12 plus a global premium of €49,897,444.38, bringing the Company's share capital to €1,312,164.12. At its meeting on November 25, 2015, the Board of Directors also implemented a capital increase reserved for Group employees by a total amount (issue premium included) of €325,275.60, by issuing 20,851 new shares with a par value of €0.04 each, for a total par amount of capital increase of €834.04, plus a global premium of €324,441.56, bringing the Company's share capital to €1,312,998.16.

At its meeting on July 28, 2016, the Board of Directors recorded the increase in the share capital following the exercise of stock warrants between January 1, 2016 and June 30, 2016 (164,996 stock warrants exercised, giving the right to 164,996 shares). The Company's capital was thus increased to €1,322,212.80.

At its meeting on October 20, 2016, the Board of Directors recorded an increase in share capital of €2,650 following the issue on September 30, 2016 of 66,250 new shares with a par value of €0.04 each, in consideration for ABC Participation's contribution in kind of 250 ABC Sourcing shares to the Company. The Company's capital was thus increased to €1,318, 262.96.

At its meeting on December 13, 2016, the Board of Directors recorded an increase in the share capital in the par amount of €12,600 following the exercise of stock warrants by Mr. Thierry Petit on December 6, 2016 (1,260,000 stock warrants exercised, giving the right to 315,000 shares). The Company's capital was thus increased to €1,330,862.96.

At its meeting on December 22, 2016, the Board of Directors recorded an increase in the share capital in the par amount of €25,000 following the vesting of 625,000 bonus shares to Mr. Thierry Petit. The Company's capital was thus increased to €1,355,862.96.

At its meeting on January 31, 2017, the Board of Directors recorded an increase in the share capital following the exercise of stock warrants in 2016 (294,895 stock warrants exercised, giving the right to 294,895 shares). The Company's capital was thus increased to €1,367,648.76.

21.2 CONSTITUTIVE DOCUMENTS AND BYLAWS

The Company's bylaws were prepared in accordance with the laws and regulations applicable to public limited companies (*sociétés anonymes*) with a board of directors, under French law.

21.2.1 Corporate Purpose (Article 2 of the Bylaws)

Pursuant to Article 2 of the bylaws, the purpose of the Company is to do the following, directly or indirectly, both in France and abroad:

- to buy, subscribe, hold, manage, sell or contribute shares or other securities in all companies;
- to provide services and counsel in matters involving human resources, information technology, management, communication, finance, legal, marketing and procurement to its subsidiaries and direct or indirect investees;
- to finance the group, and as such to provide any type of financial assistance to the companies that are part of the group of companies to which the Company belongs;
- and in general, to engage in any transactions, whether financial, commercial, civil, or related to real or personal property related directly or indirectly to the corporate purpose above and all similar or related purposes, as well as to promote directly or indirectly the goal pursued by the Company, its extension, development and capital.

21.2.2 Administrative, Management and Supervisory Bodies

21.2.2.1 Board of Directors (Articles 15 to 17 of the Bylaws)

21.2.2.1.1 Composition

The Company is administered by a Board of Directors consisting of at least three members and at most 18 members, subject to the exceptions provided for by law.

21.2.2.1.2 Appointment

Throughout the life of the Company, directors are appointed, reappointed or removed on the terms provided for by current law and regulations and the bylaws.

21.2.2.1.3 Term of office

The term of office for directors is four (4) years.

As an exception, the general shareholders' meeting may appoint certain directors for a term of less than four (4) years, or if applicable, shorten the term of office of one or more directors, in order to stagger the terms of office of the members of the Board of Directors.

The Board of Directors will be renewed by regular rotation every year.

Directors may be reappointed. They may be removed at any time by the general shareholders' meeting.

The number of directors who have reached their 70th birthday may not exceed one-third of the directors in office. When this age limit is exceeded in mid-term, the oldest director is deemed to have automatically resigned at the end of the next shareholders' meeting.

The directors are subject to the laws and regulations applicable to the accumulation of directorships.

21.2.2.1.4 Identity of the directors

Directors may be individuals or legal entities. When they are appointed, the latter must designate a permanent representative subject to the same conditions and obligations, and incurring the same liabilities, as if they were a director in their own name, without prejudice to the joint and several liability of the legal entity they represent.

The permanent representative's term of office is the same as that of the legal entity that he or she represents.

If the legal entity revokes the appointment of its permanent representative, it must, without delay, notify the Company by registered letter of such revocation, and of the identity of its new permanent representative. The same rule shall apply in the event of death, resignation or prolonged impairment of the permanent representative.

The shareholders may grant an annual fixed sum to the directors as a directors' fee, the amount of which will remain in effect until a new decision is made. How this fee is shared among the directors will be determined by the Board of Directors.

Directors may not receive from the Company any compensation, permanent or not, other than the compensation provided for by law.

21.2.2.1.5 Director representing employee shareholders

When the report, submitted annually by the Board of Directors at the general shareholders' meeting pursuant to Article L.225-102 of the French Commercial Code, provides that the employees of the Company and its associated companies, as defined by Article L.225-180 of the French Commercial Code, represent more than 3% of the share capital of the Company, a director representing employee shareholders is appointed by the general shareholders' meeting on the terms and conditions established by the regulations in force and by these bylaws.

The term of office of the director representing employee shareholders is three years. The duties of the director representing employee shareholders will terminate at the end of the annual shareholders' meeting convened to adopt the financial statements for the past fiscal year and held in the year during which that director's term of office expires.

However, if this person is no longer an employee of the Company or a related company as defined by Article L.225-180 of the French Commercial Code or is no longer a shareholder (or member of a company savings fund holding Company shares), the director representing employee shareholders is deemed to have resigned from office and his/her term as a director ends automatically and with immediate effect. Until the date when the director representing employee shareholders is replaced, the Board of Directors may validly meet and take decisions.

Candidates for the position of director representing employee shareholders are appointed in the following manner:

a) When voting rights attached to the shares held by the employees are exercised by the members of the supervisory board of a company savings fund, the supervisory board may appoint at most two candidates selected from among its members to represent the employees. When there is more than one

company savings plan, the supervisory boards may agree, by identical deliberations, to submit at least two joint candidates, chosen from among all of their members to represent the employees.

b) When voting rights attached to the shares held by the employees are directly exercised by them, the candidates are designated by a vote of the employee shareholders in the manner described below.

The employees may be consulted by any technical means that ensures reliability of the vote, including electronic or postal voting. Every employee shareholder has a number of votes equal to the number of shares he/she holds, either directly or indirectly through shares in a company savings plan where voting rights are exercised individually.

Only employees who have received at least 5% of votes cast when the employee shareholders are consulted may be candidates for election at the general shareholders' meeting. If no candidate has met the 5% threshold, the two candidates who obtained the highest number of votes will be presented for election at the general shareholders' meeting.

For the purposes of paragraph a), the Chairman of the Board of Directors shall give notice to the supervisory board of the company savings plans to designate no more than two candidates.

The supervisory boards must notify the Chairman of the Board of Directors of identity of the candidate or candidates elected from among their members at least 45 days before the general shareholders' meeting is held. Only candidates reported within this deadline may serve.

For purposes of paragraph b), and prior to the general shareholders' meeting, the Board of Directors will establish the method for consulting the employee shareholders directly exercising their voting rights in order to appoint one or more candidates.

Methods for designating candidates that are not defined in these bylaws will be determined by the Board of Directors, particularly regarding the timetable for the designation of candidates. The same applies to the methods for appointing employee shareholder representatives at general shareholders' meetings.

Each of the procedures referred to in a) and b) above will be recorded in minutes showing the number of votes won by each candidate. A list of all candidates validly appointed will be established. This list must contain at least two candidates.

The general shareholders' meeting will vote for any valid candidate: the candidate who obtains the highest number of votes held by the shareholders present or represented at this meeting will be appointed as the director representing employee shareholders.

The director representing employee shareholders will not be taken into account when determining the minimum and maximum numbers of directors provided for by these bylaws.

If a vacancy occurs, for whatever reason, for the position of director representing employee shareholders appointed in the manner provided for above, his/her replacement will be appointed in the same manner by the next general shareholders' meeting, or if such meeting is held less than four months after the position becomes vacant, before the next general shareholders' meeting.

Until the date when the director representing employee shareholders is replaced, the Board of Directors may validly meet and take decisions.

If, during his/her term of office, the report submitted annually by the Board of Directors at the general shareholders' meeting pursuant to Article L.225-102 of the French Commercial Code, establishes that the shares, held for the purposes of said article, represent less than 3% of the Company's share capital,

the term of office of the director representing employee shareholders shall terminate at the end of the general shareholders' meeting at which the Board's report noting this fact is presented.

21.2.2.1.6 Non-voting observer

On the recommendation of the Board of Directors, the general shareholders' meeting may appoint a non-voting observer to the Board. The Board of Directors may also appoint the observer directly, subject to ratification by the next general shareholders' meeting. There may not be more than one observer.

Observer are freely chosen on the basis of their skills.

Except as otherwise decided by the general shareholders' meeting preceding the nomination, the observer is appointed for a term of four years, which may be revoked at any time. The observer's term of office shall terminate at the end of the general shareholders' meeting convened to adopt the financial statements for the past fiscal year. Observers may be re-elected.

The observer will examine the questions that the Board of Directors or its Chairman submits to him or her for advice. The observer will attend Board meetings and take part in discussions, but may not vote, and his or her absence will not affect the validity of deliberations.

The observer will be given notice of Board meetings in the same way as directors.

There is no compensation for serving as a non-voting observer.

21.2.2.1.7 Board deliberations

The Board of Directors meets whenever a meeting is convened by the Chairman or one of its members, as often as required in the best interests of the Company, provided, however, that the frequency and length of Board meetings must be such that they permit a thorough examination and discussion of matters within the Board's jurisdiction.

Meetings shall be held at the registered office or at any other place indicated in the notice of meeting.

Notice may be given in any manner, including orally. The Board may transact business even if no notice of the meeting was given, provided all members are present or represented.

The Board may not transact business at a meeting unless at least half its members are present.

Resolutions are adopted by a simple majority of the members present or represented.

If the vote is tied, the Chairman has the casting vote.

Pursuant to its internal regulations, the Board of Directors fixes the limits to the CEO's authority, if applicable, indicating the transactions for which prior authorization of the Board of Directors is required. The Board of Directors may set a global amount each year within which the CEO may make commitments on behalf of the Company in the form of sureties, endorsements and guarantees, or an amount beyond which each of these commitments may not be made; to exceed the overall limit or the maximum amount set for a commitment, the CEO must have a special authorization from the Board of Directors.

In accordance with the laws and regulations, the internal regulations may provide that directors are deemed to be present for the purpose of calculating the quorum and the majority of directors when they attend a meeting by videoconferencing or telephone with the technical features provided for by the law and regulations in force.

Any director may give another director a proxy to represent him or her at the Board meeting, but each director may not hold more than one proxy per meeting.

An attendance sheet will be kept and will be signed by the members of the Board participating in a meeting, whether in their own name or by proxy.

The Board's deliberations will be recorded in minutes signed by the chairman of the meeting or by at least one director who attended the meeting. If the chairman of the meeting is absent, the minutes will be signed by at least two directors.

The Board of Directors will establish internal regulations for its operations in accordance with the law and the bylaws. It may decide to create committees to study issues submitted to them by the Board or its Chairman for examination. The composition and powers of each of these Committees, which will conduct their business on its responsibility, are set by the Board of Directors by internal regulations.

Any person invited to be present at meetings of the Board of Directors must keep secret all confidential information and information indicated as such by the Chairman and shall also have a general obligation of confidentiality.

21.2.2.2 Chairman of the Board of Directors (Article 18 of the Bylaws)

The Board of Directors shall elect a Chairman from among its members who are individuals.

The Chairman will be appointed for a term not exceeding his or her term of office as director. He may be re-elected.

The Chairman of the Board must not be older than 65. If the Chairman reaches this age limit during the course of his or her term as Chairman, he or she is deemed to have resigned. However, his or her term shall be extended until the next Board meeting, at which his or her successor shall be appointed. This resignation from the position of Chairman does not constitute resignation from the position of director.

If the Chairman dies is temporarily indisposed or dies, the Board of Directors may appoint another director to act as Chairman.

If the Chairman is temporarily indisposed, this appointment is given for a limited period. It may be renewed. If the Chairman dies, it shall remain in effect until a new Chairman is elected.

The Chairman of the Board of Directors organizes and directs the Board's work, and reports on this work to the general shareholders' meeting. He or she shall ensure that Company's governing bodies operate correctly and, in particular, shall ensure that directors are able to perform their duties.

Except when they are not material to any of the parties because of their subject matter or financial implications, the Chairman will receive lists of agreements relating to current transactions entered into at arm's length. The Chairman will forward this list and the purpose of said agreements to the members of the Board and to the statutory auditors.

21.2.2.3 General Management (Article 19 of the Bylaws)

21.2.2.3.1 CEO and Deputy CEO

The general management of the Company shall be conducted, on his or her responsibility, either by the Chairman of the Board of Directors or by another person appointed by the Board of Directors

from among its members or not, and such person shall have the title of Chief Executive Officer (CEO).

The Board of Directors may decide between these two types of general management at any time, and at least upon each expiration of the term of office of the CEO, or of the Chairman of the Board if the Chairman also assumes the general management of the Company.

The shareholders and third parties shall be informed of this choice in the manner set forth in the regulations.

When the general management of the Company is conducted by the Chairman of the Board of Directors, the provisions below regarding the CEO shall be applicable to the Chairman. In such case, the Chairman's title will be Chairman and CEO.

On the recommendation of the CEO, the Board of Directors may appoint one or more individuals to assist the CEO, with the title of Deputy CEO.

There may not be more than five Deputy CEOs.

The CEO and the Deputy CEOs must not be older than 65. If the CEO or one of the Deputy CEOs reaches this age limit, he or she shall be deemed to have resigned from office. However, his or her term of office will be extended until the next Board meeting, at which the new CEO or Deputy CEO will be appointed.

The term of office of the CEO or the Deputy CEOs will be decided when they are appointed, but this term may not exceed their term of office as directors.

The CEO may be removed at any time by the Board of Directors. The same rule applies to Deputy CEOs, on the recommendation of the CEO. If removal from office is decided without good cause, it may result in an award of damages, except when the CEO is also the Chairman of the Board.

When the CEO stops performing his duties or is unable to do so, the Deputy CEOs shall retain their duties and authority until the new CEO is appointed, except as otherwise decided by the Board.

The Board of Directors will determine the compensation of the CEO and the Deputy CEOs.

21.2.2.3.2 Powers of the CEO and the Deputy CEOs

The Chief Executive Officer is granted the most extensive powers to act in all circumstances on behalf of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to the powers expressly reserved by law for general shareholders' meetings and the Board of Directors. In addition, the Board's internal regulations include a list of decisions that must obtain the prior authorization of the Board (see Section 16.3.2 "Matters Reserved for the Board of Directors").

The Chief Executive Officer represents the Company in its dealings with third parties. The Company is bound even by actions of the Chief Executive Officer that are outside the purpose of the Company, unless the Company can prove that the third party was aware that the action was outside the purpose of the Company, or that the third party could not be unaware of this in view of the circumstances, provided, however, that the mere publication of the bylaws does not constitute such proof.

Decisions of the Board of Directors limiting the powers of the CEO are not binding on third parties.

In agreement with the CEO, the Board of Directors will decide the extent and duration of the powers conferred on the Deputy CEOs. In dealings with third parties, the Deputy CEOs will have the same powers as the CEO.

The CEO or the Deputy CEOs may, within the limits set by the laws in force, delegate the powers that they deem appropriate for one or more specific items, to any agents, even those outside the Company, taken individually or grouped in a committee or commission, with or without powers of substitution, subject to the limits established by law. These powers may be permanent or temporary, and may or may not include powers of substitution. These delegations shall retain all their effects despite the expiration of the duties of the person who conferred them.

21.2.3 Rights and Obligations Attached to Shares (Articles 10, 11, 12 and 13 of the Bylaws)

Fully paid-up shares are either in registered or bearer form, at the shareholder's choosing, on the terms provided for by current regulations.

Provided that the shares are admitted to trading on a regulated market, the Company is entitled to request the identification of holders of securities conferring an immediate or future right to vote at shareholders' meetings, and the amounts of securities held, in accordance with the laws and regulations in force.

Subject to the rights that would be granted to shares of different classes if such should be created, each share entitles its holder to a share of the profits and assets in proportion to the fraction of capital such share represents. Furthermore, it entitles the holder to vote and be represented at shareholders' meetings, on the terms set forth by law and in the bylaws.

A double voting right is granted to fully paid shares that have been continuously held in registered form by the same shareholder for a minimum consecutive period of at least two (2) years. To calculate this holding period, the holding period of the Company's shares preceding the listing date of the Company's shares on Euronext Paris is taken into account.

Pursuant to paragraph 2 of Article L.225-123 of the French Commercial Code, in the event of a capital increase by capitalization of reserves, profits or issue premiums, double voting rights shall be attached to the new shares allocated at no cost to a shareholder in respect of existing shares under which he or she is already entitled to such right.

This double voting right may be exercised at any shareholders' meeting.

Any share converted to bearer form, or the ownership of which is transferred, loses its double voting right. Nevertheless, the transfer of ownership by inheritance, liquidation of community of property between spouses or by donation *inter vivos* to a spouse or relative entitled to inherit, does not cause the transferee to forfeit the right and does not interrupt the period provided for in the fourth paragraph above.

Shareholders are only liable for losses up to the amount of their contributions.

The rights and obligations attached to a share follow the share when it changes hands. Ownership of a share automatically entails compliance with the bylaws and the resolutions of shareholders' meetings.

Whenever it is necessary to hold than one share in order to exercise a particular right, single shares or an amount of shares that is lower than the one required do not entitle their owner to any rights against the Company. In this case, shareholders are personally responsible for assembling the number of shares required.

The shares are indivisible *vis-à-vis* the Company.

Co-owners of undivided shares are represented at general shareholders' meetings by one of them or by a single proxy. If they cannot agree, the proxy will be appointed by the court at the request of the most diligent co-owner.

If the shares are encumbered with a usufruct, such usufruct must be indicated when they are recorded in the register of shareholders. Except as otherwise notified to the Company by registered letter with acknowledgement of receipt, the voting right belongs to the usufructuary at general shareholders' meetings and to the remainderman / reversionary owner at extraordinary shareholders' meetings.

The shares - whether registered or bearer - are freely negotiable except as otherwise provided by law or regulations. They will be recorded in accounts and are assigned, vis-à-vis the Company and third parties, by transfer from account to account, on the terms defined by the laws and regulations in force.

21.2.4 Modification of Shareholder Rights

The rights of the shareholders may be modified on the terms provided for by law and regulations. There is no particular stipulation governing the shareholders' rights that is stricter than the law.

21.2.5 Shareholders' Meetings (Article 20 of the Bylaws)

21.2.5.1 Notice, Place of Meeting

Notice of shareholders' meetings shall be given on the terms, in the forms and within the deadlines established by law.

They shall be held at the registered office or at any other location indicated in the notice of meeting.

21.2.5.2 Agenda

The agenda of the meeting shall appear in the notice of meeting and accompanying letters; it shall be drafted by the person convening the meeting.

At the meeting, shareholders may only deliberate on the matters set forth in the agenda. However, they may remove one or more directors and replace them at any time.

One or more shareholders representing at least the percentage of the share capital provided for by law, and acting on the terms and within the statutory deadlines, are authorized to require that draft resolutions be added to the agenda.

21.2.5.3 Access to Shareholders' Meetings

Every shareholder is entitled to attend shareholders' meetings and to participate in deliberations in person or by proxy.

Every shareholder may participate in shareholders' meetings, personally or by proxy, in the manner established by the regulations in force, upon furnishing proof of their identity and their ownership of their shares in the form of a book entry of the shares in the manner provided for by the laws and regulations in force.

On the decision of the Board of Directors published in the notice of meeting or notice of use of telecommunications, shareholders who participate in the meeting by videoconference or by telephone or broadcasting, including the internet, allowing them to be identified on the terms provided for by the regulations in force are deemed present for purposes of calculating the quorum and the majority.

Any shareholder may vote remotely or give a proxy in accordance with the regulations in force, using a form established by the Company and sent to the Company on the terms provided for by the

regulations in force, including by e-mail or teletransmission, on the decision of the Board of Directors. To be taken into account, this form must be received by the Company on the terms indicated in the regulations.

Minutes shall be taken of meetings and copies of such minutes shall be certified and issued in accord with the regulations in force.

The legal representatives of shareholders lacking legal capacity and individuals representing legal entities may take part in shareholders' meetings regardless of whether they are shareholders themselves.

21.2.5.4 Attendance Sheet, Presiding Officers, Minutes

An attendance sheet shall be kept at every meeting, containing the information required by law.

Shareholders' meetings shall be presided by the Chairman of the Board of Directors or, in his or her absence or if there is no such Chairman, by a director appointed to do so by the Board. Failing this, the meeting itself shall elect its chairman.

The duties of tellers shall be performed by the two members of the meeting who are present, agree to perform these duties and hold the largest number of votes, either by themselves or as proxies.

The presiding officers will appoint the secretary, who need not be a shareholder.

The presiding officers must verify, certify and sign the attendance sheet, ensure that the discussions run smoothly, deal with any incidents that occur during the meeting, verify the votes cast, ensure that they were cast correctly and make sure that the minutes are drawn up.

Minutes are drawn up and copies or extracts delivered and certified in accordance with the law.

21.2.5.5 General Shareholders' Meetings

General shareholders' meetings are those which take all decisions that do not amend the bylaws. They are held at least once a year, within six months of the end of each fiscal year, to approve the financial statements for that year and the consolidated financial statements.

On first call, business may only be transacted at an ordinary general meeting if the shareholders present or represented or who voted by post or online and hold at least one fifth of the shares with voting rights. No quorum is required for a meeting called pursuant to a second notice.

Resolutions are adopted at ordinary general meetings by a majority of the votes of the shareholders presented, represented, or who voted by post or online.

21.2.5.6 Extraordinary Shareholders' Meetings

Extraordinary general meetings are held to amend any of the provisions of the bylaws. However, they may not increase the commitments of the shareholders, subject to transactions resulting from a regularly effected reserve stock split.

Business may only be transacted at an extraordinary general meeting if the shareholders present or represented or who voted by post or online and own at least, on first call, one quarter of the shares with voting rights and, on second call, one fifth of the shares with voting rights. If this second quorum is not present, the second meeting may be postponed to a date two months later than the date for which it was called.

Resolutions are adopted at extraordinary general meetings by a two-thirds majority of the votes of the shareholders present, represented, or who voted by post or online.

However, extraordinary shareholders' meetings may not increase the shareholders' commitments or violate the equality of their rights, except by a unanimous vote of the shareholders.

21.2.6 Bylaws Provisions That Could Have an Effect on a Change in Control

None.

21.2.7 Crossing of Thresholds (Article 14 of the Bylaws)

As long as the Company's shares are admitted to trading on a regulated market, in addition to the declarations of threshold crossing expressly provided for by the laws and regulations in force, any person or entity that owns:

- directly or indirectly through companies that it controls as defined by Article L.233-3 of the French Commercial Code,

- alone or acting in concert, as defined by Article L.233-10 of the French Commercial Code,

  a fraction of the capital or voting rights, calculated in accordance with Articles L.233-7 and L.233-9 of the French Commercial Code and the General Regulation of the AMF, greater than or equal to:

- 3% of the share capital or the voting rights, or

- beyond this threshold, any additional fraction of 3% of the share capital or the voting rights of the Company, including beyond the thresholds for statutory declarations,

  must inform the Company of the total number:

- of shares and voting rights that such person or entity owns, directly or indirectly, alone or acting in concert,

- of securities providing access to the equity of the Company that such person or entity owns, directly or indirectly, alone or acting in concert, and of any voting rights potentially attached thereto, and

- of the shares already issued that such person or entity may acquire pursuant to an agreement or a financial instrument mentioned in Article L.211-1 of the Monetary and Financial Code,

  by registered letter, with return receipt requested, within four trading days of crossing the threshold in question.

  This obligation to inform the Company shall also apply in the cases referred to in paragraph VI *bis* of Article L.233-7 of the French Commercial Code, which are deemed applicable *mutatis mutandis* to the thresholds set forth in paragraph 14.1 of these bylaws.

The obligation to inform the Company also applies, within the same deadlines and on the same terms, when the shareholder's stake in the capital or in voting rights becomes less than one of the thresholds mentioned in paragraph 14.1 of the bylaws.

The sanctions provided for by law for failure to comply with the obligation to declare crossing of thresholds will only apply to the thresholds set forth in the bylaws upon a request recorded in the

minutes of the shareholders' meeting by one or more shareholders holding at least 3% of the share capital or voting rights of the Company.

The Company reserves the right to inform the public and the shareholders either of the information reported to the Company or the failure to comply with the foregoing obligation by the person in question.

21.2.8 Modification of the Share Capital

To the extent that the bylaws contain no specific provision, the share capital may be increased, reduced or amortized, by any method, by any of the means authorized by law.

21.2.9 Fiscal year (Article 6 of the Bylaws)

The fiscal year lasts for 12 months; it begins on January 1 and ends on December 31 of each year.

21.2.10 Appropriation of Earnings (Article 22 of the Bylaws)

The result of each fiscal year is determined in accordance with the laws and regulations in force.

At least 5% of the profits for the year, less any prior losses, will be set aside to form the reserve fund prescribed by law. This rule will no longer be mandatory once the reserve fund reaches one tenth of the share capital.

The general shareholders' meeting, or any other shareholders' meeting, may decide to distribute amounts and/or values in cash or in kind from the reserves available to it, indicating precisely the reserve items from which the payments will be made. In any event, dividends are to be paid first from the distributable profits of the fiscal year.

The general shareholders' meeting is entitled to grant to the shareholders, for all or part of the dividend distributed, or interim dividends, an option between payment in cash or payment in shares, on the terms established by the regulations in force. Moreover, the general shareholders' meeting may decide, for all or part of the dividend, interim dividends, reserves or premiums distributed, or for any capital reduction, that the dividend, reserves or premiums or capital reduction will be distributed in kind using assets of the Company.

Each shareholder's percentage of the profits and contribution to the losses is proportional to his or her percentage of the share capital.

22. MATERIAL CONTRACTS

For a description of the agreements entered into by the Company with Dispeo and with Deret to outsource part of the Group's logistics operations, see Section 6.5.11.2.1 "The Logistics Network and Warehouse Management" of this Registration Document.

23. THIRD-PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Certain market data included primarily in Chapter 6 "Business" comes from third-party sources. Certain information contained in this Registration Document on market is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision. The Company certifies that information from third parties has been accurately reproduced and that, to the Company's knowledge and in the light of public information or information supplied by such sources, no facts have been omitted that would render this information inaccurate or misleading.

24. PUBLICLY AVAILABLE DOCUMENTS

Copies of this Registration Document are available free of charge at the Company's registered office (1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France), as well as on its website (www.showroomprive.com) and the AMF's website (www.amf-france.org).

While this Registration Document remains valid, the following documents (or a copy of such documents) may be viewed:

- the Company's bylaws;
- any reports, correspondence and other documents, historical financial information or assessments and statements prepared by an expert upon the Company's request, of which a part is included or referred to in this Registration Document; and
- the historical financial information included in this Registration Document.

All such legal and financial documents relating to the Company and required to be made available to shareholders under applicable regulations may be consulted at the Company's registered office.

The regulated information (as defined by the General Regulation of the AMF) is also available on the Company's website.

25. INFORMATION ON EQUITY INVESTMENTS

Information concerning entities in which the Company holds a fraction of share capital likely to have a material impact on the valuation of its assets and liabilities, financial position or results of operations (namely, the companies listed in Section 7.2 "Significant Subsidiaries"), is included in Chapter 7 "Organizational Chart" and in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2016".

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ANNEX I

GLOSSARY

Buyer	A member who has made at least one purchase on the Group's platform during the applicable time period
Cumulative buyers	The cumulative number of members that have made at least one purchase on the Group's platform at any time since its launch
Repeat buyer	For any time period, a member who makes a purchase during that period and has made another purchase on the Group's platform during a prior period.
Average net internet revenue per buyer / Average revenue per buyer	The Group's total net internet sales in the applicable period divided by the number of buyers during the applicable period.
Average internet revenue per order / Average basket size	The Group's total net internet sales in the applicable period divided by total number of orders in the applicable period.
Buyer cohort	The group of members who made their first purchase on the Group's platform during the specified period.
Member cohort	The group of registered accounts that was created on the Group's platform during the specified period.
Order	An order placed on the Group's mobile apps or websites during the applicable period
M-commerce	Commerce conducted on mobile terminals
Member	A registered account on the Group's platform.
Mobile / Mobile terminals	Smartphones and tablets
Average number of orders per buyer	The total orders in the applicable period divided by the number of buyers during the applicable period

ANNEX II

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

(ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE)

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON THE COMPOSITION OF THE BOARD AND THE APPLICATION OF THE PRINCIPLE OF BALANCED REPRESENTATION OF WOMEN AND MEN ON THE BOARD, ON THE CONDITIONS UNDER WHICH BOARD'S WORK IS PREPARED AND ORGANIZED, AS WELL AS ON THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY (ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE)

This report was prepared pursuant to Article L. 225-37 of the French Commercial Code to provide information relating to the composition of the board of directors, the application of the principle of balanced representation of women and men, the conditions under which the Board's work is prepared and organized, the limits that the board of directors has placed on the powers of the Chief Executive Officer, and the internal control and risk management procedures implemented by the Company, in particular those relating to the preparation and processing of accounting and financial information. This report also includes other information required by the legal provisions cited above.

This report of the Chairman of the Board of Directors of SRP Groupe (the "**Company**") was presented on April 25, 2017 to the Nomination and Compensation Committee with regard to the information relating to the Board's composition, to the application of the principle of balanced representation of women and men, to the conditions under which the Board's work is prepared and organized, to the limitations that the board of directors has placed on the powers of the CEO, and to other information relating to corporate governance, and to the Audit Committee with regard to the information relating to internal control and risk-management procedures. It has also been sent to the Company's statutory auditors for the preparation of their report on the chairman's report, to which it is appended, in accordance with Article L.225-235 of the French Commercial Code. This report was approved by the Board of Directors at its meeting on April 27, 2017, in accordance with Article L. 225-37 of the French Commercial Code.

This report was prepared by the Chairman of the Board of Directors, in cooperation with the Company's Finance and Legal Departments.

1. CORPORATE GOVERNANCE

1.1 *Corporate Governance Code*

Since the listing of the Company's shares on Euronext Paris, the Company refers to, and, except as set forth below, complies with the Corporate Governance Code for listed companies published by AFEP and MEDEF in December 2008, in its updated version of November 2016 (the "**AFEP-MEDEF Code**"), as interpreted by the High Committee for Corporate Governance (the application guide for the AFEP-MEDEF Code, updated in December 2016).

The latest version of the AFEP-MEDEF Code, as updated in November 2016, can be found on the website http://www.afep.com/contenu/focus/code-de-gouvernement-d-entreprise-des-societes-cotees

The Company applies the AFEP-MEDEF Code (as revised in November 2016) with the exception of the following recommendations:

Recommendation of the AFEP-MEDEF Code	Company's Comment
Recommendation 8.3 of the AFEP-MEDEF Code **Independent directors should account for half the members of the Board in widely held corporations without controlling shareholders. In controlled companies, independent directors should account for at least a third.**	At December 31, 2016, 30% of the members of the Board of Directors are independent, a percentage rounded down vis-à-vis the percentage (33.33%) recommended by the AFEP-MEDEF Code to allow the Board composition to reflect the shareholder structure while maintaining a reasonable size. However, the presence of independent members on the two specialized Board committees fully complies with the recommendations of the AFEP-MEDEF Code; each of the two committees includes two independent members out of three, and the committees are chaired by independent directors.
Recommendation 10.3 of the AFEP-MEDEF Code **It is recommended that the non-executive directors meet once a year without the executive or "in-house" directors in attendance. "**	Given the recent nature of this recommendation, issued after the revision of the AFEP-MEDEF Code in November 2016, no formal meeting was held in 2016 by the Company's non-executive directors without the executive or "in-house" directors in attendance. To comply with this recommendation in 2017, there are plans to hold a meeting during the fiscal year without the executive or "in-house" directors in attendance.

1.2 *Composition and Functioning of the Board of Directors*

1.2.1 Composition as of December 31, 2016

The Company's bylaws provide that the Board of Directors (the "**Board**" or the "**Board of Directors**") will include between three and 18 members, subject to the exceptions provided for by law.

In accordance with Article 15 of the bylaws, directors serve terms of four years, and may be reappointed. This duration complies with the recommendations of the AFEP-MEDEF Code. As an exception, the annual shareholders' meeting may appoint certain directors for a term of less than four years, or if applicable, shorten the term of office of one or more directors, in order to stagger the terms of office of the members of the Board of Directors. The number of directors who have reached their 70th birthday may not exceed one third of the directors in office. When this age limit is exceeded during the term of office, the oldest director is deemed to have automatically resigned at the end of the next shareholders' meeting.

Directors are appointed by the general shareholders' meeting upon the proposal of the Board of Directors, based in turn upon the proposals of the Nomination and Compensation Committee. They may be removed at any time by the annual shareholders' meeting. The term of each director expires at

the close of the annual shareholders' meeting called to approve the financial statements for the previous fiscal year and held in the year in which such director's term expires.

As of December 31, 2016, the Company's Board of Directors was composed of the following ten members: David Dayan, Thierry Petit, Eric Dayan, Michaël Dayan, Marie Ekeland, Mathieu Laine, Olivier Marcheteau, Hendrik Nelis, Melissa R. Birge and Weiguo (David) Gu. In addition, Karim Khoury was appointed as an observer (non-voting member) of the Company by the Board of Directors at its meeting of November 25, 2015, for a renewable term of four years (for more details, see section 1.2.2 "Appointment, duties and rights of observers" of this report).

In order to permit staggered renewals of directors' terms on the Board of Directors while ensuring the continuity of the Board's work, in accordance with the recommendations of the AFEP-MEDEF Code, the Company's bylaws provide for the rolling renewal of directors each year. The directors making up the initial Board of Directors are divided into four groups:

(i) the first group, consisting of two directors (Eric Dayan and Michaël Dayan) appointed for a one-year term which expired at the end of the annual shareholders' meeting called to approve the financial statements for fiscal year 2015, and reappointed as directors by the shareholders' meeting of May 30, 2016 for a four-year term - i.e., until the end of the annual shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2019;

(ii) the second group, consisting of two directors (Mathieu Laine and Olivier Marcheteau), appointed for a two-year term that will expire at the end of the annual shareholders' meeting called to approve the financial statements for fiscal year 2016;

(iii) the third group, consisting of three directors (Hendrik Nelis, Marie Ekeland and Weiguo (David) Gu, the last of whom was coopted on November 25, 2015) appointed for a three-year term that will expire at the end of the annual shareholders' meeting called to approve the financial statements for fiscal year 2017; and

(iv) the fourth group consisting of three directors (David Dayan, Thierry Petit and Melissa Reiter Birge) appointed for a four-year term that will expire at the end of the Company's annual shareholders' meeting called to approve the financial statements for fiscal year 2018.

The Board has examined the desired balance in its composition and in the composition of its committees, in particular with respect to diversity (e.g., representation of women and men, nationality, international experience, skills)

The Company's directors have different perspectives and have varied experiences and skills, reflecting the Board's objectives. The Board also intends to comply with Law No. 2011-103 of January 27, 2011, which provides that 40% of the Board's members should be women as of the end of the first general shareholders' meeting after January 1, 2017 (for more details, see section 1.2.5 "Balanced representation of women and men" of this report).

The table below reflects the composition of the Board of Directors as of December 31, 2016:

Name	Age [1]	Sex	Nationality	Date of first appointment	Date of the Shareholders' Meeting of most recent appointment	Expiration date of term of office	Position on the Board of Directors
David Dayan	43	M	French	July 29, 2010	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018	Chairman of the Board of Directors CEO
Thierry Petit	43	M	French	July 29, 2010	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018	Deputy CEO Director
Hendrik Nelis	53	M	Dutch	August 5, 2010	October 16, , 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending Sunday, December 31, 2017	Director
Éric Dayan	37	M	French	October 16, 2015	May 30, 2016	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019	Director
Michaël Dayan	35	M	French	October 16, 2015	May 30, 2016	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019	Director
Mathieu Laine	41	M	French	October 16, 2015	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending Saturday, December 31, 2016	Director
Marie Ekeland	41	F	French	October 16, 2015	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the	Independent Director

Name	Age [1]	Sex	Nationality	Date of first appointment	Date of the Shareholders' Meeting of most recent appointment	Expiration date of term of office	Position on the Board of Directors
						fiscal year ending Sunday, December 31, 2017	
Melissa Reiter Birge	47	F	American	October 16, 2015	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018	Independent Director
Olivier Marcheteau	46	M	French	October 16, 2015	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2016[2]	Independent Director
Weiguo Gu (David Gu)	40	M	Chinese	November 25, 2015	May 30, 2016	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending Sunday, December 31, 2017	Director

[1] Number of full years as at December 31, 2016.

[2] Renewal proposed at the annual shareholders' meeting to be held on June 26, 2017.

The other offices held by the members of the Board of Directors whose terms are ongoing as of April 27, 2017 are listed in Section 14.1 of the Company's Registration Document for the year ended December 31, 2016 (the "**Registration Document**").

1.2.2 Appointments to the board and term renewals proposed to the Annual Shareholders' Meeting of June 26, 2017

The terms of office of Mathieu Laine and Olivier Marcheteau will expire at the end of the annual shareholders' meeting scheduled for June 26, 2017.

Therefore, at its meeting on April 27, 2017, and on the recommendation of the Nomination and Compensation Committee, the Board of Directors decided to propose to the shareholders' meeting on June 26, 2017, that the terms of office of Mathieu Laine and Olivier Marcheteau as directors be renewed for a four-year term, i.e., until the end of the annual shareholders' meeting called to approve the financial statements for fiscal year 2020.

1.2.3 Appointment, duties and rights of observers

Pursuant to Article 16 of the bylaws, the annual shareholders' meeting may, on the recommendation of the Board of Directors, appoint a non-voting observer (*censeur*). The Board of Directors may also appoint the non-voting observer directly, subject to ratification by the next shareholders' meeting. The observer may be freely chosen on the basis of his or her skills. The observer is appointed for a four-

year term, except as otherwise decided at the annual shareholders' meeting preceding his or her appointment, which may be revoked at any time. The observer's term of office shall terminate at the end of the annual shareholders' meeting called to approve the financial statements for the past fiscal year. The observer may be reelected.

The observer will examine the questions that the Board of Directors or its Chairman submits to him or her for advice. The observer will attend Board meetings and take part in discussions, but may not vote, and his or her absence will not affect the validity of deliberations. The observer will be given notice of Board meetings on the same terms as directors. There is no compensation for serving as a non-voting observer.

In accordance with Article 16 of the Company's bylaws and by decision of the Board of Directors on November 25, 2015, Karim Khoury, who had resigned from his directorship, was appointed as a non-voting observer to the board for a four-year term set to expire at the end of the annual shareholders' meeting called to approve the financial statements for fiscal year 2018. This appointment was ratified by the Company's shareholders' meeting held on May 30, 2016. Karim Khoury has resigned from his post as non-voting observer for the Company, with effect from April 13, 2017.

1.2.4 Independence of the members of the Board of Directors

Pursuant to the Company's internal rules, the assessment of the independence of each member of the Board of Directors is primarily based on the following criteria:

- not being an employee or an executive director of the Company, an employee, executive director or board member of a company consolidated by the Company or of the parent company of the Company or of a company consolidated by the parent company, and not having held such a position for the past five (5) years;
- not being a senior executive or company officer (*dirigeant mandataire social*) of a company in which the Company holds, directly or indirectly, an office as member of the Board of Directors or of the Supervisory Board, or in which an employee appointed as such or an executive director of the Company (currently in office or having held such office during the previous five years) is a member of the Board of Directors;
- not being a customer, supplier, investor or commercial banker that is material to the Company or its Group, or from which the Company or its Group generates significant part of its business (nor being directly or indirectly linked to such person); the assessment of whether the relationship with the Company or Group is material is discussed by the Board and the quantitative and qualitative criteria (continuity, economic dependency, exclusivity, etc.) used for such assessment are described in the Registration Document.
- not being related by close family ties to a Company officer (mandataire social);
- not having been a Statutory Auditor of the Company within the past five years;
- not having been a member of the Board of Directors for more than twelve years (the loss of the status of independent director occurs on the twelve-year date).

A non-executive company officer may not be considered independent if he receives variable compensation in cash or securities or any compensation linked to the performance of the Company or the Group.

For members of the Board of Directors holding ten percent or more of the share capital or voting rights of the Company, or representing a legal entity with such a holding, the Board of Directors, on the basis of a report of the Nomination and Compensation Committee, gives its opinion as to the qualification as independent, specifically taking into account the composition of the Company's share capital and the existence of a potential conflict of interest. The Board of Directors may determine that, although a particular member meets all of the above criteria, he cannot be qualified as independent

taking into account his or her particular situation or that of the Company, due to its shareholding structure or for any other reason. Conversely, the Board of Directors may determine that a member who does not meet the above criteria is nevertheless independent.

Pursuant to the recommendations of the AFEP-MEDEF Code and the Company's internal rules, at the recommendation of the Nomination and Compensation Committee, the Board of Directors must evaluate the independence of each of its members (or candidates) each year.

As at December 31, 2016, the Board of Directors had three (3) independent members: Marie Ekeland, Olivier Marcheteau and Melissa Reiter Birge, representing 30% of the directors.

At its meeting on April 25, 2017 the Nomination and Compensation Committee conducted their annual evaluation of the independence of the members of the Board of Directors in terms of the AFEP-MEDEF criteria which are set out in the Company's internal rules. The conclusions of the Nomination and Compensation Committee were presented to and approved by the Board of Directors at its meeting on April 27, 2017.

In light of this analysis, the Board of Directors concluded, based on the opinion of the Nomination and Compensation Committee, that four directors (Marie Ekeland, Melissa Reiter Birge, Olivier Marcheteau, and Hendrik Nelis) were independent.

Concerning Marie Ekeland, it was pointed out that Thierry Petit, David Dayan, and Michaël Dayan had invested in a mutual fund managed by Daphni, a company that Marie Ekeland co-founded. In this regard, after hearing the advice of the Nomination and Compensation Committee, the Board found that this investment was not material and therefore did not affect Marie Ekeland's independence as a director of the Company.

Concerning Hendrik Nelis, it was pointed out that Hendrik Nelis has met all the independence criteria defined in Article 8.4 of the AFEP-MEDEF Code, which is the Group's corporate governance code of reference. However, Hendrik Nelis was appointed at the recommendation of Accel Partners, which together holds 8.3% of the Company's share capital and 11.5% of its voting rights, so in accordance with Article 8.7 of the AFEP-MEDEF Code, the Company investigated on its own if Hendrik Nelis can be qualified as an independent director considering the Company's shareholding structure and the existence of potential conflicts of interest. First, the Group revealed that Accel Partners is a non-controlling financial investor in the Company's share capital. Additionally, beyond the shareholding structure, (i) the Company is controlled by Founders acting in concert, (ii) with the exception of the agreement for orderly sale signed on October 29, 2015 between the Founders and Kilwa Investment S.A., Accel Partners has not entered into any agreement with the Founders, and lastly, (iii) Accel Partners is not bound to the Company via any agreement. Under these conditions, and after hearing the Nominations and Compensation Committee's opinion on the matter, the Board of Directors deemed that Accel Partners' stake in the Company's share capital did not affect Hendrick Nelis's independence and decided to qualify his status as an independent director.

1.2.5 Balanced representation of men and women

As at December 31, 2016, the Board of Directors included two women, Marie Ekeland Birge and Melissa Reiter, representing 20% of the directors.

To comply with Law No. 2011-103 of January 27, 2011 on professional equality and the balanced representation of women and men on boards of directors and supervisors, it is expected that the appointment of one or more additional directors will be proposed to the annual shareholders' meeting on June 26, 2017 so that at the end of said shareholders' meeting, subject to the approval of the draft resolutions, the proportion of directors of each gender will be above 40%, in accordance with Article L.225-18-1 of the French Commercial Code.

1.3 *Rules Governing the Preparation and Organization of the Work of the Board of Directors*

1.3.1 Internal rules

The Board of Directors has internal rules that were last updated on April 27, 2017, which govern the Board's functioning as a supplement to applicable laws and regulations and the Company's bylaws. The annexes to the Board of Directors' internal rules include the internal rules of the Audit Committee as well as those of the Nomination and Compensation Committee.

The Company's bylaws and internal rules are available on the Company's website (http://www.showroomprivegroup.com/).

1.3.2 Duties of the Board of Directors

The Board of Directors' first assignment is to determine strategic targets. It reviews and decides on large transactions. Members of the Board of Directors are informed of changes in market trends, in the competitive environment and in biggest challenges, including in the area of corporate social responsibility.

The Board of Directors has the duties and powers conferred on it by law, the Company's bylaws and the internal rules of the Board of Directors and its Committees. It defines and evaluates the Company's strategic direction, goals and performance, and oversees their implementation. Subject to the powers expressly granted to the shareholders' meeting, and within the limit of the Company's purpose, it decides any questions concerning the proper functioning of the Company and through its votes settles matters concerning it.

The Board also implements the controls and verifications that it deems appropriate and can request the documents that it deems useful to perform its duty.

The Board of Directors ensures the good governance of the Company and of the Group, in compliance with social responsibility principles and practices of the Group and its executive corporate officers and employees.

The Board of Directors ensures that shareholders and investors receive relevant, balanced and informative information on strategy, on the business model, on taking into account major non-financial issues for the company as well as on its long-term outlook.

1.3.3 Functioning of the Board of Directors

The internal rules set out the manner in which information is conveyed to the directors. It specifies, in particular, that the Chairman shall provide the members of the Board, within a sufficient time frame, excluding urgent matters, with the information or documents in his possession that will enable them to carry out their duties effectively. Any member of the Board who has not been able to deliberate in a fully-informed way must so notify the Board and request the information needed to perform his or her duties.

The internal rules of the Board of Directors set out the procedures for conducting Board meetings. Under these rules, Board meetings are called by its Chairman or one of its members by any means, even verbally. The person calling the meeting sets the meeting agenda.

The Board meets at least four (4) times a year and, at any other time, as often as the interests of the Company so require. The frequency and length of the meetings must be sufficient to allow a thorough review and discussion of matters within the purview of the Board of Directors. Board meetings are chaired by the Chairman; in the Chairman's absence, they are chaired by a member selected by Board of Directors.

The Board of Directors may not transact business at a meeting unless at least half of its members are present. In determining quorum and majority, members are deemed present when they attend via video-conference or a conference call that allows them to be identified and ensures their effective participation, in the manner provided for under applicable statutes and regulations.

Each meeting of the Board of Directors and the Committees it sets up must be of sufficient length to effectively and thoroughly discuss the matters on the agenda. Resolutions are adopted by a majority of the members present or represented. If there is a tie vote, the chairman's vote shall break the tie.

Every year, a Board of Directors meeting is held without executive corporate officers in attendance.

The internal rules of the Board of Directors also highlight the obligations incumbent on members of boards of directors, as they are set out in the AFEP-MEDEF Code. The rules provide that the members of the Board of Directors may receive, upon appointment, additional training on the specifics of the Company and the companies it controls, their businesses and their industry. In addition, they may occasionally hear from the Company's key executives, who may be called to attend meetings of the Board of Directors. Finally, there is the proviso that the Board of Directors shall be regularly informed about the financial position, the cash position, and the commitments of the Company and the Group, and that the Chairman and CEO shall continuously keep the members of the Board informed about all matters concerning the Company of which he is aware and which he deems useful or relevant. The Board of Directors and the Committees also have the option of hearing from experts in the areas under their respective purview.

1.3.4 Work of the Board of Directors, frequency of Board meetings and average attendance rate of members

The Board of Directors met ten (10) times in 2016: January 13, 2016, February 16, 2016, April 21, 2016 May 30, 2016, July 26, 2016 July 28, 2016, September 27, 2016, October 20, 2016, December 13, 2016 and December 22, 2016. Pursuant to the Board's internal rules, the Board of Directors meets at least four times per year.

The rate of attendance for all directors was 80%.

The table of individual attendance at Board and Committee meetings is presented below (attendance rate):

	Board of Directors	**Audit Committee**	**Nominations and Compensation Committee**
David Dayan	100 %	-	-
Thierry Petit	100 %	-	-
Hendrik Nelis	50 %	83.3 %	-
Éric Dayan	90%	-	-
Michaël Dayan	100 %	-	-
Mathieu Laine	30 %	-	50%
Marie Ekeland	100 %	-	100%
Melissa Reiter Birge	90%	100 %	-
Olivier Marcheteau	100 %	100%	100%
Weiguo Gu (David Gu)	40%	-	-

In fiscal year 2016, the principal matters before the Board of Directors included:

- analysis of fiscal year 2015 and the strategy and budget for 2016;
- approval of the consolidated financial statements for fiscal 2015 and of the Group management report on the consolidated financial statements and the reporting of annual results;
- determining the variable compensation of the Chairman and CEO for 2015 and the criteria for their variable compensation for 2016;
- preparing the parent company financial statements for fiscal year 2015, the financial guidance documents, the annual financial report, the management report and the corporate social responsibility report.
- preparing the 2016 half-year consolidated financial statements and the review and approval of the half-year financial report and communications related to the half-year results;
- the allocation of directors' fees for fiscal year 2015;
- approval of the report of the Chairman of the Board of Directors on the composition of the board and the application of the principle of balanced representation of women and men on the Board, on the conditions under which Board's work is prepared and organized, as well as on the internal control and risk management procedures implemented by the Company;
- approval of proposed acquisitions, including that of the company Saldi Privati;
- the restructuring of Committees of the Board of Directors, subject to approval by the annual shareholders' meeting;
- free share allocation plans;
- implementation of the share buyback program;
- authorization of the agreements referred to in Article L. 225-38 of the French Commercial Code;
- presentation of the work of the Audit Committee;
- presentation of the work of the Nomination and Compensation Committee;
- adoption of the Company's new market ethics charter;
- recognition of stock options exercised for new shares of the Company and the completion of the corresponding capital increase and amendment of the bylaws;
- recognition of the final vesting and allocation of new free shares of the Company and the completion of the corresponding capital increase and amendment of the bylaws;
- approval of loan arrangements;
- adoption of the 2015 registration document;
- proposal to the next Annual Shareholders' Meeting of the renewal of the terms of the Statutory Auditors and their alternates.

1.3.5 Shares held by Directors

Pursuant to Article 2.10 of the internal rules of the Company's Board of Directors, each member of the Board of Directors must own (directly or indirectly) at least 200 shares of the Company throughout his or her term of office, and in any event no later than six months following his or her appointment. Share loans by the Company to members of the Board of Directors are not allowed for

purposes of satisfying this obligation. This obligation does not apply to employee shareholders who are appointed to the Board of Directors.

The number of shares held by the members of the Board of Directors is included in Section 17.2.2, "Shareholdings of members of the Board of Directors and Senior Management".

1.4 *Committees of the Board of Directors*

The Board of Directors decided, at its meeting on August 28, 2015, to create two Board committees: the Audit Committee and the Nomination and Compensation Committee, in order to assist it in certain of its duties and to contribute effectively to the preparation of certain matters submitted for its approval. Each of these Committees has internal rules (which are annexed to the Board of Directors' internal rules) and submits its recommendations to the Board.

Meetings of the Board's Committees are recorded in reports that are sent to the members of the Board of Directors. The composition of these committees, set forth below, complies with the recommendations of the AFEP-MEDEF Code.

1.4.1 Audit Committee

(a) Composition as of December 31, 2016

Pursuant to Article 2 of its internal rules, the Audit Committee is composed of three or four members, at least two-thirds of whom are chosen from among the independent members of the Board of Directors. The composition of the Audit Committee can be modified by the Board of Directors acting at the request of the Chairman and must be modified in the event of a change in the general composition of the Board of Directors. In particular, in accordance with the applicable legal rules, the members of the committee must have specialized knowledge in finance and accounting. The terms of office of Audit Committee members coincide with the length of their terms as members of the Board of Directors. It may be renewed at the same time as the renewal of the member's term on the Board of Directors.

At its meeting on November 25, 2015, the Board of Directors decided to appoint Melissa Reiter Birge (an independent director), Olivier Marcheteau (an independent director) and Hendrik Nelis (director) as members of the Audit Committee. In accordance with the recommendations of the AFEP-MEDEF Code, the Board also decided to appoint Ms. Melissa Reiter Birge, an independent director, as the Committee's Chair.

(b) Duties of the Audit Committee

Pursuant to Article 1 of the Audit Committee's internal rules, the role of the Audit Committee is to monitor questions related to the preparation and the control of accounting and financial information and to monitor the efficiency of risk monitoring and operational internal control, in order to facilitate the Board's carrying out its duties to control and verify such matters.

In this context, the Audit Committee carries out the following duties:

- monitoring the preparation of financial information;
- monitoring the efficiency of internal control systems, internal audits and risk management related to financial and accounting information;
- monitoring the statutory and consolidated financial statement audits by the Company's Statutory Auditors; and
- monitoring the Statutory Auditors' independence.

Pursuant to its internal rules, the Audit Committee regularly reports to the Board of Directors and informs it without delay of any difficulties that it encounters.

(c) Audit Committee meetings

Pursuant to the Audit Committee's internal rules, the Audit Committee meets at least twice per year, when the annual financial statements and the half-year financial statements are prepared.

In fiscal year 2016, the Audit Committee met six (6) times: January 13, 2016, February 15, 2016, April 21, 2016, July 27, 2016, November 21, 2016 and December 13, 2016. The rate of attendance for all directors was 94.4%.

(d) Work of the Audit Committee

In fiscal year 2016, the Audit Committee met to discuss the following main topics:

- review of the closing process and of the main closing options;
- presentation of the 2016 audit plan;
- presentation by the statutory auditors of the review of the Company's risks and internal control procedures;
- proposal of directors to be invited to present their department's strategy;
- review of the 2015 consolidated financial statements;
- review of the draft report of the Chairman of the Board of Directors on corporate governance, internal control and risk management
- review of the draft 2015 registration document;
- preparation of the parent company financial statements for fiscal year 2015, the financial guidance documents, the annual financial report, the management report and the corporate social responsibility report.
- the inventory of projects to improve the formalization of internal control procedures within the Group;
- review of the 2016 half-year financial statements;
- presentation of the impacts of the audit report and elements that the Committee should consider in the appointment of new statutory auditors by the Company;
- analysis by the statutory auditors concerning the Company's challenges and their assignments as statutory auditors.

1.4.2 Nomination and Compensation Committee

(a) Composition as of December 31, 2016

Pursuant to Article 2 of its internal rules, the Nomination and Compensation Committee is composed of three or four members, a majority of whom are chosen from among the independent members of the Board of Directors. They are appointed by the members of the Board of Directors from among its members on the basis of their independence and their knowledge in selecting or compensating executive directors of listed companies. Senior executives and executive corporate officers may not serve on the Nomination and Compensation Committee. The composition of the Nomination and Compensation Committee can be modified by the Board of Directors acting at the request of the Chairman and must be modified in the event of a change in the general composition of the Board of Directors. The length of the terms of members of the Nomination and Compensation Committee coincides with the length of their terms as members of the Board of Directors. It may be renewed at the same time as the renewal of the member's term on the Board of Directors.

At its meeting on November 25, 2015, the Board of Directors decided to appoint Olivier Marcheteau (an independent director), Marie Ekeland (an independent director), and Mathieu Laine (director) as members of the Nomination and Compensation Committee. In accordance with the recommendations of the AFEP-MEDEF Code, the Board also decided to appoint Mr. Olivier Marcheteau, an independent director, as the Committee's Chair.

As at December 31, 2016, the Nomination and Compensation Committee had three members, including two who are independent: Olivier Marcheteau (independent director), Marie Ekeland (independent director) and Mr. Mathieu Laine (director).

(b) Duties of the Nomination and Compensation Committee

Pursuant to Article 1 of its internal rules, the Nomination and Compensation Committee is a specialized committee of the Board of Directors whose principal duty is to help the Board in the composition of the managing bodies of the Company and the Group and in the determination and regular evaluation of all the compensation and benefits of the Group's senior executives and Company officers, including all deferred benefits and/or compensation for voluntary or involuntary departure from the Group.

In this context, the Nomination and Compensation Committee carries out in particular the following duties:

- proposals for appointments to the Board of Directors, to executive corporate officers, and to Board Committees;
- annual evaluation of the independence of the members of the Board of Directors;
- examination and proposal to the Board of Directors concerning all components and terms of compensation of the Company's executive directors;
- examination and proposal to the Board of Directors on the method for allocating directors' fees;
- making recommendations to the Board of Directors on all exceptional compensation related to exceptional duties that may be given by the Board to certain of its members.

(c) Nomination and Compensation Committee meetings

Pursuant to its internal rules, the Nominating and Compensation Committee meets as often as necessary and, in any event, at least once per year, before the Board of Directors meets to assess the independence of its members pursuant to the independence criteria adopted by the Company and, in any event, prior to any meeting at which the Board of Directors votes on the compensation of executive corporate officers or the allocation of directors' fees.

In fiscal year 2016, the Nomination and Compensation Committee met four (4) times: February 16, 2016, April 21, 2016 May 18, 2016 and October 27, 2016. The rate of attendance for all directors was 83.3%.

(d) Work of the Nomination and Compensation Committee

In 2016, the Nomination and Compensation Committee met to discuss the following key topics:

- review of the implementation of a free share allocation program within the Group;
- variable compensation of the Chairmen and CEOs for 2016 and the criteria for their variable compensation for 2016;
- the succession plan for members of the Board, the Committees and key executives;
- the allocation of directors' fees for fiscal year 2015;

- update on corporate governance;
- review of the draft report of the Chairman of the Board of Directors on corporate governance, internal control and risk management
- implementation of a compensation policy for key managers.

1.5 *Evaluation of the functioning of the Board of Directors*

The internal rules of the Board of Directors set out the means by which the Board must evaluate its ability to meet the expectations of shareholders by periodically analyzing its composition, organization and how it functions. To this end, once a year, the Board of Directors is expected, based on the report of the Nomination and Compensation Committee, to devote one item on its agenda to the evaluation of its operating procedures, to verifying that important issues are properly prepared and discussed by the Board of Directors, and to assessing the effective contribution of each member to the Board's work in relation to his or her competence and involvement in the deliberations. This evaluation is carried out on the basis of responses to an individual and anonymous questionnaire sent once a year to each member of the Board of Directors.

The Board of Directors evaluated the composition, organization, and functioning of the Board and its Committees by means of discussion within the Nomination and Compensation Committee as well as at the meeting of the Board of Directors on April 27, 2017, which the directors deemed satisfactory, without any particular remarks or matters for improvement.

1.6 *General Management*

1.6.1 Chairman and CEO and Deputy CEO

The positions of Chairman of the Board of Directors and CEO have been combined since the inception of the Company. These functions are exercised by David Dayan.

In connection with the planned IPO, at its meeting on October 15, 2015, the Board of Directors renewed in advance David Dayan's term as Chairman and CEO of the Company and Thierry Petit's term as Deputy CEO of the Company, for the duration of their terms of office as directors, i.e., for four years expiring at the end of the annual shareholders' meeting called to approve the Company's financial statements for the 2018 fiscal year.

1.6.2 Powers of Executive Management - Limitations on powers

The positions of Chairman of the Board of Directors and CEO have been combined since the inception of the Company. These functions are exercised by David Dayan.

Since the admission of the Company's shares to trading on Euronext Paris, and by virtue of the shareholders' agreement entered into on that date and described in Section 18.4, the founders have agreed to ensure that David Dayan and Thierry Petit will take turns as Chairman of the Board of Directors, and that David Dayan and Thierry Petit will alternate as CEO and Deputy CEO, respectively.

In accordance with the law, the Company's bylaws and the internal rules of the Board of Directors, the Company's Chairman and CEO chairs the meetings of the Board of Directors, organizes and directs the Board's work and meetings and ensures the smooth running of the Company's management bodies, ensuring in particular that the directors are able to perform their duties.

The Chief Executive Officer is granted the most extensive powers to act in all circumstances on behalf of the Company. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law for general shareholders' meetings and for the Board of Directors. The Chief Executive Officer represents the Company in its dealings with third parties. The Company is bound even by actions of the Chief Executive Officer that

are outside the purpose of the Company, unless the Company can prove that the third party was aware that the action was outside the purpose of the Company, or that the third party could not be unaware of this in view of the circumstances; however, the mere publication of the bylaws does not constitute such proof. Decisions of the Board of Directors limiting the powers of the CEO are not binding on third parties. In dealings with third parties, the Deputy CEOs will have the same powers as the CEO.

Pursuant to Article 3.2 of its internal rules, the Board of Directors must give its prior authorization by a simple majority of its members present or represented, for any fact, event, act or decision relating to the Company and the other members of the Group and relating to:

- the adoption of the annual budget;
- investments or capital expenditures (other than in the ordinary course of business) not provided for in the annual budget which, individually or in the aggregate, would exceed €1,000,000 annually;
- the acquisition, transfer or subscription of units, shares or other form of interest in any other company, group or entity, the establishment of a joint undertaking or subsidiary or the transfer or pledge of its shares or any significant tangible asset not provided for in the budget, representing an investment amount for the Group in excess of €5,000,000;
- option grants and the terms on which such options will be granted to the employees and executive corporate officers, as well as the implementation of a profit-sharing plan for executive corporate officers or employees;
- the appointment or removal of a founder who has management duties within the Group or any person, CEO, Deputy CEO, Operations Director or Chief Financial Officer (CFO);
- the appointment or renewal of the Company's statutory auditors;
- any agreement between (directly or indirectly) the Company or any subsidiary and any of its shareholders, officers or founders;
- any material change in the activity and strategic orientation of the Company or of a subsidiary as defined in the business plan and annual budget;
- any financial debt commitment (in particular financial guarantees) of the Group in excess of €5,000,000, as well as any guarantee or any surety granted within this framework;
- the grant of any mortgage or surety relating to all or substantially all of an asset, and representing in excess of €500,000 individually within the global limit of €1,000,000 a year, and not provided for by the annual budget;
- the appointment or removal of a manager of a Group company;
- any acquisition or transfer or operating lease of the Company's business or making available or transferring of a significant trademark used by the Group.

1.7 *Principles and rules set by the Board for determining the compensation and benefits of any kind granted to the company officers during fiscal year 2016*

The Company's executive compensation policy was adapted to the common practices of listed companies and reflects the recommendations of the AFEP-MEDEF Code.

1.7.1 Directors' Fees

Pursuant to Article 6 of its internal rules, the Board, upon the recommendation of the Nominations and Compensation Committee, freely distributes among its members the directors' fees allocated to the Board by the shareholders' meeting, taking into account the effective participation of the directors on the Board and its Committees. A proportion that is determined by the Board and taken from the directors' fees allocated to the Board is paid to the members of the Committees, also taking into account the Committee members' effective participation at such Committee's meetings.

At a meeting on September 25, 2015, the Board of Directors agreed to pay directors' fees to the independent directors in accordance with the following principles:

- €25,000 per year per director, with a fixed portion of 40% and a variable portion of 60% depending on attendance at meetings of the Board of Directors; and
- €10,000 per year for a member of a Board Committee (€15,000 for the Chair of a Committee), with a fixed portion of 40 % and a variable portion of 60 % depending on attendance at meetings of the Committee.

If a person is appointed or his or her term of office ends during a year, these amounts are paid on a prorated basis.

At the shareholders' meeting on October 16, 2015, the shareholders decided to award directors' fees to members of the Board of Directors in a total amount of €150,000 per year. This amount will remain in effect each year unless a new shareholders' meeting decides in the future to modify the total amount of directors' fees allocated to the Board.

The compensation due to each member of the Board of Directors for the 2016 fiscal year, taking into account their participation in meetings of the Board of Directors and Committees in 2016, is provided in Chapter 15, "Compensation and benefits of directors and corporate officers" of the Registration Document, to which this report is appended.

1.7.2 Compensation of Senior Executives and Company Officers

The compensation of the Chairman and CEO and of the Deputy CEO include a fixed component and a variable component based on a number of objectives that are set annually.

The components of the compensation of senior executives and company officers are determined by the Board of Directors upon the proposal of the Nomination and Compensation Committee.

The principles and rules adopted by the Board of Directors for determining the compensation and benefits to be granted to senior executives and Company officers are described in Chapter 15, "Compensation and benefits of directors and corporate officers" of the Registration Document, to which this report is appended.

As recommended by the AFEP-MEDEF Code, the components of the compensation due or attributed for fiscal year 2016 to the Chairman and CEO and to the Deputy CEO of the Company, as described in Chapter 15, "Compensation and benefits of directors and corporate officers" of the Registration Document, will be submitted for an advisory vote to the Company's shareholders at the Annual Shareholders' Meeting scheduled for June 26, 2017.

1.8 *Participation in General Shareholders' Meetings*

The procedures relating to shareholder participation at general shareholders' meetings are described in Articles 11 and 19 of the bylaws and in Sections 18.2, "Shareholder Voting Rights" and in Section 21.2.5, "Shareholder Meetings" of the Registration Document.

1.9 *Information that might have an impact in the event of a tender offer*

Set forth below are the factors that might have an impact in the event of a tender offer.

The table below shows the shareholders holding at least 5% of the share capital and the voting rights of the Company at February 28, 2017.

	At 28 February, 2017		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights[10]**
Ancelle SARL[1] [2]	5,546,272	16.2 %	19.5 %
Victoire Investissement Holding SARL[3]	3,714,941	10.8 %	15.1 %
Cambon Financière SARL[4]	3,299,629	9.6 %	13.4 %
TP Invest Holding SARL[5][6]	2,655,056	7.7 %	7.8 %
Total Founders	15,163,191	44.2 %	55.4 %
Accel Partners Affiliates[7]	2,835,000	8.3 %	11.5 %
Vipshop International Holdings Limited[8]	1,538,461	4.5 %	3.1 %
Other shareholders[9]	14,740,058	43.0 %	30.0 %
Total	34,276,710	100 %	100 %

(1) Entity controlled by David Dayan.

(2) This number includes 52,707 shares held by Aurélie Dayan, the wife of David Dayan.

(3) Entity controlled by Eric Dayan.

(4) Entity controlled by Michaël Dayan.

(5) Entity controlled by Thierry Petit.

(6) For a description of the bonus shares and options granted to Thierry Petit, see Section 15.1.5.3 "Performance shares: background and policy" and Section 15.1.4.3 "Stock option plans" of the Registration Document.

(7) This refers to the funds (managed by Accel Partners) that hold shares of the Company, whose shares are grouped together for the purposes of the information below on shareholding. These funds are the following: Accel London III L.P., Accel London Investors 2009 L.P., Accel Growth Fund L.P., Accel Growth Fund Strategic Partners L.P., Accel Growth Fund Investors 2010 LLC, Accel IX L.P., Accel IX Strategic Partners L.P. and Accel Investors 2010 (B), LLC.

(8) Wholly owned subsidiary of Vipshop Holdings Limited.

(9) The 80,575 shares held by Group employees, i.e., 0.2% of the share capital and 0.2% of the voting rights, are also included. At December 31, 2016, Group employees, within the meaning of Article 225-102 of the French Commercial Code, held 80,506 shares, i.e., 0.2 % of the share capital and 0.2 % of the voting rights.

(10) Since November 2, 2015, pursuant to the bylaws, double voting rights are attached to fully paid-up shares registered for at least two years in the name of the same shareholder. To calculate this holding period, the holding period of the Company's shares preceding the listing date of the Company's shares on Euronext Paris is taken into account.

The restrictions contained the Company's bylaws with respect to the exercise of voting rights and transfers of shares and contractual provisions brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code, as well as the rules applicable to the appointment and replacement of members of the Board of Directors and agreements between shareholders of which the Company is aware and that could result in restrictions on the transfer of shares and on the exercise of voting rights are described in Sections 18.4, "Shareholders' Agreements" and 18.5, "Agreements Likely to Lead to a Change in Control". The powers of the Board of Directors, in particular the issuance and repurchase of shares and the agreements entered into by the Company that are modified or terminated in the event of a change of control of the Company are described, respectively, in Sections 18.6.8 and 18.6.9 of the Registration Document.

Direct or indirect holdings in the Company's share capital of which the Company is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code.

Agreements providing for payment of compensation to employees or members of the Board of Directors in the event of resignation, dismissal without real and serious cause, or termination of employment due to a tender offer.

2. INTERNAL CONTROL AND RISK MANAGEMENT

2.1 *Introduction*

2.1.1 Background

The purpose of this report is to describe the internal control procedures implemented by Showroomprivé.com and by the subsidiaries over which it has exclusive or majority control.

Showroomprivé.com works to ensure that the principal financial procedures are consistent throughout the Group but also adapted to each business to result in relevant analysis and appropriate reactivity in decision-making. The Company also implements risk-identification procedures throughout the Group in order to ensure adequate procedures and appropriate controls for each critical task. The Showroomprivé.com group is particularly sensitive to the challenges of internal control with respect to accounting and financial controls, where the reliability of information is extremely important.

In preparing this report, information and analyses were collected in cooperation with those employees involved in internal controls within Showroomprivé.com and its subsidiaries, resulting in a factual description of the control environment and the procedures that are in place.

The preparation of this document was coordinated by the Finance Department. The report underwent an approval process involving the [Deputy CEO], the Operations Department, the Finance and M&A Department, the Legal Department, and all the members of the Executive Committee. It was sent to the Statutory Auditors and then submitted to the Audit Committee and to the Board of Directors for approval.

2.1.2 Objectives and principles of internal control

The Group's internal control system relies in particular on its business intelligence systems, which allow for the real-time monitoring of a significant number of performance indicators in the Group's main operational areas. The Group's internal control system relies on the following principles.

It is intended to guarantee:

- compliance with laws and regulations;
- the application of the instructions and guidelines set by the Group's Executive Management;
- the proper functioning of the internal processes of the Group, in particular those contributing to the protection of its assets; and
- the reliability of financial information.

The internal control system includes the following components:

- continuous monitoring of key performance indicators in each of the Group's operational areas at all levels of the Group, contributing to the improvement of the control environment and a rapid identification of potential anomalies;
- a formal definition of the powers and responsibilities within the framework of policies and procedures implemented by the Group;
- a set of policies and procedures relating to the preparation and verification of the Group's financial information;
- high-performance IT systems in order to analyze the Group's activity in real time;
- a risk management system

2.2 *Organization of Internal Control and Risk Management*

2.2.1 Executive Management

Pursuant to Article 16 of the Company's bylaws, the Board of Directors sets limits on the powers of the CEO in the terms of its internal rules by specifying the transactions that require prior authorization from the Board of Directors. Each year, the Board of Directors sets either an overall amount within which the CEO may make commitments on behalf of the Company in the form of sureties, endorsements and guarantees, or an amount beyond which each one of the above commitments may not be made. Any commitments in excess of the overall limit or the maximum amount set for a commitment, respectively, must be specially authorized by the Board of Directors.

Pursuant to Article 3 of the internal rules, the Board of Directors must give its prior authorization by a simple majority of its members present or represented, for any fact, event, act or decision relating to the Company and the other members of the Group and relating to:

- the adoption of the annual budget;
- investments or capital expenditures (other than in the ordinary course of business) not provided for in the annual budget which, individually or in the aggregate, would exceed €1,000,000 annually;
- the acquisition, transfer or subscription of units, shares or other form of interest in any other company, group or entity, the establishment of a joint undertaking or subsidiary or the transfer or pledge of its shares or any significant tangible asset not provided for in the budget, representing an investment amount for the Group in excess of €5,000,000;
- option grants and the terms on which such options will be granted to the employees and managers, as well as the implementation of a profit-sharing plan for managers or employees;
- the appointment or removal of a founder who has management duties within the Group or any person, CEO, Deputy CEO, Operations Director or Chief Financial Officer (CFO);
- the appointment or renewal of the Company's statutory auditors;
- any agreement between (directly or indirectly) the Company or any subsidiary and any of its shareholders, officers or founders;
- any material change in the activity and strategic orientation of the Company or of a subsidiary as defined in the business plan and annual budget;
- any financial debt commitment (in particular financial guarantees) of the Group in excess of €5,000,000, as well as any guarantee or any surety granted within this framework; the grant of any mortgage or surety relating to all or substantially all of an asset, and representing in excess of €500,000 individually within the global limit of €1,000,000 a year, and not provided for by the annual budget;
- the appointment or removal of a manager of a Group company;
- any acquisition or transfer or operating lease of the Company's business or making available or transferring of a significant trademark used by the Group.

Executive Management works in close collaboration with the Finance Department to prepare the financial statements for approval by the Board of Directors. In that regard and as the department responsible for preparing the accounts and implementing the accounting and financial internal controls, Executive Management speaks regularly with the Statutory Auditors during the review meeting and the working sessions on subjects concerning events that are likely to affect the Group's activity.

2.2.2 Operational departments grouped within the COMEX

The Group has established an Executive Committee (COMEX) which, as at December 31, 2016, consists of 11 members whose role is to coordinate the Group's operational management. In March 2017, Erwan Le Meur, General Counsel, was appointed to the Executive Committee, which now consists of 12 members as at the registration date of this report. This Committee meets weekly and analyzes the Group's financial and operational performance, determining and monitoring strategic projects and proposing action plans to attain the Group's short- and medium-term objectives. The Executive Committee, co-chaired by David Dayan and Thierry Petit, includes the Company's principal operational managers:

- Nicolas Woussen, Chief Financial Officer
- Gilles Tateossian, General Business Manager
- Anil Benard-Dende, Chief Operating Officer
- Marianne Brucy, Chief Marketing Officer
- Frédéric Delalé, Chief Technical Officer
- Irache Martinez, Brand Director
- Aurélie Fuchs, Head of Sourcing Strategy
- Baptiste Matton, Sourcing Director
- Thomas Kienzi, SecDeputy CFO
- Erwan Le Meur, General Counsel

2.2.3 Support departments

THE FINANCE DEPARTMENT

The Group's French and international corporate finance activities are centralized within Showroomprivé.com's Finance Department.

The Finance Department relies on the international subsidiaries' operational, administrative and financial directors, who serve as liaisons on a daily basis.

The Finance Department is responsible for preparing the financial statements, consolidating the Group's results for purposes of periodic financial reporting, producing and distributing the indicators and aggregates necessary for running the business to the operational side, and managing the Group's cash flow. This department's activity includes:

- Accounting and closing the accounts: each situation is prepared in cooperation with the operational Directors and is reviewed by the Finance Department.
- Off balance sheet commitments: any new contract or transaction is evaluated and monitored regularly,
- Budgets: the budgets for revenue, operational costs, gross profit and EBITDA, and commercial structure are prepared with applications developed internally following the same approach as that used for the updates on progress prepared using the Group's management tool. - The Finance Department uses this data as a basis for developing the objectives defined by Executive Management.
- Sales administration: revenue is recorded in line with the contractual documentation and the accounting standards for recognition of revenue.

- Management control: management control is carried out nationally and internationally by a dedicated team for each of these areas.

- Cash-flow management: cash-flow management is centralized. Daily reports are sent to Executive Management and forecasts are updated monthly. The power to sign banking documents is delegated only to the Chief Financial Officer and the Group Treasurer.

- Operational reporting: the Group has implemented internal weekly activity reporting with respect to relevant indicators and metrics of the Group's business. This periodic reporting is analyzed by the Finance Department and provided to the COMEX and to Executive Management to provide a financial view of how the business is being managed.

LEGAL DEPARTMENT

The Legal Department supports all the transactions entered into by the Company and its employees, both in France and abroad. Its areas of involvement include commercial law, consumer law, competition law, intellectual property law, labor law, securities law, corporate law, commercial leases, management of litigation and threatened litigation, and day to day support for the operational departments, both in France and abroad.

The Legal Department reviews the legal security of specific transactions (transactions for strategic development and deployment of the Company, external growth, commercial partnerships, internal restructuring transactions, etc.) and provides daily support for the operational departments.

The Legal Department institutes legal and compliance processes in order to manage the legal risks that the Group may incur.

PROCUREMENT AND GENERAL SERVICES DEPARTMENT

All of the Group's procurement procedures and all its supplier relations are centralized by the Procurement and General Services Department and are subject to a validation process.

For example, the issuance of purchase orders is subject to a clearly defined process within the Salesforce software, including (i) the signature of the employee making the request, (ii) the approval by the Procurement Department or by the Executive Management in the case of an amount that is greater than the predefined threshold, and (iii) payment made by the Group Treasury after receipt of the order or the service.

2.2.4 Committees

STEERING COMMITTEE

A Steering Committee was created as an additional support for the Executive Committee. The Steering Committee meets on a quarterly basis and includes, in addition to members of the Executive Committee, the Group’s other principal managers, for a total of approximately 50 members. The role of this Committee is to conduct an overall review of the Company’s operational and financial performance during the quarter, as well as to circulate the action plans established by the Executive Committee.

AUDIT COMMITTEE

The Audit Committee is composed of three members, the majority of whom are chosen from among the independent members of the Board of Directors within the meaning of Article 1.1 of the internal rules of the Board of Directors, among its representatives from the Board. The composition of the Audit Committee can be modified by the Board of Directors acting at the request of the Chairman and must be modified in the event of a change in the general composition of the Board of Directors.

The Chairman of the Audit Committee is appointed from among the independent members of the Board of Directors.

The terms of office of Audit Committee members coincide with the length of their terms as members of the Board of Directors. It may be renewed at the same time as the renewal of the member's term on the Board of Directors. The Chairman of the Audit Committee is appointed from among the independent members after careful review by the Board of Directors, based on a proposal from the Nomination and Compensation Committee. Executive corporate officers may not sit on the Audit Committee.

The function of the Audit Committee is to monitor questions related to the preparation and the control of accounting and financial information as well as monitoring the efficiency of risk monitoring and operational internal control, in order to facilitate the Board of Directors' duties to control and verify such matters.

In this context, the Audit Committee carries out the following duties:

(a) Monitoring the preparation of financial information

The Audit Committee examines the yearly and interim accounts and consolidated financial statements prior to their presentation to the Board of Directors, to ensure the relevance and consistency of accounting methods used in their preparation. If necessary, the Audit Committee also examines major transactions where there may be a conflict of interest.

The Audit Committee examines provisions and their adjustments and any situation that could pose a material risk to the Group, as well as all financial information or any quarterly, half-year and annual reports on the company's business, and all financial information released as a result of a special transaction (acquisition, merger, market transaction, etc.).

To the extent possible, this examination takes place at least two (2) days before presentation to the Board.

The examination of the financial statements should be accompanied by a presentation by the statutory auditors highlighting not only the key points of the statutory audit, namely audit adjustments and any material internal control weaknesses identified, but also the accounting options used, as well as a presentation by the CFO describing the Company's risk exposure and significant off-balance sheet commitments.

(b) Monitoring the efficiency of internal control, internal audit and risk management systems related to financial and accounting information

The Audit Committee ensures the relevance, reliability and implementation of internal audit procedures and identification, coverage and management procedures for the Company's risks related to its activities and to the accounting and financial information.

The Audit Committee also examines the risks and off-balance sheet commitments of the Company and its subsidiaries. The Committee must hear from the internal audit managers and regularly consult the map of business risks. The Committee should also give its opinion on service organization and receive updated on its work program.

The Committee oversees the existence, efficiency, deployment and implementation of corrective procedures in the event of significant weaknesses or anomalies within the internal control and risk management systems.

(c) Monitoring of the statutory audit of the accounts and consolidated financial statements by the Company's statutory auditors

The Audit Committee must seek information from and monitor the Company's statutory auditors (including outside of the presence of executive corporate officers), particularly regarding their general work program, potential problems they may have encountered in their work, improvements which they believe should be made to the Company's financial statements or to other accounting documents, accounting irregularities, anomalies or inaccuracies which they may have discovered, uncertainties

and significant risks relative to the preparation and treatment of accounting and financial information, and significant weaknesses of internal controls that they may have discovered.

The Audit Committee must regularly hear from the statutory auditors, including outside the presence of executive corporate officers. The Audit Committee must hear from the statutory auditors during Committee meetings reviewing the process for preparing financial information and reviewing the financial statements, so that they may report on the implementation of their duties and the conclusions of their work.

(d) Monitoring of the statutory auditors' independence

The Audit Committee must supervise the selection and renewal of the statutory auditors and must submit the results of this selection to the Board of Directors. Upon expiration of the terms of the statutory auditors, the selection or the renewal of the statutory auditors may be preceded, upon proposal by the Audit Committee and decision by the Board, by a call to tender supervised by the Audit Committee, which approves the specifications and selection of firms to ensure that the "best bidder" and not the "lowest bidder" is selected.

In order for the Audit Committee to monitor the rules of independence and objectivity of the statutory auditors throughout the duration of their term, the Audit Committee must receive each year:

- the statutory auditors' declaration of independence;
- the amount of fees paid to the network of the statutory auditors by companies controlled by the Company or its controlling entity related to services other than the certification of the financial statements; and
- information about the benefits received for the certification of the financial statements by the statutory auditors.

Furthermore, the Audit Committee must examine, with the statutory auditors, the risks related to their independence and the preventive measures taken to mitigate these risks. In particular, it must ensure that the amount of the fees paid by the Company and the Group, or the share that such fees represent of the turnover of the firms and networks, are not likely to impair the statutory auditors' independence.

The statutory auditor's work must exclude any other services not related to this engagement, in accordance with the code of ethics for statutory auditors and professional standards. The selected statutory auditors must relinquish, on their behalf and on behalf of the network to which they belong, any consulting services (legal, tax or information technology consulting) that it has provided directly or indirectly to the Company. With respect to companies controlled by the Company or its controlling entity, the statutory auditors should refer to the code of ethics for statutory auditors. However, subject to prior approval from the Audit Committee, services that are accessory or directly complementary to auditing the financial statements, such as acquisition or post acquisition audits, may be performed, but not any valuation or consulting work.

The Audit Committee provides regular reports on its activities to the Board of Directors and informs the Board of any difficulties.

NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee is composed of three members, a majority of whom are chosen from among the independent members of the Board of Directors within the meaning of Article 1.1 of the internal rules of the Board of Directors. They are appointed by the members of the Board of Directors from among its members on the basis of their independence and their knowledge in selecting or compensating executive directors of listed companies. Senior executives and Company officers may not serve on the Nomination and Compensation Committee.

The Chairman of the Nomination and Compensation Committee is appointed from among the independent members of the Board of Directors.

The Nomination and Compensation Committee is a specialized committee of the Board of Directors whose principal duty is to help the Board with the composition of the managing bodies of the Company and the Group and in the determination and regular evaluation of all the compensation and benefits of the Group's senior executives or senior staff, including all deferred benefits and/or compensation for voluntary or forced departure from the Group.

In this context, the Nomination and Compensation Committee carries out in particular the following duties:

(a) Proposals for appointments to the Board of Directors, to Executive Management, and to Board Committees

The Nomination and Compensation Committee's primary duty is to make proposals to the Board of Directors for the appointment of members of the Board of Directors (at the General Meeting or through appointment), and executive corporate officers, and for the appointment of members and Chairman for the Audit Committee.

To that effect, it provides the Board of Directors with proposals and the reasons for such proposals. The proposals are guided by the best interests of the Company's shareholders. Generally, the Committee endeavors to display a diversity of experience and points of view, all while ensuring a high level of knowledge, internal and external credibility and stability of the Company's management bodies. Moreover, it establishes and maintains a succession plan for the members of the Board of Directors and of the senior executives of the Company in order to be able to quickly propose succession solutions to the Board of Directors in the event of an unforeseen vacancy.

With reference to nominating members of the Board of Directors, the Committee takes the following criteria into account: (i) the desired balance of the Board of Directors in regard to the composition of and changes in the Company's shareholders, (ii) the desired number of independent members, (iii) the required proportion of men and women set by the regulations in force, (iv) the appropriateness of renewing terms of office and (v) the integrity, knowledge, experience and independence of each candidate. The Nomination and Compensation Committee must also establish a procedure to select future independent members and make its own evaluations of potential candidates before any approach is made to these candidates.

Upon making its recommendations, the Nomination and Compensation Committee must ensure that the number of independent members of the Board of Directors and of the Board's specialized Committees (in particular, the Audit Committee and the Nomination and Compensation Committee) meets the minimum number of independent members required by the governance principles to which the Company adheres and by the internal rules of its Board of Directors.

(b) Annual evaluation of the independence of the members of the Board of Directors

Each year, the Nomination and Compensation Committee examines, prior to the publication of the Company's annual report, the status of each member of the Board of Directors with regard to the independence standards adopted by the Company and submits its findings to the Board so that the Board may examine the status of each member with regard to these standards.

(c) Examination and proposal to the Board of Directors of all elements and conditions of compensation of the Company's executive directors.

The Committee makes proposals with respect to fixed and variable compensation as well as, when applicable, stock subscription and purchase options, the allocation of performance shares and, more generally, any incentive plans implemented within the Group, retirement and pension plans, severance benefits, benefits in kind or special benefits and any other direct or indirect compensation (including long-term) that may serve as compensation for executive corporate officers.

The Committee is informed about the same elements regarding the compensation of the Group's main executive directors and the compensation policies implemented within the Group and establishes the Group's compensation policies for its main executive directors.

In the context of the preparation of its proposals and work, the Committee takes into account the corporate governance practices to which the Company adheres, and in particular the following principles:

(i) The total amount of executive corporate officers' compensation submitted to the Board of Directors for a vote takes into account the general interests of the Company, market practices and the performance of executive corporate officers'.

(ii) Each one of the elements of executive corporate officers' compensation is clearly motivated and in line with the general interests of the Company. The proposed compensation must be appropriate for the Company's market position, with reference to French market practice and international practice.

(iii) The compensation of executive corporate officers must be determined with fairness and be consistent with that of the Group's other executive directors, taking into account their responsibilities, knowledge and personal contributions to the Group's performance and development.

(iv) The Committee proposes criteria for the variable portion of the compensation of the executive corporate officers, which must be consistent with the annual performance reviews of executive corporate officers and with the strategy of the Group. The performance criteria used to determine the variable portion of the compensation of executive corporate officers, whether it is through a bonus, allocation of stock shares, purchase options or performance options, must be simple to determine and explain, must satisfactorily translate the Group's performance and economic development objectives for at least the medium-term, allow transparency with regards to the shareholders in the annual report and at general meetings and correspond to the Company's objectives and its normal executive compensation practices.

(v) The Committee monitors the evolution of the fixed and variable portions executive corporate officers' compensation over several years with regard to the Group's performance.

(vi) If necessary, the Committee ensures that the grant of stock options or performance shares, or more broadly any profit-sharing plans implemented within the Group, is done with objective of aligning the interests of the managers in question with those of the Company in the long term and enhancing loyalty to the Company. Executive corporate officers may not engage in risk hedging transactions in respect of the options or performance shares.

(vii) The same methodology applies to the evaluation of the compensation and benefits of the Group's main non-executive directors and, more generally, of the policies implemented in this respect.

(viii) In any case, the Committee may make any proposal or recommendation, of its own initiative or upon request by the Board of Directors or by executive corporate officers.

In particular, when determining the compensation of executive corporate officers, the Board of Directors and its Committees take into account and apply the following principles:

- comprehensiveness: determining compensation must be a comprehensive process. All items of compensation must be accounted for when assessing total compensation;
- balance between items of compensation: each item of compensation must be clearly motivated and in line with the general interests of the company;

- comparability: this compensation must be assessed using similar jobs and the market as reference;
- consistency: executive corporate officer compensation must be determined on a consistent basis with other company executives and employees;
- understandable rules: rules must be simple, stable and transparent. The performance criteria used must meet the company's objectives and be demanding, clear and long-term;
- measurement: items of compensation must be determined in a balanced manner and take into account both the company's best interest, market practices, the executives' performance and other company stakeholders.

These principles apply to all items of compensation, including long-term and special compensation.

In the event that shareholders at the ordinary shareholders' meeting vote against draft resolutions related to compensation due or granted to executive corporate officers of the company for the fiscal year ended, the Committee shall meet and review the reasons for this vote as well as shareholders' expectations in a timely manner.

After this consultation and upon the recommendation of the Nomination and Compensation Committee, the Board of Directors shall deliberate on changes to make to compensation due or granted for the fiscal year ended or the future compensation policy. The board shall immediately publish a press release mentioning actions taken after the shareholders' meeting vote on the Company's website and shall discuss the topic at the next meeting.

(d) Examination and proposal to the Board of Directors on distribution of attendance fees

The Committee submits a proposal to the Board on the global amount of attendance fees that will be submitted to the general shareholders' meeting as well as the distribution of attendance fees and the relative individual payments made to members of the Board of Directors, taking into account the member's diligence with the Board and in its Committees of which he or she is a member, the responsibilities undertaken and the time which he or she must dedicate to their positions.

The Committee also submits a proposal on the compensation allocated to the Chairman of the Company's Board of Directors.

(e) Exceptional Duties

The Committee is consulted by the Board of Directors to make recommendations on all exceptional compensation related to exceptional duties which may be given by the Board to some of its members, if applicable.

3. ORGANIZATION OF INTERNAL CONTROL AND RISK MANAGEMENT

In terms of internal control and risk management, the group has chosen to apply the main recommendations proposed in the AMF General Regulation and application guide updated in July 2010.

3.1 *Market risks*

Showroomprivé.com faces several market risks that could strongly affect the Company's appeal for its customers. The principal risks are identified below:

- Risks relating to the economic environment in the market and in the e-commerce sector, as well as the degree of competition:
    - If the online private sales event model ceases to be attractive to consumers or brand partners or the market becomes saturated, the Group's business, financial condition and results of operations may suffer.
    - Failure to anticipate and respond to fashion and other retail product trends may materially and adversely affect the Group's business, financial condition and results of operations.
    - The Group's potential expansion into new product categories may not be successful.
    - If the percentage of consumers buying goods and services online and via mobile devices grows at slower than expected rates, fails to grow or declines, the Group may have difficulty meeting its growth objectives.
    - The Group operates in a competitive industry, and competitive pressures could affect the Group's sales and growth.
    - The Group's business is subject to seasonal revenue fluctuations.
- Risks related to acquiring and keeping active members in France and abroad: An inability to offer products at consistently significant discounts could reduce the appeal of the Group's sales platform:
    - Failure to effectively convert existing members to buyers or to generate member loyalty and drive repeat purchases could make it more difficult to generate revenues.
    - Failure to achieve an appropriate mix between the Group's consignment sales and firm sales models may lead to reduced sales or profitability.
    - Failure to develop and maintain a strong brand for Showroomprivé may adversely affect the Group's reputation, business and growth prospects.
- Risks relating to the volatility in purchase prices for products and raw materials used in the logistics chain.

3.2 *Financial risks*

Showroomprivé.com faces the risk that the value of its assets (inventory) will decline: The inventory held by Showroomprivé.com in the case of firm sales may lose value if it remains unsold or trends change.

3.3 *Procurement, logistics and delivery risks*

Showroomprive.com faces procurement, logistics and delivery risks that may threaten the acquisition of new customers and could lead to a decline in its brand image:

- Inability to procure diversified and quality products that meet customers' expectations. Risks relating to product pricing:
    - The Group may be unable to maintain its current relationships with popular brands or build relationships with additional popular brands on acceptable terms.
    - Failures by brand partners to timely deliver quality goods for sale could adversely affect the Group's business, financial condition and results of operations.
- Risk of harm (fire, damages, etc.) to warehouses

- Risks relating to the efficiency or poor management of the logistics chain:
    - The majority of the Group's purchases from brand partners are made on a consignment basis. For these sales, the Group generally does not hold inventory until products have been ordered by buyers, which results in slower delivery time than other e-commerce retailers.

3.4 *Technological/IT risks*

Showroomprivé.com faces technological and information system risks that could interrupt the proper functioning of its sales system or damage its brand image:

- Robustness of the IT systems (security, scalability, failure of IT systems, hosting, security of customers, personal data, etc.)
- Technological innovations and obsolescence:
    - Failure to successfully adopt new technologies or to adapt the Group's websites and mobile apps to changing consumer preferences in a timely manner may make it more difficult to attract new members or sustain platform traffic and sales.
    - If the Group is unable to keep pace with changing mobile technology and effectively respond to consumer preferences for shopping with mobile devices, its business, financial condition and results of operations may be adversely affected.
- Risks relating to payment service providers, fraud, and the inability to manage multiple forms of payment.

3.5 *Legal risks*

There are regulatory and legal risks that are described in section 4.2 of the Registration Document, including reputational risk and customer disputes related to products, services and terms of sale, and a risk of disputes with suppliers (such as use rights, distribution, product safety, compliance, etc.).

4. DESCRIPTION OF KEY CONTROLS ON PROCESS AND MAJOR ACTIVITIES OF THE GROUP

4.1 *Market risks*

In order to protect itself from the various market risks identified in advance, the Company has several controls in place to respond to these risks.

Executive Management, the members of the COMEX, and management control carry out the following main controls:

- Monitoring the key performance indicators (sales, average basket size, number of members, etc.) as well as analyzing the market and Showroomprivé.com's competitors;
- Monthly analysis of reporting;
- An analysis of market gains and losses;
- An analysis of the cost of acquiring new members.

In addition, in order to recognize revenue, a customer file must be created in the extranet customer-management tool, and once the sale goes online, the customer must pay online. A monthly reconciliation between the extranet management file and revenue recorded on the books is carried out by management control.

Finally, a reconciliation between the revenue recorded and deposits shown on the bank statement is performed daily.

4.2 *Financial risks*

In order to protect against financial risk identified in advance, the Finance Department and the Sales Director have implemented regular monitoring of the level and timing of inventory by analysis of date, volume and expediency of resale, for example by internet or through liquidators.

4.3 *Procurement, logistics and delivery risks*

In order to protect itself from the various procurement, logistics and delivery risks identified in advance, the Company has several controls in place to respond to these risks.

The Director of Procurement carried out the following principal controls:

- A supplier-identification and control procedure has been established;
- Margin objectives are provided to buyers. In order to guard against the risk of dependence on suppliers, the buyers also have an objective to diversify their product supply sources and to enter into transactions with very well-known brands;
- A minimum margin was defined in connection with the negotiation with suppliers before putting products up for sale;
- The agreements entered into with suppliers include a warranty by the supplier that there is no obstacle to selling the products. Significant penalties are incurred in the event of a failure to comply with delivery terms.

The Director of Logistics carries out the following principal controls:

- Agreements are in place with Deret and Dispeo providing insurance for the goods held by both companies;
- Controls of security measures and warehouse measures are performed regularly.

In addition, as soon as the sale is complete, a purchase order is sent to the supplier. Sales administration pays the invoice only after the reconciliation between the order and the invoice has been performed and shows no discrepancy.

4.4 *Technological/IT risks*

In order to protect itself from the various technology and information system risks identified in advance, the Company has several controls in place to respond to these risks:

- A crisis-management process has been put in place by the Chief Technical Officer;
- A fraud-detection procedure in cooperation with the Group's payment service providers is carried out jointly by the Director of Customer Service and the Chief Technical Officer. For example, Showroomprive.com analyzes atypical sales (large order volumes, the time at which the sale takes place, and other criteria), the time placed on hold during the audit, and carries out additional checks, in some cases requesting supporting documentation from its customers.
- An information system is in place to process the various information received.
- In order to manage the risk of payment fraud, the Company has put in place the following systems:
    - 3D Secure,

- Secure payments by Atos,
- Algorithms to detect high-risk payment behavior.

4.5 *Legal risks*

In order to protect itself from the various legal risks identified in advance, the Company has several controls in place to respond to these risks. The Legal Department and the Director of Customer Service perform the following controls:

- Customer service is provided and its related key performance indicators are monitored on a regular basis;
- Control of contracts and purchasing terms is carried out continually by the Legal Department;

In addition, the Company monitors disputes, reimbursements and various inventory problems and investigates if an anomaly is found.

Chairman of the Board of Directors

ANNEX III

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-35 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF SRP GROUPE

SRP Groupe S.A.
Registered office: ZAC Montjoie - 1 rue des Blés - 93,212 La Plaine Saint-Denis Cedex
Share capital: € 1,367,658.76

Statutory auditors' report prepared in accordance with Article L.225-235 of the French Commercial Code on the report of the Chairman of the Board of Directors of SRP Groupe S.A.
Fiscal year ended December 31, 2016

Dear shareholders,

In our capacity as Statutory Auditors of SRP Groupe S.A. and in accordance with Article L.225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the fiscal year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to certify that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being understood that that we are not responsible for verifying the fairness of that information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;

- determining if any material deficiencies in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our assignment are properly described in the Chairman's report.

Based on our work, we have no matters to report on the information contained in the Chairman's report prepared in accordance with Article L.225-37 of the Commercial Code on risk management and internal control procedures relating to the preparation and treatment of accounting and financial information.

Other information

We hereby attest that the Chairman's report contains the other information required by Article L.225-37 of the French Commercial Code.

Paris La Défense, April 27, 2017

KPMG Audit IS

Jean-Pierre Valensi
Partner

Paris, April 27, 2017

Jérôme Benaïnous

Jérôme Benaïnous
Partner

ANNEX IV

THE COMPANY'S CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY REPORT

CSR CHAPTER - SRP Groupe S.A.

INTRODUCTION

SRP Groupe recognizes that its business activities have an impact both on society and on the environment. Identifying the associated opportunities and risks provides management with the tool for using economic indicators to reduce impacts.

This report gives an overview of the actions taken and policies implemented by SRP Groupe. In accordance with Article L.225-102-1 of the French Commercial Code, below, we have provided information on the actions taken and the policies implemented by the Group to take into account the social and environmental consequences of its activities and to meet its societal commitments in favor of sustainable development.

- The reporting period is the calendar year, from January 1, 2016 to December 31, 2016.
- Except as specifically mentioned, the reporting scope is limited to the activities of SRP Groupe and its subsidiaries.
- The information disclosed below was furnished by the various departments in charge or calculated using data furnished by those contributors or by external third parties. Any methodological details or specificities are discussed at the end of the report and with regard to the disclosed information, as applicable.

HUMAN RESOURCES INFORMATION

I. Employment

The spirit of SRP Groupe is a strong commitment to an ambitious job-creation policy. Its development is based on a corporate culture that promotes the fulfillment and engagement of its 873 employees (12/31/2016). 79.3% of its teams are under 36 years old.

1. The Workforce

At December 31, 2016, the Group had 873 employees worldwide, compared to 826 employees at December 31, 2015, representing an increase of 5.7%.

The table below shows the changes in the number of Group employees over the last three years:

Total Workforce	2014	2015	2016
Worldwide	694	826	873
France.....	672	807	840

The Group's employees are employed by various subsidiaries of the Company located in Europe. Most of the Group's employees are located in France.

Some of the Group's employees work in operations that specifically target countries other than France.

The table below shows the allocation of the Group's 873 employees at December 31, 2015 and 2016 by legal entity:

Workforce by Legal Entity	December 31, 2015	December 31, 2016
SRP Groupe S.A.	0	0
Showroomprive.com S.a.r.l.	618	693
SRP Logistique S.a.r.l.	174	147
Showroomprive Store S.a.r.l.	14	0
Showroomprive Germany GmbH	0	2
Showroomprive Spain SLU	18	28
Showroomprive Italy S.r.L	2	3
TOTAL	826	**873**

Nearly the entire workforce is employed by Group subsidiaries located in France.

- **Workforce Distribution by Activity**

The table below shows the distribution of the Group's employees by activity at December 31, 2016:

	Dec.-16
Purchasing	153
Sales administration	29
Quality audit	1
Investor relations	3
Accounting	13
Management control	11
Brand management	26
General management	7
IRL	4
IT Projects	19
IT Support	6
IT Vendée	50
Legal	3
Administrative logistics	15
Look Forward	2
B to C Marketing	30
B to B Marketing	18
Sales generation	230
Human resources	13
Customer Service	78
GSA	9
SRP 30	
SRP GROUPE	
SRP LOGISTIQUE	147
Transport	2

Wholesale	4
TOTAL	**873**

- **Workforce Distribution by Type of Employment Agreement**

The table below shows the distribution of the Group's workforce by type of employment agreement at December 31, 2014, 2015 and 2016:

	December 31,		
Workforce Distribution by Type of Employment Agreement	**2014**	**2015**	**2016**
Permanent employment contracts	553	639	748
Fixed-term contracts and others (professional training contracts, apprenticeship contracts, etc.).....	141	187	125
TOTAL.....	694	826	**873**

- **Workforce Distribution by Age Bracket**

The table below shows the distribution of the Group's workforce by age bracket at December 31, 2014, 2015 and 2016:

	December 31,		
Workforce Distribution by Age Bracket	**2014**	**2015**	**2016**
25 and younger.....	196	195	118
26-35	373	475	575
36-45	88	120	141
46 and older	37	36	39
TOTAL	694	826	**873**

- **Workforce Distribution by Gender**

The table below shows the distribution of the Group's workforce by gender at December 31, 2014, 2015 and 2016:

	December 31,		
Workforce Distribution by Gender	2014	2015	**2016**
Women	402	506	544
Men	292	320	329
TOTAL	694	826	**873**

2. Hires and Departures

The table below shows the number of new hires during the fiscal years ended December 31, 2014, 2015 and 2016:

	December 31,		
Number of Hires	2014	2015	**2016**
Worldwide	377	473	423
France	359	469	393

New hires represented 57.2% and 48.4% of the total workforce as of December 31, 2015 and 2016, respectively. The Group has increased its hiring rate over the last several years to meet the demands of its increased activity.

The table below shows the number of departures (resignations, contract terminations and dismissals) during the years ended December 31, 2014, 2015 and 2016:

	December 31,		
Number of Departures	2014	2015	**2016**
Worldwide	97	110	149
France	85	107	142

Departures represented 13.3% and 17% of the total workforce as of December 31, 2015 and 2016, respectively.

The breakdown of the 146 departures from the Group's French companies in 2016 is as follows:

- 76 resignations;
- 53 contractual terminations;
- 17 dismissals.

3. Compensation and its Growth

The table below shows total gross compensation paid by the Group (excluding social security contributions) for the years ended December 31, 2014, 2015 and 2016:

	December 31,		
(€ million)	2014	2015	**2016**
Gross compensation	21.9	28.3	31.4

The compensation of almost all of the Group's employees is composed of a fixed portion and a variable portion.

The maximum amount of variable compensation is generally set in each employment agreement, and the compensation is paid annually or semi-annually. The employer unilaterally sets the objectives, which are based on performance indicators relevant to the employee's area of activity.

Employees who work in certain departments (such as purchasing and customer service) receive specific variable compensation, paid monthly or quarterly, based on objectives determined by the employer and taking into account considerations such as market conditions, competition in the employee's sector and the potential of the work assigned to the employee.

II. Organization of Work

1. Working Hours

Non-management employees working full-time in France work 39 hours per week. In France, at December 31, 2016, 1.26% of the employees work part-time, or 11 employees.

2. Absenteeism

In 2016, the rate of absenteeism (for illnesses and unjustified absences) was 1.88%[1].

[1] This indicator includes only the employees of Showroomprive.com SARL, or 79% of the employees present at December 31, 2016.

III. Employee Relations

1. Organization of the Dialogue between Employees and Management, including Information, Employee Consultation, and Collective Bargaining

The Group's subsidiaries are subject to different legal and regulatory requirements for employee representation depending on the country where they operate. The Group complies with local requirements for employee and union representation.

Due to the concentration of its workforce in France and the small number of employees in the other European Union Member States, the Group is not required to have a European works council.

Within Showroomprive.com S.A.R.L., a works council was formed for the first time in October 2013 because the earlier elections, in 2011, had resulted in vacancies from a lack of candidates. There are also employee delegates. There is no union representation.

At SRP Logistique S.A.R.L., the employee representative body (*délégation unique du personnel*), which combines employee delegates and employee representatives to the works council in one body, is made up of seven members and seven alternates elected from among the employees. SRP Logistique S.A.R.L. has one union representative.

Regular meetings are held with employee representatives, as often as local regulations require except in unusual situations and when employee representatives request a meeting.

The Group believes that it enjoys very satisfactory employee relations. It has no history of labor unrest or strikes.

The next employee elections will be held in October 2017.

2. Overview of Collective Bargaining Agreements

Work with labor organizations in 2015 resulted in several agreements updating or supplementing the system put in place in the company:

- A profit-sharing agreement was signed in September for Showroomprive.com S.A.R.L. and SRP Logistique S.A.R.L.

- An International Group Savings Plan was implemented for Showroomprive Spain SLU and Showroomprive Italy SRL.

No new agreement was signed in 2016.

IV. Health and Safety

1. Health and Safety in the Workplace

Employees are trained every year in first aid and workplace safety at the Group's headquarters, production sites and warehouses. In 2016, 13 employees were trained in first aid and 13 in workplace safety.

A system to prevent psychosocial risks was launched in 2015. In this connection, two half-day sessions were organized and conducted by psychologists to increase employee awareness of

psychosocial risks and have them analyze situations of risk and the prevention measures to be put in place.

A survey on the social climate gave the company an opportunity to hear the employees' opinions on various work-related issues, including a sense of belonging, perception of management, relations in the workplace and the working environment. In 2015, 301 people answered the survey, and the average grade given was 7.4/10, up 1 point over 2012.

This survey was repeated in 2016 in a different form via SuperMood. This format asked three questions per week every month from May to October.

A safety audit, aiming to improve employee's working conditions and safety, was also carried out in the last quarter of 2016.

2. Work-related Accidents, Accidents on the Way to and from Work and Occupational Illnesses

The number of lost time accidents in the fiscal years ended December 31, 2014, 2015 and 2016 is as follows:

	December 31,		
	2014	2015	**2016**
Number of lost time accidents[1]	8	9	3

The frequency rate of lost time accidents for the fiscal years ended December 31, 2014, 2015 and 2016 is as follows:

	December 31,		
	2014	2015	**2016**
Frequency rate of lost time workplace and commuting accidents[1].....	15.39%	10.54%	2.74%[2]

The severity rate of lost time accidents for the fiscal years ended December 31, 2014, 2015 and 2016 is as follows:

[1] This indicator includes only the employees of Showroomprive.com S.A.R.L., or 79% of the employees present at December 31, 2016.

[2] The methodology used for calculating hours worked was revised in 2016 and is now based on the actual hours worked by employees.

	December 31,		
	2014	2015	**2016**
Severity rate of lost time workplace and commuting accidents[1]	0.13%	0.21%	0.01%[1]

No occupational illnesses were reported in 2016.

V. Training

1. Training Policies Implemented

The Group has little need for job re-training because the average age of its employees is low. However, the constant changes in our businesses and technologies requires ongoing training of employees, particularly in IT and professional skills

For example, in 2016, 246 employees of Showroomprive.com S.A.R.L. received training, for a total of 3,997 training hours.

The gender distribution of training was 78% women and 22% men in 2016.

In 2016, training was held in the following areas:

- management; foreign languages (mostly English);
- IT tools, particularly office software;
- professional training (Web design, UX, HTML, etc.);
- workplace safety.

For 2017, other than mandatory safety training, priority training actions relate to the following:

- foreign languages;
- mastery of our business tools (CRM management tool, translation software);
- management;
- technical training (technology, photo and video techniques, community management, etc.).

2. Total Number of Training Hours

Training provided by the Group during the years ended December 31, 2015 and 2016 was as follows:

[1] The methodology used for calculating hours worked was revised in 2016 and is now based on the actual hours worked by employees.

	December 31[1]	
	2015	**2016**
Total number of training hours	2,623	3,992.5[2]
Share of annual budget used for employee training.....	0.59%	0.8%[1]

* information not available

VI. Equal Treatment

1. Measures to Promote Gender Equality

The majority of Group's workforce (62% of the Group's workforce at December 31, 2016), and in particular the workforce of Showroomprive.com S.A.R.L., is composed of women. This is explained both by its area of specialty and by its core target demographic.

In 2014, Showroomprive.com S.A.R.L. implemented an action plan to promote gender equality. The plan includes commitments related to training and sensitizing managers to professional equality between women and men, hiring and equal access to employment for women and men, training following full-time parental leave, work-life balance and equal pay, in particular with respect to part-time employees. These commitments are accompanied by quantitative indicators, and a monitoring process has been put in place. Annual reports are submitted to the Works Council.

In addition, the Company has assisted several external initiatives to promote and encourage women's access to these professions traditionally dominated by men. For example, SRP Groupe gave financial support to the *"Les femmes s'en mêlent"*, an independent women's festival that promotes stage access to female performers.

In addition, SRP Group partnered with the initiative *"La Flamme Marie-Claire"* by offering the sale of their scented candle. The profits from these sales were donated to the non-profit associations *Toutes à l'école*, *Entrepreneurs du Monde* and *Rêv'elles*. These associations are implementing education and training programs for girls and women worldwide.

2. Measures to Promote Employment and Inclusion of Persons with Disabilities

The Group is conscious of and complies with its legal obligations with respect to employing persons with disabilities. Specifically, it uses services and subcontractors from the disabled or sheltered sectors that employ persons with disabilities, in particular in the field of printing. In 2016, the amount of purchases from the disabled or sheltered sector amounted to €24,791.50.

As part of its commitment not to exclude persons with disabilities, the Group has implemented a solution on its web portal that allows customers who are deaf or hearing impaired to access its services through visual or written exchanges, videoconferencing, webcam or chat.

3. Anti-discrimination Policy

[1] This indicator includes only the employees of Showroomprive.com S.A.R.L., or 79% of the employees present at December 31, 2016.
[2] This indicator includes only the employees of Showroomprive.com S.A.R.L., or 79% of the employees present at December 31, 2016.

The Group has made commitments to promote anti-discrimination measures, in particular age discrimination against either younger or older employees, in connection with action plans under the French "cross-generational contract".

For example, the Company has undertaken to develop work study programs for young people and to recruit employees over age 45.

In order to facilitate the induction of young employees into the Group, provisions have been made in the induction process and through assistance and mentoring programs, particularly for knowledge transfer.

In order to promote retention of older employees, the Group relies on ongoing training, in particular through bonuses for training hours taken under the individual right to training and the personal training account.

VII. Promotion of and Compliance with Fundamental ILO Conventions

In view of the Company's line of business and its location, issues related to the promotion of and compliance with the ILO's fundamental conventions on freedom of association and the right to collective bargaining, elimination of discrimination in respect of employment and occupation, elimination of forced or compulsory labor and effective abolition of child labor are not deemed relevant.

SOCIETAL INFORMATION

I. Territorial, Economic and Social Impact of the Company's Business:

1. On Regional Employment and Development

In connection with opening a site in Roubaix, the Group agreed to hire 130 people in the labor market in order to restimulate the sector. The Group then initiated an Operational Preparation for Collective Employment program (*Préparation Opérationnelle à l'Emploi Collective*) with employment players in the region; in other words, it directly hires employees registered with the French Unemployment Office *Pôle Emploi* to train them and then give them an internship. Once the internship is over, they may also be hired directly by the Group.

At its location in Seine-Saint-Denis, the Group is continuing its work to promote employment in the department and its partnership with Plaine Commune by participating in employment forums in the department and by taking an active role in the *Club des jeunes talents*. The Group participates by tracking job applicants and assisting them with their plans to re-join the workforce.

In 2015, SRP Groupe expanded its range of delivery services and shortened its delivery times. To launch this new strategy, it decided to subcontract part of the flows. This resulted in the signing of a logistics contract in 2014 with Dispeo, creating 400 jobs in the North, 150 of which are permanent.

In addition, sales rose in 2016, resulting in an increase in the number of packages delivered. As a result, the Group increased the amount of subcontracting to carriers by 17.4%.

2. On Local Residents

- **School Partnerships**

SRP Groupe seeks to develop privileged relationships with its partner schools. Whether they are fashion schools, business schools, digital schools or communications schools, the Group seeks to be proactive in its relationships with these schools with the objective of pre-recruiting its future co-workers. In 2016, this commitment was reflected in the Group's participation in 19 forums and 13 events dedicated to students (round-tables, presentations, corporate talks, etc.).

- **A New Hub for Innovation and Fashion**

Convinced that innovation is the future of the fashion industry, as evidenced by its own success, the Group decided in 2015 to launch an innovation hub called Look Forward.

Look Forward is a dual project that combines an in-house start-up incubator and an annual exhibition: the Look Forward Fashion Tech Festival.

In line with its desire to support the fashion and retail revolution that is linked to event-related digital technology, SRP Groupe supports innovative start-ups that have high-growth potential.

Look Forward's incubator works with start-ups that are shaking up the way fashion is produced, distributed and consumed, helping them to grow through a program that is completely free of charge.

Once candidates are selected on the basis of their project, maturity, ambition and team, the Group provides them with:

– 500 m² of office space, meeting rooms, co-working spaces and break rooms;

– a program of 40 value-boosters, thematic workshops led by experts - Group employees or partners of the incubator - focusing on the key areas that a start-up needs to master in order to raise funding (marketing, finance, transactions, human resources, etc.);

– a mentoring program that enables a member of the company's senior management to monitor the incubation of a single start-up for one year, and to help it meet the challenges it may encounter;

– free access and presence at the biggest events in the innovation and fashion ecosystem: trade shows such as Viva Technology, France Digitale, and Who's Next, and France's own "Startup Assembly" (a national day dedicated to start-up culture).

Brand image, marketing and international strategy, administrative structure, information system, technical strategy and logistics are among the challenges faced by the incubated start-ups over the course of the year.

The incubator welcomed its second group of start-ups in 2016, comprised of the following companies:

– The ChatBot Factory (http://www.thechatbotfactory.com/): This company specializes in the design, scriptwriting, development and training of chatbots (artificial intelligence).

– BirdyCent (http://www.birdycent.com/): An application that enables painless savings: users add one euro to their online purchases, which accumulates in an account that they may then spend with partner web retailers.

- Endeer (http://www.endeer.paris/en): Endeer is an early-stage start-up developing a software and hardware solution which, using a 3D scan, offers each customer tailor-made 3D-printed bra cups that can be directly integrated into all the partner's products.

- Segundo Piso (http://segundopiso.fr/): Segundo Piso is a high-end online shop dedicated to the West Indian-French Guianan market (Guadeloupe, Martinique, St. Barthelemy). It will soon be joined by a bricks-and-mortar concept store in Guadeloupe.

- Afrikrea (https://www.afrikrea.com/): Afrikrea is a web platform dedicated to creators and artisans from Africa and elsewhere offering fashion, crafts and art inspired by Africa.

- Hivency (http://hivency.com/) is an automated platform for linking brands and influencers. Using a free shopping platform, brands can offer their products to interested micro-influencers, who can request them in exchange for sharing about them on their social networks.

- Maintool (http://maintool.me/) designs smart leather watch straps which, by integrating captors, battery and vibrator, turn any classic timepiece into a smartwatch.

- **Promoting Digital Technology and Entrepreneurship in a Sensitive Community**

Located in La Plaine-Saint-Denis, Look Forward is an original incubator model for the community. Wishing to contribute to the expansion of the digital economy that represents only 7% of business activity in the Seine-Saint-Denis region and to boost entrepreneurship in this socially sensitive suburban area, Look Forward is helping address these problems.

It has thus developed a partnership with Réseau Entreprendre, the oldest entrepreneurial network in France, created by André Mulliez in the country's northern Le Nord region. This partnership aims to promote entrepreneurship by holding events open to the public, where entrepreneurs from all backgrounds are invited to talk about their work history.

In addition, Look Forward joined the *"Arc de l'Innovation"* network in 2016, an initiative developed by the City of Paris that is working to create an innovation ecosystem in the northwestern outskirts of Greater Paris. The Arc de l'Innovation hosts businesses, third spaces, public authorities and other community leaders. As part of this initiative, Look Forward is committed to developing a vibrant innovation network in La Plaine Saint-Denis.

- **A Forward-looking Fashion and Retailing Exhibition: The Look Forward Fashion Tech Festival**

As the second component of the Look Forward project, in 2016 SRP Groupe launched the first-ever Look Forward Fashion Tech Festival, called WEARABLE.

Co-produced with the *Gaîté Lyrique* [digital arts and modern music center in the heart of Paris], this open exhibition was a great success: it attracted more than 10,000 visitors, from the general public to experts in the fashion and retail industries. This one-of-a-kind event is an innovative, hybrid concept: it brings together a variety of different audiences around a cultural exhibition and a program of conferences and roundtables. Entrepreneurs, large business groups, experts, academics, students, families, designers, the curious, and visitors: all of them interact during the Fashion Tech Festival. SRP Group has designed this event to be completely open, emulating the sharing spirit that has emerged from the most revolutionary technologies - the first and foremost being the internet.

The second edition of the Look Forward Fashion Tech Festival, to be held from June 28 to July 2, 2017 at the *Gaîté Lyrique* is based on the same components as the first event, but is even more ambitious:

- the exhibition will be installed in the *Gaîté Lyrique*'s large exhibition space and more than 25 works will be housed there (innovative textiles, interactive clothing, etc.);
- during these five days, more than 15 roundtables and nearly a dozen conferences will be organized;
- the most daring projects of young companies and large groups will be recognized by a jury of experts from the fashion and digital worlds who will present the Look Forward Awards;
- a start-up competition will be introduced, and the best project will be awarded an incubation slot with SRP Groupe;
- numerous "Fablabs" - personal fashion production workshops - will be offered to the public.

The Fashion Tech Festival exhibition component of Forward Look is supported by an endowment fund specially created by SRP Groupe. The City of Paris recognizes the event, with Mayor Anne Hidalgo being a prestigious sponsor. The exhibition will, once again, be free and open to all.

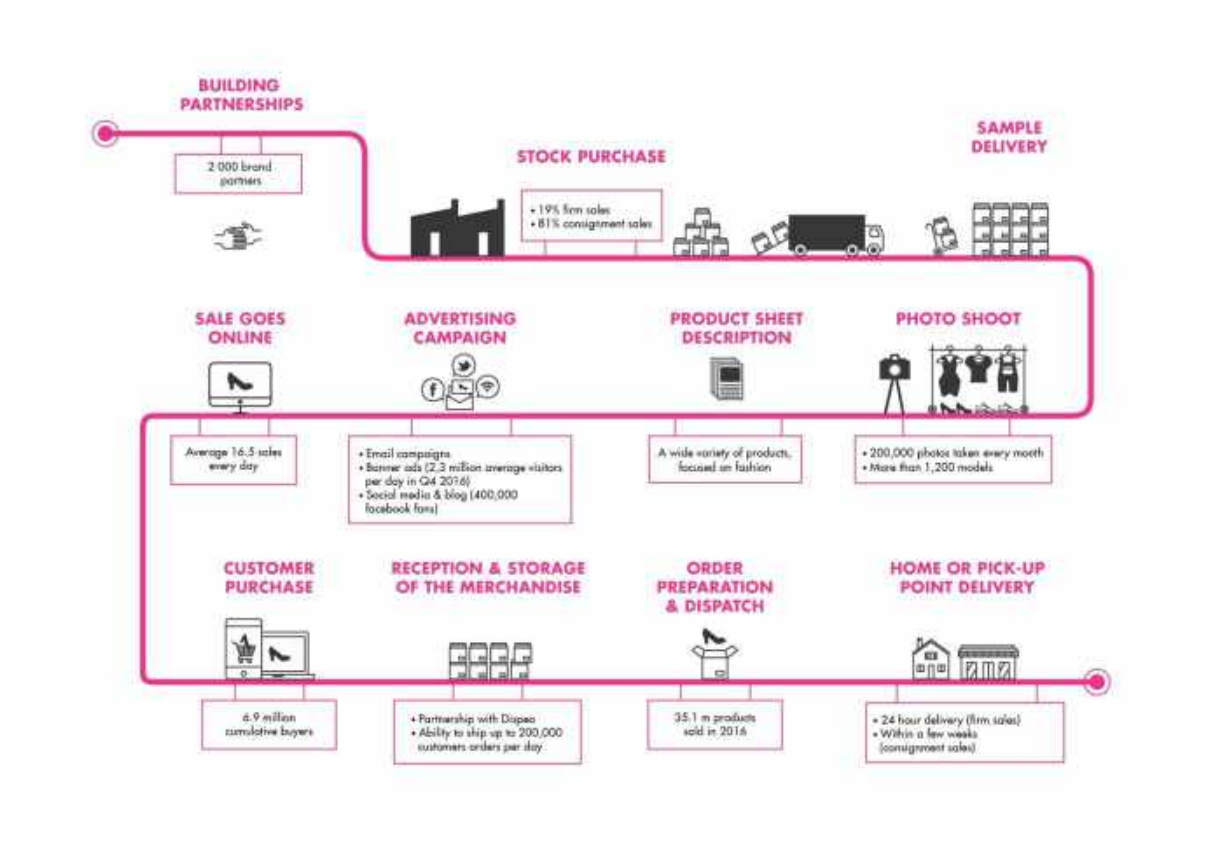
II. Relationships with the People and Organizations with an Interest in the Group's Business

1. Conditions for Dialogue with Local Residents and Organizations

SRP Groupe is where two universes meet: the world of fashion and the world of online marketing. Through this dual identity, the Group is reinventing the way women discover—and buy—fashion online. Each sale is designed in an attractive format, for a limited time, and with discounts from 50 to 70%, creating a highly attractive user experience.

The brands that put their trust in SRP Groupe have the confidence which comes with a fashion-conscious and proven distribution channel that they can use to monetize ever larger volumes of excess inventory quickly.

The Group's model:



2. Partnership and Sponsorship Activities

The year 2016 was a major year for the company sponsorship policy.

Indeed, actions have multiplied, with the same philanthropic spirit that SRP Groupe has cultivated since its inception.

Firstly, in 2016 the Company supported more charitable organizations

Part of this support consisted in donating to charity surplus items left over from event sales organized every day by SRP Groupe. In total, almost €975,000 worth of products were donated to such organizations - first and foremost to Emmaus. As part of managing its customer service, the Group works with ADM Value, which operates a contact center in Madagascar. Since 2014, the Group has asked its employees to donate to the Bel Air orphanage (Antananarivo), a partner of ADM Value. Many toys, books and supplies have been collected, and the meetings with ADM Value are an opportunity for employees to go to the orphanage each year.

Another example of the Group's commitment is that SRP Groupe sponsored the entries of 40 employees in the *La Parisienne* race last September, in support of breast cancer research.

Moreover, 2016 also saw the creation of the SRP Groupe Corporate Foundation.

Created in September 2016, its main purpose is to help the most disadvantaged job seekers by promoting their return to employment.

Its first project is the launch of a training course in Roubaix for careers in e-commerce. The course is free and open to job seekers, without the need for diplomas, resources, or job histories. Motivation is the only requirement for acceptance on this training. Launched in March 2017, 20 people will receive six months of training in the e-commerce trades.

The course is based on innovative learning methods - fashion projects, flipped classroom, learning by doing, etc., and is led by a team of three full-time staff. SRP Groupe employees are closely involved in the training and take part in various modules so that students can benefit from their know-how.

The course is recognized by the French state and has been labeled a *Grande Ecole du Numérique*, joining the national network of short, intensive training courses that are teaching professional digital skills to the least-advantaged workers.

Located at the heart of Roubaix's digital ecosystem, the training aims to increase students' chances of professional success by providing them with working conditions similar to those in a business. The training team is creating a network composed of local businesses which support the project and are ready to welcome future interns and hire future graduates.

The long-term goal of the SRP Groupe e-Commerce Trades School is to offer several training programs wherever the Company is located.

III. Subcontracting and Suppliers

The main items that the Group outsources are service activities such as logistics, order fulfillment and distribution. SRP Groupe works with local partners located around the world, but primarily in France. They are selected on the basis of their ability to meet the Group's demands. For example, in connection with its customer service, SRP Groupe prefers to work with companies that encourage the promotion and loyalty of their employees.

SRP Groupe, as part of its event sales distribution business of leading brands, works with nearly 2,000 brand partners and aims to continue the implementation of a profitable and sustainable growth policy. For the past two years, the Group has been working on ways to integrate social, environmental and societal criteria in its contracts and relationships with its partner brands.

IV. Fair Trade Practices

1. Actions Taken to Prevent Corruption

The Customer Relations Department at SRP Groupe works with six companies for its outsourced call center activities. In this connection, the Group shares guidelines with its partners describing the required criteria for dealing with customers. The training and quality team in the Customer Relations Department trains and promotes awareness among the local teams of specific skills and unacceptable situations. Contractual audits are also conducted by the Customer Relations Department every year to ensure compliance with the requirements in the guidelines.

These commitments and a customer service quality charter are currently being drafted.

2. Measures to Promote Consumer Health and Safety

- **Security of Personal Data**

When operating its website, SRP Groupe may collect personal data. These data are used by internal departments to fulfill orders, for commercial relations, to fight fraud, and to personalize what is displayed on the site. These data may also be released to external providers so that they can perform tasks necessary to fill the orders, deliver the merchandise and provide other services.

The automated processing of personal information on the showroomprive.com site has been registered with the French Data Privacy Authority (the *Commission Nationale de l'Informatique et des Libertés* or CNIL) under number 1722197. This information is processed in accordance with the purposes set out upon collection and is stored under conditions to ensure its security and confidentiality (secure servers located in France). In all secure areas where the site's URL begins with https:// (where the "s" stands for secure), the information is encrypted and therefore protected before being transferred over the internet.

- **Security of Banking Data**

All purchase transactions are carried out with the strictest confidentiality and encryption using the SSL (Secure Sockets Layer) protocol; in other words, the banking details are not floating "unscrambled" on the internet and never reach the Showroomprive.com site. When making payments using a credit card, the transaction is between the consumer and the ATOS and/or ADYEN groups which are known for their reliability in online transactions. Showroomprive.com has no access to banking details and does not keep them on its servers.

In addition, the Group's bank verifies the validity of the credit card number and makes sure that a hold has not been placed on it. The site also uses a program called "3D Secure" the purpose of which is to prevent fraud. When making a payment online, the customer may have to identify himself before completing the transaction (by receiving a text message, answering personal questions, etc.).

- **Customer Relations**

As regards customer relations, satisfaction surveys are sent to consumers in order to evaluate the quality of their relations with call center agents.

SRP Groupe has also sought to promote access to its customer service by the deaf and hearing impaired. Since January 2015, SRP Groupe is very pleased to provide dedicated customer service on showroomprive.com. This new customer relations system was implemented in association with Deafi, a pioneer in this domain. Using its customized communication solution, the Deafiline, the deaf and hearing impaired can access customer service on showroomprive.com by videoconferencing, webcam or chat.

In June 2015, the "Become Our Interpreter!" (*Devenez notre interprète* !) competition was launched in the deaf and hearing-impaired community to create a Showroomprivé sign in French Sign Language. Bearing in mind the brand image, logo, philosophy and concept, participants were asked to send videos to be submitted to a jury, with the opportunity to win a €500 gift certificate as a reward.

V. <u>Other Actions to Promote Human Rights</u>

Given the Group's line of business and its location (in terms of its legal scope, not including the businesses of the brands it distributes), a commitment to promote human rights was deemed inapplicable.

ENVIRONMENTAL INFORMATION

I. General Environmental Policy

The organization implemented in the Group allows environmental subjects to be handled by the competent departments as they improve their operations. Whether in the Group's offices, warehouses or production sites, the various operational structures are in charge of managing the environmental issues that arise as they manage their day-to-day activities.

The energy and water contracts and the vehicle fleet are managed by the General Services. Optimization of consumption and recycling of raw materials (primarily packaging) is spearheaded by the Logistics Department, as is recourse to external logistics providers. Regulatory compliance and monitoring are managed by the Legal Department. The Group has not identified any significant environmental risks or pollution, and therefore, it has not established any provisions or guarantees for environmental risks.

The Group plans to conduct programs to raise employee awareness of environmental issues in the coming fiscal years.

II. Pollution

Online sales of consumer products do not involve the discharge of pollutants, excluding greenhouse gases, or the use or storage of hazardous substances. Thus, the Group has not implemented any measures to prevent, reduce or compensate for air, water or soil emissions. Noise pollution and any other kinds of nuisance are also limited. The treatment rules in force are complied with.

III. Circular Economy

1. Prevention and Management of Waste

— Measures for the prevention, recycling, reuse and other forms of recovery and disposal of waste

The Group has bins at its production sites and warehouses to collect cardboard packaging so that it can be recycled. At the same time, SRP Groupe has signed a contract with Valorep, a specialist in managing the disposal of old IT infrastructure, to collect and recycle its waste electrical and electronic equipment (WEEE). In 2016, 85 pieces of electronic equipment - including computers, screens, printers - were disposed of by our partner Valorep.

— The Fight Against Food Waste

In view of its business activity, this category is not relevant to SRP Groupe.

2. Circular economy

SRP Groupe supports the circular economy in the city of Roubaix. In recent years, the City of Roubaix has deployed the Zero Waste program, launching numerous initiatives and experiments to reduce and recycle waste from both public and private entities.

In support of the City, in 2016 SRP Groupe joined the advisory committee for the Circular Economy part of this public policy. The business is thus advising the municipality on these actions and is participating in the joint creation of a plan, now in its final stages.

3. Sustainable Use of Resources

- Water consumption and water procurement on the basis of local constraints

The Group's water consumption has not been consolidated to date. However, because the Group's business is non-industrial, the water consumption at its sites is primarily consumption by employees for personal hygiene needs and for the cleanliness of the sites. For a tertiary establishment, the water consumption by day per employee present amounts to an average of 50 liters[1]. Thus, the Group's water consumption is expected to be 11,628 m^3 for 2016.

In addition, no specific local constraints in terms of water procurement have been identified at the Group's locations, warehouses and production sites.

4. Energy Consumption, Measures Taken to Improve Energy Efficiency and the Use of Renewable Energies

In France, the Group consumes electricity at its offices in the Paris and Vendée regions, at its production sites in Saint-Denis and Roubaix, and at its warehouse in Marly. Its electricity consumption amounted to 619 MWh[2] in 2016. The energy contract does not currently include any sources of renewable energy.

In addition, the fuel consumption of its company vehicles amounted to 67,220 liters in 2016.

5. Significant Sources of Greenhouse Gas Emissions Generated by the Company's Activity, specifically by the Use of the Goods and Services It Produces.

In 2016, the greenhouse gas emissions related to consumption of energy[2] and fuel by the fleet of vehicles amounted to 58 tons eq. of CO_2 and 178 tons eq. of CO_2 respectively in France. The Group's vehicles are used for travel between different sites, meetings with suppliers, and handling and transporting goods between warehouses. Outsourced logistics are not counted in the emissions of greenhouse gases.

Information about soil usage, adjustment to the consequences of climate change and the measures taken to preserve or develop the biodiversity does not apply to SRP Groupe because of its line of business and its locations.

METHODOLOGY NOTE

This methodology note specifies the key notions in this report, the scope of the indicators published herein and the calculation methods used.

1. Reporting Period and Scope

The reporting period is the calendar year, from January 1 to December 31, 2016.

Except as otherwise indicated, the scope of non-financial reporting covers SRP Groupe S.A. and its consolidated subsidiaries Showroomprive.com, SRP Logistique, Showroomprive Store, Showroomprive Germany GmbH, Showroomprive Spain SLU, Showroomprive Italy SRL, SRP Prod and Showroomprive Maroc.

[1] Source: SMEGREG 2007, "Principal Water Consumption Ratios".

[2] Consumption at the sites in France, excluding-warehouses, or 38% of the floor spaces occupied by the Group's sites around the world.

Saldi Privati and ABC Sourcing, absorbed into the Group at end 2016, are not included in the reporting scope for 2016, but will be included in subsequent reporting periods.

The indicators for training, absenteeism rate (for illnesses and unjustified absences) as well as the indicators for workplace accidents relate to the employees of Showroomprive.com S.A.R.L. alone, i.e., 79% of the employees at December 31, 2016.

The indicators for on-site energy consumption relate to sites in France, other than warehouses, or 38% of the floor space occupied by the Group's sites.

2. Methodological Details and Limits

The headcount includes the employees present at the Company on December 31, 2016 with a permanent contract, a fixed-term contract, a professional training contract or an apprenticeship contract. Interns are not included in the headcount.

The new hires include people recruited externally as well as people who transferred within the Group (insignificant). Departures include resignations, contract terminations and dismissals. Contract expirations and the ends of trial periods are not counted. Permanent contracts, fixed-term contracts, professional training contracts and apprenticeship contracts are included. The beginnings and endings of internships are not included.

The absenteeism rate for illness and unjustified absences is the number of actual days of absence of the employees (business days), as a percentage of the days theoretically worked (including paid leave) during the calendar year. Note that the days theoretically worked are calculated on the basis of days theoretically worked each month multiplied by the FTE staff present on the last day of each month.

Work-related accidents include accidents on the way to or from work. The calculation of the frequency of lost-time work-related accidents is the number of lost-time work-related accidents for one million of hours worked. The calculation of the severity rate of the lost-time work-related accidents is the number of lost-time work-related accidents per 1,000 hours worked. The number of days of lost time used to calculate the frequency rate and the severity rate is counted in calendar days. The number of hours worked used to calculate the frequency rate and the severity rate corresponds to the actual hours worked by employees.

The training hours take into account all training provided by external providers. The training hours provided internally are not included. The training hours of staff with professional training and apprenticeship contracts are included, excluding time spent in the office. The number of employees who received training is the number of people trained (one person may be counted more than once if he or she took more than one training course during the fiscal year).

Energy consumption is the actual consumption at the sites in France not including warehouses and retail stores. For the headquarters location, the unavailable monthly consumption was estimated on the basis of the maximum consumption for the site over the year. Electricity is the only energy consumed at the sites.

Greenhouse gas emissions relating to energy and to business travel are calculated on the basis of the energy and fuel consumption multiplied by emissions factors provided by RTE and TOTAL.

Lastly, cardboard and plastic packaging materials are the main raw materials used at the Group's production sites. In coming years, we intend to quantify the tonnage of packaging consumed each year.

ANNEX V

REPORT OF THE INDEPENDENT THIRD-PARTY ORGANIZATION WITH RESPECT TO LABOR, ENVIRONMENTAL AND SOCIAL INFORMATION

SRP Groupe S.A.

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

Share capital: €1,367,658.76

Report of one of the statutory auditors, appointed as an independent third-party organization, on the consolidated labor, environmental and social information contained in the Management Report

Year ended December 31, 2016

Dear Shareholders,

In our capacity as statutory auditors of the Company, appointed as an independent third-party organization of SRP Groupe S.A., accredited by COFRAC under number 3-10491, we present to you our report on the consolidated labor, environmental and social information for the year ended December 31, 2016, presented in the management report (hereinafter, the "CSR Information") pursuant to Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the role of the Board of Directors to prepare a management report comprising the CSR Information required by Article R.225-105-1 of the French Commercial Code, prepared in accordance with the procedures used by each company (hereinafter the "Reference Procedures"), a summary of which is included in the management report and is available upon demand at the Company's registered office.

Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (*Code de déontologie*) and by Article L.822-11-3 of the French Commercial Code. In addition, we maintain a quality control system that includes documented policies and procedures to ensure compliance with ethical requirements as well as applicable legal and regulatory requirements.

[1] Its scope is available at www.cofrac.fr

Responsibility of the Independent Third Party

It is our role, on the basis of our work:

- to certify that the required CSR information is presented in the management report or, if not presented, that an appropriate explanation is given in accordance with paragraph 3 of Article R. 225-105 of the French Commercial Code (Certification of presentation of the CSR Information);

- to express a limited assurance opinion that the CSR Information, taken as a whole, is presented accurately in all material respects, in accordance with the Reference Procedures (Reasoned opinion on the accuracy of the CSR Information).

Five auditors were involved in our work, which was conducted between December 2016 and April 2017 over a total period of about three weeks. To help us in completing our work, we relied on our CSR experts.

We conducted the work described below in accordance with the Order of May 13, 2013 establishing the manner in which the independent third-party organization should conduct its assignment, and with the professional standards of the *Compagnie nationale des commissaires aux comptes* (the French national association of statutory auditors) concerning this activity, and with international standard ISAE 3000 as regards the fairness opinion[1] .

1. Certification of Presentation of the CSR Information

Nature and Scope of Our Work

We reviewed, based on interviews with the heads of the departments concerned, the presentation of sustainable development guidelines based on the social and environmental consequences of the Company's activities and its social commitments and, where appropriate, ensuing actions or programs.

We compared the CSR Information presented in the management report with the list provided in Article R.225-105-1 of the French Commercial Code.

In the absence of certain consolidated information, we verified that an appropriate explanation was given, in accordance with Article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the consolidated scope, namely the Company and its subsidiaries as defined in Article L.233-1, as well as the companies that it controls as defined in Article L.233-3 of the French Commercial Code, within the limits set forth in the methodological note included at the end of the CSR chapter of the management report.

Conclusion

On the basis of this work, and taking into account the limits referred to above - particularly the limitation of scope of the quantitative information relating to energy consumption which concerns 38% of the total floor space occupied by Group sites - we certify that the required CSR Information is presented in the management report.

[1] ISAE 3000 – *Assurance commitments, other than audits or reviews of historic financial information*

2. Reasoned Opinion on the Accuracy of the CSR Information

Nature and Scope of Our Work

We conducted interviews with the persons responsible for preparing the CSR Information from the departments in charge of the process of gathering information and, where applicable, responsible for internal control procedures and risk management, in order to:

- assess the appropriateness of the Reference Procedures as regards their relevance, completeness, reliability, neutrality and clarity, taking into consideration best practices in the sector, where applicable;

- verify implementation of a process for collecting, compiling, processing and checking the completeness and consistency of the CSR Information and obtaining an understanding of internal control and risk management procedures relating to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections on the basis of the nature and significance of the CSR Information in relation to the Company's characteristics, the social and environmental challenges of its business, its guidelines on sustainable development and best practices in the industry.

For the CSR Information that we considered the most significant[1]:

- at the level of the consolidating entity, we consulted documentary sources and conducted interviews to corroborate qualitative information (organization, policies, actions), we implemented analytical procedures on quantitative information and verified, on a test basis, the calculations and data consolidation, and verified its consistency and its uniformity with the other information contained in the management report;

- at the head office level, we conducted interviews to verify the correct application of procedures and identify any omissions, and implemented detailed tests on a sample basis, checking calculations and reconciling supporting documentation. The sample thus selected represented 100% of staff considered to be characteristic of the labor component, and 100% of environmental data considered to be characteristic of the environmental component (see list of environmental indicators in the footnote on page 3 of this report).

We assessed the consistency of the other consolidated CSR Information on the basis of our knowledge of the Company.

Lastly, we assessed the relevance of the explanations, if any, relative to the total or partial absence of certain information.

We believe that the sampling methods and sample sizes we used, exercising our professional judgment, allow us to formulate a limited assurance opinion; a higher level of assurance would have

[1] Labor indicators: Headcount at December 31, 2016 and employee distribution by age and gender, number of hires, number of dismissals, number of workplace accidents with lost work time, and number of training hours.

Environmental indicators: Energy consumption, vehicle-fleet fuel consumption, greenhouse gas emissions relating to energy consumption, greenhouse gas emissions relating to vehicle-fleet fuel consumption.

Qualitative information: Organization of the dialogue between employees and management, including information, employee consultation, and collective bargaining procedures; measures for prevention, recycling, reuse and other forms of waste recovery and disposal; territorial, economic and social impact of the company's activity in terms of employment and regional development; whether social and environmental responsibility is taken into account in the purchasing policy; and measures taken to promote the health and safety of consumers.

required more extensive review. Because of the use of sampling techniques, as well as other limits inherent in the operation of any information and internal control system, the risk of not detecting a material anomaly in the CSR Information cannot be completely eliminated.

Conclusion

On the basis of our work, we did not identify any material anomalies likely to raise doubts about the fact that the CSR Information, taken as a whole, is presented accurately and in accordance with CSR Reference Procedures.

Paris-La Défense, April 27, 2017

KPMG S.A.

Anne Garans	Jean-Pierre Valensi
Partner	*Partner*
Sustainability Services	

ANNEX VI

CROSS-REFERENCE TABLES

I - Incorporation by Reference

Pursuant to Article 28-1 of Regulation (EC) No. 809/2004, the following are included by reference in this Registration Document:

- selected financial information and other data of the Group for the year ended December 31, 2014 shown in Chapter 3 "Selected Financial Information and Other Data" of the 2015 Registration Document;
- a comparison of the Group's results for the years ended December 31, 2015 and 2014 is shown in Chapter 9 "Overview of the Group's Financial Position and Results of Operations" in the 2015 Registration Document;
- information concerning the Group's cash, cash equivalents and share capital for fiscal year ended December 31, 2015 shown in Chapter 10 "Operating and Financial Review" in the 2015 Registration Document;
- the Company's statutory auditors' special reports on regulated related party agreements for the years ended December 31, 2015 and 2014 are shown in Chapter 19 "Related Party Transactions" in the 2015 Registration Document and in the Base Prospectus, respectively;
- the consolidated financial statements for the year ended December 31, 2015 and the Company's statutory auditors' audit report as shown in Chapter 20 "Financial Information Concerning the Group's Assets and Liabilities, Financial Position and Profits and Losses" in the 2015 Registration Document;
- the consolidated financial statements for the year ended December 31, 2014 and the audit report of the Company's statutory auditors as shown in Chapter 20 "Financial Information Concerning the Group's Assets and Liabilities, Financial Position and Profits and Losses" in the Base Prospectus.

II - Cross-reference Table of the Annual Financial Report Required by Article L.451-1-2, I of the French Monetary and Financial Code.

This Registration Document also serves as the annual financial report required to be prepared and published by any listed company within four months following the close of the fiscal year, in accordance with Article L.451-1-2, I of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulation. In order to facilitate reading the Registration Document, the following cross-reference table identifies the information relating to such report.

Annual financial report	Reference to Chapters/Sections of the Registration Document
Annual financial statements	20.1.3
Consolidated financial statements	20.1.1
Management report	See cross-reference table below
Certification of the person responsible for the annual financial report	1.2

Statutory auditors' report on the annual financial statements	20.1.4
Statutory auditors' report on the consolidated financial statements	20.1.2
Statutory auditors' fees	20.2
Report of the Chairman of the Board of Directors on corporate governance, internal control and risk management (Article L.225-37 of the French Commercial Code)	Annex II
Statutory auditors' report on the Chairman of the Board of Directors' report	Annex III

III - Cross-Reference Table of the Management Report Provided for by Articles L.225-100 *et seq.* of the French Commercial Code

In order to facilitate reading this Registration Document, the cross-reference table below identifies the information relating to the annual management report of the Board of Directors to be presented to the general shareholders' meeting called to approve the financial statements for each fiscal year ended, in accordance with Articles L.225-100 *et seq.* of the French Commercial Code.

Management report	Reference to Chapters/Sections of the Registration Document
Business review	
Condition, activities and changes in the Company's business and its subsidiaries during the fiscal year ended	6 and 9
Results of operations of the Company and its subsidiaries during the fiscal year ended (in particular its indebtedness)	9 and 10
Key financial performance indicators	3
Principal risks and uncertainties	4
Information on market risks and management of financial risks	4.3 (and 20.1.1 Notes 5.1 to 5.3)
Equity investments	7 and 25
Research and development, patents, and licenses	11
Information on trends and forecasts	12 and 13
Subsequent events	20.6
Share capital and shareholding structure	
Composition and evolution of the shareholding structure and share capital	18.1 and 21.1.7
Summary table of delegations in effect with respect to capital increases and the use of such delegations during the fiscal year	21.1.1
Acquisitions and sales of own shares by the Company	21.1.3
Employee participation in the Company's share capital	17.3
Transactions by executive management in the Company's securities	18.7
Factors that might have an impact in the event of a tender offer	18.6
Names of controlled companies and percentage of the share capital of the company held	7
Sales of shares in order to rectify cross-shareholdings	N/A
Governance	
Powers of Senior Management	14.1.2
Composition of the Board of Directors	14.1.1

Compensation of company officers and executive management	
Compensation of company officers and executive management	15
Details on retirement commitments (other than basis retirement plans and mandatory additional retirement plans) and other benefits paid due to departures from the Group paid in full or in part in the form of an annuity, where such commitments are the responsibility of the Company	N/A
Social and environmental responsibility	
Information on the manner in which the Company accounts for the social and environmental consequences of its activity	8.2, 17 and Annex IV
Key performance indicators of a non-financial nature, in particular social and environmental	8.2, 17 and Annex IV
Information on classified installations in the "upper tier" Seveso category	N/A
Other legal and tax information	
Dividends paid	20.3
Information on supplier payment terms	10.5.1 and 20.1.1 (Note 4.8)
Injunctions and monetary penalties for anti-competitive practices	N/A
Extravagant expenses	N/A
Information on the reintegration of general expenses into taxable profit	N/A
Table of results for the past five years	20.4

The report of the Board of Directors referred to in paragraph 2 of Article L. 225-37-2 of the French Commercial Code will be available in annex to the notice of meeting for the annual shareholders' meeting scheduled for June 26, 2017.