SRP GROUPE
Public joint stock company (société anonyme) with capital of 2,026,085.60 euros
Registered office:
1, rue des Blés ZAC Montjoie
93212 La Plaine Saint-Denis Cedex France
Trade and Companies Register No. 524 055 613 Bobigny

2018 REGISTRATION DOCUMENT

(including the Annual Financial Report)

This Registration Document was filed with the French Autorité des Marchés Financiers ("AMF") on April 19, 2019, pursuant to Article 212-13 of its General Regulation. 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.

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).

GENERAL NOTES

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 "Founders" refers to Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Eric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan), and TP Invest Holding Sàrl (controlled by Thierry Petit) and David Dayan, Eric Dayan, Michael Dayan and Thierry Petit;
- the term "2016 Registration Document" refers to the registration document filed with the AMF on April 27, 2017 under number R.17-028;
- the term "2017 Registration Document" refers to the registration document filed with the AMF on April 26, 2018 under number R.18-029.

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 The plan of this annual report follows the order of the plan of annex 1 of commission regulation 809/2004 implementing the directive 2003/71/EC.

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1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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

Thierry Petit, Chairman and CEO 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 V 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 19, 2019

Thierry Petit

Chairman and CEO

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 Jean-Pierre Valensi

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

Appointed statutory auditor by decision of the general shareholders' meeting of June 26, 2017 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.

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, France

Appointed statutory auditor by a decision of the Annual Shareholders' Meeting of June 26, 2017 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

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

Represented by Alain Pater

27 ter rue Dauviliers – 91290 Arpajon, France

Appointed alternate statutory auditor by decision of the general shareholders' meeting of June 26, 2017 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, 2018, shown in Section 20.1.1 "Group Consolidated Financial Statements for the year ended December 31, 2018" in this Registration Document.

The Group's annual consolidated financial statements for the year ended December 31, 2018 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, 2017.

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, 2018 is included in Section 20.1.2 "Statutory Auditors' Report on the Group's Consolidated Financial Statements for the Fiscal Year Ended December 31, 2018".

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, 2018" 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, 2016 shown in Chapter 3 "Selected Financial Information and Other Data" in the 2017 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)	**2018**	**2017**[2]
Internet revenues		
France	546,223	518,712
International markets	112,302	111,169
Total internet revenues	**658,526**	**629,882**
Other revenue[1]	13,708	25,089
Total revenues	**672,233**	**654,971**
Cost of goods sold	(428,465)	(416,003)
Gross Margin	**243,769**	**238,967**
Gross margin as a % of net revenues	*36.3 %*	*36.5%*
Marketing	(34,551)	(34,420)
Logistics & Order Fulfillment	(157,895)	(150,497)
General & Administrative Expenses	(56,976)	(50,802)
Current Operating Income	**(5,653)**	**3,249**
Cost of Share-based Payments	(1,784)	(2,707)
Other Operating Income and Expenses	1,104	(7,879)
Operating Income	**(6,334)**	**(7,337)**

Net finance cost	(224)	(178)
Other financial income and expense	(77)	(408)
Profit before tax	**(6,635)**	**(7,923)**
Income Tax	2,280	2,689
Net income	**(4,355)**	**(5,234)**
EBITDA[3]	**5,120**	**13,063**
EBITDA as a % of net revenues	*0.8%*	*2.0%*

(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) In accordance with the recommendations of the AMF, amortization of intangible assets recognized at the time of a business combination is presented through "current operating income" within marketing expenses.

(3) The Group calculates EBITDA as net income for the period before expenses for amortization, costs of share-based payments, non-recurring items, the cost of financial debt, other financial 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)	**2018**	**2017**
Internet revenues		
France	546,223	518,712
International markets	112,302	111,169
Total internet revenues	**658,525**	**629,882**
Other revenues	13,707	25,089
Total revenues	**672,232**	**654,971**
EBITDA[1]		
EBITDA France	15,739	25,722
France EBITDA as a % of net revenues[2]	2.8%	*4.7%*
International EBITDA	10,619	(12,659)
International EBITDA international as a % of net revenues[2]	(9.5%)	*(11.4%)*
Total EBITDA	**5,120**	**13,063**
Total EBITDA as a % of net revenues	0.8%	*2.0%*

(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

	As of December 31	
(€ thousands)	**2018**	**2017**
Goodwill	123,685	123,685
Other intangible assets	53,271	49,789
Tangible assets	20,762	16,606
Other non-current assets[1]	6,813	6,906
Total non-current assets	**204,531**	**196,991**
Current assets inventory	99,061	92,945
Trade receivables and similar accounts	32,005	53,001
Income tax receivable	4,938	7,934

Other current assets[2]	37,325	45,434
Cash and cash equivalents	80,409	50,878
Total current assets	**253,738**	**250,192**
Total assets	**458,270**	**447,183**
Borrowings and financial liabilities	19,505	28,830
Employee benefits	101	52
Other provisions	545	5,368
Deferred tax	5,182	9,616
Total non-current liabilities	**25,333**	**43,866**
Short-term financial liabilities	22,723	1,144
Accounts payable	140,316	144,246
Other current liabilities[3]	46,647	61,184
Total current liabilities	**209,686**	**206,574**
Total liabilities	**235,440**	**250,440**
Total shareholders' equity	**223,250**	**196,743**
Total liabilities and shareholders' equity	**458,270**	**447,183**

(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 5.4 and 5.11 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 5.7 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 5.10 and 5.13 to the Group's consolidated financial statements.

3.1.4 Selected Cash Flow Statement Data

	For the year ended December 31,	
(€ thousands)	**2018**	**2017**
Cash flow from operating activities before tax	**4,664**	**(33,426)**
inc. impact of the change in working capital requirements	*5,533*	*(37,627)*
Current income, net of tax	2,046	(4,812)
Net cash Flow From Operating Activities	**6,710**	**(38,238)**
Net Cash Flow From Investment Activity	**(17,930)**	**(20,794)**
of which acquisition of tangible and intangible assets	*(18,306)*	*(12,474)*
Net cash from financing activities	**40,737**	**12,912**
of which capital increase and stock option exercises	*39*	*805*
of which repayment of financial liabilities	*(18,595)*	*(8,569)*
of which net financial interest paid	*(202)*	*(183)*
Impact of fluctuation in exchange rates	*10*	*(6)*
Total cash flow for the period	**29,527**	**(46,126)**

3.1.5 EBITDA Reconciliation to Net Income

(€ thousands)	For the year ended December 31, 2018	2017
Net income	**(4,355)**	**(5,234)**
Depreciation of assets recognized at the time of a merger	1,134	1,372
Depreciation and amortization of tangible and intangible assets[1]	9,640	8,443
of which amort. in logistics & fulfillment	*2583*	*2,040*
of which amort. in general & admin. expenses	*7,056*	*6,403*
Cost of share-based payments[2]	1,784	2,707
Non-recurring items[3]	(1,104)	7,879
Net finance cost	224	178
Other financial income and expense	77	408
Income Tax	(2,280)	(2,689)
EBITDA[4]	**5,120**	**13,063**

(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 5.15 and 5.16 to the Group's consolidated financial statements.

(3) "Non-recurring items" is composed of the costs that the Group views as non-recurring. In 2018, these costs mainly comprise the expense resulting from grants of bonus shares, including the associated social security contributions, fees related to mergers and acquisitions, donations to the Showroomprivé Foundation and the endowment fund, non-recurring fees, costs related to the integration of Saldi Privati, and costs incurred in commercial disputes. In 2017, these costs primarily reflected the expense resulting from bonus share allotment including the associated social security contributions, restructuring expenses, fees related to mergers and acquisitions, donations to the Showroomprivé Foundation and the endowment fund, non-recurring fees, costs related to the integration of Saldi Privati and Beautéprivée, and costs incurred in commercial disputes.

(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[1]

	December 31, 2018	December 31, 2017	% Growth
CUSTOMER INDICATORS			
Cumulative buyers[2]			
(as of the date indicated) (in thousands)			
France	7,200	6,442	11.8%
International markets	1,831	1,505	21.7%
Total cumulative buyers	**9,031**	**7,947**	**13.6%**
Buyers[3]			
(for the year ending at the date indicated)(in thousands)			
France	2,783	2,817	-1.2%
International markets	698	738	-5.4%
Total buyers	**3,481**	**3,555**	-2.1%
Internet revenue per buyer[5]			
(for the year ending at the date indicated)(in euros)			
France	180.3	175.2	2.9%
International markets	159.1	149.7	6.3%
Total Group	**176.0**	**169.9**	**3.6%**
ORDERS			
Orders[4]			
(for the year ending at the date indicated)(in thousands)			

France	12,232	12,921	-5.3%
International markets	2,854	2,766	3.2 %
Total orders	**15,085**	**15,687**	**-3.8%**
Average number of orders per buyer[6]			
(for the year ending at the date indicated)			
France	4.4	4.6	-4.2%
International markets	4.1	3.7	9.1%
Total Group	**4.3**	**4.4**	**-1.8%**
Average basket size [7]			
(for the year ending at the date indicated)(in euros)			
France	41.0	38.2	7.4%
International markets	38.9	40.0	-2.6%
Total Group	**40.6**	**38.5**	**5.5%**

(1) Excluding Beautéprivée in 2017 and 2018

(2) "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.

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

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

(5) "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's ability to offer products at significant discounts depends primarily on its ability to purchase high-quality lots at the best possible price and consequently the effectiveness of its sales teams. A drop in the effectiveness of sales teams during negotiations could limit the offering of products with significant discounts. Furthermore, 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. Moreover, 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 2018 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 6.4.5 "Product Offering" of this Registration Document), which accounted for 54% of gross internet sales in 2018. 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 each product category that the Group offers could adversely affect the Group's business, financial position and operating results.

Furthermore, one of the factors for the success of the sales event business model is that it offers members a relevant sales schedule that is in line with current economic, political or sporting events, which can

influence the preferences and tastes of consumers, their interest in the product offering proposed by the Group or their level of spending. The incorrect scheduling of the sales calendar could have a negative impact on Group sales, because of their short-lived nature, and this could have an adverse effect on the Group's business, financial position and operating profits.

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

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 on the basis of the analyses it performs on historical conversion rates. It cannot, however, guarantee that it will be able to continue to convert members to buyers or, if applicable, that it will be able to do so at the current rate. The inability of the Group to convert existing members to buyers could have a material adverse effect on its growth and revenues.

The Group's revenues also rely heavily on repeat buyers to generate revenues, with sales to such buyers generating 82% of its gross internet sales in 2018. 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 to generate such loyalty among its members. If this assumption proves to be incorrect, the Group may fail to achieve the results expected. 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 (due to an unexpected postponement of sales outside the original schedule, for example), 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. In particular, the Group's marketing initiatives could be less effective than planned for two reasons: reduced visibility during periods of intense marketing communication by its competitors at certain periods of the year or as a result of a heavy media agenda that would make customers less receptive to those initiatives. 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 2018, 75% of all gross internet sales were generated by private product consignment sales and 25% of gross internet sales were generated by private firm sales. The weight of gross internet sales generated by private firm sale has changed in the last three years, rising from 20% in 2016 to 29% in 2017 before returning to historical levels in 2018 (25% in 2018).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. Furthermore, a mistake in the anticipation of firm purchases could result in additional logistics costs for the Group (in particular storage and handling), which could reduce its profitability. 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, as of December 31, 2018 the Group sells its products in eight other countries through dedicated websites. The Group also had a multi-currency website in English to delivery to more than 160 countries, but the site's contribution to the Group's results was marginal. In addition, the Group has been rolling out a multi-location international development strategy since 2016 to adapt the offer to local needs and strengthen local teams. As a result, the Group has opened local offices in Spain, Germany and Italy, notably with the acquisition of Saldi Privati. In the context of its "Performance 2018-2020" plan, the Group announced early in 2019 its intention to streamline its International presence by focusing its efforts on the countries in which the Group has the best commercial positioning (Italy, Spain, Belgium and Portugal) and closing its German, Polish and multi-currency online sites.

The Group had 103 international employees in 2018. The Group also sources its products from international brand partners, and especially from European brands. In 2018, international business accounted for 17% of the Group's revenues.

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 (in 2018, this was essentially the exchange rate with the 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 recorded €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).

In March 2017, the Group also acquired a 60% stake in Beautéprivée, the French leader in online private sales in the beauty segment, with an option to acquire the remaining 40% in 2019, which would help it reinforce its cosmetics and self-care ranges.

The Group intends to continue expanding its international business through meticulously selected acquisitions.

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

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

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 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.

4.1.2.5 The Group's development strategy largely depends on the successful roll-out of the "Performance 2018-2020" Plan, which could face implementation problems.

As part of its development strategy, the Group announced in March 2018 that it was deploying its "Performance 2018-2020" plan, intended to improve the Group's operational efficiency in the short term and to enable it to benefit from growth and profitability opportunities in the medium term. For further information, please see section 6.2.4 "Successful rollout of the "Performance 2018 – 2020" plan" and section 12.3 "Medium-term outlook" of this Registration Document.

Although the Group will do all it can to roll out strategic initiatives that correspond to the priorities announced under the "Performance 2018-2020" plan, it could encounter difficulties in implementing this plan, such as:

- an inability to take full advantage of the strategic partnership with Carrefour for several reasons (such as Carrefour's divestment from the Company); or

- an inability to develop new sources of revenue and margins through the monetization of its media and data offerings as a result of the regulatory environment, which could restrict the use of data; or

- capital expenditure overruns resulting from the insourcing of part of the Group's logistics activities.

Should the Group be unable to successfully and efficiently implement the roll-out of its "Performance 2018-2020" plan or if this roll-out did not produce the expected effects, this could adversely affect the Group's business, financial position and operating profits.

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 first three quarters. In 2018, for example, the Group achieved 32% 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", "Saldi Privati" and "vipsters" brands, to attract new members, distinguish itself from its competitors, sustain the appeal of its online private sales events, as well as attract and retain partner brands. 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, Saldi Privati, and vipsters brands, or if it incurs excessive or misdirected expenses in this effort, this 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. On the date of registration of this Registration Document, growth remains limited in the European Union and in France, with 2018 estimates that are below the initial projections (particularly pronounced reduction in the Eurozone). The International Monetary Fund's projections for growth in 2019 are 1.6% in the European Union and 1.5% in France (Source: IMF World Economic Outlook, January 2019). 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 office* 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. 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 were 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 fulfilment 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, including Kuehne&Nagel, Dispeo, Deret, ADS and Viapost. As a result, the performance of the Group's logistics platform depends to a large extent on the effectiveness of Kuehne&Nagel, Dispeo, Deret, ADS and Viapost. For more information, see Section 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. " of this Registration Document. Any failure or interruption, partial or complete, of the Group's logistics network or the operations of its service providers, particularly Kuehne&Nagel, Dispeo, Deret, ADS 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 orders 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. Moreover, in the context of the deployment of its "Performance 2018-2020" plan, the Group announced the partial internalization of its consignment logistics flows, with the opening of a mechanized warehouse in late 2019. This additional internal capacity should give it better control of some of its flows and achieve gains in efficiency. Poor management of the project planning, of the control of the related investments, or of the period to gear up the warehouse could also impact the Group's ability to process its orders and satisfy its buyers.

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 rate 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 important to its business, including the majority its of logistics and fulfillment operations, which the Group has primarily outsources to its partners Kuehne&Nagel, Dispeo, Deret, ADS and Viapost (as described in Section 6.4.11.2.1 "The Logistics Network and Warehouse Management" of this Registration Document). The Group also 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 6.4.11.2.2 "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 and Webhelp (as described in Section 6.4.13 "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 MONEXT. 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 6.4.12.1.1 "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 disasters, 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, 2018, Group goodwill amounted to €123.7 million and €32.4 million in other intangible non-current assets (which primarily represents the brands). See Notes 5.1 and 5.2 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, 2018" 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 expansion 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 6.5 "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. In addition, the application of framing for promotions in value and volume resulting of the "Egalim" Act of October 30, 2018 could limit the quantity of products available for sale and/or the amount of the discounts on

food products granted to members. 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 governing 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, which entered into force and effect in May 2018. This regulation introduces substantial changes to the EU personal data protection regime. The weight of the regulations applicable to the Group operations has increased significantly, including a maximum level of fines capped at €10 to 20 million or at 2 to 4% of total annual revenues for legal entities, and also gives users the possibility of obtaining damages for any compliance failures. In that respect, the Group has done work on compliance that has brought it in line with the new regulation.

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. Nor can it be guaranteed that the Group will not infringe on 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" and "vipster.com" brands in several jurisdictions, and has also registered internet domain names containing the term "showroomprivé" and "vipster" and other additional names in those jurisdictions where it is active. 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 and maintain its right to use its "showroomprive.com" or "vipster.com" brands in a particular country, or 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 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 and use the domain names that utilize the name "showroomprivé" or "vipster" in all 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. These intellectual property rights might not be available or not be available on commercially acceptable terms. 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 derivatives of *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 elements 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 intended 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 was signed in June 2017 at a ceremony with a large number of signatory States in attendance. The multilateral convention entered into force on July 1, 2018.

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.

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 Proceedings" in this Registration Document and Note 5.11 to the Group's Annual Consolidated Financial Statements" provided in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2018" 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, G20, 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, 2018, 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 2018. See Note 6.1 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, 2018".

4.3.2 Interest Rate Risk

The Group is generally exposed to an interest rate risk on its short-term investments. In 2018 as in 2017, the Group made very few short-term investments. The impact of a one-point decrease in short-term interest rates would not have a significant impact on the Group's net income for the year ended December 31, 2018. See Note 6.1 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, 2018".

Also, the Group has presented the risk of interest rate fluctuation in respect of its bank financing, whose interest rates are indexed to the Euro Interbank Offered Rate ("**EURIBOR**"), plus a margin. In that regard, the Group, in 2017, signed a €15 million long-term financing agreement for the acquisition of Saldi Privati. It is a floating-rate financing. The EURIBOR could significantly increase in the future, resulting in an additional interest burden upon the Group, reducing the cash flows available to meet debt servicing obligations. The impact of an increase in interest rates by one basis point, applied to short-term rates would result in an annualized impact of €0.15 million on the Group's pre-tax earnings.

See Note 6.1 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, 2018".

4.3.3 Liquidity Risk

The Group is not currently exposed to significant liquidity risk. At December 31, 2018, the Group's gross financial debt was €42.2 million, primarily consisting of long-term financing of €15 million to fund the acquisition of Saldi Privati, €12 million to finance the investments planned to internalize its logistics flows, €4.2 million of which had been drawn at the end of December 2018, and €21.5 million for the estimated future debt for the acquisition of the remaining 40% of Beautéprivée, and finance leases. The Group had a net cash position of -€38.13 million. For further information, see Section 10.2 "Financial Resources" in this Registration Document, and Note 6.2 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, 2018" in this Registration Document. On the same date, the Group's cash and cash equivalents totaled €80.4 million. The Group subscribed to a bank guarantee in the context of signing an off-plan lease. See Note 6.2 and 8.2 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, 2018" of this Registration Document.

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 6.3 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, 2018".

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 certain external logistics services providers as well as the inventory in those warehouses. 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 the Group's executive management team. This team manages and directs 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 is 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, the number of members, sales, buyer conversion, repeat buyer conversion and churn. It conducts monthly financial analysis and *reporting* of these indicators 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 3D 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 implemented *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 the end of 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, a little more than 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, its 100,000th cumulative buyer in March 2008, its 200,000th cumulative buyer in November 2008, and its 500,000th cumulative buyer in November 2009, the date on which Showroomprivé exceeded 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. In the same year, 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 Showroomprivé Germany GmbH, Showroomprivé Italy S.r.L and Showroomprivé 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, setting up 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 2016, the Company's shareholders from the Gulf Region (via Kilwa Investment), sold their entire holding in the Company in an over-the-counter sale of SRP shares.

In June 2015, the Group announced the launch of its incubator, "Look Forward", which was to house and support independent *start-ups* developing innovative services, applications and 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"). At the same time the Company was listed, 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. On June 22, 2017, Vipshop International Holdings Limited sold its 4.48% holding in the Company's capital over the counter. For more information on this sale, see Section 18.1.2 "Declarations of thresholds crossed" of this Registration Document.

During the first half of 2016, the Group launched several innovations. In terms of browsing, the Group introduced an innovative search engine that enabled 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. Finally, 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 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 2016, 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), that could 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 the Banzai group. In particular, the Group has access a unique proprietary network, with more than 400 Banzai pickup locations in about 200 cities, and to offers 48-hour delivery to its members. Saldi Privati was consolidated in the Group's financial statements starting on November 1,

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

2016. In 2017, the Group finalized the integration of Saldi Privati and completed the full merger of its sales platforms in Italy.

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. In March 2017, a pilot website was launched in Morocco. Then in April 2017, the mobile application was launched and the mobile site was finally inaugurated in July 2017.

In March 2017, the Group acquired a 60% stake in Beautéprivée, 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 over 8 million members and more than 1,000 partner brands, this company, founded in 2007, recorded 2018 IFRS revenues of €46.5 million and an EBITDA margin greater than 10%. This merger between the two companies enables Showroomprivé to rely on the expertise of the Beautéprivée employees to strengthen its position in the market for sales of cosmetics and well-being online and enhance its offering for Digital Women.

The year also saw the launch of the first project of the Showroomprivé Foundation, the Showroomprivé E-Commerce School, which provides free e-commerce training that is open to job seekers, without the need for diplomas, resources or job histories. It is located in the Blanchemaille incubator in Roubaix. The first group graduated from the school in September 2017.

The Infinity service was launched in Belgium in January 2017 and in Italy in June 2017.

In July 2017, the Conforama Group, a European leader in household equipment and a subsidiary of Steinhoff, acquired a 17% stake in SRP Groupe and entered into a shareholders' agreement with the Founders. The two companies signed a partnership covering commercial and logistical aspects in particular.

In February 2018, Carrefour, a global leader in retail, acquired Conforama's holding in SRP Groupe, representing around 17% of the capital, and replaced Conforama in the agreement that existed between the founders and Conforama, under a shareholders' agreement whose main terms are identical to those in the agreement that existed at the time between the founders and Conforama, which has become null and void. As of the date of that investment, the founders retained 27.17% of the capital and 40.42% of the voting rights, with Carrefour holding 16.86% of the capital and 13.67% of voting rights and the consortium made up of the Founders and Carrefour held 44.03% of capital and 54.09% of voting rights.

Carrefour and Showroomprivé have entered into a strategic agreement that is line with the strategy of both groups to develop a leading omni-channel offer. It will cover commercial, marketing, logistical and data aspects.

In March 2018, the Group announced the rollout of its "Performance 2018-2020" plan which is intended to improve its operational efficiency in the short-term and take full advantage in the medium term of its opportunities for growth and profitability. For further information, see section 6.2.4 "Successful rollout of the "Performance 2018 – 2020" plan" and section 12.3 "Medium-term outlook" of this Registration Document.

On this occasion, the Group announced its intention to internalize a portion of its logistics business through a €11 million investment in a new warehouse to be able to directly handle and mechanize some of its flows of consignment sales and significantly reduce the logistics fulfillment costs (estimated 40% reduction expected in costs per order on around 20% of flows by 2020).

In June 2018, the Group launched SRP Média, the first media company dedicated to Digital Women. The Group's unique positioning allows it to support the brands in digitalizing the purchasing act by creating a unique, qualitative and enjoyable experience. The Group proposes an offer structured around two types of expertise: data expertise with insights and custom media plan to expand audience outside

Showroomprivé and 360 Advertising expertise with custom mechanisms (drive to store, sampling, special operations). With SRP Média, the Group is positioning itself as media and an innovative and peer-based distribution channel since it offers the brands a brand new audience intersection, both by the volume of data processed and by the quality and granularity of that data.

In 2018, the "Look Forward" incubator welcomed its fourth group of start-ups. In 2017, it was designated a "Grand lieu d'innovation" major innovation site by the Ile-de-France region.

The Company completed a capital increase with preemptive subscription rights, which closed December 21, 2018.

The gross Capital Increase of €39.5 million, including issue premium, resulted in the issuance of 15,817,000 new shares at a unit subscription price of €2.50.

The proceeds from the Capital Increase will be used primarily to finance the acquisition of the 40% of the capital of Beautéprivée not yet held by Showroomprivé, for an amount estimated at between €20 and 25 million. This acquisition is intended to strengthen the Group's leadership position vertically in beauty and care products with high growth potential, and which complements the fashion sector that is Group's traditional anchor.

Around €5 million from the operation will also finance the remaining portion of the logistics investment announced in March 2018 to partially internalize logistics and thus generate gains in productivity and cost savings, with a positive impact of approximately €4 million on EBITDA by 2020.

Finally, this operation will increase the Group's financial flexibility to meet general needs in the implementation of the 2018-2020 Performance Plan.

5.2 INVESTMENTS

5.2.1 Principal Investments Over the Past Three Fiscal Years

Over the period of 2016-2018, the Group's capital expenditures (acquisitions of intangible assets and property, plant and equipment) totaled €39.3 million.

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

- *Capitalized research and development costs.* Over the 2016-2018 period, the Group invested €18.0 million in research and development. These expenses were primarily to improve and enhance the website itself and the mobile version, and improve and develop the customer order processing systems, including optimization of logistics and customer service.

- *Software.* Between 2016 and 2018, the Group invested €3.5 million in software used in its business, particularly for its logistics processes and information, accounting and financial management.

- *buildings and refurbishment, technical facilities, plant and equipment, intangible assets in progress, other tangible assets.* Over the period 2016-2018, the Group invested €17.8 million primarily in its project to internalize a portion of its logistics activities (see Section 6.2.5 "Successful Rollout of the 2018-2020 Performance Plan" in this Registration Document), in improvement work, furnishing, computer equipment, and production and industrial equipment for its head office in La Plaine Saint-Denis, the headquarters of its subsidiary in Spain, its warehouse at Saint-Witz and in its development center in Vendée.

In addition, in November 2016, the Group acquired 100% of the share capital of Saldi Privati 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 precautionary measure. In June 2018, the Group signed an agreement with Eprice on the recovery of a portion of the Saldi Privati purchase price and on unwinding the logistics contract signed with Eprice at the time of the Saldi Privati acquisition. Under this agreement, the Group obtained a reimbursement of €2.5 million on the purchase price from Eprice for failure to achieve performance criteria, and was granted early unwinding, as of June 30, 2018, of the logistics contract signed with Eprice in return for the payment of an indemnity of €2 million for early termination. The unwinding of the logistics contract resulted in the recovery of the balance of the unfavorable contract provision (€+4.9 million) recognized in the allocation of the acquisition price in 2017.

In addition, on March 15, 2017, the Group acquired 60% of the capital of Beautéprivée, the French leader in private online beauty sales under an agreement that also provided an option to acquire the remaining 40% in 2019 for a total consideration valued at €34.7 million. The acquisition price comprises the price paid in cash (€11.4 million) and a variable price component ("Earn-Out") of €2.0 million determined on the basis of Beautéprivée's performance over 2017. Based on the performance of Beautéprivée, the Earn-Out in 2017 and the achievement of the objectives set in the purchase agreement, the Earn-Out was paid entirely to the sellers in 2018. The purchase agreement also includes reciprocal purchase and sale options for the acquisition of the remaining 40% of the capital. A debt was recognized for this at December 31, 2018 in the amount of €21.3 million. See Section 5.1.5 "Group History" in this Registration Document.

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

	Fiscal Year Ending on December 31,		
	2018	**2017**	**2016**
		(*€ thousands*)	
Research and development expenditure	7,607	6,693	3,713
Licenses and Software	1,931	1,072	460
Other intangible assets	-	-	-
Total gross investment in intangible assets	**9,538**	**7,765**	**4,173**
Buildings and refurbishment	-	-	298
Facilities, plant and equipment	1,832	46	101
Tangible assets in progress	5,300	2,593	2,423
Advances and payments for fixed assets	-	-	-
Other tangible assets	1,634	2,208	1,405
Total gross investment in fixed assets	**8,766**	**4,847**	**4,227**
Of which, finance leases	-	-	-
Acquisition of tangible and intangible assets	**18,304**	**12,612**	**8,400**

5.2.2 Principal Investments Made After Closure of the Year Ending on December 31, 2018

None.

5.2.3 Principal Planned Investments

The investment decisions are key to implementing the Group's strategy and, in particular, to the success of its "Performance 2018-2020" plan announced in March 2018. The Group's future investments should cover requirements related to the rollout of its "Performance 2018-2020" plan which is intended to improve its operational efficiency in the short-term and take full advantage in the medium term of its opportunities for growth and profitability. For further information, please see section 6.2.4 "Successful rollout of the "Performance 2018 – 2020" plan" and section 12.3 "Medium-term outlook" of this Registration Document.

In 2019, the Group anticipates the acquisition of the balance of 40% of the Beautéprivée capital following the exercise of the reciprocal purchase and sale options stipulated in the acquisition agreement signed in 2017. It also anticipates the finalization of its logistics investment intended to internalize a portion of its flows of consignment sales announced in the context of its "Performance 2018-2020" Plan.

6. BUSINESS

6.1 GROUP OVERVIEW

Showroomprivé is an innovative and rapidly-growing online e-commerce company that specializes in fashion. As of December 31, 2018, the Group operates in France (its primary market) and in eight other 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 2018, 8.9 million Group members had already made at least one purchase on the platform, including 3.4 million during 2018 alone. During the fiscal year ended December 31, 2018, the Group recorded revenues of €672 million, and EBITDA of €5.1 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 20 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 54% of the Group's gross internet sales in 2018. 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. In March 2017, the Group was also awarded the UX 2017 Prize by Contentsquare for its Group's mobile app, strengthening its image of as a "mobile first" company. Its mobile apps have enabled the Group to attract a large and growing audience: since their launch and until December 31, 2018 they had been downloaded more than 14.6 million times (2.7 million[1] of which were downloaded in 2018). In 2018, 81% of the visits to the Group platform which it recorded in its systems and 66% of its gross Internet sales were made from mobile terminals.

The creation of an attractive platform has enabled the Group to acquire a growing number of particularly loyal members. In December 2018, the Group recorded a total of 72.2 million visits to its platform and, in the final quarter of 2018, it recorded an average of 2.4 million visits per day, or a total of 75.4 million visits per month. The Group recorded a total of 66.5 million visits per month in 2018. In 2018, a buyer

[1] Figure calculated using a Company internal tracking tool.

placed an average of 4.3 orders. More importantly, in 2018, 69.9% of the Group's 3.5 million buyers were repeat buyers who had made at least one purchase on the platform in prior years, and 82% of the Group's gross internet sales came from purchases made by these repeat buyers. That same year, 38.3 million items were purchased on the platform. Furthermore, 91% of Showroomprivé's customers responded to a satisfaction survey conducted by the Group in 2018, 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 composed of 144 buyers at December 31, 2018. 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 2018, 75% were generated by private sales on a consignment sales basis, and 25% by private sales on a firm sale basis. The Group's ability to reach an audience of several million customers in France and eight other 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 2018, the Group in France had 7.2 million cumulative buyers, including 2.8 million who had made at least one purchase in 2018. 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, Germany and Morocco, 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 2018, the Group generated 17% of its total revenues in international markets. At the end of 2018, in its international markets, the Group had 1.8 million cumulative buyers, 0.7million of whom had made at least one purchase during that year. During its expansion into these new countries, 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 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 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

[1] Based on 351,000 of the Group's buyers who responded to a Group survey in 2018 that was sent to each buyer after a purchase on its platform.

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 agreements with its main logistics providers, the Group has the capacity to process 150,000 orders per day (and can increase this capacity up to 230,000 orders per day). In 2015, Showroomprivé launched new functions 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. At the end of 2018, Infinity was already highly successful with more than 148,000 subscribers. 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 includes 14 start-ups as of the date of this Registration Document, demonstrating its commitment to supporting 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 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. 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.

In 2017, the Group continued its efforts aimed at improving service quality. This improvement was reflected in the following initiatives: launch of customization on all purchasing platforms (website and mobile), launch of a *drop shipment* offer, opening of a warehouse dedicated to footwear, and the rollout of digital innovations (new UX, new mobile site, new search engine) in all countries.

Early in 2018, the Group also decided to internalize part of its logistics business through an €11 million investment in a mechanized warehouse that will allow it to directly handle and mechanize some of its flows of consignment sales and in this way significantly reduce the logistics fulfillment costs (40% reduction expected in costs per order on around 20% of flows by 2020). The investment will be spread over 2018 and 2019 and the site is scheduled to be operational sometime in 2019.

In addition, in June 2018, the Group launched SRP Média, the first media advertising company dedicated to Digital Women. The Group's unique positioning allows it to support the brands in digitalizing the purchasing act by creating a unique, qualitative and enjoyable experience. The Group proposes an offer structured around two types of expertise: data expertise with insights and custom media plan to expand audience outside Showroomprivé and 360 Advertising expertise with custom mechanisms (drive to store, sampling, special operations). With SRP Média, the Group is positioning itself as media and an innovative and peer-based distribution channel since it offers the brands a brand new audience intersection, both by the volume of data processed and by the quality and granularity of that data. In other words, SRP Media is a strategic asset of the brands by meeting their goals to acquire new buyers, grow traffic at their physical and/or digital sale sites, and their visibility.

Market Opportunity

Showroomprivé operates in the European[1] online fashion retail sector,[2] estimated at €53.8 billion in 2018 (Source: Euromonitor International, November 2018). The sustained growth expected in this market is supported by a number of favorable secular trends, including:

- *strong potential for an increase in the penetration rate of purchases made online by consumers in Europe and France.* The penetration level of online purchases made by consumers (defined as the percentage of total retail spending online) in Western Europe was 8.5% in 2017. In comparison, this rate was 11.8 % 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 8.1 %, 3.7 % and 4.1 %, respectively, lower than Germany and the United Kingdom, at 9 % and 15.5 %, respectively. In 2020, online retail penetration is expected to reach 9.8% in France, 5.1 % in Spain and 5.6% in Italy (Source: Euromonitor International).

- *growth of online sales of fashion-related merchandise*. In the countries of Western Europe, fashion merchandise is a significant category of consumer products, estimated at €53.8 billion in 2018 (€47.5 billion in 2017). Online retail penetration for fashion-related products purchased by consumers in 2017 was 16.6 %[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 €83 billion in 2017 to €137 billion in 2020, representing an increase in its share of total online retail spending from 32% 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 2018, the Group generated 46% of its gross internet sales from non-fashion-related categories. The sectors potentially affected include "Home & Garden" (as well as the "Beauty & Personal Care" category[4]). These product categories should also see a rapid increase in online retail penetration.

6.2 STRATEGY

The key elements of the Group's strategy include:

6.2.1 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 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, 2018, 72.6% of the members

[1] The European sector defined here consists of Western European countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom).

[2] The fashion category includes apparel, footwear, handbags & luggage, jewelry & watches, and personal accessories & eyewear.

[3] 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.

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

and 74.3% of the Group's cumulative buyers were women (70% of whom were between the ages of 25 and 50).

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. Among private sales players in France, the Group was also one of the first to offer 24-hour delivery, which now represents around 20 % of its private sales.

The Group's marketing strategy is built on three key pillars: buyers, traffic and results. To implement this strategy, the Group will focus on its own media, retaining the loyalty of its members, repurchases and high-margin product categories.

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 2016, the Group launched an innovative search engine that enables members to quickly identify sales of their preferred products and developed a product recommendation feature that suggests items that are most likely to match each member's interests.

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 2018. 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 2018, 69.9% of the Group's buyers had made a purchase on the Group's platform during a prior period. In the same year, repeat buyers generated 82% of the Group's gross internet sales. The combination of controlled acquisition costs, strong first-time buyer conversion and high repeat purchase rates are driving significant member lifetime value on the platform.

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.

6.2.2 Extend Partnership With Brands and Continue to Broaden Sourcing Portfolio

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 large brand recruitment team, composed of 145employees at December 31, 2018, is continually scouting the marketplace to add new quality partner brands. 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.

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 Beautéprivée 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.

6.2.3 Achieve Critical Scale in the Group's Key International Markets

Since 2016, the Group has thus deployed a multi-local strategy with experienced sales teams set up in Germany, Spain and Italy to ensure that its entire platform takes advantage of the best purchase opportunities. The Group has grown rapidly outside France through a focused international expansion strategy. In 2018, international business accounted for 17% of the Group's revenues. 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 the context of its "Performance 2018-2020" plan, the Group announced early in 2019 its intention to streamline its International presence by focusing its efforts on the countries in which the Group has the best commercial positioning (Italy, Spain, Belgium and Portugal) and closing its German, Polish and multi-currency online sites. 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 effectively grow its presence. 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.

6.2.4 Successful rollout of the "Performance 2018 – 2020" plan

In March 2018, the Group announced the rollout of its "Performance 2018-2020" plan which is intended to improve its operational efficiency in the short-term and take full advantage of its opportunities for growth and profitability in the medium term. More specifically, the "Performance 2018-2020" plan focuses on three priorities for 2018 and three for 2020.

6.2.4.1 Priorities for 2018: to gradually bring Showroomprivé up to its full potential

6.2.4.1.1 Group's Focus on Its Two Key Pillars: its Relationship With the Brands and Members

After 2017 that was rich in strategic initiatives, David Dayan and Thierry Petit have refocused on the Group's two pillars: the brands and the members.

6.2.4.1.2 Improving Operational Efficiency

The Group's operational efficiency is improved by (1) strengthening the sales strategy (reorganizing the sales team around centers of expertise with a different strategy for each product category, hiring experienced staff for product categories that underperformed in 2017 and a new policy on partnerships with strategic brands), (2) more detailed management of operations (implementation of new business tracking tools, establishing transversal management committees and strengthening the finance function) and (3) more investment in the IT teams and platform to increase efficiency, continue to innovate, prepare for future growth (scalability) and expand the data science teams.

6.2.4.1.3 Change in Marketing Strategy

The Group has initiated a transition in its marketing strategy which has been, until now, focused on winning new buyers, in order to focus instead on member commitment, loyalty and brand preference.

The year 2018 was fully dedicated to refocusing the Group on these three operational priorities. The first effects of this refocus have continued to appear since the second quarter of 2018 with improvement in the Group's margin and continued solid, lasting growth.

6.2.4.2 Priorities for 2020: take advantage of the new opportunities for growth and profitability

6.2.4.2.1 Better, Faster and Cheaper Delivery

The Group decided to internalize part of its logistics business through a €11 million investment in a mechanized warehouse that will allow it to directly handle and mechanize some of its flows of consignment sales and significantly reduce the logistics fulfillment costs (40% reduction expected in costs per order on around 20% of flows by 2020). This warehouse will open in 2019 and will be progressively expanding during the year.

6.2.4.2.2 Developing new revenue and margin sources

With the launch of SRP Média in June 2018, the Group's goal is to develop new sources of revenue and margins in the medium-term by promoting its assets (audience, detailed knowledge of its members, access to advertisers) by monetizing its media and data offers. In fact, Showroomprivé possesses an invaluable and unique commodity as far as brands are concerned - its detailed knowledge of an attractive target, digital woman, combined with an immense amount of rich data.

6.2.4.2.3 Capitalizing on the partnership with Carrefour

The Group intends to capitalize on the strategic partnership signed with Carrefour, one of the global leaders in retail, which was announced on January 11, 2018. The partnership is in line with the strategy of both groups to develop a leading omni-channel offer, and will cover the following aspects in particular:

- sales: expansion of the Group's offering with access to new brands and product categories;
- marketing: launch of cross marketing operations that will win over new buyers and stimulate the commitment of the Group's existing members;
- logistics: rollout of a major Click & Collect network with a potential of close to 5,700 stores in France and 12,000 worldwide; and
- data: creation of a data-related partnership.

6.3 INDUSTRY AND MARKET OVERVIEW

The Group is a rapidly-growing online fashion retailer, with operations primarily focused on the lucrative fashion[1] market in Europe[2]. As of December 31, 2018 the Group is present in France, its major market (83% of its net internet revenue in 2018), and in eight other countries (Italy, Spain, Belgium, Germany, Portugal, the Netherlands, Poland and Morocco). 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.

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

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 Western Europe grew at around 12.6% per annum between 2012 and 2018. It represented approximately €285 billion in 2018. E-commerce spending as a share of total retail spending in Western Europe increased from 4.9% in 2012 to 9.3% in 2018 (source: Euromonitor International).

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.

- *a variety of products 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.

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

2 The European market consists of Western European countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the United Kingdom).

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 Western Europe is expected to grow from €285 billion in 2018 to approximately €380 billion in 2021.

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 2018, the penetration rate of online retail purchasing in Europe was 9.3%. This rate is lower than in the United States, where it was 13% in 2018 (Source: Euromonitor International). According to the Group, the relatively low penetration rate for consumer online purchases in Europe represents a growth opportunity. Indeed, the penetration rate for online purchases in Europe could 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 2018 and 2021, the penetration rate for consumer online purchases is expected to increase from 8.7% to 10.3% in France, from 4.4% to 5.5% in Spain, from 4.3% to 6.4% in Italy and from 9.8% to 11.5% 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%) and Belgium (7.7%), while the Group's Dutch market had a 9.2% market penetration rate (Source: Euromonitor International).

6.3.2 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 players in this market. The competitive advantages developed by the Group include the following:

- *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-performance, scalable technology platform focused on leveraging data. It has been custom built to meet the needs of its business.

Its technology platform allows 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, 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. These stores also purchase excess inventory from brands. However, the Group believes that the access to a larger number of members and a more precisely identified customer base, the international scope of the Group, better data analysis to allow brands to improve their knowledge of their customers and optimize their sales decisions constitute key factors of differentiation for the 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.

6.4 DESCRIPTION OF THE GROUP'S ACTIVITIES

6.4.1 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 20 online private sales every weekday morning beginning at 8 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 seven 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. As of December 31, 2018, the Group had 1.2 million fans on Facebook, 15,360 on Twitter and 88,124 on Instagram.

Every private sale is designed and produced by the Group's in-house production team of 203 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 36 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 mainly conducted at La Plaine Saint-Denis and Roubaix, with assistance from teams in Spain and Italy.

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. 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.

6.4.2 Value Proposition

6.4.2.1 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 of fashion-related merchandise (representing 54% of gross internet sales in 2018) and a range of other items carefully selected to attract its members, including beauty and home decoration 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.

6.4.2.2 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 use its platform as a fully-fledged distribution channel.

The Group's platform enables its brand partners to promote their image and their products to a large number of particularly loyal members. In the final quarter of 2018, the Group's systems recorded an average of 2.4 million visits per day, or 75.4 million visits per month. The Group recorded a total of 66.5 million visits per month during 2018. This traffic allows brand partners to increase their visibility in their existing or new markets, with a public representing strong potential for their brand. 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.

6.4.3 Number of Buyers and Markets

6.4.3.1 Number of buyers

6.4.3.1.1 Target Market

Although the Group's platform draws a diverse audience, the Group has consciously designed its brand, its product line, 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 having great potential. They are active on the internet and were early adopters of the e-commerce model. 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 large number of female members of the Group reflects this positioning – 72.6% of Group members at the end of 2018 and 74.3% of its cumulative buyers were women (70% of whom were 25 to 50 years of age.

6.4.3.1.2 Buyers

The following table summarizes developments in the Group's total number of cumulative buyers and buyers for the periods indicated.

Cumulative Buyers and Buyers
(*in millions*)

	2011	2012	2013	2014	2015	2016	2017	2018
Cumulative buyers *(at December 31)*	1.5	2.2	3.2	4.3	5.5	6.8	8.0	9.0
% growth year over year	*54%*	*42%*	*45%*	*35%*	*28%*	*22.5%*	*18.1%*	*13.6%*
Buyers (*by twelve-month year ending on December 31*)	0.9	1.3	1.8	2.4	2.9	3.2	3.6	3.5
% growth year over year	*46%*	*55%*	*35%*	*30%*	*22%*	*12.8%*	*10.3%*	*-2.1%*

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 newly registered members to buyers and converting buyers to repeat buyers.

6.4.3.1.2.1 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.

6.4.3.1.2.2 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.

6.4.3.2 Markets

At December 31, 2018, the Group was operating local websites in France and in eight other countries.

France. France was the Group's first market and is still its largest market. Thus, in 2018 France represented nearly 83% of its total revenues. The Group's mobile apps and the attractiveness of its model have helped it to build one of the largest mobile audiences among retail companies in France in the fashion and beauty segment). In the last quarter of 2018, the Group's French platform recorded an average 2.4 million visits per day from an audience of between 1 and 2.2 million unique visitors per day between October and November 2012. (Source: Médiamétrie, October 2018). At the end of 2018, the Group had 7.2 million cumulative buyers in France. 2.8 million of those buyers made a purchase in 2018.

International. In 2010, the Group launched a targeted international expansion strategy directed from France by launching several local versions of its website. As of December 31, 2018, the Group had local versions of its platform in eight other countries outside France (Italy, Spain, Belgium, Portugal, Germany, the Netherlands, Poland and Morocco). Sales in Italy were performed through the Saldi Privati platform. In addition, the Group had also opened its platform to members from more than 160 countries who can make purchases in their local currency through the Group's English-language website. In the context of its "Performance 2018-2020" plan, the Group announced early in 2019 its intention to streamline its International presence by focusing its efforts on its key geographies and by closing its German, Polish and multi-currency online sites. It will continue, however, to invest in campaigns to build brand recognition and continue to seek opportunities for greater adaptation to local markets, including the recruitment of local brands. 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 2018, international business accounted for 17% of the Group's internet revenues. Its largest markets by revenue were Italy, Spain, Belgium and Portugal.

6.4.4 Brand Partners

6.4.4.1 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 consisted of 144 buyers at December 31, 2018 and is supervised by senior buyers with five to fifteen years of 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.

6.4.4.2 Brand Selection and Mix

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 allow the Group to assemble brands around particular themes, such as vacation-themed sales (like "Shoes Week," and "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. The Group also offers certain brand partners the opportunity to organize special events centered on 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.

6.4.4.2.1 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.

The Group's experienced team responsible for recruiting brand is composed of 145 buyers (at December 31, 2018). 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.

6.4.4.2.2 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 2018, 75% 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 2018, 25 % 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 6.4.9 "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. Contracts with its suppliers are not exclusive.

6.4.5 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. In 2018, fashion merchandise represented 54% of the Group's gross internet sales. However, the share of product categories other than fashion merchandise in the Group's gross internet sales increased from 32% in 2012 to 46% in 2018. 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

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, ticketing, etc.	2009-2016

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. It also gives the Group complete control over its inventory and the timing of the sales of products from its #CollectionIRL brand, to ensure that they effectively complement the Group's existing product offerings from brand partners.

In February 2016, the Group launched its coupon programs, "Shop It Pocket" and "Shop It Coupon", to generate traffic for its brand partner.

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 Beautéprivée.

In June 2018, the Group launched SRP Média, the first media advertising company dedicated to Digital Women. The Group's unique positioning allows it to support the brands in digitalizing the purchasing act by creating a unique, qualitative and enjoyable experience.

6.4.6 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.

6.4.7 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. 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.

6.4.7.1 Mobile Apps and Mobile Websites

A major portion of the Group's traffic is currently generated by the mobile apps for tablets and smartphones and by the mobile versions of the Group's websites. Local versions of these mobile versions are available in each of the Group's 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. At December 31, 2018, these mobile applications had been downloaded more than 14.6 million times since their launch (including 2.7 million downloads in 2018). 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 81% of the visits to the Group's platform that the Group recorded in its systems across all regions in 2018.

- mobile users are more active than desktop users; in 2018, mobile customers visited the Group's platform on average 4.2 times more often than desktop users;

- mobile users, on average, place 1.7 times more orders per buyer than customers placing orders via their desktop (around 9,974,015 orders per year made from mobile devices versus 5,111,353 orders per year made on a desktop);

- taken together, these factors have helped drive a significant increase in the Group's mobile sales: 66% of its gross internet sales in 2018 were placed through the Group's mobile apps or mobile versions of the 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.

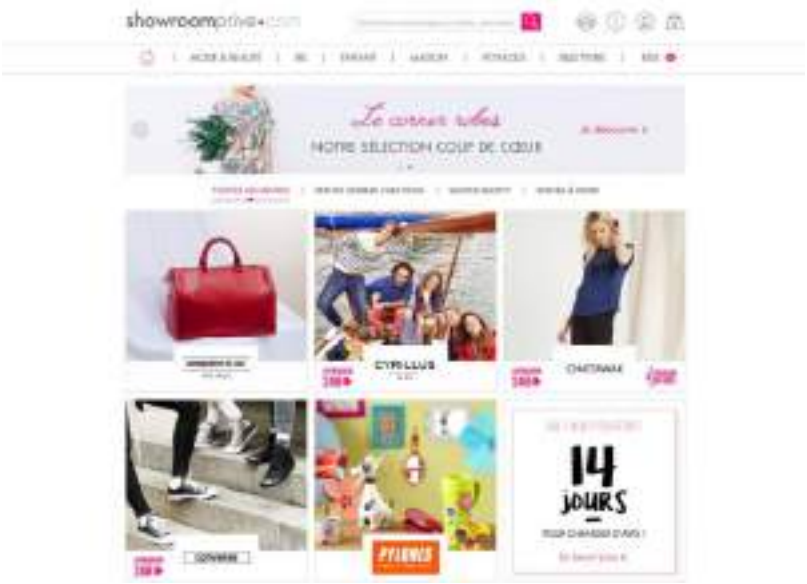


Mobile checkout. The Group has designed its mobile checkout process to be easy and convenient, with an interface that allows checkout with a few clicks and features, such as pre-populated delivery addresses and the ability to save payment card information for future purchases that limits the need to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

New services. Sales made from mobile terminals form a growing proportion of the Group's business. Mobile allows the Group to innovate and offer new services adapted 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.

6.4.7.2 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. The *look and feel* and the functionalities of the different sites are similar. However, the Group adapts each site to the language and preferences of local consumers.



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.

6.4.7.3 Payment Options

The Group provides its members with the option to choose from a total of 13 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 (Aurore, Paylib and Paypal). For certain sites the Group accepts payments using certain touch ID systems for mobile devices, including Apple Pay and Android Pay. The Group also offers its members in France and Spain the ability to pay for items on an installment basis through Oney, an installment payment service affiliated with Banque Accord.

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.

6.4.8 Marketing Strategy

The Group's marketing strategy is built on three key pillars: buyers, traffic and results. To implement this strategy, the Group focuses on its own media, retaining the loyalty of its members, repurchases and high-margin product categories.

The Group encourages members, through emails and targeted communications, to connect to the platform and made regular purchases. Some members of the Group become buyers when they join. Others make their first purchase after a longer period of time, during which they also receive the daily emails and marketing solicitations from the Group. 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 2018, 69.9% of the Group's buyers who made a purchase during the year were repeat buyers who had already made a purchase on the Group's platform in the past.

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 the three main pillars listed above.

6.4.9 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. While the wholesale distribution business is not a major revenue contributor, generating only €13 million in revenues in 2018 (or 1.9% of revenue), 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.

6.4.10 Quality Control

The Group intends to conclude partnerships only with brands that share its commitment to quality. The Group's process to recruit brands fully integrates this objective. In addition, it has implemented quality control on the products of the partner brands. 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.

6.4.11 Logistics & Order Fulfillment

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

6.4.11.1 Internal Logistics Functions

The Group outsources a number of logistics functions. However, it retains in house a number of logistics functions, including inventory sorting and processing returns. 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.

At the beginning of 2018, the Group also decided to internalize part of its logistics business through a €11 million investment in a mechanized warehouse that will allow it to directly handle and mechanize some of its flows of consignment sales and in this way significantly reduce the logistics fulfillment costs (40% reduction expected in costs per order on around 20% of flows by 2020). The investment will be spread over 2018 and 2019 and the site is scheduled to be operational at the end of 2019.

- *Stock sorting*. The Group has developed solid in-house expertise in sorting mixed lots of merchandise coming from brand partners. Its expertise transforms these mixed lots into organized lots that can be sold on its online platform or via its wholesale network. 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 151 full-time employees at December 31, 2018. 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. Since October 2018, the Saint-Witz site has processed and shipped around 3,000 orders per day in addition to the activity of inventory sorting and processing returns. 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.

6.4.11.2 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.

6.4.11.2.1 Logistics Network and Warehouse Management

The Group has outsourced many of its supply chain and order fulfillment processes to its five logistics partners: Dispeo, Deret, ADS, Kuehne&Nagel and Viapost. The services that Dispeo, Deret, ADS, Kuehne&Nagel and Viapost provide include warehousing, order processing, packaging and preparation, liaison with delivery services and international transport. The contracts with Dispeo, Deret, ADS, Kuehne&Nagel and Viapost are designed to support the Group's rapid growth through the logistics network's capacity to process 150,000 orders per day, which can be increased to 230,000 orders per day. The Group maintains relationships with multiple logistics providers, in part because certain providers like Kuehne&Nagel handle specific order types, such as 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.

It should be noted that at the beginning of 2018, the Group also decided to internalize part of its logistics business through a €11 million investment in a mechanized warehouse that will allow it to directly handle and mechanize some of its flows of consignment sales and in this way significantly reduce logistics fulfillment costs (40% reduction expected in costs per order on around 20% of flows by 2020). The investment will be spread over 2018 and 2019 and the site is scheduled to be operational at the end of 2019.

6.4.11.2.2 Delivery

The Group strives continually to enhance its delivery service by expanding its delivery options and improving its average delivery times. In 2018, the Group further strengthened its delivery network. As of the date of this Registration Document, the Group offers consumers more than 8 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 partnerships with Dispeo, Deret, ADS, Kuehne&Nagel and Viapost. Orders of products bought on consignment are mostly delivered within two to three weeks of the order being placed. The Group's enhanced logistics capacity through its agreements with Dispeo, Deret, ADS, Kuehne&Nagel and Viapost 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.

In 2017, the Group also developed its drop shipment delivery offer (direct delivery by supplier). 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. In France, the main delivery service providers are Colissimo, Relais Colis, Mondial Relay and Chronopost. 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. The Group is now providing over 20,000 pick-up outlets in France. 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 a range of service providers. Orders are allocated among the providers (including Bartolini, Correos, DPD and CTT) depending on the international market concerned. 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.

6.4.11.2.3 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 that 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 2018 was not significantly different than the previous year.

6.4.12 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 Information Officer and approximately 80 experienced developers and 20 administrators or technicians. Most of whom are based in Vendée, France, with the remainder of the team, which supplies decision-making and data science applications, based at the Group's corporate headquarters. 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 software developed by third parties for other technological 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 140 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.

6.4.12.1 Technology Architecture

6.4.12.1.1 Hardware

The Group's servers and networks are hosted, maintained and monitored by a subsidiary of Econocom Group, a third-party service provider. The servers are located in two data centers in the south of France, where they store most of the data collected by the Group, as well as hosting its front- and back-end systems. The Group's platform features industry-standard automatic data backup, redundancy and disaster business continuity systems managed 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.

6.4.12.1.2 Software

The Group's modular and scalable technology platform is structured around a *Database Management System* which involves 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 an international web gateway tailored for each of the eight countries in which it operates and an international mobile gateway supporting its mobile apps and mobile versions of its websites. The Group developed all of its front-end systems in-house, including its several dedicated mobile apps and its websites, based on a Microsoft .NET software framework, and on the native languages of the android and iOS mobile systems. These front-end gateways comprise all the Group's consumer-facing functions and are analyzed 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 easy data segmentation 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 support activities and in technology projects.

6.4.12.2 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.

6.4.13 Customer Service

The Group considers that the attention paid to its members is a key factor in helping to increase their loyalty. With this in mind, the Group strives to provide quick and reliable customer service and to make regular improvements in all aspects of its members' experience. The Group handles all customer

questions and requests for assistance (help with the order, questions about products, order status, deliveries, payments, and so on). Member feedback is regularly monitored using a business analytics platform to identify areas for improvement. The Group continues to work on all aspects of its supply chain to continue to improve its performance.

The Group has an in-house team of 61 as of December 31, 2018. It also uses the services of professional customer relations service providers, notably ADM Value and WebHelp.

6.5 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 (83 % in 2018) is generated in France. The principal regulations governing the Group's business are summarized below.

As a result of its presence in several 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.

6.5.1 Consumer Protection Regulations

6.5.1.1 Consumer Protection Law and E-Commerce

6.5.1.1.1 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.

6.5.1.1.2 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.

6.5.1.1.3 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.

6.5.1.1.4 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.

6.5.1.1.5 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.

6.5.1.2 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.

6.5.1.3 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 of January 3, 2008, 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 offence incur a fine of €1,500,000. 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.

6.5.1.4 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.

6.5.1.5 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.

6.5.1.6 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, 2004 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.

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.

6.5.1.7 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.

6.5.1.7.1 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 1245-1 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. 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. 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, defines 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.

6.5.1.7.1.1 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.

6.5.1.7.1.2 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.

6.5.1.7.1.3 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.

6.5.1.7.1.4 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. The professional informs 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).

6.5.2 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.

6.5.2.1 Processing Performed within the European Economic Area

On April 14, 2016, the General Data Protection Regulation (hereinafter the "Regulation" was finally adopted by the European Parliament. This Regulation 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. The Regulation entered into full force and effect on May 24, 2016, and was applicable as of May 25, 2018. Certain provisions of the Regulation were already incorporated into French law before that date in the Law for a Digital Republic of October 7, 2016, and other provisions were included in Law 2018-493 of June 20, 2018. 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.

The Regulation applies to both automated and non-automated processing of personal data if such data are 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 Regulation, a "controller" (as opposed to a mere data processor working for a third party) means the person or entity which, alone or jointly with others, determines the purposes and the method of processing the personal data.

The Group acts mainly as a data controller for each of its activities that involve 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 Regulation for processing personal data, including the consent of the person concerned or the necessity of processing data to permit the data controller to achieve a legitimate interest or perform an agreement with the person in question;

- 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 origins; political, philosophical or religious opinions; union membership; or health or sexual preferences), such as ensuring that the persons concerned have given their express consent or that the processing is based on one of the exceptions provided for by the Regulation to permit such processing (for example, when the processing is necessary to permit the defense of the vital interests of the person concerned or those of another person, or when it relates to data that has clearly been made public by the person concerned, 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 Regulation, to inform the persons concerned, particularly when their personal data is being processed, of the recipients of the data; the identity of the data controller and its intentions, the duration for which 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 Binding Corporate Rules or the Privacy Shield; 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 shipments, and implement its payment systems. These service providers are "data processors" (as defined by the Regulation) 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 data processor since the Regulation of May 25, 2018 became applicable. Unlike the Personal Data Directive, the Regulation imposes certain obligations on subcontractors, in particular as regards notification of infringements of personal data rights and expressly stipulates 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.

The violation of these obligations by a data controller may be subject, depending on the country, to administrative, civil or criminal sanctions and, particularly in France, to finds that may be as high as €20 million or, for companies, 4% of global annual revenues (the higher amount is used), with the possibility for users also to obtain reparations since the entry into force of the Regulation.

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.

6.5.2.2 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.

6.5.3 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.

6.5.4 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).

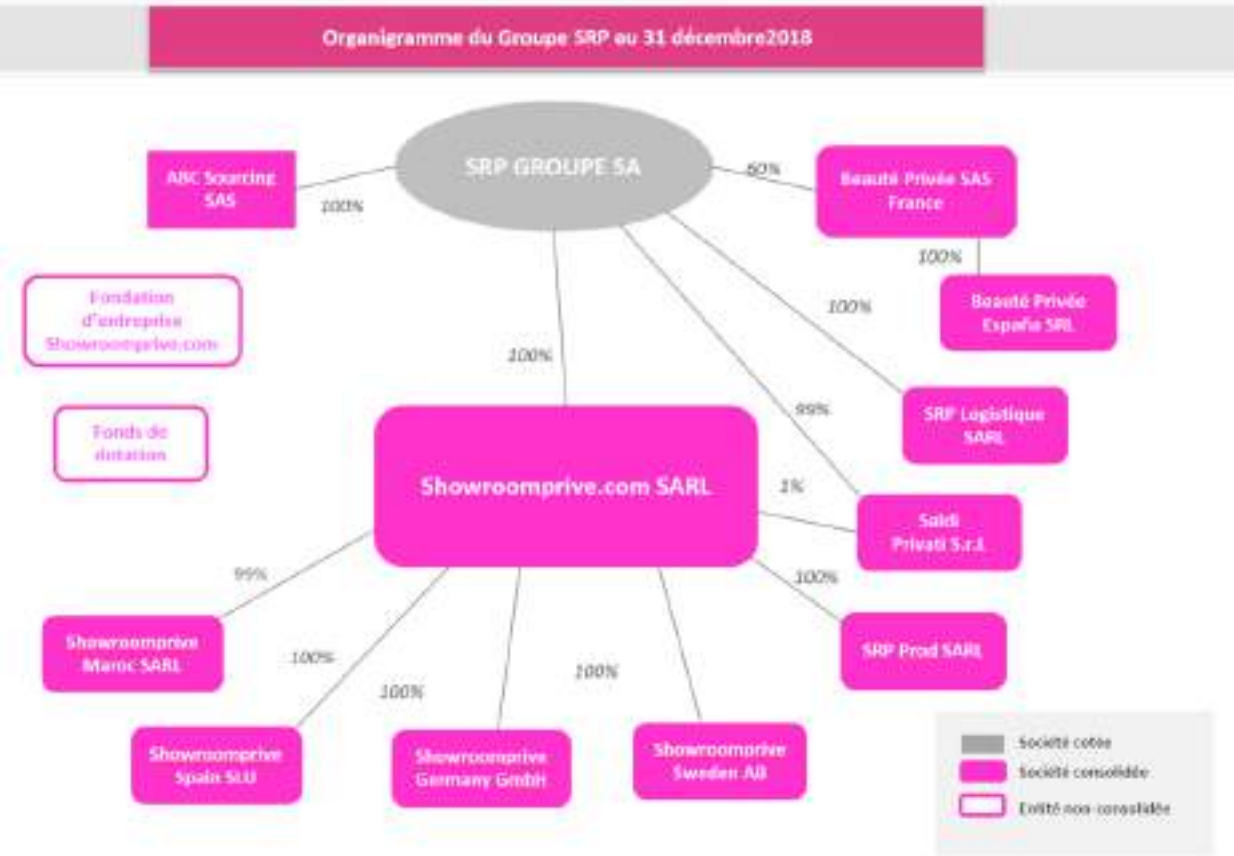
Travel agents are subject to special regulations including, in particular, a specific disclosure obligation (Articles L. 211-8 and R. 211-4 of the French Tourism Code) and certain formalities required for travel sales (Articles L. 211-10 and R. 211-6 of the French Tourism Code).

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 ORGANIZATION

7.1 GROUP ORGANIZATIONAL CHART

The organizational chart below shows the Group's legal structure at December 31, 2018.



7.2 SUBSIDIARIES AND EQUITY INVESTMENTS

SRP Groupe S.A. is the Group's parent company and is the principal company in terms of the Group's French tax consolidation structure (see Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ending on December 31, 2018" 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 its 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.

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 its 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 logistical 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 its registered office at 1 rue des Blés, ZAC Montjoie, 93212 La Plaine Saint-Denis Cedex, 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 brought into the scope of consolidation on October 1, 2016. ABC Sourcing SAS specializes in major sporting good brand clearance sales exclusively for retailers.

Saldi Privati S.r.l. is an Italian limited liability company, with share capital of €303,030.30 and registered office at via Vincenzo Forcella 13, 20121 Milan, Italy. The Company directly holds 99% of the share capital and voting rights of Saldi Privati. The balance of Saldi Privati's capital is held directly by Showroomprive.com S.à.r.l., a Group subsidiary that acquired this stake in the spin-off of the assets of the business of Showroomprivée Italy S.r.L., which was wholly owned by Showroomprive.com S.à.r.l. and which was liquidated on October 31, 2018. Saldi Privati has been included in the scope of consolidation since November 1, 2016, and specializes in event sales in Italy, focusing specifically on fashion-related products.

Beauté Privée SAS is a simplified limited liability company (société par actions simplifiées) under French law with share capital of €100,000 and its registered office at 684 avenue du Club Hippique, Immeuble le Patio du Club Hippique, 13100 Aix-en-Provence, France. It is entered in the Trade and Companies Register of Aix-en-Provence under number 500 209 150. The Company directly holds 60% of the share capital and voting rights of Beauté Privée SAS. Beauté Privée SAS has been included in the scope of consolidation since March 15, 2017, the date of the acquisition. Beauté Privée SAS specializes in event sales of beauty products. Furthermore, Beauté Privée SAS holds 100% of the share capital of Beauté Privée España SLU.

The Group's remaining subsidiaries shown in the chart above include five companies (held via Showroomprive.com S.à.r.l..), which manage most of the Group's businesses in Italy, Spain, Germany, Morocco and Sweden, as well as SRP Prod, which manages certain event and communications operations for the Group.

Finally, Showroomprivé Store S.à r.l. (formerly SR30), which became dormant following the closing in May 2016 of the physical store in Paris, which it managed, was the subject of a universal transmission of assets to the parent company SRP Groupe S.A, effective as of February 5, 2018.

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, 2018, the Group owned property, plant and equipment with a total gross value of €37.9 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: the sites, all of which are rented, include the Group's headquarters at La Plaine Saint-Denis, as well as premises in Roubaix, the Group also rents premises in Olonne-sur-Mer and Saint-Witz in Sweden, Germany, Spain and Italy;

- warehouses: the warehouses located at Marly are covered by finance leases (which were the subject of a sale agreement dated December 28, 2017 that is to take effect in April 2019) and warehouses located at Saint-Witz which are held under subleases;

- 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 in Progress" 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 2018 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 Appendix IV "Declaration of non-financial performance" to 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 ending on December 31, 2018 and 2017 should be read together with the Group's annual consolidated financial statements for the year ending on December 31, 2018 as shown in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ending on December 31, 2018" in this Registration Document.

The Group's annual consolidated financial statements for the fiscal year ending on December 31, 2018 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 ending on December 31, 2017 include comparative information for the fiscal year ending on December 31, 2016. The Company statutory auditors' audit report on the Group's consolidated financial statements for the fiscal year ended December 31, 2018 is included in Section 20.1.2 "Statutory Auditors' Report on the Financial Statements of SRP Groupe for the Fiscal Year Ending on December 31, 2018" 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 ending on December 31, 2017 and 2016 is shown in Chapter 9 "Operating and Financial Review" in the 2017 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, 2018, the Group operates in France (its primary market) and in eight other 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.

With continued growth in both its French and international markets since the second quarter of 2018, the Group's revenues increased by 3% in 2018 over 2017. Group EBITDA was €5.1 million for the period, for an EBITDA margin of 0.8%, compared to 2.0% in 2017. The margin in 2018 was negatively impacted by the Saldi Privati logistics contract with unfavorable terms that ended in 2018, and by the full-year effect of the growth investments made in the second half of 2017 (expansion of the sales, IT, and international teams and the creation of an SRP Media team). The EBITDA margin improved to 1.7% over the second half of the year, an increase of 1.1 points over the same period the previous year, primarily driven by the combined impact of the improvement in the gross margin and a more measured increase over a full year in general and administrative costs, which benefited from savings plans, even resulting in a drop in those costs from the first to the second half of 2018.

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 ending on December 31, 2018 and 2017.

	Fiscal year ending on December 31,		% change
	2018	2017	2017 vs 2018
	(€ thousands)		
Internet revenues[(1)]			
France	546 223	518 712	5,3%
International markets	112 302	111 169	1,0%
Total Internet revenues	**658 526**	**629 882**	**4,5%**
Other revenues [(2)]	13 708	25 089	-45,4%
Total revenues	**672 233**	**654 971**	**2,6%**
EBITDA[(3)]			
France	15 739	25 722	-38,8%
International markets	-10 619	-12 659	16,1%
Total EBITDA	**5 120**	**13 063**	**-60,8%**

(1) "Net internet revenues" 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 by consumers in Western Europe grew from €140 billion in 2012 to €285 billion in 2018, an average annual growth rate of 12.6%. According to Euromonitor International, these sales must reach €380 billion by 2021, or an annual average growth rate of 11.7% from 2012 to 2021. 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 western European consumers online via mobile devices is expected to increase from €99 billion in 2018 to €156 billion in 2021. In addition, in the western European online retail market, the percentage of purchases made from mobile devices is expected to increase from 34.81 % in 2018 to 40.9% by 2021 (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, 2018, the Group's mobile applications were downloaded more than 2.6 million times for 2018 alone. The Group's mobile website is a key component in the Group's business, accounting for approximately 81% of traffic and 66% of gross internet sales in 2018. Growth in the percentage of members using the Group's mobile apps is a significant driver of average net revenue per buyer. Mobile users typically visit the Group's platform more frequently on average and place 1.7 times the number of orders than users connecting to the site via a computer (around 9.9 million orders per year made on mobile devices compared with 5.1 million orders per year made via computer). At the same time, the increase in the number of members using the Group's mobile applications also has a positive impact on marketing expenses, because these applications generally allow the Group to use a broad range of customer loyalty tools, such as notifications and alerts. These tools minimize costs and mean that the Group does not have to use outside service providers for advertising campaigns.

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 through its *Customer Relationship Management* (CRM) system, which includes e-mail and mobile *"push"* communications. The Group monitors and analyzes purchase behavior over time in order to evaluate trends in purchasing behavior and the success of its marketing expenditures and 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 2018, the Group continued to attract new partner brands to its platform and, at the same time, maintained good relationships with existing brand partners. 89% of the Group's gross internet sales in 2018, for example, were generated by private sales of partner brands having already featured in sales on the Group's platform in the past.

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. Thus, in 2018, revenues generated with the leading partner brands rose nearly 60% over 2017.

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.

As of December 31, 2018, the Group thus offered local versions of its mobile apps and regular website in eight countries other than France (Italy, Spain, Belgium, Portugal, Germany, the Netherlands, Poland and Morocco). In addition, the Group had also opened its platform to members from more than 160 countries who can make purchases in their local currency through the Group's English-language website.

In the context of its "Performance 2018-2020" plan, the Group announced early in 2019 its intention to streamline its International presence by focusing its efforts on its key geographies and by closing its German, Polish and multi-currency online sites. 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 relies on rolling out innovations and conversion 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 in the first half of 2016, and in Italy and Belgium in 2017), to strengthen member engagement and loyalty and accelerate new buyer conversion.

In 2016, the Group decided to make an acquisition in Italy, where it had 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. 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), making the Group the second largest player in the sales event market in Italy[1]. In June 2018, the Group signed an agreement with Eprice on the recovery of a portion of the Saldi Privati purchase price and on unwinding the logistics contract signed with Eprice at the time of the Saldi Privati acquisition. Under this agreement, the Group obtained a reimbursement of €2.5 million on the purchase price from Eprice for failure to achieve performance criteria, and was granted early unwinding, as of June 30, 2018, of the logistics contract signed with Eprice in return for the payment of an indemnity of €2 million for early termination. This acquisition, which was finalized in November 2016, has also allowed the Group to take an important step towards the deployment of its multi-site strategy abroad by relying on Saldi Privati's existing local teams to accelerate its growth in Italy. In 2017, the Group finalized the integration of Saldi Privati and completed the full merger of its sales platforms in Italy. With respect to the "items related to the integration of Saldi Privati, the Group signed an agreement with Eprice on June 29, 2018 for the recovery of a portion of the Saldi Privati purchase price and on unwinding the logistics contract signed with Eprice at the time of the Saldi Privati acquisition. Under this agreement, the Group obtained a reimbursement of €2.5 million on the purchase price from Eprice for failure to achieve performance criteria, and agreed on early unwinding, as of June 30, 2018, of the logistics contract signed with Eprice in return for the payment of an indemnity of €2 million for early termination. The unwinding of the logistics contract resulted in the recovery of the balance of the unfavorable contract provision (€+4.9 million) recognized in the allocation of the acquisition price in 2017.

The Group recorded €112.3 million in international internet revenues in 2018, representing more than 17% of total revenues.

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

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:

- 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. For more information about this shareholders' agreement, see Section 9.1.4.1 "Cost of goods sold" of this Registration Document.

- 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. For more information about this shareholders' agreement, see Section 9.1.4.3 "Marketing Expenses" of this Registration Document.

- 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 third-party logistics providers, 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. For more information, see Section 9.1.4.4 "Logistics & Fulfillment Costs" of this Registration Document.

- 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. 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 46% of the Group's gross internet sales in 2018. 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 decreased in 2018 from 2017. In 2018, 75% of the Group's gross internet sales were generated from

private consignment sales, compared with 71 % in 2017. 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. The Group endeavors to manage its operations to ensure that the additional gross margin on products purchased on a firm basis offsets the additional logistics and storage costs for products purchased on a firm basis compared to products purchased on a consignment basis. 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. A slowdown in economic growth in Europe from the levels reached in 2017 is now expected in 2018 and 2019. In January 2019, the IMF projected Eurozone GDP growth of 1.6% in 2019 and 1.7% in 2020, and GDP growth in France of 1.5% in 2019 and 1.6% in 2020 (Source: Update of IMF World Economic Outlook, January 2019).

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 revenues" and which accounted for 98% of the Group's total net revenues in 2018. Net internet revenues 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% in 2018) 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 buyers and cumulative buyers for the years ending on December 31, 2018 and 2017.

	December 31, 2018	December 31, 2017	% Growth
Cumulative buyers[2] *(as of the date indicated) (in thousands)*			
France	7,200	6,442	11.8%
International markets	1,831	1,505	21.7%
Total cumulative buyers	**9,031**	**7,947**	**13.6%**
Buyers[3] *(for the year ending at the date indicated)(in thousands)*			
France	2,783	2,817	-1.2%
International markets	698	738	-5.4%
Total buyers	**3,481**	**3,555**	**-2.1%**

- Conversion of members to buyers and repeat buyers. Once the Group has attracted members to its platform, it seeks to convert them into buyers and to encourage buyers 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: 70% of the Group's buyers in 2018 had already made at least one purchase in a prior period and 82% of its gross internet sales in 2018 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. The Group generally converts a certain percentage of new members to buyers in the first year of registration. The Group generally succeeds, based on historic conversion rates, in converting members to buyers more than one year after registration. In 2018, the Group recorded an average of 66.6 million visits per month, and 3.4 million members were buyers in 2018. 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 ending on December 31, 2018 and 2017.

	Fiscal Year Ending on December 31,		**(% change)**
	2018	**2017**	**2018 vs. 2017**
Average revenue per buyer (in euros)			
France	180.3	175.2	2.9%
International markets	159.1	149.7	6.3%
Total	**176.0**	**169.9**	**3.6%**
Average number of orders per buyer			
France	4.4	4.6	-4.2%
International markets	4.1	3.7	9.1%
Total	**4.3**	**4.4**	**-1.8%**
Average basket size (in euros)			
France	41.0	38.2	7.4%
International markets	38.9	40.0	-2.6%
Total	**40.6**	**38.5**	**5.5%**

- Average number of 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 2018, the Group's mobile users placed 1.7 times as many orders as members using the desktop site. The Group's mobile website is a key component in the Group's business, accounting for approximately 81% of traffic and 66% of gross internet sales in 2018.

- *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-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. Fashion sales account for most of the Group's revenues and contributed 54% of gross internet sales in 2018 (53% in 2017).

- *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, which are 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 this 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. 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 Operating 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. See Note 5.1 to the Group's consolidated annual financial statements for the year ending on December 31, 2018. 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 2.9 and 5.1 to the Group's consolidated financial statements for the year ending on December 31, 2018.

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. 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 Income

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 carries no financial debt other than the finance leases on equipment used in its warehouses and the undrawn lines of financing that represented, at December 31, 2018, approximately €5 million for a revolving credit line contracted in 2017 with BNP Paribas, €10 million for a new revolving credit line granted by Société Générale in December 2018, and €3 million under a credit agreement signed with Bpifrance and overdraft lines authorized with various Group banks. 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, 2018 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 finance leases. The net finance cost will also be affected by the provisions of these leases.

9.1.4.11 Other financial income and expense

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 Income Tax

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

EBITDA (*Earnings before interest, tax, depreciation and amortization*) 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 1.4 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 3%, from €655 million in 2017 to €672 million in 2018.

The following table sets forth a reconciliation of gross internet sales with IFRS net internet sales for the years ending on December 31, 2018 and 2017.

	Year ending on December 31	
	2018	**2017**
Total gross internet sales[1]	**906,729**	**873,600**
VAT[2]	**(142,575)**	**(143,522)**
Revenue recognition impacts[3]	(120,172)	(105,743)
Non-internet and other revenue[4]	28,252	30,635
Net revenues (IFRS)	**672,233**	**654,970**

(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 1.13 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 ANNUAL RESULTS FOR THE YEARS ENDING ON DECEMBER 31, 2018 AND 2017

The table below shows the Group's consolidated statement of income for the years ended December 31, 2018 and 2017, in thousands of euros.

Line items in the consolidated income statement

	Year ending on December 31		(% change)
	2018	2017	2018 vs 2017
	(€ thousands)		
Internet revenues			
France	546,223	518,712	5.3%
International markets	112,302	111,169	1.0%
Total internet revenues	**658,526**	**629,882**	**4.5%**
Other revenue [(1)]	13,708	25,089	-45.4%
Total revenues	**672,233**	**654,971**	**2.6%**
Cost of goods sold	(428,465)	(416,003)	3.0%
Gross Margin	**243,768**	**238,967**	**2.0%**
Marketing [(2)]	(34,551)	(34,420)	0.4%
Logistics & Order Fulfillment	(157,895)	(150,497)	4.9%
General & Administrative Expenses	(56,976)	(50,802)	12.2%
Current Operating Income	**(5,653)**	**3,249**	**-274.0%**
Cost of Share-based Payments	(1,784)	(2,707)	-34.1%
Other Operating Income and Expenses	1,104	(7,879)	-114.0%
Operating Income	**(6,334)**	**(7,337)**	**-13.7%**
Net finance cost	(224)	(178)	25.8%
Other financial income and expense	(77)	(408)	-81.1%
Profit Before Tax	**(6,636)**	**(7,923)**	**-16.3%**
Income Tax	2,280	2,689	-15.2%
Net income	**(4,356)**	**(5,234)**	**-16.8%**

[(1)] "Other" revenues consist primarily of revenue generated by the Group through its offline sales to wholesalers.
[(2)] In accordance with the recommendations of the AMF, amortization of intangible assets recognized at the time of a business combination is presented through "current operating income" within marketing expenses.

The table below shows selected financial data from the Group's consolidated statement of income and consolidated financial statements for the years ending on December 31, 2018 and 2017 as a percentage of net revenues.

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

	Year ending on December 31	
	2018	2017
	(*as a % of revenues*)	
Internet revenues		
France	81.3%	79.2%
International markets	16.7%	17.0%
Total internet revenues	**98.0%**	**96.2%**
Other revenues	2.0%	3.8%
Total revenues	**100%**	**100%**
Cost of goods sold	(63.7)%	(63.5)%
Gross Margin	**36.3%**	**36.5%**
Marketing	(5.1)%	(5.3)%
Logistics & Order Fulfillment	(23.5)%	(23.0)%
General & Administrative Expenses	(8.5)%	(7.8)%

Current Operating Income	**(0.8)%**	**0.5%**
Cost of Share-based Payments	(0.0)%	(0.4)%
Other Operating Income and Expenses	(0.0)%	(1.2)%
Operating Income	**(0.9)%**	**(1.1)%**
Net finance cost	(0.0)%	(0.0)%
Other financial income and expense	(0.0)%	(0.1)%
Profit Before Tax	**(1.0)%**	**(1.2)%**
Income Tax	0.3%	0.4%
Net income	**(0.6)%**	**(0.8)%**

The table below shows selected information on the results of the Group's operations for the years ending on December 31, 2018 and 2017.

***Selected operating information*[(1)]**

	December 31, 2018	December 31, 2017	% Growth
CUSTOMER INDICATORS			
Cumulative buyers[(2)]			
(as of the date indicated) (in thousands)			
France	7,200	6,442	11.8%
International markets	1,831	1,505	21.7%
Total cumulative buyers	**9,031**	**7,947**	**13.6%**
Buyers[(3)]			
(for the year ending at the date indicated)(in thousands)			
France	2,783	2,817	-1.2%
International markets	698	738	-5.4%
Total buyers	**3,481**	**3,555**	**-2.1%**
Internet revenue per buyer[(5)]			
(for the year ending at the date indicated)(in euros)			
France	180.3	175.2	2.9%
International markets	159.1	149.7	6.3%
Total Group	**176.0**	**169.9**	**3.6%**
ORDERS			
Orders[(4)]			
(for the year ending at the date indicated)(in thousands)			
France	12,232	12,921	-5.3%
International markets	2,854	2,766	3.2%
Total orders	**15,085**	**15,687**	**-3.8%**
Average number of orders per buyer[(6)]			
(for the year ending at the date indicated)			
France	4.4	4.6	-4.2%
International markets	4.1	3.7	9.1%

Total Group	**4.3**	**4.4**	**-1.8%**
Average basket size [7]			
(for the year ending at the date indicated)(in euros)			
France	41.0	38.2	7.4%
International markets	38.9	40.0	-2.6%
Total Group	**40.6**	**38.5**	**5.5%**

[1] Excluding Beautéprivée in 2017

[2] "Cumulative buyers" is defined as the cumulative number of buyers who have made at least one purchase on the Group's platform at any time since its launch.

[3] "Buyers" is defined as the number of buyers who have made at least one purchase on the Group's platform during a given year.

[4] "Orders" is defined as the total number of orders placed on the Group's platform during the given year.

[5] "Internet revenue per buyer" is calculated as the Group's total net internet sales during the applicable year divided by the number of buyers during that year.

[6] "Average orders per buyer" is calculated as the total orders placed on the Group's platform during the applicable year divided by the total number of buyers during that year.

[7] "Average basket size" is calculated as the Group's total net internet revenues recorded on the Group's platform during the given year divided by the total number of orders placed on the Group's platform during the given year.

9.2.1 Revenues

The Group's net revenues rose 3% in 2018 (from €655.0 million in 2017 to €672 million in 2018), driven primarily by the growth in internet revenues in France.

Group internet revenues increased 4.5% in 2018 (from €629.9 million in 2017 to €658.5 million in 2018), driven by France where sales rose 5.3% and by the Group's international business, which posted growth of 1%.

France. In 2018, the Group's internet revenues in France were up €27.5 million (an increase of 5.3%) (rising from €518.7 million in 2017 to €546.1 million in 2018).

International. In 2018, internet revenues in the Group's international markets were up 1.1 million euros (an increase of 1.0%) (rising from 111.2 million in 2017 to €112.3 million in 2018).

The Group's internet revenues growth in 2018 came from a continual increase in average revenue per buyer, both in France and in the international markets, driven by the increase in the average basket in France and by an increase in the average number of orders per buyer in the international market. This can be partially explained by the tangible improvement in user experience and customer satisfaction, driven by the Group's initiatives implemented during the 2017 fiscal year (launch of personalization in all purchasing platforms, launch of a drop shipment offer, rollout of digital innovations, and so on).

Buyers. The Group continues to perform dynamically, with nearly 1.1 million new buyers in 2018. The number of buyers in 2018 totaled 3.5 million, a decline of -2.1% compared to the previous year. The impact of the drop in the number of buyers was more than offset by the increase in average revenue per buyer.

Average revenue per buyer. Average revenue per buyer continued to grow substantially (up 3.6% in 2018) to reach €176.0. In 2018, this increase was primarily due to the approximately 5.5% increase in average basket size, which reached €40.6 and generally offset the slight decline in number of orders by buyer (-2.1% from the previous year).

As in 2017, growth in the Group's internet sales remained strong in 2018 due to the growing importance of mobile devices, which now generate 82% of traffic and 66% of gross internet sales in 2018, i.e. an increase of 6 points over 2017 (62%). Mobile users, on average, place 1.7 times more orders per buyer than customers placing orders via their desktop (about 9.9 million orders per year made from mobile devices versus 5.1 million 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 by €4.8 million in 2018 (an increase of 2.0%) (increasing from €239.0 million in 2017 to €243.8 million in 2018).

The gross margin represented 36.3% of revenues in 2018, down slightly by 0.2 point from 2017. The change in the gross margin rate observed reflects the combined effect of a 2.4 point drop in the first half to 35%, under the impact of the flow of firm purchases made in 2017 under less favorable conditions and a clear improvement in the second half (+1.7 point to 37.4%). The progress made in the second half was possible thanks to an increased level of commercial standards, greater selectivity, a reduction in the weight of firm sales (25% of revenues, down 4 points) and the growth of SRP Media.

9.2.3 Marketing

The Group's marketing costs in absolute value rose 0.4% in 2018 (from €34.4 million in 2017 to €34.5 million in 2018). As a percentage of Group revenues, marketing costs fell 20 basis points, from 5.3% of revenues in 2017 to 5.1% in 2018.

9.2.4 Logistics & Order Fulfillment

Logistics and fulfillment costs as a percentage of revenues rose from 23% in 2017 to 23.5% in 2018 (an increase of 5 basis points), under the impact of the Saldi Privati logistics contract under unfavorable terms that ended in late 2018. Restated for this increase, they would have remained stable as a percentage of revenues.

9.2.5 General & Administrative Expenses

General and administrative expenses as a percentage of revenues went up from 7.8% of revenues in 2017 to 8.5% of revenues in 2018, driven by the full-year effect of the investments made in the second half of 2017 (expansion of the sales, IT, and international teams and the creation of an SRP Media team. The first effects of the cost savings plans began to appear in the second half of 2018 with a decrease of nearly half a million euros in structural costs from the first half of the year.

9.2.6 Current Operating Income

Reflecting the trends described above, the Group's current operating income declined from €3.2 million in 2017 to -€5.7 million in 2018. As a percentage of revenue, current operating income fell from 0.5% in 2017 to -0.8% in 2018.

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

The amortization of intangible assets recognized at the time of a business combination is primarily related to the straight-line depreciation of the value of member files and the technology considered to have been acquired by the Group as part of the corporate reorganization resulting in the Group's creation in 2010, or other acquisitions made since that date. It amounted to €1.1 million for the year ending on December 31, 2018, compared to €1.3 million for the year ending on December 31, 2017. In accordance with the recommendations of the AMF, the corresponding amount is presented through "current operating income" within marketing expenses.

9.2.8 Cost of Share-based Payments

The cost of payments in shares of the Group decreased from €2.7 million in 2017 to €1.7 million in 2018; this decrease is primarily due to the cancellation of the rights of some beneficiaries related to the failure to achieve the employment condition as employee or corporate officer of the Group stipulated in the regulations of the bonus share allotment plans for beneficiaries considered at the end of fiscal year 2018.

9.2.9 Other Operating Income and Expenses

Other operating income and expenses represented a net expense of €1.1 million in 2018 (versus €7.9 million in 2017), primarily consisting of restructuring expenses, fees related to mergers and acquisitions (€0.9 million), donations to the Showroomprivé Foundation and the endowment fund (€0.4 million), non-recurring fees (€1.3 million), profits related to the consolidation of Saldi Privati (€5.2 million), and costs incurred for commercial disputes (€0.4 million).

9.2.10 Operating Income

In line with the factors described above, the Group's operating profit rose from €(7.3) million in 2017 to €(6.3) million in 2018.

9.2.11 Net finance cost

The Group's net finance remained stable at €0.2 million in 2017 and 2018.

9.2.12 Other financial income and expense

Other financial income and expenses represented a net expense of €(0.08) million in 2018 versus €(0.4) million in 2017.

9.2.13 Profit Before Tax

The Group's profit before tax increase from €(7.9) million in 2017 to €(6.6) million in 2018. This increase was primarily driven by the improvement in operating income (detailed above). The Group's profit as a percentage of revenues before tax improved from (1.2)% in 2017 to (0.09)% in 2018, reflecting a reduction the increase operating income as a percentage of net revenues.

9.2.14 Income Tax

The Group's tax income went from €2.7 million in 2017 to a tax income of €2.2 million in 2018. This tax income is reflects the combination of current tax expenses of €2 million and deferred tax income of €4.3 million.

9.2.15 Adjusted Net Income

Reflecting the factors described above, the Group's net income, adjusted for expenses related to the award of the bonus share plans in the context the listing of the Company's shares for trading on Euronext Paris, remained stable at €(2.5) million in 2017 and 2018.

The table below provides a reconciliation between the Group's adjusted net income and its net income.

	For the year ending on December 31,	
(€ thousands)	**2018**	**2017**
Net income	(4,355)	(5,234)
Cost of Share-based Payments	1,784	2,707
Adjusted net income[(1)].....	**(2,571)**	**(2,527)**

(1) The Group's adjusted net income corresponds to the line item "Net income" in the Group's income statement less cost of share-based payments.

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 revenues for the years ending on December 31, 2018 and 2017.

	Year ending on December 31				
	2018		2017		2018 vs 2017
	(in € thousands)	*as a % of net revenue*	*(in € thousands)*	*as a % of net revenue*	*% change*
Net income	(4,356)	(0.6) %	(5,234)	(0.8) %	16.80%
Depreciation of intangible assets recognized at the time of a business combination	1,134	0.2%	1,372	0.2%	(17.3)%
Amortization and depreciation of capital assets	9,640	1.4%	8,443	1.3%	14.2%
Of which, amortization associated with logistics and order processing	2,583	0.4%	*2,040*	*0.3%*	26.6%
Of which, amortization associated with general & administrative expenses	7,056	1.0%	*6,403*	*1.0%*	10.2 *%*
Cost of share-based payments	1,784	2.6%	2,707	0.4%	(34.0)%
Non-recurring items[(1)]	(1,104)	(0.4)%	7,878	1.2%	(114.0)%
Net finance cost	224	0.0%	178	0.0%	25.8%
Other financial income and expense	77	0.0%	408	0.1%	(81.1)%
Income tax	(2,280)	(0.3)%	(2,689)	(0.4)%	(15.2)%
EBITDA	**5,120**	**0.8%**	**13,063**	**2.0%**	**(60.8)%**
France	15,739	*2.9%[(2)]*	25,722	*4.7 %[(2)]*	(38.8)%
International markets	(10,619)	*(9.5)% [(2)]*	*(*12,659*)*	*(11.3)%[(2)]*	(16.1)%

(1) This line item primarily comprises non-recurring items recognized in "Other operating income and expenses." 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 revenues in the relevant geographic region (France or International

EBITDA reached €5.1 million in 2018, down -7.9 million from 2017, i.e. an EBITDA margin of 0.8 % of revenues in 2018, a drop of 1.2 point from 2017, impacted in the first half by the decline in business early in the year and the flow of firm sale remainders made in 2017, as well as the investments announced in the Performance 2018-2020 plan. The EBITDA margin improved to 1.7% over the second half of the year, an increase of 1.1 points over the same period the previous year, primarily driven by the clear improvement in the gross margin and a more moderate increase in structural costs.

France. In 2018, the Group's EBITDA in France decreased by €10.0 million (a decline of 38.8%) (falling from €25.7 million in 2017 to €15.7 million in 2018), as profitability reached 2.8% in 2018.

International. The international business recorded losses of €10.6 million (versus a loss of €12.7 million in 2017).

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 ending on December 31, 2017 appearing in Chapter 10 "Review of the Group's Financial Position and Results" of this 2017 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 limited use of financing by borrowing. At December 31, 2018, its financial debt was €42.2 million and essentially represented an outside debt contracted in 2017 from BNP Paribas to finance the acquisition of Saldi Privati, a debt to the minority shareholders of Beautéprivée, in which it acquired a 60% stake in 2017, to purchase the remaining 40%, financing for the investments planned to internalize a portion of its logistics flows, and finance leases.

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. The Group has historically relied on the following sources of financing:

- *Cash flows from operating activities before tax*. The Group generated positive net cash flows related to operating activities before tax for the year ended December 31, 2018 (€4.6 million) compared with negative net cash flows of €33.4 million in 2017. 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. In 2017, taxes paid by the Group totaled €4.8 million. In 2018, the net taxes reimbursed to the Group amounted to €2 million and primarily reflect the reimbursement of interim corporate tax payments and tax credits.

- *Cash and cash equivalents.* Cash and cash equivalents recorded on the Group's balance sheet at December 31, 2018 and 2017 amounted to €80.4 million and €50.9 million, a net change in cash up €30 million over 2018. The net change in cash essentially reflects the capital increase of €38 million, the payments of earn outs to the sellers of Beauté Privée and ABC Sourcing, the reimbursement of a portion of the earn out related to the acquisition of Saldi Privati and the continuation of investment activities for the website and current projects to improve services and logistics in the amount of €15 million net of bank financing.

- *Finance leases.* The total amount outstanding under these finance leases was €1.4 million at December 31, 2018, and €2.4 million at December 31, 2017.

- *Financing*. In 2018, the Group obtained financing lines representing approximately €12 million under a credit facility agreement intended for its logistics investment contracted with Crédit Agricole in April 2018, €10 million for a new renewable line of credit granted by Société Générale in December 2018, €3 million under a credit agreement signed with Bpifrance, and

€2.6 million for financing receivables from the Treasury for the tax credit for competitiveness and employment.

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 2018, the Group also capitalized a portion of its development expenditures, consisting primarily of investments in IT development. Development 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. The Group's investment expenditures for the years ended December 31, 2018 and 2017 amounted to €18.3 million and €12.5 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

In accordance with Group practice, most of its sales are sales of products bought on a consignment basis. This trend generally enables the Group to create 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. As a result, the Group's working capital requirement is generally negative, meaning that the Group spends cash instead of accruing it. Thus, in 2018, firm sales represented 25% of the year's revenues (versus 29% in 2017) and the Group generated over €5 million in cash because of the decrease in its working capital requirements.

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, 2018 and 2017.

	Year ended December 31	
	2018	**2017**
	(*€ thousands*)	
Net cash flow from operating activities	6,710	(38,238)
Net Cash Flow From Investment Activity	(17,930)	(20,794)
Cash Flow From Financing Activity	40,737	12,912
Exchange rate fluctuation	10	(6)
Changes in cash and cash equivalents	29,527	(46,126)

10.5.1 Net cash Flow From Operating Activities

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

	Year ended December 31	
	2018	**2017**
	(*€ thousands*)	
Consolidated net income for the period	(4,355)	(5,234)
Elimination of depreciation, amortization and provisions and other eliminations	5,542	11,946
Cash flow from operations after tax and net finance costs	1,187	6,712
Tax for the period	(2,280)	(2,689)
Net finance costs	224	178
Impact of changes in working capital requirement	5,533	(37,627)
Including impact of change in stock	(6,116)	*(6,758)*
Including impact of change in trade accounts payable and receivable	28,557	*(25,466)*
Including impact of change in other receivables and payables	(16,908)	*(5,403)*
Cash flow from operating activities before tax	4,664	(33,426)
Current income, net of tax	2,046	*(4,812)*
Net cash Flow From Operating Activities	6,710	(38,238)

The Group's net cash flow from operating activities amounted to €6.7 million in 2018 and €(38.2) million in 2017. The decline in cash over 2017 was primarily the result of the drop in profitability, the changes in working capital requirements due to the greater than expected increase in the weight of firm sales. In 2018, the increase in cash flows from operation activities was primarily driven by the improvement in working capital requirements which generated more than €5 million in cash drawn by the decrease in firm sales, which fell 26% from 2017.

Change in working capital

Changes in the working capital requirement generated positive cash in the amount of €5.5 million in 2018 and negative cash of (€37.6) million in 2017. As described above in Section 10.4 "The Dynamics of Working Capital Requirements" of this Registration Document, the dynamics of the Group's working capital requirement is generally positive to the extent that most of the goods sold on the Group's platform are sourced on a consignment basis, even though 2017 was an exception to the rule given the increase in firm sales that year.

For Fiscal Year 2017, the change in the different components of the working capital requirement was negative, which partially explained the drop in cash for the year.

In 2018, changes in average inventory were low and changes in trade receivables much lower compared with the changes in average trade payables, which meant that changes in working capital requirements generated positive cash flows.

The cash flows generated by changes in working capital requirements were 0.8% and (5.7)% of revenue in 2018 and 2017.

10.5.2 Net Cash Flow 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	
	2018	**2017**
	(€ thousands)	
Impact from changes in scope ……	--	(8,331)
Acquisitions of intangible and tangible assets	18,306	(12,474)
Acquisition of stakes in associate companies	--	--
Net change in non-current financial assets.....	84	(32)
Proceeds from sale of intangible and tangible assets	112	43
Other flows from investment activity	180	--
Net Cash Flow From Investment Activity	(17,930)	(20,794)

In 2018, the Group generated negative cash flow from investment activity of (€17.9) million, versus (€20.8) million in 2017. This change was primarily due to continued investments in current projects to improve the productivity of the services. Investments in tangible and intangible non-current assets rose from €12.5 million in 2017 to €18.3 million in 2018, but 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 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	
	2018	**2017**
	(*€ thousands*)	
Capital increase and share premium	38,017	805
Net Sales (purchases) of treasury shares	(183)	(1,641)
New financial liabilities	21,700	22,500
Repayment of financial liabilities	(18,595)	(8,569)
Financial costs paid	(202)	(183)
Cash Flow From Financing Activity	40,737	12,912

In 2018, the Group generated positive cash flow from financing activity of €40.7 million, primarily from the €38 million capital increase and a bank loan in the amount of €12 million, the draws on which totaled €4.2 million at the end of 2018. In 2017, the Group generated positive cash flow from financing activity of €12.9 million, primarily the result of raising a bank loan.

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 2018 was €7.6 million, and was primarily devoted to improvements in its mobile apps and websites, efficiency improvements in its logistics and fulfillment and customer service systems, and the development of AI-based applications. 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 64-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 (the Windows system is no longer maintained), 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. In 2017, the Group deployed the search engine on its mobile apps.

- *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 over 100 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 6.4.12.1 "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 a 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. 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.

At the beginning of 2018, the Group also decided to internalize part of its logistics business through a €11 million investment in a mechanized warehouse that will allow it to directly handle and mechanize some of its flows of consignment sales and in this way significantly reduce the logistics fulfillment costs (40% reduction expected in costs per order on around 20% of flows by 2020). The investment will be spread over 2018 and 2019 and the site is scheduled to be operational sometime in 2019.

Please refer to Section 6.4.11 "Logistics and Fulfillment" of this Registration Document 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 foreign 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 “showroomprivé”. 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 in terms of marketing and customer relations management;

(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 “showroomprivé” 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 "showroomprivé" 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 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 integrate spaces to sell products marketed by the Group on their own websites. 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 operations in which the brands of the commercial partner 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 2017 and 2018, 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

In 2019, the Group reaffirmed its desire to focus as a priority on continuing solid, sustainable and profitable growth, built on its strong relationships with the brands and its members. This is in line with its continued efforts to improve operational efficiency and develop new growth opportunities it initiated within the context of its "Performance 2018-2020" Plan.

1. **Strong levers to improve profitability**
   As a result, the Group confirms its priority to rapidly return to profitability levels close to historical highs by acting on the following levers:

   - Improvement in gross margin
     - Continued selectivity and requirements for purchasing conditions
     - Operational improvement in handling returns
     - Development of SRP Media
     - Optimization of firm purchases

   - Concentration of efforts on key geographies
     - Closing of the B2C activities in Germany, Poland and multi-currency sites

   - Savings plan and production gains of €8 to 10 million by 2020.
     - Strict control of operating expenses
     - Simplification of the organization and gains in productivity
     - Optimization of marketing expenditures

   - Finalization of the logistics investment (to partially internalize logistics and thus generate productivity gains and cost savings, with a positive impact of around €4 million on EBITDA by 2020)

2. **New growth opportunities and medium-term margin driven by the Group's strategic priorities**

- The Group will continue to develop its three medium-term strategic vectors unveiled in the "Performance 2018-2020" Plan.

- Continued development of SRP Media and sharp acceleration of the Data activity
- Partnership with Carrefour rich in achievements and future projects
- Start-up in line with the calendar for the new mechanized warehouse in the third quarter of 2019 to internalize some of the Group’s logistics flows.

13. PROFIT FORECASTS OR ESTIMATES

Not applicable.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES

The Company is a corporation (*société anonyme*) with a board of directors. A description of the main provisions of the Company's bylaws, particularly the operations and powers of the Board of Directors, as well as a summary 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 Appendix II "Report of the Board of Directors on Corporate Governance" and in Section 21.2 "Articles of Incorporation and Bylaws".

14.1.1 Board of Directors

14.1.1.1 Composition of the Board of Directors

The table showing the members of the Board of Directors at December 31, 2018 and the principal offices and positions held by Board members in the Company and outside the Group during the last five years is provide in Appendix II "Report of the Board of Directors on Corporate Governance" in this Registration Document.

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.

Changes in the composition of the Board of Directors during the year ended December 31, 2018

Alexandre Nodale resigned from his position as director of the Company with effect from February 7, 2018 following the effective acquisition of a block of shares representing approximately 17% of the Company's shares by Carrefour from Conforama. Upon a proposal by Carrefour, Marie Cheval was co-opted by a decision of the Board of Directors on February 15, 2018. This appointment was ratified by the Annual Shareholders' Meeting on June 14, 2018.

Furthermore, the terms of Marie Ekeland and Luciana Lixandru expired at the end of the annual shareholders' meeting of June 14, 2018. In this regard, the Annual Shareholders' Meeting of June 14, 2018, on the recommendation of the Board of Directors at its meeting of April 12, 2018, re-elected Marie Ekeland and Luciana Lixandru to the Board for a four-year period, which is until the end of the Annual Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2021.

Luciana Lixandru resigned from the Board of Directors of the Company, effective July 26, 2018. To replace her, Cyril Vermeulen was named by a decision of the Board of Directors on July 26, 2018. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

Marie-Estelle Taudou Miquelard resigned as director of the Company, effective July 26, 2018 and has not been replaced.

Marie Cheval resigned from the Board of Directors of the Company, effective November 30, 2018. On the proposal of Carrefour, Amélie Oudéa-Castera was appointed by the Board of Directors at its meeting of November 30, 2018. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

Changes in the composition of the Board of Directors that have occurred since the year ended December 31, 2018

Alix Laine resigned from the Board of Directors of the Company, effective April 17, 2019. To replace her, Irache Martinez Abasolo was named by a decision of the Board of Directors on April 17, 2019. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

Non-voting observer

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 annual shareholders' meeting.

Upon a proposal by Carrefour, Frédéric Haffner, Executive Director Strategy and M&A of Carrefour, was been appointed as a non-voting observer by the Board of Directors at its meeting on February 15, 2018, for a four-year term, i.e. until the end of the general meeting called to approve the financial statements for the fiscal year ended December 31, 2022. This appointment was ratified by the Annual Shareholders' Meeting on June 14, 2018.

14.1.1.2 Biographical Information about the Members of the Board of Directors at December 31, 2018

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 November 8, 2017. 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.

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 November 8, 2017. 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.

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 assisted Showroomprive.com in commercial and legal issues, while ensuring the implementation of its Business Plan until 2017. Michaël Dayan holds a Lawyers' Professional Practice Diploma (Certificat d'Aptitude à la Profession d'Avocat -CAPA) from the École de Formation Professionnelle des Barreaux (Paris Court of Appeal Law School - EFB) as well as a master's degree in business law (Paris Assas University) and a DESS in European business law (Paris Descartes University).

Amélie Oudéa-Castera [1] is a former tennis player. She is a graduate of Sciences Po, 'ESSEC and the Sorbonne (in law), and a former student at the ENA. She joined the Auditor General's office in 2004, then in 2008 moved to the Axa Group where she spent nearly ten years, serving in the positions of

1 Amélie Oudéa-Castera was appointed, on the proposal of Carrefour, by the Board of Directors at its meeting on November 30, 2018 to replace Marie Cheval, who resigned from her seat on the Board, effective November 30, 2018. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

Director of Strategy, then Director of Marketing and Digital for France, and then for the Group. In November 2018, Amélie joined Carrefour as Director of e-commerce, data and digital transformation. The scope of her expertise extends from branding to IT. She is also a director of the Eurazeo and Plastic Omnium Groups, and of the Sport association in the city, which promotes social inclusion through sports. Finally, Amélie Oudéa-Castera co-chairs the MEDEF commission on the impact of technological changes.

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 boards of directors of Butterfly.ai, Holberton School, Keakr, Lifen, Lunchr, Parrot and Shine et Zoe. She began her career in 1997 as an IT specialist at the investment bank JP Morgan, first in New York and then in Paris, where she participated in the development and support for an app for trading rooms. 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, where she invested in Criteo (NSDQ: CRTO) and Teads (purchased by Altice). She is also the co-founder of the France Digitale association, which unites entrepreneurs and investors in digital innovation for the development of this ecosystem. Marie Ekeland was also a member of the *Conseil National du Numérique* (national digital council) from 2013 to 2017, and is a member of the Board of Directors of the Institut Louis Bachelier. Marie Ekeland holds an engineering degree in mathematics and information technology from Paris IX Dauphine University and a master's degree in analysis and economic policy from the Paris School of Economics (PSE).

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 the Chief Executive Officer 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. Olivier 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.

Alix Laine[1] (under her maiden name, Foriel-Destezet) is a member of the Board of Directors of Akila, the family office of her father, Philippe Foriel-Destezet, which she joined in 2012, subsequently taking over the Private Equity business. Alix Laine began her career as a journalist, working at Bloomberg in London and then LCI and M6 in Paris. She then took part in the launch of the website TerraFemina, for which she was editor in chief, before it merged with the Webedia group. A mother of three, she currently

[1] Alix Laine resigned from the Board of Directors of the Company, effective April 17, 2019. To replace her, Irache Martinez Abasolo was co-opted by a decision of the Board of Directors on April 17, 2019. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

lives in London. She holds degrees from Sciences-Po Paris and the Columbia Journalism School in New York.

Cyril Vermeulen in 1999 co-founded auFeminin.com, an online media group sold to Axel Springer after his education in engineering and HEC-Entrepreneurs, followed by several years with the inspectorate of Société Générale and McKinsey. He then pursued new adventures as an entrepreneur and educator in Shanghai for six years. For the last fifteen years, he has been an active investor and a member of the Board of Directors of digital startups.

Frédéric Haffner is a graduate of HEC. In 1999, he joined Rothschild & Cie where he was responsible for a number of financing operations and mergers-acquisitions to support major French and European companies in their international development. He joined Carrefour in 2014 as Director of Mergers-Acquisitions. In 2017, he coordinated the IPO of Carmila and Grupo Carrefour Brasil. Since October 2, 2017, he has served as Executive Director for Strategy and is a member of the Carrefour Group Executive Committee.

14.1.1.3 General rules and guiding principles relating to the composition of the Board of Directors

The General Rules and guiding principles relating to the composition of the Board of Directors are described in Appendix II "Report of the Board of Directors on Corporate Governance" in 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 inception of the Company.

The General Rules and guiding principles relating to the composition of the Board of Directors are described in Appendix II "Report of the Board of Directors on Corporate Governance" in this Registration Document.

14.1.3 Other Management Bodies

14.1.3.1 Executive Committee

The Group has established an Executive Committee consisting of 10 ***members*** at December 31, 2018, whose role is to coordinate the Group's operational management. 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 Thierry Petit and David Dayan, includes the Company's principal operational managers:

- Anil Benard-Dende, Deputy CEO;
- Irache Martinez, Chief Marketing Officer;
- Frédéric Delalé, Chief Information Officer;
- Thomas Kienzi, Chief Financial Officer[1] ;
- Sarah Dupond, General Counsel;

[1] Thomas Kienzi informed the Company of his decision to pursue other projects and leave the Company after publication of the 2018 annual results. A recruitment process is current in progress to find a Chief Financial Officer. Arnaud Delmotte, Group Management Control Director will serve during the transition.

- Marine Lecomte, Fashion Sourcing Director;
- Sophie Robin, Human Resources Director;
- Matthias Nentwich, Director for International;
- Arnaud Poisson, Chief Operating Officer; and
- Frédéric Lorfanfant, Mass Market Products Sourcing Director.

Biographical Information about the Members of the Executive Committee:

Anil Benard-Dende joined the Group in 2016 as Chief Operating Officer. In 2018, he was named Deputy CEO of the Group. He began his career as a consultant with PwC before joining the PPR (Kering) Group in 2001, first at 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).

Irache Martinez joined the Group in 2014 to help create the Brand Department as well as the Group's internal communication agency. She was named Chief Marketing Officer in October 2017. Following a master's degree 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.

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.

Thomas Kienzi joined the Group in 2015 as head of M&A and Investor Relations, before being appointed as Deputy CFO in September 2016 and then CFO in October 2017. 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.

Sarah Dupond, General Counsel, joined the Group in 2016. A graduate of Sciences-Po Rennes with a DESS in European business law from Université Panthéon-Assas, Sarah began her career with the Nomos legal firm where she developed strong expertise in economic law. She was seconded as an attorney to the legal department of Amazon France. She then spent nearly three years in the France subsidiary of the Henkel group, where she was responsible for all legal issues for two business units (Laundry & Home Care and Beauty Care Pro). She also serves in the role of Data Protection Officer and Compliance Officer for the Group.

Marine Lecomte has been Purchasing Manager for the Home decoration, furniture, fashion accessories and lingerie sectors since the group was created in 2007. In the past, she was head of the Fashion sectors (DNA of Showroomprivé) before being appointed Fashion Sales Director 2018. Marine worked as Purchasing Manager for a company specializing in the purchase of designer brands at reduced prices

before demonstrating her talents as negotiator within the France Export group along with David Dayan for more than 10 before the creation of Showroomprive.com. Marine is holder of an MBA from Nicholls State University in the USA, following her graduation from ESCE Paris.

Sophie Robin Rémusat joined Showroomprive.com in October 2018 as Director of Human Resources and Internal Communication. She previously served as Human Resources Director at Michel and Augustin after holding this same position with Rue du Commerce. With a master's degree in labor law, and after completing the 3rd cycle of Human Resources at the Institut Catholique de Paris, Sophie has assisted various companies in the creation or development of their HR departments for more than 18 years. The implementation of new organizations, change management, managerial support and the management of social relations have become her areas of expertise.

Matthias Nentwich joined the Group in October 2016 as *Country Manager*, Germany and Northern Europe, and was appointed Chief International Officer in July 2017. Matthias Nentwich was a member of the Group COMEX and CEO of the German and Austrian subsidiaries of venteprivee.com, which he joined in 2014. A French and German national, he has over 20 years' experience in *growth management, sales and business development* as a COMEX member and/or CEO of different conglomerates in France, Germany and Asia, such as Rouillier S.A., Bertelsmann/Arvato, Jakob Gerhardt and Hapag Lloyd.

Arnaud Poisson joined the Group in 2018 to direct Operations through its supply, logistics and transport components. A graduate of the Institut Supérieur du Commerce with a master's degree in supply chain from ESSEC, Arnaud began his career with firms specializing in supply chain management. He then worked for brick-and-mortar and digital brands (FNAC, Conforama, Casino, Vente-Privée) on operational management and operational transformation.

Frédéric Lorfanfant joined the Group in May 2018 as Mass markets & Beauty Products Sourcing Director. A graduate of SKEMA, he worked for Procter & Gamble for ten years in various sales management and marketing positions. He also served as Director of Sales Category Management for the Andros-Bonne Maman group, and as CEO of Médiaperformances, the French leader in in-store marketing. Before joining SRP, he led the French subsidiary of the lifestyle fashion group Guess.

For biographical information on Thierry Petit and David Dayan, see Section 14.1.1.2 "Biographical Information about the Members of the Board of Directors at December 31, 2018" of this Registration Document.

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 (Deputy CEO), Éric Dayan (director) and Michaël Dayan (director), 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, it is specified that:

- under the shareholders' agreement between the Founders outlined in Section 18.4 "Shareholders' Agreements" of this Registration Document, which entered into force on the date on which the Company's shares were admitted for 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;

- under the shareholders' agreement entered into on February 7, 2018, between the Founders and Steinhoff, establishing a concerted action between them with regard to the Company and outlined in Section 18.4 "Shareholders' Agreements" of this Registration Document, it is stipulated that as long as Steinhoff directly or indirectly holds at least 5% of the Company's share capital or voting rights, and directors have been appointed on the recommendation of Accel Partners and Vipshop, the Company's Board of Directors shall be comprised of 11 directors, including (i) 5 appointed on the recommendation of the Founders, including the chairman who will have a casting vote, (ii) one director and one non-voting observer appointed upon a proposal by Carrefour, and (iii) four or five independent directors and that the members of the concert party undertake to ensure that Thierry Petit and David Dayan continue to be Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively, and will rotate the chairmanship between them;

- Alix Laine[1] is the spouse of Mathieu Laine[2], Chairman of Altermind UK, whose subsidiary Altermind France is party to two agreements entered into with Showroomprive.com (a Company subsidiary) (for more information, see Section 19.2 "Special Report of the Statutory Auditors on the Regulated Agreements and Commitments for the Fiscal Year Ended December 31, 2018" of this Registration Document). Inasmuch as these agreements, which are not material either in terms of compensation or in terms of duration, do not benefit Alix Laine, who has no connection to Altermind and is married under the regime of separate ownership of property, it was found by the Board of Directors on March 13, 2019, on the recommendation of the Nomination and Compensation Committee of March 11, 2019, that Alix Laine fulfills all

1 Alix Laine resigned from the Board of Directors of the Company, effective April 17, 2019. To replace her, Irache Martinez Abasolo was co-opted by a decision of the Board of Directors on April 17, 2019. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

2 Mathieu Laine was appointed a director of the Company at the annual shareholders' meeting of October 16, 2015. He resigned from his position as director with effect from May 30, 2017.

the criteria of independence listed in the internal rules of the Nomination and Compensation Committee and in the AFEP-MEDEF Code.

- Marie Cheval[1] was appointed on the proposal of Carrefour, in which she holds the position of Executive Director Customers, Services and Digital Transformation, and who owns approximately 16.86% of the Company's share capital, on the date of registration of this Registration Document.

At the date of this Registration Document and to the Company's knowledge, the members of the Board of Directors have not agree 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 outlined in Section 18.4 "Shareholders' Agreement" 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.

[1] Marie Cheval resigned from the Board of Directors of the Company, effective November 30, 2018. On the proposal of Carrefour, Amélie Oudéa-Castera was appointed by the Board of Directors at its meeting of November 30, 2018. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

15. COMPENSATION AND BENEFITS OF DIRECTORS AND CORPORATE OFFICERS

15.1 COMPENSATION AND BENEFITS OF EXECUTIVES AND CORPORATE OFFICERS

This section outlines the compensation and benefits awarded to the corporate officers in fiscal year 2018.

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 June 2018) as interpreted by the High Committee for Corporate Governance (the AFEP-MEDEF application guide, updated in October 2018) and the AMF's recommendations given in the Guide to preparing 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 26, 2018.

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.

15.1.1 Summary of Compensation of the Executive Corporate Officers

The table below presents the compensation of Thierry Petit and David Dayan for the years ended December 31, 2018, and December 31, 2017. These components are then set out in greater detail in the tables that follow.

Table 1 – Summary table of compensation, options and shares granted to each executive corporate officer (AMF classification)

(in euros)	**Fiscal year 2017**	**Fiscal year 2018**
Thierry Petit, Chairman-Chief Executive Officer		
Compensation due for the fiscal year *(detailed in Section 15.1.2 below)*	386,000	336,000
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	386,000	336,000
David Dayan, Deputy Chief Executive Officer		
Compensation due for the fiscal year *(detailed in Section 15.1.2 below)*	386,000	336,000
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)*	-	-
Total	386,000	336,000

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 the fixed and variable compensation as well as the other benefits granted to Thierry Petit and David Dayan for the fiscal years ended December 31, 2018, and December 31, 2017.

Table 2 – Summary table of the compensation of the executive corporate officers (AMF classification)

	2017		2018	
(in euros)	**Amounts due[(1)]**	**Amounts paid**	**Amounts due[(1)]**	**Amounts paid**
Thierry Petit, Chairman-Chief Executive Officer				
Fixed Compensation	336,000	316,000	336,000	356,000
Variable Compensation	50,000	214,000	-	50,000[(2)]
Multi-year Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in Kind	-	-	-	-
Total	386,000	530,000	336,000	406,000
David Dayan, Deputy Chief Executive Officer				
Fixed Compensation	336,000	316,000	336,000	356,000
Variable Compensation	50,000	-	-	50,000[(2)]
Multi-year Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' Fees	-	-	-	-
Benefits in Kind	-	-	-	-
Total	386,000	316,000	336,000	406,000

(1) Compensation granted for duties during the year, whatever the date of payment.

(2) Annual variable compensation for fiscal year 2017 was paid in 2018.

15.1.2.2 Principles governing the compensation of the executive corporate officers

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, 2018 were approved by the annual shareholders' Meeting held on June 14, 2018.

In accordance with Article L.225-100 of the French Commercial Code (derived from the Sapin II Law), the fixed, variable and exceptional components of total compensation and benefits paid or allocated to each executive corporate officer for 2018 (determined in accordance with the determination principles and criteria approved by the annual shareholders' meeting of June 14, 2018) will be submitted for the approval of the ordinary general meeting of June 27, 2019, in the form of a specific resolution for each executive corporate officer, i.e.:

- Thierry Petit, in his capacity as Chairman and Chief Executive Officer;
- David Dayan, in his capacity as Deputy Chief Executive Officer.

In this respect, it is reminded that the effective payment of the fixed, variable and exceptional components of compensation of Thierry Petit and David Dayan for 2018 (as described below) is conditional upon the approval of the annual shareholders' meeting scheduled for June 27, 2019 in the form of a specific resolution for each executive corporate officer.

15.1.2.2.1 Fixed annual compensation

The general rules and guidelines on the determination by the Board of Directors of the fixed annual compensation of the Chairman and CEO and the Deputy Chief Executive Officer for fiscal year 2018 and the amount of that compensation are described in Appendix II "Report of the Board of Directors on Corporate Governance" to this Registration Document.

15.1.2.2.2 Variable annual compensation

The general rules and guidelines on the determination by the Board of Directors of the annual variable compensation of the Chairman and CEO and the Deputy Chief Executive Officer for fiscal year 2018 and the amount of that compensation are described in Appendix II "Report of the Board of Directors on Corporate Governance" to this Registration Document.

15.1.2.2.2.1 Non-compete clause

Thierry Petit and David Dayan 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

Thierry Petit and David Dayan 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

Thierry Petit and David Dayan are each entitled to use a company car.

15.1.2.2.5 Supplementary pension plan

Thierry Petit and David Dayan 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)

The General Rules and guiding principles governing the allocation of director's fees to members of the Board of Directors (other than the corporate executive officers) for fiscal years 2017 and 2018 are described in Appendix II "Report of the Board of Directors on Corporate Governance" in this Registration Document.

15.1.4 Stock Warrant and Stock Option 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 2018

Table 3 - Stock options granted to each corporate executive officer by the issuer or by any company of the Group in fiscal 2018 (AMF classification)

Stock Options awarded during the year to each corporate executive officer by the Issuer or by any Group Company						
Name of the corporate executive officer	Plan date and number	Type of option (for existing shares or new shares)	Valuation of the options according to the method used for the consolidated financial statements	Number of options awarded during the 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, 2018.

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” of this Registration Document.

15.1.4.2 Stock options exercised by executive corporate officers in fiscal year 2018

Table 4 - Stock warrants or stock options exercised by executive corporate officers during fiscal year 2018 (AMF classification)

Stock Warrants or Stock Options Exercised During the Fiscal Year to each Executive Corporate Officer			
Name of Executive Corporate Officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
David Dayan	-	-	-
Thierry Petit	-	-	-

No stock warrants or stock options were exercised by an executive corporate officer during the fiscal year ended December 31, 2018.

15.1.4.3 History of Stock Warrant and Stock Option Plans

Table 5 – History of grants of stock options – Information on the stock options (AMF classification)

The table below shows the Company's stock warrant and stock option plans at December 31, 2018(1).

	Plan 3	Plan 5	Plan 7	Plan 8	Plan 9
Date of shareholders' meeting	05/08/2010	05/08/2010	05/08/2010	05/08/2010	27/10/2014
Date of Board of Directors' meeting	31/01/2011	15/10/2012	15/04/2013	04/10/2013	27/10/2014
Nature of the instruments (warrants or options)	Warrant	Warrant	Warrant	Warrant	Warrant
Number of options granted:	308,320	359,488	175,808	52,480	73,472
of which, granted to:					
- *David Dayan*	-	-	-	-	-
- *Thierry Petit*	-	-	-	-	-
Exercise Period	10/30/2015 – 01/31/2021	10/30/2015 – 10/15/2022	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, 2018	173,858	168,789	78,202	42,357	38,057
Number of options canceled or expired	106,188	132,675	50,838	2,458	16,398
Price of option (euro)	3.81	4.95	4.95	5.34	6.86
Number of options remaining at December 31, 2018	28,274	58,024	46,768	7,665	19,017

(1) This table takes into account the December 28, 2018 decision of the Chief Executive Officer, on the delegation of the Board of Directors of November 30, 2018, noting the adjustment of the rights of the beneficiaries of options following the capital increase of December 28, 2018. The Chief Executive Officer, on the delegation of the Board of Directors of November 30, 2018, decided on December 28, 2018 to amend the Company's stock options plans No. 3, 5, 7, 8, and 9, as follows:

	Stock options Plan 3	Stock options Plan 5	Stock options Plan 7	Stock options Plan 8	Stock options Plan 9
Exercise price before the Capital Increase	€ 4.00	€5.20	€5.20	€5.60	€7.20
Exercise price just after the Capital Increase	€3.81	€4.95	€4.95	€5.34	€6.86
On the basis of an exercise ratio before the Capital Increase of:	1	1	1	1	1
Exercise ratio adjusted after the Capital Increase:	1.0496	1.0496	1.0496	1.0496	1.0496

15.1.4.4 Stock Warrants and Stock Options Granted to the Company's Top 10 Employees

Table 6 – Stock warrants or stock options granted to and exercised by the top ten non-executive employees during the fiscal year ended December 31, 2018

	Total number of options or warrants granted	Weighted average price	Plan
Options granted during fiscal year 2018, 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 shares of the Company and the companies previously mentioned, exercised during fiscal year 2018 by the 10 employees of the Company or such companies who hold the greatest number of options (comprehensive information)	9,915	€6.52.	Plan 3

15.1.5 Performance Shares

15.1.5.1 Performance shares granted to executive officers management in fiscal year 2018

Table 7 – Bonus shares granted to each corporate officer in fiscal year 2018 (AMF classification)

Executive Corporate Officer	Plan no. and date	Number of shares granted during the fiscal year ended December 31, 2017	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, 2018.

A history of bonus shares granted is shown in Section 15.1.5.3 "History and Policy of Bonus Share Grants" in this Registration Document.

15.1.5.2 Performance shares available to corporate executive officers during fiscal year 2018

Table 8 – Bonus shares granted that have become available to each corporate executive officer during fiscal year 2017 (AMF classification)

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
-	-	-	-

No performance shares became available for a corporate executive officer during the fiscal year ended December 31, 2018.

15.1.5.3 History and policy of bonus share allotments

Table 9 – History of current bonus share allocations – Information on the bonus shares granted (AMF classification) at December 31, 2018(1)

	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11	Plan 12	Plan 13	Plan 14
Date of shareholders' meeting	25/09/2015	30/05/2016	30/05/2016	30/05/16	30/05/16	30/05/16	30/05/16	26/06/17	26/06/17	26/06/17	26/06/17	26/06/17
Date of Board of Directors' meeting	29/10/2015	30/05/16	30/05/16	14/02/17	14/02/17	26/06/17	26/06/17	04/12/17	04/12/17	04/12/17	14/06/18	14/06/18
Total number of bonus shares granted	400,000	52,500	24,003	57,990	46,653	17,675	95,450	330,000	243,800	6,000	10,000	14,000
Of which: *- David Dayan*	-	-	-	-	-	-	-	-	-	-	-	-
- Thierry Petit	-	-	-	-	-	-	-	-	-	-	-	-
Date of acquisition of the shares	29/10/2017	30/05/2018	30/05/2018	14/02/2019	14/02/2019	26/06/19	26/06/19	1st 33%: 12/4/2018 2nd 33%: 12/4/2019 3rd 34%: 12/4/2020	1st 33%: 12/4/2018 2nd 33%: 12/4/2019 3rd 34%: 12/4/2020	04/12/19	1st 33%: 6/14/2019 2nd 33%: 6/14/2020 3rd 34%: 6/14/2021	1st 33%: 6/14/2019 2nd 33%: 6/14/2020 3rd 34%: 6/14/2021
Date of end of lock-up period	29/10/2018	30/05/2019	30/05/2019	-	-	-	-	1st 33%: 12/4/2019 2nd 33%: - 3rd 34%: -	1st 33%: 12/4/2019 2nd 33%: - 3rd 34%: -	-	1st 33%: 6/14/2020 2nd 33%: - 3rd 34%: -	1st 33%: 6/14/2020 2nd 33%: - 3rd 34%: -
Number of shares subscribed at December 31, 2018	188,975	0	15,950	0	0	0	0	102,300	64,284	0	0	0
Cumulative number of shares cancelled or expired	211,025	52,500	8,053	21,955	39,593	8,725	27,000	20,000	49,000	0	0	1,500

[1] Plans 1 and 2 do not appear in this table as they have no further effect as of fiscal year 2018.

Number of bonus shares remaining at year-end	0	0	0	36,035	7,060	8,950	68,450	207,700	130,516	6,000	10,000	12,500			

Table 10 – History of current bonus share allocations – Information on the bonus shares granted (AMF classification) at February 15, 2019(1)

	Plan 3	**Plan 4**	**Plan 5**	**Plan 6**	**Plan 7**	**Plan 8**	**Plan 9**	**Plan 10**	**Plan 11**	**Plan 12**	**Plan 13**	**Plan 14**	**Plan 15**	**Plan 16**	**Plan 17**
Date of shareholders' meeting	25/09/2015	30/05/2016	30/05/2016	30/05/16	30/05/16	30/05/16	30/05/16	26/06/17	26/06/17	26/06/17	26/06/17	26/06/17	14/06/18	14/06/18	14/06/18
Date of Board of Directors' meeting	29/10/2015	30/05/16	30/05/16	14/02/17	14/02/17	26/06/17	26/06/17	04/12/17	04/12/17	04/12/17	14/06/18	14/06/18	15/02/19	15/02/19	15/02/19
Total number of bonus shares granted	400,000	52,500	24,003	60,956	48,969	18,574	100,199	340,975	251,952	6,302	10,497	14,698	307,102	15,200	300,000
Of which: - *David Dayan*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- *Thierry Petit*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Date of acquisition of the shares	29/10/2017	30/05/2018	30/05/2018	14/02/2019	14/02/2019	26/06/19	26/06/19	1st 33%: 12/4/2018 2nd 33%: 12/4/2019 3rd 34%: 12/4/2020	1st 33%: 12/4/2018 2nd 33%: 12/4/2019 3rd 34%: 12/4/2020	04/12/19	1st 33%: 6/14/2019 2nd 33%: 6/14/2020 3rd 34%: 6/14/2021	1st 33%: 6/14/2019 2nd 33%: 6/14/2020 3rd 34%: 6/14/2021	1st 50%: 2/15/2020 2nd 25%: 2/15/2021 3rd 25%: 2/15/2022	15/02/20	1st 33%: 2/15/2020 2nd 33%: 2/15/2021 3rd 34%: 2/15/2022

Date of end of lock-up period	29/10/2018	30/05/2019	30/05/2019	-	-	-	-	1st 33%: 12/4/2019 2nd 33%: - 3rd 34%: -	1st 33%: 12/4/2019 2nd 33%: - 3rd 34%: -	-	1st 33%: 6/14/2020 2nd 33%: - 3rd 34%: -	1st 33%: 6/14/2020 2nd 33%: - 3rd 34%: -	1st 50%: 2/15/2021 2nd 25%: - 3rd 25%: -	2/15/2021	1st 33%: 2/15/2021 2nd 33%: - 3rd 33%: -
Number of shares subscribed at February 15, 2019	188,975	0	15,950	37,738	0	0	0	102,300	64,284	0	0	0	0	0	0
Cumulative number of shares cancelled or expired	211,025	52,500	8,053	23,218	41,558	9,166	30,442	20,666	53,452	0	0	1,576	0	0	0
Number of bonus shares remaining at February 15, 2019	0	0	0	0	7,411	9,408	69,757	218,009	134,216	6,302	10,497	13,122	307,102	15,200	300,000

(1) This table takes into account the February 15, 2019 decision of the Board of Directors noting the adjustment of the rights of the beneficiaries of options following the capital increase of December 28, 2018. At its meeting on February 15, 2019, the Board of Directors approved amendments to bonus share plans No. 6 to 14, as follows:

- adjustment to the number of bonus shares for which the vesting period is in progress, pursuant to the provisions of the regulations of the bonus share plans;

- adjustment to the number of said bonus shares, taking into consideration the number of shares issued to which an existing share gives a right, the issue price of these shares and the value of the shares before detachment of the subscription right, as this results from the weighted average price in at least the last three trading sessions preceding the date the issue began;

- the adjustment ratio of the quantities is equal to 1.0496; and

- the adjusted number of shares is rounded up to the next unit; this rounding is performed per allotment and per beneficiary.

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 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 Extraordinary Shareholders' Meeting, in its Fifth Resolution, authorized the Board of Directors, under certain conditions, to award bonus shares from existing or future shares, to corporate officers or employees of the Company, or companies or groupings affiliated with it under the conditions stipulated in Article L.225-197-2 of the French Commercial Code, up to a limit of 3.72% of the share capital on the date of the Board of Directors' decision.

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 nos. 2 and 3) set up two initial plans for the granting of bonus shares to corporate 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. 4 and 5), 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 Extraordinary 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 corporate 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 3.0% 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. 6 and 7) for executive officers and employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

Based on the authorization granted by the annual shareholders' meeting of May 30, 2016, the Board of Directors, on June 26, 2017, introduced two new bonus share allocation plans (Plan nos. 8 and 9) for executive officers and employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

On June 26, 2017, the Company's Extraordinary Shareholders' Meeting, in its twenty-seventh 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 3.0% of the share capital on the day of the Board of Directors' resolution.

On December 4, 2017 (Plans no. 10, 11 and 12), the Board of Directors, on the basis of the authority granted by the Shareholders' Meeting of June 26, 2017, set up three new bonus share allocation plans for employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

At its meeting on June 14, 2018 (Plans no. 13 and 14), the Board of Directors, on the basis of the authority granted by the Shareholders' Meeting of June 26, 2017, set up two new bonus share allotment plans for employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

On June 14, 2018, the Company's Extraordinary Shareholders' Meeting, in its twenty-second resolution, renewed the authorization granted to the Board of Directors to award existing or future bonus shares to executive officers or employees of the Company, or companies or groups affiliated with it under the conditions stipulated in Article L.225-197-2 of the French Commercial Code, up to a limit of 3.0% of the share capital on the day of the Board's resolution.

The Board of Directors, at its meeting of February 15, 2019 (Plans no. 15, 16 and 17), on the basis of the authorization granted by the shareholders' meeting of June 14, 2018, established three new bonus shares allotment plans for employees of the Company and its subsidiaries. No executive corporate officer has benefited from these plans.

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
Thierry Petit Chairman and Chief Executive Officer Start of term: renewed in 2015 End of term: AGM 2018		✓		✓		✓		✓
David Dayan Deputy Chief Executive Officer 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

Directors are appointed for a four-year term (Article 15 of the Company's bylaws). In order to promote phased renewal of terms while ensuring the continuity of the work of the Board of Directors, in accordance with the recommendations of the AFEP-MEDEF Code, to which the Company refers, the Company's bylaws provide for a renewal of directors by periodic rotation each year.

The terms of office of the members of the Company's Board of Directors and Executive Management appear in Section 14.1 of this Registration Document, entitled "Composition of Management and Supervisory Bodies".

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 the CEO or the Deputy CEO and the Company, or any of its subsidiaries that provide for the granting of benefits.

Note that Alix Laine, a member of the Company's Board of Directors, is the wife of Mathieu Lane, who is CEO of Altermind UK, whose subsidiary Altermind France is party to two agreements with Showroomprive.com, a Group subsidiary. 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, 2018".

16.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

The principal elements of the internal regulations of the Board of Directors, particularly regarding the missions of the Board, the methods for participating in Board meetings, the membership and operation of the Board of Directors are described in Appendix II "Report of the Board of Directors on Corporate Governance" in this Registration Document.

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 rules governing the operation and missions of the Board Committees, as stipulated in the internal regulations of the Board of Directors are described in Appendix II "Report of the Board of Directors on Corporate Governance" in this Registration Document.

16.5 STATEMENT RELATING TO CORPORATE GOVERNANCE

The Company's statements on corporate governance and the Code of Corporate Governance to which the company refers are presented in Appendix II "Report of the Board of Directors on Corporate Governance" in this Registration Document.

16.6 INTERNAL CONTROL AND RISK MANAGEMENT

16.6.1 Objectives and principles of internal controls

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.

16.6.2 Organization of Internal Control and Risk Management

16.6.2.1 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 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 of the 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 relating to the Company and the other members of the Group concerning:

- 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 disposal or operating lease of the Company's business or the 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.

16.6.2.2 Operational departments grouped within the COMEX

For more information on the operational departments grouped together in the Executive Committee, see Section 14.1.3.1 "Executive Committee" of this Registration Document.

16.6.2.3 Support Departments

16.6.2.3.1 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.

16.6.2.3.2 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.

16.6.2.3.3 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.

16.6.2.4 Committees

16.6.2.4.1 Audit Committee

For more information on the composition, operations and duties of the Audit Committee, see Section 16.4.1 "Audit Committee" of this Registration Document.

16.6.2.4.2 Nomination and Compensation Committee

For more information on the composition, operations and duties of the Nomination and Compensation Committee, see Section 16.4.2 "Nomination and Compensation Committee" of this Registration Document.

16.6.3 Internal Control and Risk Management Processes

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.

16.6.3.1 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:
    - The Group's failure to 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.

16.6.3.2 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.

16.6.3.3 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, in a timely manner, 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.

16.6.3.4 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.

16.6.3.5 Legal risks

There are regulatory and legal risks that are described in section 4.2 "Regulatory and Legal Risks" of the Registration Document, including reputational risk and a risk of customer disputes related to products, services and terms of sale, as well as a risk of disputes with suppliers (such as use rights, distribution, product safety, compliance, etc.).

16.6.4 Description of key controls on processes and major activities of the Group

16.6.4.1 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 revenues, 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.

16.6.4.2 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 through analysis by date, volume and expediency of resale, for example by internet or through liquidators.

16.6.4.3 Risks of protecting against financial risk identified in advance

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 carries 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 the logistics service providers that include 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.

16.6.4.4 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),put those sales on hold while the audit takes places, 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.

16.6.4.5 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.

17. EMPLOYEES

17.1 HUMAN RESOURCE MANAGEMENT

17.1.1 Employees

At December 31, 2018, the Group had 1,060 employees worldwide, compared with 1,070 employees at December 31, 2017, a reduction of 0.9%.

The table below shows the changes in the number of Group employees over the last three years:

Total Workforce	**2016**	**2017**	**2018**
Worldwide	**877**	**1,070**	**1,060**
France	**844**	**957**	**957**

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 1,060 employees at December 31, 2017 and 2018 by legal entity:

Workforce by Legal Entity	**December 31, 2017**	**December 31, 2018**
SRP Groupe S.A.	2	2
Showroomprive.com S.a.r.l.	807	798
SRP Logistique S.a.r.l.	141	120
Showroomprivé Store S.a.r.l.	0	0
Showroomprivé Germany GmbH	13	11
Showroomprivé Spain SLU	43	35
Showroomprivé Italy S.r.L	0	0
SALDI PRIVATI SRL	56	53
ABC SOURCING	7	5
BEAUTE PRIVEE	-	32
SRP MAROC	1	4
TOTAL	**1,070**	**1,060**

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, 2016, 2017 and 2018:

	December 31		
Number of Hires	2016	**2017**	**2018**
Worldwide	423	597	481
France	393	553	417

New hires represented 55.8% and 45.4% of the total workforce as of December 31, 2017 and 2018, respectively.

17.1.1.2 Departures

The table below shows the number of departures (resignations, contract terminations and dismissals) during the years ended December 31, 2016, 2017 and 2018:

	December 31		
Number of Departures	2016	**2017**	**2018**
Worldwide	149	196	259
France	142	192	219

Departures represented 18.3% and 24.4 % of the total workforce as of December 31, 2017 and 2018, respectively.

The breakdown of the 219 departures from the Group's French companies in 2018 is as follows:

- 166 resignations;
- 26 contract terminations;
- 27 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, 2018:

	12/31/2018
Accounting	25
Flows & Procurement	27
B2B	10
Customer Service	60
Project	6
Management	8
Foundation	5
Internal Agency	27
International Management	2
IRL	11
IT Project	2
IT Support	7
IT Department	94
Legal	5
Logistics	151
Look Forward	1
Management control	13
Marketing	45
B2B Marketing	11
Office	9
Planning	21
Production	202
Public Relations	3
Procurement	144
HR	19
Transport	8
SRP Média/Voyages	55
SALDI PRIVATI SRL	53
BEAUTE PRIVEE	4
SRP MAROC	32
Total	**1,060**

17.1.2.2 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, 2016, 2017 and 2018:

	December 31		
Workforce Distribution by Type of Employment Agreement	**2016**	**2017**	**2018**
Permanent employment contracts	752	928	965
Fixed-term contracts and others (professional training contracts, apprenticeship contracts, etc.)	125	142	95
TOTAL	**877**	**1,070**	**1,060**

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, 2016, 2017 and 2018:

	December 31		
Workforce Breakdown by Age Bracket	**2016**	**2017**	**2018**
25 and younger	118	202	181
26-35	575	618	597
36-45	145	191	204
46 and older	39	59	78
TOTAL	**877**	**1,070**	**1,060**

17.1.2.4 Workforce Distribution by Gender

The table below shows the distribution of the Group's workforce by gender at December 31, 2016, 2017 and 2018:

	December 31		
Workforce Distribution by Gender	2016	**2017**	**2018**
Women	544	674	647
Men	333	396	413
TOTAL	**877**	**1,070**	**1,060**

17.1.3 Human Resources Policy

The Group's policy in human resources is described in Appendix III "Declaration of non-financial performance" in this Registration Document.

17.2 SHAREHOLDING 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 an international group savings plan for 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 Extraordinary Shareholders' Meeting, in its Fifth Resolution, authorized the Board of Directors, under certain conditions, to award bonus shares from existing or future shares to corporate officers or employees of the Company, or companies or groupings affiliated with it under the conditions stipulated in Article L.225-197-2 of the French Commercial Code, up to a limit of 3.72% of the share capital on the date of the Board of Directors' decision.

Based on the authorization granted by the Shareholders' Meeting on September 25, 2015, on October 29, 2015, the Board of Directors set up a performance share allocation plan (bonus shares) for employees of the Company and its subsidiaries. This plan involves 498 employees who will receive a total of 400,000 Company bonus shares, accounting for approximately 13% of the Company's share capital at October 29, 2015. This plan does not require meeting performance conditions. The plan provides for (i) a two-year vesting period, provided that a continuous 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 following the vesting period, subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place). At its meeting on November 8, 2017, the Board of Directors noted that the two-year vesting period had expired and that 316 beneficiaries had been in continuous uninterrupted employment as employees or corporate officers of the Company or one of its subsidiaries during the vesting period and that the conditions of the regulations of the employee Bonus Share plan had consequently been met for the 316 beneficiaries, representing a total of 188,975 employee bonus shares.

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 covering 24,003 existing or future common shares 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, which provides for (i) a two-year vesting period, provided that a continuous 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 covering 52,500 existing or future common shares 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, which provides for (i) a two-year vesting period, provided that a continuous 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) the satisfaction of 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 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) compared to 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 percent (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 percent (1.5%) of the share capital on the date of the resolution by the Board of Directors;

- the awarding 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 awarding of said shares to their beneficiaries would 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 would have to retain these shares for a maximum of one year after the shares are vested;

- executive corporate officers of the Company will be required to keep a portion of their vested shares in registered form 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 14, 2017 for employees of the Company and its subsidiaries. These two plans cover 197 employees who will receive a total of 104,643 bonus shares in the Company, representing approximately 0.3% of the Company's share capital at February 14, 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 plan that is not subject to performance conditions, covering 57,990 existing or future shares of common stock in the Company, reserved for employees of the Company or of one of its affiliated companies or groupings under 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, subject to a continued employment condition (as employee or corporate officer), subject to the usual exceptions (death or disability, or the occurrence of certain transactions on the Company's capital), and (ii) no holding period for the bonus shares awarded; and

- a bonus share award plan subject to performance conditions, covering 46,653 existing or future common shares of the Company, reserved for employees of the Company or of one of its affiliated companies or groupings under the terms and conditions set forth in Article L. 225-197-2 of the French Commercial Code, and providing for (i) a two-year vesting period, subject to a continued employment condition (as employee or corporate officer), subject to the usual exceptions (death or disability or the occurrence of certain transactions on the Company's share capital), and (ii) the satisfaction of 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.

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 June 26, 2017 for employees of the Company and its subsidiaries. These two plans involve 97 employees who will receive a total of 113,125 Company bonus shares, accounting for approximately 0.3% of the Company's share capital at February 14, 2017. One of the plans requires meeting performance conditions (39 employees) and the other does not require meeting performance conditions (58 employees). Of the employees who will receive these awards some are employees of Saldi Privati, and others are key managers.

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 plan that is not subject to performance conditions, covering 17,675 existing or future shares of common stock in the Company, reserved for employees of the Company or of one of its affiliated companies or groupings under 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,

subject to a continued employment condition (as employee or corporate officer), subject to the usual exceptions (death or disability, or the occurrence of certain transactions on the Company's capital), and (ii) no holding period for the bonus shares awarded; and

- a bonus share award subject to performance conditions, covering 95,450 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, which provides for (i) a two-year vesting period, provided that a continuous 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) the satisfaction of 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 75%: quantitative performance criteria, of which:

        - 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 25%: individual qualitative criteria defined by the Company's Executive Management following a resolution voted by the Board of Directors, with the option of delegating, based on the performance of each Beneficiary during 2017 and 2018.

In line with the Company's policy of establishing a system of motivating its employee shareholders and/or offering its corporate officers an incentive in addition to the present employee savings plan, the Extraordinary Shareholders' Meeting of June 26, 2017 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 percent (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 percent (1.5%) of the share capital on the date of the resolution by the Board of Directors;

- the awarding 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;

- the awarding 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 required to keep a portion of their vested shares in registered form until the termination of their position.

Based on the authorization granted by the Shareholders' Meeting of June 26, 2017, the Board of Directors set up three new performance share allocation plans (bonus shares) on December 4, 2017 for employees of the Company and its subsidiaries. These three plans involve 64 employees who will receive a total of 579,800 Company bonus shares, accounting for approximately 1.67% of the Company's share capital at December 4, 2017.

These three plans concern three categories of persons:

- The first plan is for members of the Group's Executive Committee (Comex) whose long-term retention the Group wishes to ensure, and is partially subject to performance conditions (8 employees) (hereafter "Plan no. 10"),

- The second plan is for managers and key executives of the Group whose long-term retention the Group wishes to ensure, and is not subject to performance conditions (53 employees) (hereafter "Plan no. 11"),

- The third plan is for managers and key executives who recently joined the Group and with whom the Group had agreed in the hiring process to award bonus shares, and is not subject to performance conditions (3 employees) (hereafter "Plan no. 12").

The Board of Directors created a list of beneficiaries divided among the three plans and approved the terms and conditions for payment of the plans as follows:

- Plan no. 10, which is subject to performance conditions concerns 330,000 existing or future common shares of the Company, reserved for employees of the Company or of one of its affiliated companies or groupings under the terms and conditions stated in Article L. 225-197-2 of the French Commercial Code, and provides for the shares to be gradually awarded over three (3) years as follows:

    - a number of shares awarded representing 33% of the total number of shares awarded under Plan No. 10 with a one (1)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and a one (1)-year holding period. The shares awarded in this first tranche are not subject to performance conditions;

    - a number of shares awarded representing 33% of the total number of shares awarded under Plan no. 10 with a two (2)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), with no holding period. 50% of the shares awarded under this second tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change based on the following two performance conditions:

        - for 50%: between the level of achievement of the Group's consolidated revenue growth (expressed as a percentage) for the year ending December 31, 2018 versus the fiscal year ended December 31, 2017 compared to the target consolidated revenue growth objective for 2018 (the "**Condition of Consolidated Revenue for 2018** "); and

        - for 50%: between the level of achievement of the consolidated EBITDA margin for 2018 (expressed as a percentage) compared to the consolidated EBITDA margin target for 2018 (the "**Condition of Consolidated EBITDA for 2018** ").

- a number of shares awarded representing 34% of the total number of shares awarded under Plan 10 with a three (3)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place). 50% of the shares awarded under this third tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change based on the following two performance conditions:
    - 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, 2019 versus the fiscal year ended December 31, 2018, compared to the target consolidated revenue growth objective for 2019 (the "**Condition of Consolidated Revenue for 2019** "); and
    - for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2019 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2019 ("**Condition of Consolidated EBITDA for 2019** ").

- Plan no. 11 which is not subject to performance conditions concerns 243,800 existing or future common shares of the Company, reserved for employees of the Company or of one of its affiliated companies or groupings under the terms and conditions provided in Article L. 225-197-2 of the French Commercial Code, and provides for the shares to be progressively awarded over three (3) years as follows:
    - a number of shares awarded representing 33% of the total number of shares awarded under Plan 11 with a one (1)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and a one (1)-year holding period;
    - a number of shares awarded representing 33% of the total number of shares awarded under Plan 11 with a two (2)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and with no holding period;
    - a number of shares awarded representing 34% of the total number of shares awarded under Plan 11 with a three (3)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and with no holding period.
- Plan no. 12, which is not subject to performance conditions, concerns 6,000 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, and provides for (i) a two-year vesting period, provided that a continuous employment requirement is met (for both employees and corporate officers), subject to the usual exemptions (death or disability, or if certain transactions on the Company's share capital take place), and (ii) no holding period for bonus shares awarded.

On June 14, 2018, the Board of Directors, on the basis of the authority granted by the Shareholders' Meeting of June 26, 2017, set up two new bonus share allocation plans for employees of the Company and its subsidiaries. These two plans cover 4 employees who will receive a total of 24,000 Company bonus shares, representing approximately 0.07% of the Company's share capital at June 14, 2018.

These two plans concern two categories of persons:

- The first plan is for members of the Group's Executive Committee (Comex) whose long-term retention the Group wishes to ensure, and would be partially subject to performance conditions (one employees) (hereinafter "Plan No. 13");
- A second plan is for managers and key executives who recently joined the Group and with whom the Group had agreed in the hiring process to award bonus shares, and is not subject to performance conditions (3 employees) (hereinafter "Plan No. 14").

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:

- Plan No. 13, which is subject to performance conditions, covers 10,000 existing or future common shares of the Company's stock, reserved for employees of the Company or of one of the companies or groupings affiliated with the Company under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code, and provides for a progressive allotment over three (3) years as follows:

    - a number of shares awarded representing 33% of the total number of shares awarded under Plan 13 with a one (1)-year vesting period, provided that a continuous employment requirement is met (as employees or corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and a one (1)-year holding period. The shares awarded in this first tranche are not subject to performance conditions;

    - a number of shares awarded representing 33% of the total number of shares awarded under Plan no. 13 with a two (2)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), with no holding period. 50% of the shares awarded under this second tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change based on the following two performance conditions:

        - 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, 2019 versus the fiscal year ended December 31, 2018 compared to the target consolidated revenue growth objective for 2019 (the "**Condition of Consolidated Revenue for 2019** "); and

        - for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2019 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2019 ("**Condition of Consolidated EBITDA for 2019** ").

    - a number of shares awarded representing 34% of the total number of shares awarded under Plan 13 with a three (3)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place). 50% of the shares awarded under this third tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change based on the following two performance conditions:

- 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, 2020 compared with the year ended December 31, 2019 compared to the target consolidated revenue growth objective for 2020 (the "**Condition of Consolidated Revenue for 2020**"); and

- for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2020 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2020 ("**Condition of Consolidated EBITDA for 2019** ").

- Plan No. 14, which is not subject to performance conditions, covers 14,000 existing or future common shares of the Company's stock, reserved for employees of the Company or of one of the companies or groupings affiliated with the Company under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code, and provides for a progressive award over three (3) years as follows:

  - a number of shares awarded representing 33% of the total number of shares awarded under Plan 14 with a one (1)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and a one (1)-year holding period;

  - a number of shares awarded representing 33% of the total number of shares awarded under Plan 11 with a two (2)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and with no holding period;

  - a number of shares awarded representing 34% of the total number of shares awarded under Plan 11 with a three (3)-year vesting period, provided that a continuous employment requirement is met (both for employees and corporate officers), subject to the usual exemptions (death or disability or if certain transactions on the Company's share capital take place), and with no holding period.

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 June 14, 2018 renewed the financial authority of the Board of Directors to award bonus shares to employees and corporate officers of the Group for thirty-eight months from the date of the meeting, and approved the following:

- the total package of bonus shares that can be awarded to employees and corporate officers of the Group may not exceed three percent (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 give rights to more than one and a half percent (1.5%) of the share capital on the date of the resolution of the Board of Directors;

- the awarding of shares to executive corporate officers would 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 Nomination and Compensation 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 2018 to 2020;

- 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.

On February 15, 2019, the Board of Directors, on the basis of the authority granted by the Shareholders' Meeting of June 14, 2018, set up three new bonus share allocation plans for employees of the Company and its subsidiaries. These three plans involve 25 employees who will receive a total of 622,302 Company bonus shares, accounting for approximately 1.23% of the Company's share capital at February 15, 2019.

These three plans concern three categories of persons:

- A first plan is for managers and key personnel of the Group whom it wishes to retain, and members of the Group Executive Committee who recently joined the Group and to whom the Group awarded bonus shares when they were hired, and would be partially subject to performance conditions (22 employees) (hereinafter "**Plan 15"**);
- The second plan is for members of the Group's Executive Committee (Comex) whom the Group wises to retain over the long term, and would be partially subject to performance conditions (2 employees) (hereinafter "**Plan 16**");
- The third plan is for Deputy Chief Executive Officer Anil Benard-Dende, whom the Group wises to retain over the long term, and would be partially subject to performance conditions (1 employee) (hereinafter "**Plan 17**");

The Board of Directors created a list of beneficiaries divided among the three plans and approved the terms and conditions for payment of the plans as follows:

- Plan No. 15, which is subject to performance conditions, covers 307,102 existing or future common shares of the Company's stock, reserved for employees of the Company or of one of the companies or groupings affiliated with the Company under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code, and provides for a progressive allotment over three (3) years as follows:

    - a number of shares awarded representing 50% of the total number of shares awarded under Plan 15 with a one (1)-year vesting period, provided that a continuous employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place) detailed in the regulations of the plan, and a one (1)-year holding period. The shares awarded in this first tranche are not subject to performance conditions;

    - a number of shares awarded representing 25% of the total number of shares awarded under Plan 15 with a two (2)-year vesting period, provided that a continuous employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place) detailed in the regulations of the plan, with no holding period. 50% of the shares awarded under this second tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change on the basis of the following two performance conditions:

- 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, 2019 versus the fiscal year ended December 31, 2018, compared to the Target Consolidated Revenue Growth Objective for 2019 (the "**Condition of Consolidated Revenue for 2019**"); and
- for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2019 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2019 ("**Condition of Consolidated EBITDA for 2019**").
- these performance conditions are detailed in the proposed plan regulations.

o a number of shares awarded representing 25% of the total number of shares awarded under Plan 15 with a one three (3)-year vesting period, provided that a continued employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place) detailed in the plan regulations, with no holding period. 50% of the shares awarded under this third tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change on the basis of the following two performance conditions:

- 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, 2020 versus the fiscal year ended December 31, 2019, compared to the Target Consolidated Revenue Growth Objective for 2020 (the "**Condition of Consolidated Revenue for 2020**"); and
- for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2020 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2020 ("**Condition of Consolidated EBITDA for 2020**").
- these performance conditions are detailed in the proposed plan regulations.

- Plan No. 16, which is subject to performance conditions, covers 15,200 existing or future common shares of the Company's stock, reserved for employees of the Company or of one of the companies or groupings affiliated with the Company under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code, and provides for:

o a one (1)-year vesting period, provided that a continued employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place), detailed in the plan regulations;

o the bonus shares allotted under Plan 16 are subject to a holding period of one year;

o the shares awarded under this Plan 16 are subject to performance conditions (50%); the other 50% are not subject to such conditions. The 50% subject to performance conditions would change on the basis of the following two performance conditions:

- 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, 2019 versus the fiscal year ended December 31, 2018, compared to the Target Consolidated Revenue Growth Objective for 2019 (the "**Condition of Consolidated Revenue for 2019**"); and
- for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2019 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2019 ("**Condition of**

Consolidated EBITDA for 2019").
    - these performance conditions are detailed in the proposed plan regulations.

- Plan No. 17, which is subject to performance conditions, covers 300,000 existing or future common shares of the Company's stock, reserved for employees of the Company or of one of the companies or groupings affiliated with the Company under the conditions stipulated in Article L. 225-197-2 of the French Commercial Code, and provides for a progressive award over three (3) years as follows:

    - a number of shares awarded representing 33% of the total number of shares awarded under Plan 17 with a one (1)-year vesting period, provided that a continued employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place) detailed in the plan regulations, and a one (1)-year holding period. 50% of the shares awarded for this first tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change on the basis of the following two performance conditions:

        - 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, 2019 versus the fiscal year ended December 31, 2018, compared to the Target Consolidated Revenue Growth Objective for 2019 (the "**Condition of Consolidated Revenue for 2019**"); and
        - for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2019 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2019 ("**Condition of Consolidated EBITDA for 2019**").
        - these performance conditions are detailed in the proposed plan regulations.

    - a number of shares awarded representing 33% of the total number of shares awarded under Plan 17 with a one (2)-year vesting period, provided that a continued employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place) detailed in the plan regulations, with no holding period. 50% of the shares awarded under this second tranche are subject to performance conditions (the other 50% are not subject to such conditions). The 50% subject to performance conditions would change on the basis of the following two performance conditions:

        - 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, 2020 versus the fiscal year ended December 31, 2019, compared to the Target Consolidated Revenue Growth Objective for 2020 (the "**Condition of Consolidated Revenue for 20120**"); and
        - for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2020 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2020 ("**Condition of Consolidated EBITDA for 2020**").
        - these performance conditions are detailed in the proposed plan regulations.

    - a number of shares awarded representing 34% of the total number of shares awarded under Plan 17 with a one three (3)-year vesting period, provided that a continued employment requirement is met (as employee or corporate officer), subject to the usual exceptions (death or disability or if certain transactions on the Company's share capital take place) detailed in the plan regulations, with no holding period. 50% of the shares awarded under this third tranche are subject to performance conditions (the other 50% are not subject to

such conditions). The 50% subject to performance conditions would change on the basis of the following two performance conditions:

- 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, 2021 versus the fiscal year ended December 31, 2020, compared to the Target Consolidated Revenue Growth Objective for 2021 (the "**Condition of Consolidated Revenue for 2021**"); and
- for 50%: between the level of achievement of the Group's objective for Consolidated EBITDA Margin for 2021 (expressed as a percentage) compared to the Target Consolidated EBITDA Margin for 2021 ("**Condition of Consolidated EBITDA for 2021**").
- these performance conditions are detailed in the proposed plan regulations.

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 Executive 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 April 19, 2019:

Directors	Number of shares
Marie Ekeland	200
Melissa Reiter Birge	200
Olivier Marcheteau	200
Alix Laine	200
Cyril Vermeulen	56,250
Amélie Oudéa Castera	200

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 Executive 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 holding at least 5% of the share capital and the voting rights of the Company at February 28, 2019.

	At February 28, 2019		
Shareholders	**Number of shares**	**% of share capital**	**% of voting rights[11]**
Ancelle Sàrl[1] [2]	7,860,078	15.53%	19.12%
Victoire Investissement Holding Sàrl [3]	2,335,460	4.61%	7.91%
Cambon Financière Sàrl [4]	2,079,930	4.11%	7.05%
TP Invest Holding Sàrl [5]	3,838,641	7.58%	6.50%
Thierry Petit [6].....	634,592	1.25%	1.69%
**Total Founders ..... **	**16,748,701**	**33.09%**	**42.26%**
CRFP 20 [7]	10,386,255	20.52%	17.59%
**Total Group acting in concert ..... **	**27,134,956**	**53.61%**	**59.85%**
Amiral Gestion[8]	3,541,859	7.00%	6.00%
Other shareholders[9]	19,937,587	39.39%	34.15%
**Total ..... **	**50,614,402**	**100%**	**100%**

(1) Entity controlled by David Dayan.

(2) This number does not include 52,707 shares held by Aurélie Dayan, the wife of David Dayan. These shares are included under "Other shareholders."

(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 "History and Policy of Bonus Share Grants," and Section 15.1.4.3 "History of Stock Warrant and Stock Option Plans" of this Registration Document.

(7) Entity controlled by entity Carrefour Nederland B. V., itself controlled by Carrefour.

(8) Entity controlled by François Badelon. Amiral Gestion SAS declares that it is acting independently of the person who controls it under 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.

(9) The shares held by Group employees are also included. At December 31, 2018, Group employees, as defined in Article 225-102 of the French Commercial Code, held 289,946 shares, i.e. 0.6% of the share capital and 0.5% 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

In a letter received on January 17, 2018, the simplified joint stock company Amiral Gestion (controlled by François Badelon but acting independently of the person controlling it, under the conditions specified in Articles L. 233-9 II of the Commercial Code and 223-12 and 223-12-1 of the AMF General Regulation), acting on behalf of funds managed by it, stated that it had exceeded:

- the threshold of 5% of the share capital of SRP Groupe on January 12, 2018, and held on that date, on behalf of said funds, 1,883,148 shares of SRP Groupe, representing the same number of voting rights, i.e. 5.44% of the share capital and 4.41% of the voting rights of this company (based on share capital consisting of 34,604,953 shares representing 42,675,429 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the AMF's General Regulation); and

- the threshold of 5% of the voting rights of SRP Groupe on January 16, 2018, and held on behalf of the said funds 2,167,131 shares of SRP Groupe, representing the same number of voting rights, i.e. 6.26% of the share capital and 5.08% of the voting rights of this company (based on share capital consisting of 34,604,953 shares representing 42,675,429 voting rights, pursuant to the 2nd paragraph of Article 223-11 of the AMF's General Regulation).

The crossing of these thresholds resulted from acquisitions of SRP Groupe shares on the market.

In a letter received on February 8, 2018, the simplified joint stock company Digital Inv (controlled by Conforama Investissement, which is in turn controlled by the Dutch joint stock company Steinhoff International Holdings N.V.) stated that on February 7, 2018 it had fallen below (i) jointly, the thresholds of 50% of the voting rights and 1/3, 25%, 20%, 15%, 10% and 5% of the share capital and voting rights of SRP GROUPE, and (ii) individually, the thresholds of 15% of the share capital and 10% and 5% of the share capital and voting rights of SRP GROUPE, and that it no longer holds, either jointly or individually, any share of this company. The crossing of these thresholds resulted from the off-market sale of 5,833,679 SRP GROUPE shares to CRFP 20 (Carrefour Group), terminating the concerted action that existed between Digital Inv and the following: Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Eric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan), and David Dayan, Eric Dayan, Michaël Dayan and Thierry Petit (including TP Invest Holding Sàrl, a member of the Founders' concert, and controlled by Thierry Petit)[1].

In a letter received on February 9, 2018, the simplified joint stock company CRFP 20 (controlled by Carrefour Nederland B.V., in turn controlled by Carrefour) stated that on February 7, 2018, it had, in concert with Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Eric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan), and David Dayan, Eric Dayan, Michaël Dayan and Thierry Petit (including TP Invest Holding Sàrl, a member of the Founders' sub-concert, controlled by Thierry Petit), exceeded the thresholds of 5%, 10%, 15%, 20%, 25%, 30% and 1/3 of the share capital and voting rights, and 50% of the voting rights of SRP GROUPE and that it held in concert 15,236,737 SRP GROUPE shares representing 23,081,929 voting rights, or 44.03% of the share capital and 54.09% of the voting rights of that company (based on a share capital consisting of 34,604,953 shares representing 42,675,429 voting rights in accordance with paragraph 2 of Article 223-11 of the AMF General Regulation).

The crossing of these thresholds resulted from the off-market purchase by CRFP 20 of 5,833,679 SRP GROUPE shares previously held by Digital Inv (Conforama Group) and the simultaneous entry into

[1] See, in particular, the press releases published by SRP Groupe and Carrefour on January 11, and February 7, 2018 and D&I 218C0201 of January 23, 2018.

force of the shareholders´ agreement signed on January 10, 2018 between the founders and CRFP 20, constituting an action in concert between them in relation to SRP GROUPE.

On that occasion, CRFP 20 individually exceeded the thresholds of 5% and 10% of the share capital and voting rights and 15% of the share capital of SRP GROUPE.

The following declaration of intention was made in the same letter:

"*Pursuant to the provisions of Article L. 233-7 VII of the French Commercial Code and Article 223-17 of the General Regulation of the Autorité des Marchés Financiers, CRFP 20 makes the following declaration of intent:*

- *the purchase has been financed with the Carrefour Group's own resources;*
- *it is acting in concert with Carrefour, Carrefour Nederland B.V., Ancelle Sàrl, Victoire Investissement Holding Sàrl, Cambon Financière Sàrl, TP Invest Holding Sàrl and David Dayan, Eric Dayan, Michael Dayan and Thierry Petit;*
- *it does not plan to increase its holding in SRP GROUPE, and does not plan, on its own, to acquire control of SRP GROUPE, on the understanding that the concert in which the founders' sub-concert party is predominant already controls SRP GROUPE;*
- *it is not planning any change in the current strategy of SRP GROUPE and, consequently, is not planning to perform any of the transactions specified in Article 223-17 I, 6° of the General Regulation of the Autorité des Marchés Financiers;*
- *it does not hold any instrument, nor is it a party to any agreement, which is referred to 4° and 4° bis of I of Article L. 233-9 of the French Commercial Code;*
- *it is not party to any temporary sale agreement for the shares and/or voting rights of SRP GROUPE;*
- *in accordance with the shareholders' agreement, the main provisions of which were published on the website of the Autorité des Marchés Financiers pursuant to the applicable regulation (cf. D&I 218C0201 of January 23, 2018), Carrefour will be represented on the Board of Directors of SRP GROUPE, the parent company of Showroomprivé, by Marie Cheval, Executive Director, Customers, Services and Digital Transformation of the Carrefour Group and of Carrefour France, who will join the board as director, and Frédéric Haffner, Executive Director, Strategy and M&A of the Carrefour Group, who will join the board as non-voting member. "*

CRFP 20's act, in concert, of exceeding the thresholds of 30% of the share capital and voting rights of SRP GROUPE was granted an exemption from the mandatory obligation to file a tender offer for the shares of SRP GROUPE; this decision can be seen in D&I 218C0201 which was published online on January 23, 2018.

In a letter received on March 26, 2018, the simplified stock company Amiral Gestion (103 rue de Grenelle, 75007 Paris) (controlled by François Badelon), acting on behalf of the funds that it manages, declared that it had exceeded the threshold of 10% of the share capital of SRP Groupe on March 21, 2018, and held, on behalf of said funds, 3,642,812 shares of SRP Groupe, representing the same number of voting rights, i.e. 10.53% of the share capital and 8.54% of the voting rights of this Company (based on share capital consisting of 34,604,953 shares representing 42,675,429 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 Groupe shares on the market.

In the same letter, Amiral Gestion made the following declaration of intent:

"The purchase of the shares of SRP GROUPE by Amiral Gestion is implemented in the ordinary course of the company's portfolio management business without any intention of implementing a specific strategy with regard to SRP GROUPE nor of exercising any special influence over the management of the latter as a result. Amiral Gestion is not acting in concert with a third party and has no intention of acquiring control of SRP GROUPE nor of asking for it or anyone else to be appointed as a director, or as a member of the management board or supervisory board".

By letter received on April 20, 2018, Amiral Gestion, a simplified joint stock company (controlled by François Badelon, but acting independently from the person controlling it, under the conditions set out in Articles L. 233-9 II of the French Commercial Code and 223-12 and 223-12-1 of the General Regulation of the AMF) acting on behalf of the funds that it manages, declared that it had fallen below the threshold of 10% of the share capital of SRP Groupe on April 17, 2018, and held on account of said funds, 3,420,155 shares of SRP Groupe, representing the same number of voting rights, i.e. 9.88% of the share capital and 8.01% of the voting rights of this Company (based on share capital consisting of 34,604,953 shares representing 42,675,429 voting rights, pursuant to the second paragraph of Article 223-11 of the General Regulation).

This threshold crossing resulted from a purchase of SRP Group shares on the market.

In a letter the Company received on June 15, 2018, Axa Investment Managers declared that on June 14, 2018 it had fallen below the statutory threshold of 3% of the voting rights of the Company, and declared that it held 1,036,179 shares and voting rights in the Company representing, at May 31, 2018, 2.99% of the Company's capital and 2.43% of its voting rights.

In a letter the Company received on August 27, 2018, Keren Finance declared that on August 24, 2018 it had fallen below the statutory threshold of 3% of the voting rights of the Company, and declared that it held 1,035,000 shares and voting rights in the company representing, at July 31, 2018, 2.98% of the Company's capital and 2.43% of its voting rights.

In a letter the Company received on September 18, 2018, Old Mutual Global Investors Limited declared that on September 17, 2018 it had dropped below the statutory threshold of 3% of the share capital of the Company, and declared that it held 1,032,868 shares and voting rights in the Company.

In a letter the AMF received on October 18, 2018, FIL Limited declared that on October 17, 2018 it had exceeded the statutory threshold of 5% of the share capital of the Company, and declared that it held 1,747,970 shares in the company representing, at September 30, 2018, 5.05% of the Company's capital and 4.09% of its voting rights.

In a letter received on January 4, 2019, which was supplemented by a letter received on January 7, 2019, the concert comprised of the limited liability companies Ancelle Sàrl[1], Victoire Investissement Holding Sàrl[2], Cambon Financière Sàrl[3] and TP Invest Holding Sàrl[4] of David Dayan, Eric Dayan, Michaël Dayan and Thierry Petit (the Founders) and the simplified joint stock company CRFP 20[5], declared that on December 28, 2018, it exceeded the threshold of 50% of the share capital of SRP GROUPE, and that

[1] Controlled by David Dayan.
[2] Controlled by Eric Dayan.
[3] Controlled by Michaël Dayan.
[4] Controlled by Thierry Petit. At the company's request, it is noted that the number of shares subscribed by TP Invest Holding Sàrl has been adjusted in relation to the number of shares subscribed by the latter as indicated in the company's press release published on December 21, 2018 (2,915,367 shares instead of 2,931,784), following a calculation error in applying the distribution scale.
[5] Controlled by Carrefour Nederland B.V., which is itself controlled by Carrefour.

it held 27,134,956 SRP GROUPE shares, representing 35,341,194 voting rights, i.e. 53.61% of the capital and 59.85% of the voting rights of this company[1], distributed as follows:

	Shares	% of share capital	Voting rights	% voting rights
Thierry Petit	634,592	1.25	995,638	1.69
TP Invest Holding Sàrl	3,838,641	7.58	3,838,641	6.50
Total Thierry Petit	**4,473,233**	**8.84**	**4,834,279**	**8.19**
Ancelle Sàrl	7,860,078	15.53	11,289,880	19.12
Victoire Investissement Holding Sàrl	2,335,460	4.61	4,670,920	7.91
Cambon Financière Sàrl	2,079,930	4.11	4,159,860	7.05
Total Founders	**16,748,701**	**33.09**	**24,954,939**	**42.26**
CRFP 20	10,386,255	20.52	10,386,255	17.59
Total Group acting in concert	**27,134,956**	**53.61**	**35,341,194**	**59.85**

These thresholds were crossed due to the subscription by Ancelle Sàrl, TP Invest Holding Sàrl and CRFP 20 for a capital increase of SRP GROUPE[2].

On that occasion:

- Ancelle Sàrl individually exceeded the thresholds of 10% and 15% of the share capital of SRP GROUPE;
- TP Invest Holding Sàrl individually exceeded the thresholds of 5% of the share capital and voting rights of SRP GROUPE;
- Thierry Petit, indirectly through TP Invest Holding Sàrl which he controls, exceeded the thresholds of 5% of the share capital and voting rights of SRP GROUPE;
- the sub-concert comprised of the Founders exceeded the threshold of 30% of the share capital of SRP GROUPE; and
- CRFP 20 individually exceeded the thresholds of 15% of the voting rights and 15% and 20% of the share capital of SRP GROUPE.

Furthermore, following the aforementioned capital increase:

- Victoire Investissement Holding Sàrl individually fell below the thresholds of 10% of the voting rights and 5% of the share capital of SRP GROUPE; and
- Cambon Financière Sàrl[3] individually exceeded the threshold of 5% of the share capital of SRP GROUPE.

The following declaration of intention was made in the same letter:

"*Pursuant to the provisions of Article L. 233-7 VII of the French Commercial Code and Article 223-17 of the General Regulations of the Autorité des Marchés Financiers, Ancelle Sàrl states that:*

- *the transaction has been financed with Ancelle Sàrl's own resources;*

- *it is acting in concert with Carrefour, Victoire Investissement Holding Sàrl, Cambon Financière Sàrl, TP Invest Holding Sàrl, and David Dayan, Eric Dayan, Michael Dayan and Thierry Petit;*

[1] Based on share capital consisting of 50,614,402 shares representing 59,045,950 voting rights pursuant to the 2nd paragraph of Article 223-11 of the General Regulation.

[2] See, in particular, the prospectus that received AMF Authorization No. 18-543 of November 30, 2018, and the press release disseminated by the company on December 21, 2018.

- *it does not plan to increase its holding in SRP GROUPE, and does not plan, on its own, to acquire control of SRP GROUPE, on the understanding that the concert in which it is party (in which the founders' sub-concert, in which it also participates, is predominant) already controls SRP GROUPE;*

- *it is not planning any change in the current strategy of SRP GROUPE and, consequently, is not planning to perform any of the transactions specified in Article 223-17 I, 6° of the General Regulation of the Autorité des Marchés Financiers;*

- *it does not hold any instrument, nor is it a party to any agreement, which is referred to in Article L. 233-9 (I) 4 and 4-bis of the French Commercial Code;*

- *it is not party to any temporary sale agreement for the shares and/or voting rights of SRP GROUPE;*

- *under the terms of the capital increase, it has promised the company, and BNP Paribas and Société Générale, acting as placement agents, as well as CRFP 20, TP Invest Holding Sàrl and Thierry Petit, during a period to expire 180 calendar days after the date of settlement-delivery of new shares (December 28, 2018), to not issue, announce or proceed with any issuance, offer, sale or promise of sale, whether direct or indirect, of shares or other equity securities of SRP GROUPE, or financial instruments that directly or indirectly provide access, in any manner whatsoever, to the capital of SRP GROUPE, without the prior written agreement of the placement agents, and subject to certain, standard exceptions;*

- *it does not plan to request the appointment to the board of directors of new members related to it.* "

1. In a letter the AMF received on January 7, 2019, the following statement of intent was made:

"*Pursuant to the provisions of Article L. 233-7 VII of the French Commercial Code and Article 223-17 of the General Regulation of the Autorité des Marchés Financiers, CRFP 20 states that:*

- *the transaction has been financed with the Carrefour Group's own resources;*

- *it is acting in concert with Carrefour, Carrefour Nederland B.V., Ancelle Sàrl, Victoire Investissement Holding Sàrl, Cambon Financière Sàrl, TP Invest Holding Sàrl, and David Dayan, Eric Dayan, Michael Dayan and Thierry Petit;*

- *it does not plan to increase its holding in SRP GROUPE, and does not plan, on its own, to acquire control of SRP GROUPE, on the understanding that the concert in which the founders' sub-concert party is predominant already controls SRP GROUPE;*

- *it is not planning any change in the current strategy of SRP GROUPE and, consequently, is not planning to perform any of the transactions specified in Article 223-17 I, 6° of the General Regulation of the Autorité des Marchés Financiers;*

- *it does not hold any instrument, nor is it a party to any agreement, which is referred to in Article L. 233-9 (I) 4 and 4-bis of the French Commercial Code;*

- *it is not party to any temporary sale agreement for the shares and/or voting rights of SRP GROUPE;*

- *under the terms of the capital increase, it has promised the company, and BNP Paribas and Société Générale, acting as placement agents, as well as Ancelle Sàrl, TP Invest Holding Sàrl and Thierry Petit, during a period to expire 180 calendar days after the date of settlement-delivery of new shares*

(December 28, 2018), to not issue, announce or proceed with any issuance, offer, sale or promise of sale, whether direct or indirect, of shares or other equity securities of SRP GROUPE or financial instruments that directly or indirectly provide access, in any manner whatsoever, to the capital of SRP GROUPE, without the prior written agreement of the placement agents, and subject to certain, standard exceptions;

- *it does not plan to request the appointment to the board of directors of new members related to it.* "

The exceeding of the threshold of 30% of the share capital of SRP GROUPE by the sub-concert comprised of the Founders, and the increase by the same sub-concert of its holding in voting rights and by the concert of its holding in share capital and voting rights, which were initially between 30% and 50%, by more than 1% over less than 12 consecutive months, resulted in a decision to make an exception from the obligation to file a proposed tender offer, which was republished in D&I 218C1924, which went online December 3, 2018.

18.1.3 Carrefour Group's acquisition of holding

In January 2018, Carrefour, a global leader in retail, and the Group announced[1] the signing of a strategic agreement and the substitution of Carrefour for Conforama (a subsidiary of the Steinhoff Group) within the concert formed with the founders, with Carrefour undertaking to acquire from Conforama 5,833,679 SRP GROUPE shares, representing 16.86% of this company's share capital[2].

On January 10, 2018, Carrefour and the Founders therefore entered into a shareholders' agreement constituting a concerted action between them in relation to SRP GROUPE, which was virtually identical to the terms of the shareholders' agreement that currently existed between Conforama and the Founders, which became null and void following the substitution that took place on February 7, 2018. The shareholders´ agreement entered into between Carrefour and the founders entered into effect on the date on which Carrefour's purchase of the SRP GROUPE shares held by Conforama was implemented, February 7, 2018. For more information about this shareholders' agreement, see Section 18.4 "Shareholders' Agreements" of this Registration Document.

As a result of the above transactions, the concert consisting of the Founders and Carrefour holds 15,236,737 SRP GROUPE shares representing 23,081,929 voting rights or 44.03% of the share capital and 54.09% of the voting rights of this company[3].

The Autorité des Marchés Financiers, in its session on January 23, 2018, held that the replacement of Conforama with Carrefour within the majority concert formed with the Founders of SRP GROUPE, who are and will remain predominant in the substituted majority concert, will not give rise to a tender offer pursuant to Article 234-7 of the AMF General Regulation (AMF Decision No. 218C0201).

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

1 See press release issued by Carrefour and SRP GROUPE on January 11, 2018.

2 Based on share capital consisting of 34,604,953 shares representing 42,675,429 voting rights pursuant to the 2nd paragraph of Article 223-11 of the AMF's General Regulation.

3 Based on share capital consisting of 34,604,953 shares representing 42,675,429 voting rights pursuant to the 2nd paragraph of Article 223-11 of the AMF's General Regulation.

(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. 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 April 19, 2019, the Founders[1] collectively held 33.09% of the share capital and 42.26% of the voting rights of the Company and CRFP 20 (controlled by Carrefour) held 20.52% of the share capital and 17.59% of the voting rights of the company, such that the group in concert comprised of the Founders and Carrefour held 53.61% of the capital and 59.85% of the voting rights. For more information about the Company's shareholding structure at April 19, 2019, see Section 18.1.1 of this Registration Document, entitled "Shareholding Structure".

The Company is controlled by the Founders within the meaning of Article L.233-16 of the French Commercial Code

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 the Founders' shareholders' agreement, see Section 18.4 "Shareholders' Agreements" of this Registration Document.

A shareholders' agreement was entered into on January 10, 2018 between the concert already existing between the Founders and Carrefour, constituting a concerted action between them. The shareholders´ agreement entered into between Carrefour and the Founders came into effect on February 7, 2018, the date on which Carrefour's purchase of the SRP GROUPE shares held by Conforama was implemented. For more information about the Carrefour 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 five of the ten directors who comprise the Board of Directors at December 31, 2018 are independent members, i.e. more than one-third of the Board, as recommended by the AFEP-MEDEF Code. Moreover, each of the Board's two Special Committees includes at least two independent members and is chaired by an independent member of the Board. For more information about the composition of the Board of Directors, see Appendix II "Report of the Board of Directors on Corporate Governance" of this Registration Document.

[1] To recall, the "Founders" refer to Ancelle Sàrl (controlled by David Dayan), Victoire Investissement Holding Sàrl (controlled by Eric Dayan), Cambon Financière Sàrl (controlled by Michaël Dayan), TP Invest Holding Sàrl (controlled by Thierry Petit) and David Dayan, Eric Dayan, Michael Dayan and Thierry Petit.

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 Shareholders' agreement was amended on May 12, 2017 and January 10, 2018, to take into account the respective acquisitions of the Company's shares by Conforama and Carrefour.

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.

With the amendments to the Shareholders' Agreement of May 12, 2017 and January 10, 2018, the Parties agreed, in particular, to acquisitions of Company shares by Conforama and Carrefour respectively. For further details on these operations, see Section 5.1.5 "Group History" in this Registration Document.

The Agreement was entered into for a term of ten (10) years from the date of signature by all the Parties. At the end of this period, the Agreement will be renewed by tacit renewal for successive periods of three (3) years, except in the case of termination by any one of the Parties with a notice of at least three (3) months before the end of the current term. Exceptionally, the Agreement shall be terminated before that date if the Parties collectively own less than 10% 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 20% 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 Shareholders' Agreement between the Founders and Carrefour

In a strategic partnership announced in January 2018[1] between Carrefour, a global leader in retail, and SRP GROUPE, Carrefour promised to acquire around 17% of the share capital of SRP GROUPE from Conforama (a Steinhoff Group subsidiary and to replace the latter within the concert formed with the Founders.

On January 10, 2018, Carrefour and the Founders therefore entered into a shareholders´ agreement constituting a concerted action between them in relation to SRP GROUPE, which was virtually identical to the terms of the shareholders' agreement that existed between Conforama and the Founders, which became null and void following the substitution. The shareholders´ agreement entered into between Carrefour and the Founders came into effect on February 7, 2018, the date on which Carrefour's purchase of the SRP GROUPE shares held by Conforama was implemented

The main stipulations in the shareholders´ agreement are as follows:

Agreement to consult with each other: the Founders and Carrefour agree to consult with each other in good faith prior to any decision that is to be taken at the Board of Directors' meeting or general shareholders' meeting, with the aim of finding a joint position and voting the same way as each other.

[1] See press release issued by Carrefour and SRP GROUPE on January 11, 2018. For more information, see Section 5.1.5 "Group History" in this Registration Document.

Carrefour agrees not to put draft resolutions to the general shareholders' meeting without the prior agreement of the Founders.

Governance: the Board of Directors will consist of 11 members including (i) 5 appointed on the recommendation of the Founders, including the chairman who will have a casting vote, (ii) 1 member and a non-voting member (censor) appointed on the recommendation of Carrefour, and (iii) 4 or independent 5 members.

In addition, the members of the group acting in concert undertake to ensure that Thierry Petit and David Dayan remain Chief Executive Officer and deputy Chief Executive Officer respectively, with the office of chairman alternating between them. In the event of termination of their positions, the members of the concert undertake to vote in favor of the candidates presented by the Founders after first consulting Carrefour, who may only turn down one candidate for each position.

Strategic decisions: the group acting in concert will be terminated after an amicable resolution period not exceeding 60 days in the event of disagreement between the members of the group acting in concert concerning one of the following subjects:

- budget, if it reveals less than 15% growth in revenues or EBITDA compared to the budget for the previous financial year;
- an acquisition that is not provided for in the budget in excess of €25 million;
- a sale of assets that is not provided for in the budget in excess of €25 million;
- a commitment (capital expenditure) that is not provided for in the budget resulting in an expense greater than 3% of the budget;
- a grant or acceptance of a loan that is not provided for in the budget in excess of 1x EBITDA;
- a distribution of dividend, reserve or premium;
- an agreement between SRP Groupe and the Founders;
- a capital increase, decrease (not due to losses) or depreciation, with the exception of capital increases resulting from bonus share plans up to 1% of the share capital per year on a 2-year rolling basis (the limit does not apply to awards made as part of an acquisition) and a contribution in kind of an asset not exceeding €25 million;
- a merger or demerger of the company with a non-group company;
- a significant change in the strategy of SRP GROUPE following a change of CEO or deputy CEO.

It should be noted that the thresholds set above have been set with regard to the current financial aggregates of the Company, with the aim of protecting the financial interests of Carrefour without allowing it to interfere in the day-to-day management of SRP GROUPE.

The parties have therefore agreed to review these thresholds in good faith at least once every three years, in the light of any change in these financial aggregates, and, where necessary, to modify them as a result.

In the event of an unresolved disagreement regarding any of the strategic decisions, the concert between the Founders and Carrefour will be terminated, and the director and non-voting member who were appointed on the recommendation of Carrefour shall resign immediately. Carrefour must, in addition,

launch a tender offer on the shares of the Company within a period of three months at a price that is at least considered fair by an independent expert exercising his mission as in relation to a tender offer with a mandatory squeeze-out, or sell its SRP GROUPE shares with no time constraint; in this case the Founders shall have the benefit of a call option and a right of forced sale (drag-along) the conditions of which are set forth below.

Throughout the remaining term of the agreement, the clauses relating to the Company's governance, except concerning the prohibition against Carrefour filing draft resolutions without the prior agreement of the Founders (see above) and those relating to the right of first offer (see below) shall cease to apply.

Standstill: the parties agree not to increase their respective holdings for a period of two years except in the event of (i) an irrevocable increase in the share capital of the Company, (ii) a sale of shares of SRP GROUPE by Victoire Investissement Holding Sàrl (or Eric Dayan) or Cambon financière Sàrl (or Michaël Dayan) in favor of David Dayan, Thierry Petit or companies controlled by them, (iii) an award of bonus shares or an award of stock warrants or share purchase options, (iv) the acquisition of double voting rights, (v) a tender offer on the shares of the Company, and (vi) a mutual agreement.

Carrefour also undertakes throughout the term of the agreement not to increase its holding in the share capital to more than 4% below the holding of the Founders.

Lock-up: the parties agree not to reduce their respective holdings for a two-year period except for the benefit of a company controlled by them or with regard to Victoire Investissement Holding Sàrl or Cambon financière Sàrl for the benefit of David Dayan, Thierry Petit or companies controlled by them.

Tender offer filed on the initiative of Carrefour: Carrefour may at any time, as long as the action in concert continues, file a proposed tender or exchange offer on the shares of SRP GROUPE. The Founders shall be under no obligation to contribute their shares to this offer.

Right of forced sale for the benefit of the Founders (drag-along): as of the expiration of the two-year lock-up period or the expiration of the three-month period during which Carrefour may file a proposed tender offer in the event of disagreement concerning the strategic decisions, the founders shall have the option of forcing Carrefour to sell to them, or to sell to any person designated by them, or to contribute to a tender offer filed by any person, the SRP GROUPE shares held by Carrefour at a price of €13.50 per share or at any higher price that is considered fair by an independent expert exercising his mission in relation to a tender offer followed by a mandatory squeeze-out. In the event of a sale followed by an improved bid, Carrefour shall be entitled to an earnout.

However, as long as the action in concert continues, Carrefour may block the drag along by filing a competing offer at a higher price; in this event, the parties shall in good faith negotiate the terms of any contribution of Founder shares to Carrefour's competing offer.

Carrefour's sale agreement for the benefit of the founders (call): as of the expiration of the three-month period during which Carrefour may file a proposed tender offer in the event of disagreement concerning the strategic decisions, the founders shall have the option of forcing Carrefour to sell to them, or to contribute to a tender offer filed by any person, the SRP GROUPE shares held by Carrefour at a price of €13.50 per share or at any higher price that is considered fair by an independent expert exercising his mission in relation to a tender offer followed by a mandatory squeeze-out. In the event of a sale, followed by a tender offer at a higher price within 12 months following the sale, Carrefour shall be entitled to an earnout.

Reciprocal right of first offer (preemption): the Founders have a right of first offer in the event that Carrefour sells its shares. David Dayan and Thierry Petit have a first-ranking right of first offer and Carrefour has a second-ranking right of first offer in the event that other Founders (or companies controlled by them) sell their shares. Carrefour has a right of first offer in the event that David Dayan and Thierry Petit (or companies controlled by them) sell their shares.

Orderly sale of shares: Any sale of shares by members of the concert must be performed under terms that are not likely to have a material impact on the trading price.

Sale of shares to a competitor: Carrefour agrees not to sell shares of the Company to a competitor of SRP GROUPE and the Founders agree not to sell their shares to a competitor of Carrefour. It is specified that the Founders shall be released from this undertaking in the event of a sale resulting from exercise of the call that is granted to them or in the event of the exercise of their right of forced sale and, in all cases, upon expiry of a 12-month period following an ongoing disagreement regarding a strategic decision that results in termination of the overall concert group.

Obligations in the event of a tender offer: Each of the parties undertakes to make or perform within the due time limits the declarations and obligations incumbent upon them, to have sole responsibility for any penalties and for any failure to implement same, and to file on its own the tender offer that has become mandatory due to any share acquisitions or sale, or due to any of its acts, or to any failure to perform its obligations.

Term of agreement: the shareholders´ agreement shall come into effect on the date on which Carrefour's purchase of the 5,833,679 shares held by Conforama in the share capital of SRP GROUPE is implemented, and shall be for a seven-year term renewable for three-year terms by tacit consent, unless terminated by notice of at least six months.

In contrast, the agreement shall automatically be terminated early if Carrefour ends up holding less than 5% of the share capital of the Company and if the Founders' holding ceases to be at least 1% greater than that of Carrefour, unless this is the result of Carrefour breaching any of its obligations under the shareholders' agreement.

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 stipulated 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 June 14, 2018 as well as the financial resolutions, the adoption of which will be proposed to at the annual shareholders' meeting on June 27, 2019, 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

None.

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 IN FISCAL YEAR 2018

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 Finance Code carried out in fiscal year 2018:

Person concerned	Financial instrument	Nature of the transaction	Transaction date	Place of transaction	Unit price (in euros)	Transaction amount (in euros)
Amélie Oudéa-Castera	Shares	Acquisition	November 27, 2018	Euronext Paris	3.230	646,00
Cyril Vermeulen	Shares	Acquisition	March 9, 2018	Euronext Paris	8.519	59,633
Cyril Vermeulen	Shares	Purchase	March 21, 2018	Euronext Paris	7.39	51,730
Cyril Vermeulen	Shares	Purchase	April 3, 2018	Euronext Paris	7.80	62,400
Cyril Vermeulen	Shares	Purchase	April 5, 2018	Euronext Paris	7.69	8,981.92
Cyril Vermeulen	Shares	Purchase	April 6, 2018	Euronext Paris	7.69	48,693.08
Cyril Vermeulen	Shares	Purchase	May 17, 2018	Euronext Paris	7.12	8,017.12
Cyril Vermeulen	Shares	Purchase	May 18, 2018	Euronext Paris	7.12	63,182.88
Thierry Petit	Shares	Purchase	August 10, 2018	Outside trading venue	6.48	414,421.92
Thierry Petit	Shares	Purchase	August 10, 2018	Outside trading venue	6.48	414,421.92
Thierry Petit	Shares	Purchase	August 27, 2018	Outside trading venue	6.50	5,585,580
Thierry Petit	Shares	Purchase	August 27, 2018	Outside trading venue	6.50	5,585,580
Thierry Petit	PSR[1]	Purchase	December 7, 2018	Outside trading venue	-	1
Thierry Petit	PSR	Sale	December 7, 2018	Outside trading venue	0.28	20,592.88
Thierry Petit	PSR	Acquisition	December 7, 2018	Outside trading venue	0.28	20,592.88
Thierry Petit	PSR	Purchase	December 7, 2018	Outside trading venue	-	1
Thierry Petit	PSR	Purchase	December 11, 2018	Outside trading venue	0.28	157,092.88
Thierry Petit	PSR	Purchase	December 11, 2018	Outside trading venue	0.28	157,092.88
Thierry Petit	Shares	Subscription	December 28, 2018	Euronext Paris	2.50	7,288,417.50
David Dayan	Shares	Subscription	December 28, 2018	Euronext Paris	2.50	11,075,690
David Dayan	PSR	Purchase	December 7, 2018	Outside trading venue	-	1
David Dayan	PSR	Purchase	December 7, 2018	Outside trading venue	-	1
David Dayan	PSR	Purchase	December 7, 2018	Outside trading venue	-	1
Eric Dayan	PSR	Sale	December 7, 2018	Outside trading venue	-	1

1 Preemptive Subscription Rights (DPS)

Eric Dayan	PSR	Sale	December 7, 2018	Outside trading venue	-	1
Michaël Dayan	PSR	Sale	December 7, 2018	Outside trading venue	-	1
Michaël Dayan	PSR	Sale	December 7, 2018	Outside trading venue	-	1

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 have also 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 carries out transactions with entities collectively controlled by Thierry Petit, David Dayan, Eric Dayan and Michaël Dayan. In 2018, 2017 and 2016, these transactions consisted primarily of rent paid on leases entered under normal market conditions for the warehouse at Saint-Witz (which was assigned to a third party in May 2018), for premises in Vendée, for the Company's registered office at la Plaine Saint-Denis and for the headquarters of the Company's Spanish subsidiary in Madrid (for which the lease was signed in February 2018 The sums paid to these related-party entities totaled €2.6 million, €2.0 million and €1.9 million in 2018, 2017 and 2016 respectively. For further information, see Note 7.2 to the Consolidated Financial Statements set forth in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2018" of this Registration Document.

The special report by the statutory auditors on related-party agreements and commitments provided in Section 19.2 "Statutory Auditors' special report on related-party agreements and commitments for the year ended December 31, 2018" 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, 2016 and 2017 appear respectively in Chapter 19 "Related Party Transactions" of the 2017 Registration Document and of the 2016 Registration Document, and they are also included in this Registration Document for reference purposes.

19.2 SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS AND COMMITMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

SRP Groupe S.A.

Registered office: ZAC

Statutory Auditors' Special Report on Regulated Agreements and Commitments

Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018

To the General Meeting of Shareholders of SRP Groupe S.A.,

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 BY THE SHAREHOLDERS' MEETING

Agreements and commitments authorized and signed during the year in review

Pursuant to Article L. 225-40 of the French Commercial Code, we were informed about the following agreements and commitments signed during the year in review, which received prior authorization from your Board of Directors.

Shareholders' agreement entered between the founders of SRP Groupe and Carrefour

Persons concerned:

- David Dayan, Deputy Chief Executive Officer of SRP Groupe
- Thierry Petit, Chairman of the Board of Directors and Chief Executive Officer of SRP Groupe
- Eric Dayan, Director of SRP Groupe
- Michael Dayan, Director of SRP Groupe

Nature and subject:

The shareholders' agreement contains clauses relating to:

- Cooperation commitment;
- Rules of governance;
- Rules for implementing strategic decisions;
- "Standstill" and "lock-up" commitments;
- Terms and obligations in a takeover bid;
- Reciprocal transfer rights and promises of sale.

Reasons justifying the company's interest:

This agreement, approved by the Board of Directors on January 10, 2018, is justified by the strategic importance to your company of the strategic agreement with Carrefour Group.

Terms and conditions:

This shareholders' agreement entered into effect on February 7, 2018 for a period of seven (7) years, automatically renewable in periods of three years, unless rescinded at least six months in advance.

AGREEMENTS AND COMMITMENTS APPROVED BY ANNUAL GENERAL MEETINGS IN PREVIOUS YEARS

Agreements and commitments authorized in previous years that continued during the past year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the shareholders' meeting in previous years, have continued during the year just ended.

Shareholders' agreement entered between the founders of SRP Groupe and Groupe Steinhoff / Conforama

Persons concerned:

- David Dayan, Deputy Chief Executive Officer of SRP Groupe
- Thierry Petit, Chairman of the Board of Directors and Chief Executive Officer of SRP Groupe
- Eric Dayan, Director of SRP Groupe
- Michael Dayan, Director of SRP Groupe

Nature and subject:

The shareholders' agreement contained clauses regarding the governance of your company and rules regarding the implementation of strategic decisions for your company.

Reasons justifying the company's interest:

This agreement, approved by the Board of Directors on May 31, 2017, was justified by the strategic importance to your company of the strategic agreement with Steinhoff / Conforama Group.

Terms and conditions:
This agreement expired on February 7, 2018 when the Steinhoff / Conforma Group was replaced by Carrefour.

Cooperation Agreement with Altermind

Person involved:

Mathieu Laine - Former Director of SRP Groupe and Chairman of Altermind

Nature and subject:

The amendment dated May 30, 2016 between Showroomprivé.com, a subsidiary of your company, and Altermind, of which Mathieu Laine is Chairman, signed to renew a cooperation agreement dated September 19, 2014 as amended on March 28, 2015, stipulates that Altermind shall provide consulting services to the executives 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 approved at its meeting on May 30, 2016, is of interest to your group because of the support provided by Altermind taking into account the growth of Showroomprivé.com's business, the market listing of its parent company, and the group's new business vectors.

Terms and conditions:

The Altermind services were invoiced to Showroomprivé.com in the amount of €97,500 plus VAT for services in 2018.

Service Agreement with Altermind

Person concerned:

Mathieu Laine - Former Director of SRP Groupe and Chairman of Altermind

Nature and subject:

The agreement signed between Showroomprivé.com, a subsidiary of your company, and Altermind, defines consulting and support services as part of the legal strategy of your Group.

Reasons justifying the interest for the company:

This agreement, authorized by your company's Board of Directors at its meeting of January 31, 2017 has strategic importance for your Group.

Terms and conditions:

In 2018, the Altermind services were invoiced Showroomprivé.com in the amount of €205,670 plus VAT. This agreement ended in May 2018.

Paris La Défense, 15 mars 2019	Paris, 15 mars 2019
KPMG Audit IS	Jérôme Benaïnous
Jean-Pierre Valensi *Partner*	Jérôme Benaïnous *Partner*

20. FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL POSITION AND RESULTS OF THE GROUP

Pursuant to Article 28-1 of Regulation (EC) No 809/2004, the following financial statements are included by reference in this Registration Document:

- the consolidated financial statements for the year ended December 31, 2017 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 2017 Registration Document;

- the consolidated financial statements for the year ended December 31, 2016 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 2016 Registration Document;

20.1 GROUP FINANCIAL INFORMATION

20.1.1 Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

showroomprive•com

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1. FINANCIAL STATEMENTS

1.1. Statement of profit or loss

in K€	Notes	2018	2017 restated*
Net revenues	4.2	672 233	654 971
Cost of goods sold	4.3	- 428 465	- 416 003
Gross margin		**243 768**	**238 968**
Gross margin as a percentage of revenue		36,3%	36,5%
Marketing	4.3	- 34 551	- 34 421
Logistics & Fulfillment	4.3	- 157 895	- 150 497
General & Administrative expenses	4.3	- 56 976	- 50 801
Current operating profit		**- 5 654**	**3 249**
Cost of share based payments	4.4	- 1 784	- 2 707
Other operating income and expenses	4.4	1 104	- 7 879
Operating profit		**- 6 334**	**- 7 337**
Income from cash and cash equivalents		- 24	- 7
Cost of financial debt		- 200	- 171
Net finance costs		**- 224**	**- 178**
Other financial income and expenses		**- 77**	**- 408**
Profit before tax		**- 6 635**	**- 7 923**
Income taxes		2 280	2 689
Net income for the period		**- 4 355**	**- 5 234**
Attributable to owners of the Parent		- 5 606	- 5 812
Attributable to third parties		1 251	578
Earnings per share (in €)			
Basic earnings per share		- 0,13	- 0,17
Diluted earnings per share		- 0,13	- 0,17

*) See note 2.10. „Change in presentation“

1.2. Statement of total comprehensive income

in K€	Notes	2018	2017
Net income for the period		**- 4 355**	**- 5 234**
Income and expense recognized in equity		-	-
Total comprehensive net income for the period		**- 4 355**	**- 5 234**

1.3. Consolidated balance sheet

in K€	Notes	31/12/2018	31/12/2017
Goodwill	5.1	123 685	123 685
Other intangible assets	5.2	53 271	49 789
Tangible assets	5.3	20 762	16 606
Financial assets	5.4	3 599	3 680
Deferred tax assets	5.11	3 214	3 226
Non current assets		**204 531**	**196 991**
Inventories	5.5	99 061	92 945
Accounts receivables and similar accounts	5.6	32 005	53 001
Income tax receivables		4 938	7 934
Other receivables		37 325	45 434
Cash and cash equivalent	5.8	80 409	50 878
Current assets		**253 738**	**250 192**
Total Assets		**458 270**	**447 183**
Share capital		2 025	1 384
Share premium reserves		211 158	173 281
Treasury shares		- 1 765	- 1 641
Other reserves		16 188	28 953
Net income		- 4 355	- 5 234
Total shareholders' equity		**223 250**	**196 743**
Non-controlling interests		**-**	**-**
Total equity	1.5	**223 250**	**196 743**
Long term financial liabilities	5.12	19 505	28 830
Employee benefits	5.9	101	52
Other provisions	5.10	545	5 368
Deferred tax liabilities	5.11	5 182	9 616
Total non current liabilities		**25 333**	**43 866**
Short term financial liabilities	5.12	22 723	1 144
Provision for risks and charges	5.10	1 392	1 299
Accounts payables	5.13	140 316	144 246
Income tax liabitity		1 299	657
Other current payables	5.13	43 956	59 228
Total current liabilities		**209 686**	**206 574**
Total Liabilities		**235 019**	**250 440**
Total Equity and Liabilities		**458 270**	**447 183**

1.4. Consolidated cash-flow statement

in K€	Notes	2018	2017
Net income for the period	1.1	- 4 355	- 5 234
Depreciation & Amortization	5.2 à 5.6, 5.9 et 5.10	5 924	8 621
Gains / losses from fair value adjustments		102	234
Gains / losses on sale of assets		- 2 072	525
Fair value measurement of stock options	5.16	1 588	2 566
Cash flows from operations before finance costs and income tax		**1 187**	**6 712**
Income taxes for the period	1.1	- 2 280	- 2 689
Net finance costs	1.1	224	178
Change in inventories	5.5	*- 6 116*	*- 6 758*
Change in accounts receivables and other current assets	5.6 & 5.7	*28 557*	*- 25 466*
Change in other accounts payables and other current liabilities	5.13	*- 16 908*	*- 5 403*
Change in working capital	5.18	5 533	- 37 627
Cash flow from operating activities before tax		**4 664**	**- 33 426**
Current income tax paid		2 046	- 4 812
Net cash from operating activities		**6 710**	**- 38 238**
Change in consolidation scope			- 8 331
Acquisition of intangible and tangible assets	5.2 & 5.3	- 18 306	- 12 474
Acquisition of stakes in associate companies		-	-
Net change in non current financial assets	5.4	84	- 32
Proceeds from sale of intangible and tangible assets	5.2 & 5.3	112	43
Other flows from investing activities		180	-
Net cash from investing activities		**- 17 930**	**- 20 794**
Capital Increase		37 978	
Transaction on own shares		- 183	- 1 641
Proceeds from stock-options	1.5	39	805
New financial liabilities		21 700	22 500
Repayment of financial liabilities	5.12	- 18 595	- 8 569
Finance costs paid	1.1	- 202	- 183
Other flows from financing activities		-	-
Net cash from financing activities		**40 737**	**12 912**
Impact of changes in exchange rates		10	- 6
Total cash flow for the period		**29 527**	**- 46 126**
Cash and cash equivalent at the beginning of the period		**50 878**	**97 004**
Cash and cash equivalent at the end of the period		**80 406**	**50 878**

Details of the composition of the closing cash position are provided in Note 5.8.

1.5. Statement of changes in consolidated equity

in K€	Share capital	Additional paid-in	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, 2016	**1 368**	**172 492**	**-**	**-**	**14 522**	**14 522**	**14 172**	**202 554**	**-**	**202 554**
Net income for the period			-	-	-	-	- 5 234	- 5 234		- 5 234
Total comprehensive net income for the period			**-**	**-**	**-**	**-**	**- 5 234**	**- 5 234**		**- 5 234**
IPO on Euronext			-	1	-	1		1		1
Proceeds from stock-options	16	789	-	-	-	-		805		805
Changes in free shares			- 1 641	-	-	-		- 1 641		- 1 641
Charges related to free shares and share options			-	-	2 566	2 566		2 566		2 566
Other changes				-	-	-	- 2 308	- 2 308		- 2 308
At December 31, 2017	**1 384**	**173 281**	**- 1 641**	**1**	**17 088**	**17 089**	**6 630**	**196 743**	**-**	**196 743**
Net income for the period			-	-	-	-	- 4 355	- 4 355		- 4 355
Total comprehensive net income for the period			**-**	**-**	**-**	**-**	**- 4 355**	**- 4 355**		**- 4 355**
Capital increase	640	37 839				-		38 479		38 479
IPO on Euronext			-	-	-	-		-		-
Proceeds from stock-options	1	38	-	-	-	-		39		39
Changes in free shares			- 123	-	-	-		- 123		- 123
Charges related to free shares and share options			-	-	1 588	1 588		1 588		1 588
Other changes				3	- 9 123	- 9 120		- 9 120		- 9 120
At December 31, 2018	**2 025**	**211 158**	**- 1 764**	**4**	**9 553**	**9 557**	**2 275**	**223 251**	**-**	**223 251**

As at 31st December 2018, the share capital of SRP Groupe S.A. was made up of 50,614,402 shares with a nominal value of €0.04 per share (34,604,953 shares of the same nominal value as at 31st December 2017).

Other changes in 2018 concern the revaluation of the purchase option on the minority shareholdings in Beauté Privée (see note 5.1).

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

2.1. The Group

SRP Groupe S.A. is the parent company of Showroomprivé Group (subsequently referred to in this report as « the Group »). The shares of SRP Groupe S.A. are traded on the Euronext stock exchange in Paris since 2015.

The Company's consolidated financial statements as at 31 December 2018 include SRP Groupe S.A. and its subsidiaries (see note 3). The year ended 31 December 2018 covers a period of 12 months.

The consolidated financial statements were adopted by the supervisory board of SRP Groupe S.A. during its meeting on 13 March 2019 and will be submitted for approval to the General Assembly of Shareholders to be held on 27 June 2019.

The Group's business consists in the private sale of consumer goods and services on Internet.

2.2. Main events of the financial year

New shareholder Carrefour Group

On February 7, 2018, retail group Carrefour acquired 17% of the share capital in SRP Groupe from Conforama, a subsidiary of Steinhoff Group.

The partnership between the Group and its new shareholder is part of a strategy pursued by both groups to develop a first-rate multi-channel offer and covers all commercial, marketing, logistical and big data subjects. First measures have already been launched (e.g. the opening of withdrawal points in the Carrefour network of supermarkets) and are progressing as planned.

Financing contract – future logistics concept

The Group signed a contract for a bank loan facility of 12.0M€ in total during the first half year aimed at financing its planned future capital expenditure destined to increase the part of in-house handling in its logistics flows.

The loan term is 7 years with a first repayment scheduled in 2020. The applicable interest rate is Euribor plus 60 basis point per year.

As part of this facility the Group obtained the right to make different drawdowns depending on the timing of the different investment steps to be carried out during the financial years 2018 and 2019. The first draw-downs took place as planned in 2018 (see Note 5.12).
In the course of the first half of 2018, the Group preselected two sites for its for future logistical warehouse, the investment of which was announced in March 2018 and the objective of which is to achieve a higher part of insourcing for its logistics flows as well as, by doing this, to generate productivity gains in the order of €4.0M of EBITDA by 2020. The Group also selected the supplier for the mechanization technology and in the course of the second half of 2018, the Group concluded a lease contract for this warehouse. The warehouse will start operations in the third quarter 2019 in line with schedule.

Increase of share capital

The company carried out a capital increase with preferential subscription rights, closed on December 21, 2018. The share capital increase of €39.5 M, including share premium, resulted in the issue of 15,817,000 new shares at a unit subscription price of €2.50.

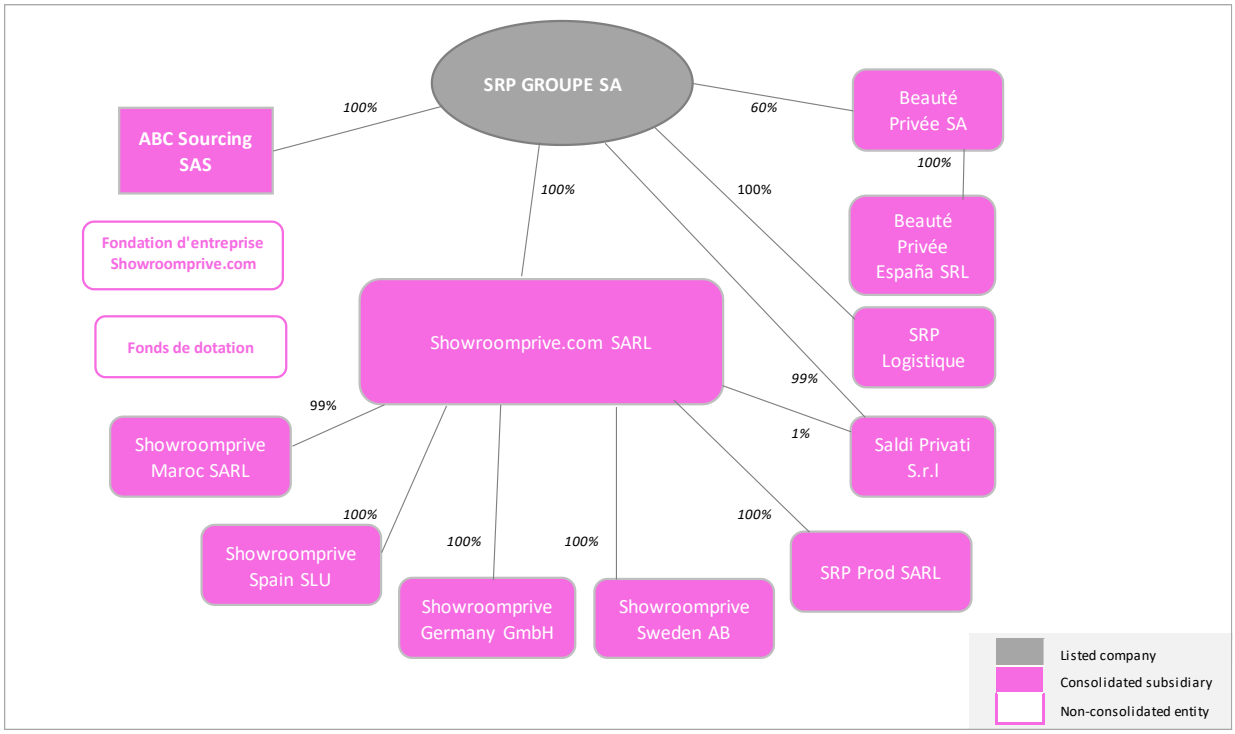
The proceeds of the capital increase will be used to finance the acquisition of 40% of the capital of the company Beauté Privée not yet held by Showroomprivé, for an amount estimated between €20M and €25M. This acquisition aims to strengthen the Group's position as a leader in the field of beauty and well-being, with strong growth potential and as a perfect add-on to the fashion sector, which is the traditional anchor of the Group.

The operation will also finance, for an amount of approximately €5M, the remaining part of the logistics investment announced in March 2018, which will partially internalize the logistics and thus generate productivity gains and savings of costs, with a positive impact on EBITDA of around €4M by 2020.

Lastly, this operation will increase the Group's financial flexibility to meet general needs as part of the implementation of the 2018-2020 performance plan.

2.3. Group organisation

As a result, the Group's organizational structure as at 31 December 2018 is as follows:



2.4. Accounting standards

Statement of compliance and IFRS used

Pursuant to Regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and the European Council, the Group's published consolidated financial statements as at 31 December 2018 are drawn up in accordance with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standards Board) and adopted by the European Union (publication in the Official Journal of the European Union) as at 31 December 2018.

International accounting standards include

- the IFRS (International Financial Reporting Standards),
- the IAS (International Accounting Standards)
- 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 and whose application are mandatory or which may be applied in advance for financial years starting as from 1 January 2018

The following new texts are mandatory in their application by the Group starting on 1 January, 2018:

- Annual IFRS improvement cycle: 2014 – 2016
- Amendments to IFRS 2 : Classification and valuation of share-based transactions
- Interpretation IFRIC 22 : Foreign currency transactions and advance consideration
- IFRS 15 and clarification of IFRS 15 : Revenue from contracts with customers
- IFRS 9 : Financial instruments

The changes in accounting methods resulting from the application of IFRS 15 and IFRS 9 are presented in more detail below.

The standards, amendments and interpretations adopted by the IASB or IFRIC as well as the European Union as at 31 December, 2018 and of which the application is not mandatory, did not result in an advance application. This concerns in particular:

- IFRIC 23 Uncertainty over tax treatment: The application of IFRIC 23 should not have a significant impact on the consolidated accounts.
- IFRS 16: Leases.

Changes in accounting methods resulting from IFRS 15 and IFRS 9

The Group applied the standards IFRS 15 and IFRS 9 for the first time in the financial year 2018 starting on 1 January, 2018. Other accounting standard also took effect at that date but they had no significant impact on the Group's financial statements.

The Group chose transition methods for the application of the two standards that made it unnecessary to restate comparative information.

IFRS 15 « Revenue from contracts with customers »

The IFRS 15 accounting standard is the framework that allows companies to determine whether revenue needs to be recognized, for which amount and at which moment this needs to be recorded. It replaces IAS 18 « Revenue » and IAS 11 « Construction contracts » standards and their interpretation. The IFRS 15 accounting standard recommends the recognition of revenue when the client obtains control over the goods or services purchased. A certain degree of judgment is required in order to determine the exact timing triggering the transfer of control (a given moment in time or gradually over time).

An analysis of the different types of revenue as regards IFRS 15 and in particular the analysis of sales based on conditional purchases and travel sales did not give rise to any changes in the revenue recognition method already applied.

The focus was also on the gross or net presentation of revenue as well as the timing of the revenue recognition based on the general conditions of sale.

IFRS 9 « Financial Instruments »

The IFRS 9 accounting standard enumerates the provisions which apply to the recording and the valuation of financial assets and liabilities as well as certain purchase and sale contracts of non-financial items. The standard replaces IAS 39 « Financial instruments: Recognition and measurement ».

IFRS 9 replaces the model of accumulated losses applied by IAS 39 by losses from expected credit impairment. The new depreciation model applies to financial assets valued at amortized cost, contract assets and debt instruments at fair value and is disclosed in « Other miscellaneous items » in « Other comprehensive income », but does not apply to investments in equity instruments.

2.5. 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.

Transactions eliminated from the 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.

Companies consolidated by the Group as at 31 December 2018 and 2017 drew up their financial statements in accordance with the accounting principles applied by the Group.

The consolidation scope is detailed in Note 3.

2.6. 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.

2.7. Reporting currency and transactions denominated in foreign currencies

The consolidated financial statements of the SRP Group 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.

2.8. 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 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 and deferred tax assets.

2.9. Accounting principles and valuation methods

The accounting principles and valuation methods applied by the Group are detailed in the sections 4 (notes to the income statement) and 5 (notes to the balance sheet).

2.10. Change in presentation

In line with a recommendation from the French stock market authority (AMF), the line « Amortization recognized in business combinations" is now presented as part of the "Current Operating Profit".

3. SCOPE OF CONSOLIDATION

3.1. Scope at the end of the financial year

Legal entities		Conso. method	2018 Share-holding	2018 Controlling interest	2017 Share-holding	2017 Controlling interest
SRP Groupe	France	Full				
Showroomprivé.com S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Logistique S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Beauté Privée SA	France	Full	60,00 %	100,00 %	60,00 %	100,00 %
Beauté Privée ESPAÑA, S.L.U.	Spain	Full	60,00 %	100,00 %	60,00 %	100,00 %
SRP Spain	Spain	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP GmbH	Germany	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Italy*	Italy	Full			100,00 %	100,00 %
SRP Prod	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Saldi Privati S.r.l.	Italy	Full	100,00 %	100,00 %	100,00 %	100,00 %
ABC Sourcing SAS	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Sweden	Italy	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Maroc	Morocco	Full	99,99 %	100,00 %	99,99 %	100,00 %

**) liquidation November 15th 2018* *Full = Fully consolidated*

3.2. Change to the consolidation scope during the year

Beauté Privée

On March 15, 2017 the Group acquired a controlling stake in Beauté Privée SA (France), through the acquisition of 60% of the share capital of the company. The Group has an option to acquire the remaining stake of 40% in 2019.

The financial debt linked to the option was revalued in the consolidated financial statements as at June 30, 2018:

Share	*Item*	*in M €*
60%	Payment in cash	11.4
	Earn-out	2.0
40%	Purchase option / financial debt	21.3
Total consideration		**34.7**

The change in value of the debt (+9,1M€) was booked against consolidated equity in line with the accounting treatment adopted the previous financial year and applied since.

The goodwill resulting from this acquisition (16.4M€) as presented in the accounts as at June 30, 2018 is final. It is unchanged compared to the year-end close 2017.

SRP Italy

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

4. NOTES TO THE INCOME STATEMENT

Accounting principles

➢ Income

Sale of goods and services

The Group recognizes revenue in accordance with IFRS 15.

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:

Revenue from the sale of goods (sales based on fixed or conditional purchases) is recorded as turnover when goods are delivered and therefore the buyer obtains the control over the goods and services purchased. 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.

The Group records revenue from the sale of travel services on a net basis.

Customer loyalty scheme (Referral coupons or vouchers)

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.

Likewise, the Group may occasionally attribute free vouchers to its customers (members) in order to further stimulate their attachment to its brand.

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.

➢ Current operating expenses

In order to better understand the specificities of its business, the Group presents an income statement by function, which highlights the following operating expenses:

- Cost of goods sold
- Marketing
- Logistics and fulfilment (processing of orders), relating to:
    - expenditure directly attributable to goods sold,
    - logistics costs
- General administrative costs (overheads)

Current operating expenses include amortization and depreciation charges on intangible assets (including the amortization charges on assets recognized as part of a business combination) and depreciation charges on tangible assets.

In order to provide more comprehensive information, these operating expenses are broken down by type in Note 3.2 "Operating expenses by type" of the Notes to the Accounts.

All current operating expenses are deducted from the income (revenue) to obtain the current operating income, which is a main performance indicator of the Group's business.

➢ Operating result

The operating result is obtained by deducting the following items from the current operating result:

- Operating expenses from the issue of free shares and share options allocated to employees,
- Non-recurrent income or expenditure.

Other non-recurrent operating income and expenditure include items that are judged non-representative by the Group for a proper understanding of its Group's business activity, such as

- Gains and losses on disposals of tangible and intangible assets,
- Restructuring costs approved by management,
- Litigation costs,
- Costs related to business combinations,
- Goodwill impairment

➢ Net result

Net income is calculated by deducting the following elements from the current operating result:

- the cost of net financial debt, which includes interest on borrowings calculated using the effective interest rate, interest paid under financing leases minus cash and cash equivalents,
- other financial income and expenses;
- the current and deferred tax charge.

4.1. Adjusted EBITDA

Accounting principles

In addition to the operating result the Group presents its performance also in the shape of an adjusted Earnings before interest, tax, depréciation and amortization («EBITDA »). The adjusted EBITDA another key performance inidcator the Group's activity.

The adjusted EBITDA derived by eliminating from its net result (see note 4.1):

- Amortization of assets recognized in the course of a business combination
- The amortization charges on intangible assets and the depreciation charges on tangible assets (see note 5.2 and 5.3).
- Expenses from the issue of free shares and share options allocated to employees,
- Non-recurrent income or expenses.
- the net finance cost and other financial income and expenses,
- the income tax charge of the financial year

in K€	Notes	2018	2017
Net income for the period		**- 4 256**	**- 5 234**
Amortisation of assets recognized through business combination		1 134	1 372
Deprec. & Am. of tangible and intangible assets		9 640	8 443
o/w amort. in Logistics & Fulfillment		2 583	2 040
o/w amort. in G&A		7 056	6 403
Cost of share-based payments	5.9	1 784	2 707
Non recurring items	4.4	- 1 104	7 878
Net finance costs		224	178
Other financial income and expenses		77	408
Income taxes		- 2 280	- 2 689
Adjusted EBITDA		**5 120**	**13 063**
		0,76%	*1,99%*

4.2. Segment reporting by geographic area

Accounting principles

➢ **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.

The Group deploys its offer in France and in 8 other countries from its single platform based in France.

Depending on the geographic location of its clients the Group assembles them in the following two areas to present its revenue and EBITDA:

France	International
Mainland France and Overseas Territories	Belgium, Spain, Italy, Portugal, Netherlands, Poland, Germany (multi-currency web site)

Group revenue and EBITDA present themselves as follows:

en K€	2018			2017		
	Total consolidé	France	Internat.	Total consolidé	France	Internat.
Ventes Internet	658 525	546 223	112 302	629 881	518 712	111 169
Autre	13 707	13 696	11	25 089	25 089	
Chiffre d'affaires total	**672 232**	**559 919**	**112 313**	**654 971**	**543 802**	**111 169**
EBITDA	**5 120**	**15 739**	**- 10 619**	**13 063**	**25 722**	**- 12 659**
Croissance des ventes	2,6%	3,0%	1,0%	21,4%	16,2%	55,0%
EBITDA en % du CA	0,8%	2,8%	-9,5%	2,0%	4,7%	-11,4%

EBITDA by geographic area includes an allocation of overheads in relation to the share in revenue.

4.3. Operating expenses by type

Details by nature of expenditure indicated in the profit and loss account are as follows:

in K€	2018	2017
Cost of goods sold	- 428 465	- 416 003
Purchases and sub-contracting expenses	- 163 171	- 158 749
Personnel expenses	- 62 792	- 60 080
Tax expenses	- 3 201	- 4 539
Deprec, & Am, of tangible and intangible assets	- 9 640	- 8 438
Other provisions and depreciations	- 6 390	- 4 006
Other operating income and expense	- 4 228	1 465
Current operating expenses	**-677 887**	**-663 275**

4.4. Other operating income and expenditure and cost of share based payments

In respect of the financial year 2018, cost of share based payments and other non-recurring operating income and expenses mainly include the following items:

- expenses resulting from the issue of free shares including the related social contributions for 1,784k€
- fees related to mergers and acquisition for 910k€
- donations to the private foundations of Showroomprivé for 402k€
- non-recurrent fees for 1,342k€
- items related to the integration of Saldi Privati for 5,261k€ (gain)
- costs involved in trade litigation 450k€.

With regard to the “items related to the integration of Saldi Privati” the Group concluded on 29 June, 2018 an agreement with ePrice, the former owner, to recover part of the original acquisition price as well as the early termination of the logistics contract agreed with Eprice at the time of acquisition of Saldi Privati in 2016. As part of this agreement the Group obtained a repayment 2.5 M€ from Eprice on the consideration paid for non-compliance with performance criteria and agreed to end from June 30, 2018 and ahead of its term the logistics contract against an indemnity payment of 2.0M€. The termination of the logistics contract consequently triggered the unwinding of the remaining balance of the provision for unfavorable contracts (+4.9M€) recognized as part of the purchase price allocation in 2017.

In respect of the financial year 2017, cost of share based payments and other non-recurring operating income and expenses mainly include the following items:

- expenses resulting from the issue of free shares including the related social contributions for 2,707k€
- restructuring charges 2,666k€
- fees related to mergers and acquisition for 1,712k€
- donations to the private foundations of Showroomprivé for 963k€
- non-recurrent fees for 746k€
- expenses related to the integration of Saldi Privati and Beauté Privée for 1,105k€
- costs involved in trade litigation 470k€.

4.5. Tax

Accounting principles

➢ Income tax

A tax consolidation agreement has been implemented since 1 January 2012 among all French entities of the Group. By virtue of this agreement, each entity records its tax expense as if it was 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 induces any tax payable due to dividend declaration.

➢ 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

The tax expense in respect of the years presented is broken down as follows:

in K€	**2018**	**2017**
Deferred taxes	4 359	3 127
Current income taxes	- 2 078	- 438
Income tax expense	**2 281**	**2 689**

In respect of the year 2018 the current tax expenses include:

- Tax on income mainly from SRP Maroc, SRP Spain and Beauté Privée France for €1.7M.
- Charges related to the "Corporate Value Added Tax" (« Contribution sur la Valeur Ajoutée des Entreprises » / CVAE, a tax on value added by companies) in France of €1.1M
- Tax credits for €1.2M
- The tax charge of €0.5M related to the deduction of the equity issuance costs from the share premium

The deferred tax in 2018 expense is mainly due to the following factors:

- The recognition of a tax asset for the entire loss in the French tax group to the amount of €6.8M
- The gradual change in tax rates (25,82% versus 34,43% previously) in France with an impact of €0.3M following the changes in the French tax legislation
- The impact from the recognition of the research and development projects (€0.9M) during the financial year
- €1.5 M€ of deferred tax charges related to the unwinding of the provision for unfavorable contracts recognized as part of the acquisition of Saldi Privati (see Note 4.4).

In respect of the year 2017 the current tax expenses include:

- Tax on income mainly from SRP Gmbh, SRP Spain and Beauté Privée France for €1.1 M.
- Charges related to the "Corporate Value Added Tax" (« Contribution sur la Valeur Ajoutée des Entreprises » / CVAE, a tax on value added by companies) in France of €1M
- Tax credits for €1.5M

The deferred tax in 2017 expense is mainly due to the following factors:

- The recognition of a tax asset for the entire loss in the French tax group to the amount of €1.8M
- The gradual change in tax rates (25,92% versus 34,43% previously) in France with an impact of €2.5M following the changes in the French tax legislation
- The recognition of the research and development projects (€1.4M)

Tax proof

The difference between the effective tax rate and the theoretical tax rate is broken down as follows:

in K€	2018	2017
Total comprehensive net income for the period	**-4 355**	**-5 234**
Income tax expense	2 281	2 689
Profit before tax	**-6 636**	**-7 923**
Standard tax rate in France	32,02%	34,43%
Theoretical tax expense	-2 125	-2 728
Impact of:		
Non recognition of deferred tax losses incurred over the period in Italy	1 324	1 765
Permanent differences	-1 340	-652
CVAE reclassification as income tax	779	686
Tax credits exempt from taxation	-387	-496
Free shares impact	508	883
Tax rate impact	-495	-1 764
Corporate philanthroy	-545	-206
Other	0	-178
Actual tax expense	**-2 281**	**-2 689**
Effective tax rate	*34,37%*	*33,94%*

5. NOTES TO THE BALANCE SHEET

5.1. Goodwill

Accounting principles

Business combinations are recognized using the acquisition method at the acquisition date (in accordance with the IFRS 3 revised), which is the date on which control is transferred to the Group (see note 2.5). The difference between the consideration paid or to be paid for the acquisition and the net assets acquired is recognized as goodwill.

The Group values goodwill at the acquisition date as:

- the fair value of the consideration transferred plus, if applicable, the value of shareholdings held by minority shareholders; 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 between the net assets and the total consideration 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.

The goodwill is subject to an annual impairment test at the annual closing date or more frequently, if any sign of loss in value are detected (see note 5.1)

In 2018, the goodwill did not change:

in K€	**31/12/2017**	**Final PPA 2016**	**Scope entries**	**Scope exists**	**Depreciation**	**Other changes**	**31/12/2018**
Goodwill	123 685	-	-	-	-	-	123 685
Goodwill depreciation	-	-	-	-	-	-	-
Net book value	**123 685**	**-**	**-**	**-**	**-**	**-**	**123 685**

Goodwill movements in 2018

➢ Beauté Privée

In 2017 SRP Group acquired Beauté Privée for a total consideration of 23.3M€ (see note 3.2).

Based on the consideration paid and to be paid this acquisition led to the recognition of a provisional goodwill of 16.4 M€ in the consolidated accounts of the Group as at 31 December 2017.

The analysis of the definitive allocation of the purchase price was made in 2018 but did not lead to a change in the goodwill recorded at the end of 2017.

Impairment test

Accounting principles

The recoverable value of intangible and tangible assets is tested if an indication of a loss of value is apparent and at least once per year for goodwill and trademarks which are not subject to amortization.
Within the framework of the control of the value of goodwill, as well as all other tangible and intangible assets as detailed in notes 5.2 and 5.3, an impairment test is performed at 31 December of each year. This test compares the recoverable value of the cash-generating units with its recoverable amount, which is the higher of fair value less costs to sell and value in use. The value in use is determinated following the method of the discounted future cash flow method.
Value in use is estimated using cash flow projections based on existing operating forecasts, including growth and profitability rates deemed reasonable. Discount rates (based on the weighted average cost of capital) were assessed based on analyzes of the sector in which the Group operates. Existing forecasts are based on past experience as well as market prospects.

➢ Cash-generating units

Considering its online sale business and its organization structure, the Group has identified only one cash generating unit.

➢ Valuation method

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 five-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.

➢ Impairment losses

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".

In accordance with IAS 36 the recoverable amount is the higher of the fair value less costs to sell and the value in use.

The value in use is estimated using cash flow projections based on existing business forecasts, including growth and profitability rates that are deemed reasonable. Discount rates (based on the weighted average cost of capital) are assessed based on analyses of the sector in which the Group operates. The current forecasts are based on historical experience and market outlook.

➢ Main assumptions

As at 31 December 2018, 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: 5 years (the fourth year is projected to infinity),
- Long-term growth rate: 2.0% (2017: 2.0%),
- Discount rate: 9.8% (2017: 9.5%).

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

➢ Result of the impairment test

The result of the impairment did not give rise to any recognition of a loss in value as at 31 December 2018. Furthermore, an analysis of the sensitivity of the calculation to the variation of key parameters, as conducted for each financial year, did not show any likely scenario where the recoverable value of the cash generating unit would become lower than its book value of the assets that it employs:

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

5.2. Other intangible assets

Accounting principles

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 and development costs

Research costs are recognized as expenditure when they are incurred.
In accordance with IAS 38 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:

- Its technical feasibility, its intention to complete the intangible asset and its ability to use or sell it;
- The 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;
- 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. Development costs are recognized in assets at their cost less accumulated depreciation and accumulated impairment losses.

➢ Useful life and amortization period

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

The impairment principles are detailed in Note 5.1 ("Goodwill").

Acquisitions over the year concern mainly the capitalization of part of the 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 and the implementation of a new ERP system.

in K€	31/12/2017	Acquisitions	Disposals	Amortization	Reclassification	31/12/2018
Development expenses capitalized	14 376	7 607	-		-	21 983
Licenses and software	11 659	1 931	- 181		- 2 296	11 113
Brand	32 419	-	-		-	32 419
Cohort of members	13 258					13 258
Other intangible assets	933		-		- 689	244
Intangible assets	**72 645**	**9 538**	**- 181**	**-**	**- 2 985**	**79 017**
Amort./Dep. of capitalized dev. Expenses	- 5 159		-	- 4 320	-	- 9 479
Amort./dep. Of licenses and software	- 10 291		181	- 1 547	3 148	- 8 509
Amort./Dep of cohort of members	- 7 406		-	- 1 241	889	- 7 758
Am./Dep. of intangible assets	**- 22 856**	**-**	**181**	**- 7 108**	**4 037**	**- 25 746**
Total net value	**49 789**	**9 538**	**-**	**- 7 108**	**1 052**	**53 271**

in K€	31/12/2016	Acquisitions	Disposals		Reclassification	31/12/2017
Development expenses capitalized	7 683	6 693				14 376
Licenses and software	10 367	1 072	- 793		286	11 659
Brand	30 733					32 419
Cohort of members	6 205					13 258
Other intangible assets	927				6	933
Intangible assets	**55 915**	**7 765**	**- 793**	**-**	**286**	**72 645**
Amort./Dep. of capitalized dev. Expenses	- 2 412				-	- 5 159
Amort./dep. Of licenses and software	- 9 276		793		1 013	- 10 291
Amort./Dep of cohort of members	- 4 938				- 1 007	- 7 406
Am./Dep. of intangible assets	**- 16 626**	**-**	**793**	**-**	**6**	**- 22 856**
Total net value	**39 289**	**7 765**	**-**	**-**	**292**	**49 789**

Acquisitions of licenses and software concern a variety of software tools purchased in 2017.

Changes in the scope of consolidation are related to the two Beauté Privée entities entering the Group in 2017 (see also notes 3.2 and 5.1).

5.3. Tangible assets

Accounting principles

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.

➢ Useful life and amortization period

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

➢ Lease contracts

In accordance with IAS 17 leases that transfer to the Group substantially all the risks and rewards incident to ownership of an asset are 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 a 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.

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 trademarks.

	31/12/2017	Acquisitions	Cessions	Dotations	Variations de Périmètre	Reclassement	31/12/2018
Land	1 223	-	-	-	-	-	1 223
Buildings and refurbishment	1 612	-	-	-	-	-	1 612
Facilities, plant & equipment	6 948	1 832	- 61	-	-	36	8 755
Tangible assets in progress	1 043	5 300	-	-	-	- 881	5 462
Advances payments for fixed assets	-	-	-	-	-	-	-
Other tangible assets	20 852	1 634	- 1 586	-	-	- 13	20 887
Tangible assets	**31 678**	**8 766**	**- 1 647**	**-**	**-**	**- 858**	**37 939**
o/w finance lease	*7 940*						*7 940*
Amort/ Dep. of buildings and refurbishment	- 745	-	-	- 81	-	-	- 826
Amort./Dep. of tech facilities, plant & equipment	- 4 870	-	55	- 1 012	-	-	- 5 827
Amort./Dep. of other tangible assets	- 9 457	-	1 468	- 2 538	-	1	- 10 526
Amort./Dep. of tangible assets	**- 15 072**	**-**	**1 523**	**- 3 631**	**-**	**1**	**- 17 179**
o/w finance lease	-			*- 924*			*- 924*
Total net value	**16 606**	**8 766**	**- 124**	**- 3 631**	**-**	**- 857**	**20 760**

Acquisitions during the year include mainly:

- Investments for the improvement of the service's productivity (€5,830k)
- Improvement works at the Group's main site in Saint Denis (€687k)
- Facilities and equipment for the new head office in Spain (€660k)
- Investments in the Group's St. Witz warehouse facility (€232k)

in K€	31/12/2016	Acquisitions	Disposals	Depreciation	Change in scope of conslidation	Reclass.	Scrapping	31/12/2017
Land	1 223							1 223
Buildings and refurbishment	11 704					- 10 092		1 612
Facilities, plant & equipment	6 516	46				386		6 948
Tangible assets in progress	199	2 593				- 1 749		1 043
Advances payments for fixed assets	-							-
Other tangible assets	7 686	2 208	- 277		77	11 158		20 852
Tangible assets	**27 328**	**4 847**	**- 277**	**-**	**77**	**- 297**	**-**	**31 678**
o/w finance lease	*7 940*							*7 940*
Amort/ Dep. of buildings and refurbishment	- 3 347			- 81		2 683		- 745
Amort./Dep. of tech facilities, plant & equipment	- 3 714			- 1 016		- 140		- 4 870
Amort./Dep. of other tangible assets	- 4 641		209	- 2 429	- 49	- 2 547		- 9 457
Amort./Dep. of tangible assets	**- 11 702**	**-**	**209**	**- 3 526**	**- 49**	**- 4**	**-**	**- 15 072**
o/w finance lease	*- 3 621*			*- 970*				*- 4 591*
Total net value	**15 626**	**4 847**	**- 68**	**- 3 526**	**28**	**- 301**	**-**	**16 606**

Acquisitions in 2017 include mainly:

- Improvement works at the Group's main site in Saint Denis for €1,520k,
- Investments in the Group's IT development center in Sables d'Olonne (€565k)
- IT, photo and transport equipment (€660k)
- Investments in the Group's St. Witz storage facility (€414k)

Changes in the consolidation scope are related to the acquisition of Beauté Privée.

5.4. Financial Assets

in K€	31/12/2017	Acquisitions	Disposals	Scrapping	Change in scope of consolidation	31/12/2018
Investment	-	-	-	-	-	-
Loans, guarantees and other receivables	3 680	50	- 131		-	3 599
Financial assets	**3 680**	**50**	**- 131**	**-**	**-**	**3 599**
Depreciation of investment	-	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-	-
Financial assets depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Total net value	**3 680**	**50**	**- 131**	**-**	**-**	**3 599**

in K€	31/12/2016	Acquisitions	Disposals	Scrapping	Change in scope of consolidation	31/12/2017
Investment	-	-	-	-	-	-
Loans, guarantees and other receivables	3 624	92	- 61		25	3 680
Financial assets	**3 624**	**92**	**- 61**	**-**	**25**	**3 680**
Depreciation of investment	-	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-	-
Financial assets depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Total net value	**3 624**	**92**	**- 61**	**-**	**25**	**3 680**

5.5. Inventory

Accounting Principles

Inventories are stated at the lower of cost and the estimated realizable value.

Inventories are 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 turnover 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 and by taking into account the sales channels available to the Group, such as sales via internet and B2B sales via its subsidiary ABC Sourcing.

	Gross book value	Allowance	Net book value	Gross book value	Allowance	Net book value
Packaging and supplies inventory	652		652	536		536
Goods inventory	112 403	- 13 994	98 409	95 342	- 2 933	92 409
Total Inventories	**113 055**	**- 13 994**	**99 061**	**95 878**	**- 2 933**	**92 945**

5.6. Trade receivables and similar accounts

Accounting Principles

Trade and other receivables are valued at fair value at the initial recognition, then at the amortized cost less impairment losses.

in K€	31/12/2018			31/12/2017		
	Gross book value	Provisions for doubtful accounts	Net book value	Gross book value	Provisions for doubtful accounts	Net book value
Accrued income		-	-	3 524	-	3 524
Accounts receivable	15 755	- 221	15 534	10 426	- 413	10 013
Advances and prepayments	18 214	-	18 214	39 464	-	39 464
Total receivables and related accounts	**33 969**	**- 221**	**33 748**	**53 414**	**- 413**	**53 001**

5.7. Age analysis of financial instruments

in K€	31/12/2018	< 1 year	2 years	3 years	4 years	5 years & more
Loans, guarantees and other receivables	3 599	2 500				1 099
Total Financial fixed assets	**3 599**	**2 500**				**1 099**
Accounts receivable	13 791	13 791				
Accrued income						
Advances and prepayments	18 214	18 214				
Total receivables and related accounts	**32 005**	**32 005**				
Current income taxes	4 938	4 938				
Total Current income taxes	**4 938**	**4 938**				
Employee advances and prepaid payroll taxes	35	35				
Tax-related receivable - other than income tax	17 757	17 757				
Other receivables	1 343	1 343				
Prepaid expenses	18 190	18 190				
Total other receivables	**37 325**	**37 325**				
Total Receivables	**77 868**	**76 768**				**1 099**

in K€	31/12/2017	< 1 year	2 years	3 years	4 years	5 years & more
Loans, guarantees and other receivables	3 679	-	2 518	-	-	1 161
Total Financial fixed assets	**3 679**	-	-	-	-	**1 161**
Accounts receivable	10 013	10 013	-	-	-	-
Accrued income	3 524	3 524				
Advances and prepayments	39 464	39 464	-	-	-	-
Total receivables and related accounts	**53 001**	**53 001**	-	-	-	-
Current income taxes	7 934	7 934	-	-	-	-
Employee advances and prepaid payroll taxes	25	25	-	-	-	-
Tax-related receivable - other than income tax	20 500	20 500	-	-	-	-
Other receivables	3 728	3 728	-	-	-	-
Prepaid expenses	21 180	21 180	-	-	-	-
Total other receivables	**45 434**	**45 433**	-	-	-	-
Total Receivables	**110 048**	**106 368**	-	-	-	**1 161**

5.8. Cash and cash equivalents

Accounting Principles

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.

in K€	31/12/2018	31/12/2017
Short-term investments		392
Cash at bank	78 666	50 486
Bank overdrafts		
Net cash	**78 666**	**50 878**

For the financial year 2018, the change in the net treasury position of +€27,800k can be explained by the following main factors:

- The share capital increase of €38M euros
- The positive impact from a decrease of €5M in the working capital requirements
- The payment of contingent price component to the historical shareholders of Beauté Privée SA France and ABC Sourcing SAS (€2.1M in total)
- The refund of part of the consideration paid for the acquisition of Saldi Privati S.r.l. (€2.5M)
- The continuation of the investments in the website and the ongoing projects aimed at the improvement of services and the logistics (€15M net of bank financings)

The short-term investments for 2017, made up mainly of short-term deposits readily available, have been transferred to cash at bank.

5.9. Employee benefits

Accounting Principles

➢ Defined contribution plans

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.

➢ Defined benefit plans

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 balance sheet date, on first-class bonds that have maturity dates close to those of the group's obligations. This rate is 0.31% on 31 December 2018, against 1.50% on 31 December 2017.

in K€	31/12/2017	Additions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	Change in consolidation scope	31/12/2018
Provisions for pensions and post-employment benefits	52	49					101
Total	**52**	**49**	**-**	**-**	**-**	**-**	**101**

in K€	31/12/2016	Additions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	Change in consolidation scope	31/12/2017
Provisions for pensions and post-employment benefits	88	5		- 9	- 32		52
Total	**88**	**5**	**-**	**- 9**	**- 32**	**-**	**52**

5.10. Provisions

Accounting Principles

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.

in K€	31/12/2017	Provisions	Reversals of provisions (used)	Reversals of provisions (unused)	Change in scope of conslidation	Other changes	31/12/2018
Provision for unfavorable contracts linked to the Saldi Privati acquisition	5 368		- 5 368				-
Provision for litigation (< 1 year)	950	1 171	- 730				1 392
Total Provision for risks	**6 318**	**1 171**	**- 6 098**	**-**	**-**	**-**	**1 392**
Miscelleaneous	349	546	- 337	- 12			545
Total Provisions for charges	**349**	**546**	**- 337**	**- 12**	**-**		**545**

Provisions for litigation created in 2018 relate to commercial litigations for €300k, labor disputes for €142k and tax risks for €738k. The reversals of provisions for disputes mainly relate to commercial litigations for €730k. Miscellaneous provisions chiefly relate to the social contribution charges linked to the issue of free share.

At the end of the financial year 2018 the company Showroomprivé.com is subject to two tax audits:

- A tax audit covering the financial years 2013 and 2014 led to a notification received on 4 July 2016 for a reassessment in the areas of corporate income tax and value added tax. As part of its legal recourse, the company rejected the reassessment on all points. Based on the merits of the case (the detail of which is described in preceding annual financial reports of the Group) and assisted in this matter by its legal counsels, the company reckons that it has sufficient grounds to continue to uphold its rejection of the remaining issues regarding the reassessment. As a consequence, and at this stage in the procedure, no provision was made in the consolidated accounts of the Group as at 31 December 2018.

A tax audit covering the financial years 2015 and 2016 took place in 2018 and led to a notification received on 21 December 2018. The reassessment proposal received covers mostly the areas of corporate income tax and value added tax. As regards the corporate income tax reassessment the tax authorities are claiming a reassessment of the items concerning corporate philanthropy, valuation of stock, transfer prices applied to transactions between the company and its foreign purchasing offices as well as the research tax credit. As regards value added tax the tax authorities are claiming a reassessment of certain goods and services sold on the company's website and the application of the correct VAT rate. Based on the merits of the case and assisted in this matter by its legal counsels, the company reckons that certain reassessment can be rejected. As a consequence, and at this stage in the procedure, a provision was made in the consolidated accounts of the Group as at 31 December 2018 of 738k€ corresponding to its best estimate of the risk.

5.11. Deferred tax

in k€	31/12/2017	Deferred tax expense recognized in the Income Statement	Scope changes	Other changes	31/12/2018
Deferred tax assets	3 226	- 12			3 214
Deferred tax liabilities	9 616	- 4 375		- 59	5 182
Net balance for deferred taxes	**- 6 390**	**4 363**	**-**	**59**	**- 1 968**
Breakdown of deferred tax					
Temporary differences	441	- 51			390
Other restatements	2 261	- 2 097		59	223
Elimination of intercompany transactions	96	- 96			- 0
Recognition of tax loss carry-forwards	4 915	6 192			11 107
Depreciation of assets recognized through business combinatic	- 10 534	653			- 9 881
Elimination of start-up expenses	- 2				- 2
Provisions for pensions and other post-employment benefits	18	- 18			- 0
Finance lease restatement	- 467	17			- 450
Capitalisation of development costs	- 3 119	- 237			- 3 356
Net balance for deferred taxes by nature	**- 6 390**	**4 363**	**-**	**59**	**- 1 968**

As of December 31, 2018, changes in deferred taxes are mainly from:

- The amortization of intangible assets recognized as part of business combinations including those that led to the creation of the Group as well as Saldi Privati, ABC Sourcing et Beauté Privée which engender a release of deferred tax provisions over time,
- The recognition of development expenses as intangible assets and the subsequent amortization of these assets
- The gradual change in the French tax rate on non-amortizable assets such as trademarks recognized as part of the purchase price allocation from 34.43% à 25.82% in France
- The recognition of tax assets from tax losses carried forward generated as part of the tax group in France (€6.94M) after the deduction of €0.7M€ made as part of the transition from a tax rate of 34.43% à 25.82% in France

in k€	31/12/2016	Deferred tax expense recognized in the Income Statement	Scope changes	Other changes	31/12/2017
Deferred tax liabilities	3 278	1 167	1 510	- 2 729	3 226
Net balance for deferred taxes	11 628	- 1 618	2 672	- 3 066	9 616
	- 8 350	**2 785**	**- 1 162**	**337**	**- 6 390**
Breakdown of deferred tax					
Temporary differences	26	145		270	441
Other restatements	- 47	- 367	1 574	1 101	2 261
Elimination of intercompany transactions	- 23	96		23	96
Recognition of tax loss carry-forwards	3 254	1 720		- 59	4 915
Depreciation of assets recognized through business combination	- 9 208	2 551	- 2 736	- 1 141	- 10 534
Elimination of start-up expenses	- 2				- 2
Provisions for pensions and other post-employment benefits	25	2		- 9	18
Finance lease restatement	- 460	- 3		- 4	- 467
Capitalisation of development costs	- 1 916	- 1 359		156	- 3 119
Net balance for deferred taxes by nature	**- 8 350**	**2 785**	**- 1 162**	**337**	**- 6 390**

As of December 31, 2017, changes in deferred taxes are mainly from:

- The amortization of intangible assets recognized as part of business combinations including those that led to the creation of the Group as well as Saldi Privati, ABC Sourcing et Beauté Privée which generate a release of deferred tax provisions over time,
- The recognition of development expenses as intangible assets and the subsequent amortization of these assets
- The gradual change in the French tax rate on non-amortizable assets such as trademarks recognized as part of the purchase price allocation from 34.43% à 25.92% in France
- Other changes include most notably those related to inventory restatements under IFRS, the recognition of tax assets from tax losses carried forward generated as part of the tax group in France and netting of deferred tax assets and liabilities per entity of the Group

5.12. Borrowings and financial liabilities

Accounting Principles

- 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.

in K€	**31/12/2017**	Loans raised	Loans repaid	Other	**31/12/2018**
Bank borrowings	16 622	21 700	- 17 482	- 1 335	19 505
Other long-term borrowings	12 208			- 12 208	-
Mid- and long-term financial liabilities	**28 830**	**21 700**	**- 17 482**	**- 1 335**	**19 505**
Bank borrowings due in less than 1 year	1 112		- 1 113	- 1 335	1 334
Other borrowings due in less than 1 year	5	22		21 337	21 364
Bank overdrafts	27		- 2		25
Bank debts					
Short-term financial liabilities	**1 144**	**22**	**- 1 115**	**22 672**	**22 723**
o/w finance lease	*2 374*		*- 989*		*1 385*
Total Loans and financial debts	**29 974**	**21 722**	**- 18 597**	**21 337**	**42 228**

The main changes in 2018 are related to the financing operations:

- A financing arrangement to fund the capital expenditure aimed at increasing the insourcing the Group's logistics flows for a total amount of 12 M€. 4.2 M€ were drawn down on this facility in the course of the second half of the financial year.
- The revaluation of the debt towards to the minority shareholders of Beauté Privée (from 12,2 M€ to 21,3 M€) representing the future estimated value of the amount to be paid for the acquisition of the remaining 40% of shares in Beauté Privée (see note3.2).
- The other changes relate almost exclusively to finance leases.

The main changes in 2017 are related to the financing of acquisitions:

- A bank loan raised for 15 M€ in order to fund the acquisition of Saldi Privati.
- A Financial of 12,2M€ (non-cash) towards to the minority shareholders of Beauté Privée representing the future estimated value of the amount to be paid for the acquisition of the remaining 40% of shares in Beauté Privée (see note3.2).

Other loans relate almost exclusively to finance leases.

As part of 15 M€ bank borrowing SRP Groupe S.A. has committed itself to comply with certain financial ratios:

- The first is calculated on the basis of financial debt to EBITDA,
- The second is calculated on the basis of financial net debt to net equity.

These ratios were complied with as of 31 December, 2018.

5.13. Age analysis of debt

in K€	31/12/2018	Less than 1 year	2 years	3 years	4 years	5 years or more
Long term financial liabilities (finance lease)	149		99	50		
Short term financial liabilities (finance lease)	1 236	1 236				
Other long-term financial liabilities	19 356		1 302	1 854	16 200	
Other short-term financial liabilities	21 487	21 487				
Total Payable and related accounts	**42 228**	**22 723**	**1 401**	**1 904**	**16 200**	-
Accounts payable	73 132	73 132				
Accrued invoices	57 630	57 630				
Advances from customers and billed in advance	9 553	9 553				
Total Payable and related accounts	**140 316**	**140 316**	-	-	-	-
Income tax liabilities	1 299	1 299				
Total Income Tax Liabilities	**1 299**	**1 299**	-	-	-	-
Amounts due to social security agencies	6 415	6 415				
Employee-related liabilities	5 058	5 058				
Accrued taxes other than income tax	8 619	8 619				
Other liabilities	288	288				
Deferred revenues	23 576	23 576	-	-	-	-
Total other liabilities	**43 956**	**43 956**				
TOTAL	**227 799**	**208 294**	**1 401**	**1 904**	**16 200**	-

5.14. Definition of classes of financial assets and liabilities by accounting category

in K€	31/12/2018				
	Actifs/Passifs évalués à la JV par le compte de résultat	**Actifs/ Passifs évalués au coût amorti**	**Actifs/Passifs évalués à la JV par capitaux propres**	**Total de la valeur nette comptable**	**Juste valeur de la classe**
Financial assets		3 599		3 599	3 599
Operating receivables and other current receivables		69 330		69 330	69 330
Cash and Cash equivalents	80 409			80 409	80 409
TOTAL ASSETS				**153 339**	**153 339**
Long term financial liabilities		19 505		19 505	19 505
Other non-current liabilities			101	101	101
Short term financial liabilities		22 723		22 723	22 723
Operating liabilities and other current liabilities		184 272		184 272	184 272
TOTAL LIABILITIES		**226 500**	**101**	**226 601**	**226 601**

in K€	31/12/2017				
Categories of financial assets and liabilities in k€	**Financial assets/ Liabilities measured at fair value through profit or loss**	**Financial assets/ Liabilities measured at amortized cost**	**Financial assets/ Liabilities measured at fair value through equity**	**Total carrying amount**	**Fair value of the category**
Financial assets		3 680		3 680	3 680
Operating receivables and other current receivables		98 435		98 435	98 435
Derivative instruments				0	0
Other non current assets				0	0
Cash and Cash equivalents	50 878			50 878	50 878
TOTAL ASSETS	**50 878**	**102 115**	**0**	**152 993**	**152 993**
Long term financial liabilities		16 622	12 208	28 830	28 830
Other non-current liabilities			52	52	52
Short term financial liabilities		1 144		1 144	1 144
Operating liabilities and other current liabilities		203 474		203 474	203 474
Derivative instruments				0	0
TOTAL LIABILITIES	**0**	**221 240**	**12 260**	**233 500**	**233 500**

5.15. Share option schemes

Accounting Principles

Share option and share purchase schemes 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 period of acquisition 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.

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

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

The main features of these schemes and the basis of calculation are 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	- 544 320	- 315 000	- 136 440	-	- 102 311	- 43 570	- 46 126	- 14 064	- 18 925
Total number of options exercised over the current year	-	-	- 20 458	-	- 58 501	-	- 28 380	- 26 291	- 17 333
Total number of options cancelled	-	-	- 100 000	- 38 750	- 126 406	- 6 430	- 48 438	- 2 343	- 15 624
Total number of remaining options at 31st December 2017	-	-	36 852	-	55 282	-	44 557	7 302	18 118
Weighted average vesting period (in year)	-	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Share price at the granting date / 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

Schemes No. 1 and 2 are intended for senior executives. In the case of Scheme No. 1, the rights were immediately acquired on the date of incorporation of SRP Group and contributions made.

Depending on the 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 expenses recognized in "Other operating expenditure" amount to:

- €1k for the year 2018,
- €12k for the year 2017,

As at 31 December 2018, the two schemes have been fully amortized.

5.16. Free share schemes

Accounting Principles

Free issue of shares were granted to a given number of employees and senior executives of the Group. In accordance with IFRS 2 free issue shares are subject to a valuation based on the benefit granted to beneficiaries at the grant date. The expense related to these free issue shares and related social contributions, are recognized in "Cost of share-based payments" over the period of acquisition.

In order to estimate the fair value of free shares the calculation takes into account hypotheses as to the turnover rate of the beneficiaries of the free share allocation.

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

These plans were implemented at the same time as the IPO. The main features of these plans and the calculation bases are summarized in the following table:

	Date of the General Meeting	Date of the executive board	Total number of free shares authorized	Total number of free shares attributed over the previous periods	Total number of free shares attributed over the current year	Total number of free shares exercised over the current year	Total number of free shares cancelled	Total number of remaining free shares at 31st December 2018	Weighted average vesting period (in year)	Share price at the granting date	Weighted average fair value at grant date
Plan n°1	25/09/15	25/09/15	625 000	625 000	-	- 625 000	-	-	1,0	17,62	16,94
Plan n°2	25/09/15	29/10/15	100 000	100 000	-	- 73 546	- 26 454	-	2,0	17,62	16,94
Plan n°3	25/09/15	29/10/15	400 000	400 000	-	- 188 975	- 211 025	-	2,0	17,62	15,24
Plan n°4	30/05/16	30/05/16	52 500	52 500	-	-	- 52 500	-	2,0	19,19	13,83
Plan n°5	30/05/16	30/05/16	24 003	24 003	-	- 15 950	- 8 053	-	2,0	19,19	13,83
Plan n°6	30/05/16	14/02/17	57 990	57 990	-	-	- 21 955	36 035	2,0	22,69	17,02
Plan n°7	30/05/16	14/02/17	46 653	46 653	-	-	- 39 593	7 060	2,0	22,69	17,02
Plan n°8	30/05/16	26/06/17	17 675	17 675	-	-	- 8 725	8 950	2,0	23,50	17,63
Plan n°9	30/05/16	26/06/17	95 450	95 450	-	-	- 27 000	68 450	2,0	23,50	17,63
Plan n°10	26/06/17	04/12/17	330 000	330 000	-	- 102 300	- 20 000	207 700	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	243 800	243 800	-	- 64 284	- 49 000	130 516	2,0	10,00	7,40
Plan n°12	26/06/17	04/12/17	6 000	6 000	-	-	-	6 000	2,0	10,00	7,40
Plan n°13	26/06/17	14/06/18	10 000	10 000	-	-	-	10 000	3,0	6,44	4,08
Plan n°14	26/06/17	14/06/18	14 000	14 000	-	-	- 1 500	12 500	4,0	6,44	4,45

Plan terminé

Depending on the parameters used in determining the fair value, and on the basis of an updated assumption of the turnover rate of beneficiary employees, the expense recognized as "Other operating expenditure" amounts to €1,588k for 2018 (not including flat-rate social security charges).

The total amount to be amortized between 2019 and 2021 in respect of this plan is €1,470k.

5.17. Earnings per share

Accounting Principles

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 free shares issued (Notes 4.14 "Share options schemes" and 4.15 "Free shares schemes").

Basic earnings per share

in K€	2018	2017
Net income for the period - part attributable to Group	- 4 355	- 5 812
Average number of ordinary shares	33 413 679	33 270 753
Basic earnings per share (in €)	- 0,130	- 0,175

Diluted earnings per share

Given the negative net result of the Group, the diluted earnings per share are capped by the basic earnings per share.

5.18. Analysis of changes in operating working capital items

in K€	31/12/2017 Gross book value	Variations with an impact on cash	Changes in the consolidation scope & others	31/12/2018 Gross book value
Inventory	92 945	6 116		99 061
Accounts receivable	53 001	- 20 996		32 005
Prepaid expenses	21 180	- 2 990		18 190
Other current assets	24 254	- 4 573	- 546	19 135
Subtotals Assets (1)	191 381	**- 22 443**	**- 546**	168 391
	-	-		
Accounts payable	144 246	- 3 929		140 316
Deferred revenues	32 446	- 8 870		23 576
Other current liabilities	26 782	- 4 082	- 2 320	20 380
Subtotals Liabilities (2)	203 474	**- 16 881**	**- 2 320**	184 272
	-	-		
Working capital requirement (1)-(2)	- 12 093	**- 5 562**	**1 774**	- 15 881

Change in Working Capital	- 5 533

6. THE GROUP'S EXPOSURE TO FINANCIAL RISKS

6.1. Market risk

Foreign exchange risk

The Group is not exposed to a significant extent to foreign-exchange risk in its operations. The bulk of transactions undertaken by its customers (via internet) are 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 Euro of items of assets and liabilities, revenues and expenses initially recognized in this other currency will decrease (or increase). Hence, fluctuations in the value of the Euro can have an impact on the value in Euro of items of assets and liabilities, revenues and expenses not denominated in Euros, even if the value of these items have not changed in the original currency.

A 10% variation in the exchange rate parity of currencies other than the functional currencies of the subsidiaries would not have a significant impact on the Group's net income for the year 2018, as in 2017.

Interest rate risk

➢ Investments

The Group is exposed to an interest rate risk in respect of its short-term investments.

In 2018 as in 2017, the Group makes very few investments in the short term. The impact of a 1-point interest rate decrease applied to short-term rates would therefore have had a non-significant impact on the Group's net income.

➢ Bank debt

The Group is exposed to an interest rate risk in respect of its bank financings.

In 2017 the Group raised a bank loan for 15.0 M€ for funding the acquisition of Saldi Privati. The bank loan is subject to a variable interest rate.

The impact from the rise in the variable interest by 1 point would have an annual impact of 192 k€ on the Group’s pre-tax result.

6.2. Liquidity risk

In order to manage the liquidity risk which may result from the repayment of financial liabilities, whether at their contractual maturity or in advance, 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 has taken out a bank guarantee in connection with the signing of a lease contract covering the future construction of its new logistical warehouse (“Bail en l’état future d’achèvement” or “BEFA”, see Note 8.2).

6.3. Credit 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 the collection and recovery processes. Furthermore, the high number of individual customers minimize credit concentration risk in respect of trade receivables;
- 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 1 month, in compliance with the rules on counterparty diversification and quality.

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

The Group does not hold significant financial assets past due date and not amortized.

Receivables from customers as at December 31st, 2018 are as follow by maturity:

in K€	< 3 months	> 3 months and < 6 months	> 6 months and < 1 year	> 1 year	Total
Accounts receivable at 31st December 2017	12 505	630	541	336	14 012

7. RELATED PARTIES

7.1. Related parties having control over the Group

At 31 December 2018 the SRP Group had not granted any loan or borrowing to members of the Group's management.

During the year ended 31 December 2018, no significant transaction was carried out with shareholders and members of management bodies.

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

in K€	2018	2017
Fixed salaries	672	805
Variable salaries	100	289
Cost of share-based payments		712
Total	**772**	**1 806**

Subsidiaries in the Group's consolidation scope carry out transactions among them, which are eliminated for the purposes of the consolidated financial statements.

7.2. Other related parties

As part of its ordinary 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:

- The Sables d'Olonne site ,
- Saint-Witz warehouse ,
- Saint-Denis headquarters,
- Spain headquarters.

in K€	2018	2017
Accounts receivable / payable	0	0
Purchase of goods and services	2 645	2 009

8. OFF-BALANCE SHEET COMMITMENTS

8.1. Commitments received

There are no commitments received at the last three annual closing dates.

8.2. Commitments given

Furthermore, the total of commitments included in future lease payments amounts to €22,514k as at 31 December 2018 (€10,722k as at 31 December 2017). The increase compared to the end of the previous period is due to the renewal of existing leases that expired in mid-2018.

Commitments of a duration of less than one year amounted to €3.3M compared to €3.4M at December 31, 2017.

A lease agreement in the state of future completion ("BEFA") was also concluded in July 2018 for a site replacing the current site of St Witz, whose lease expires in 2021. In connection with the signing of this contract, the Group had to deliver bank guarantee to cover the taking over of the building at the end of the construction period.

8.3. Headcount at year-end

The Group had 1,060 employee on its payroll as at 31 December 2018 (1 157 employees as at 31 December 2017).

8.4. Post-balance sheet events

As part of a strategic review, the Group decided to stop sourcing activities managed by local teams in Germany and Poland and stop the activity of its multi-currency site.

8.5. Statutory auditors' fees

For the financial year ended 31 December 2018, the total amount of statutory auditors' fees for the Group is €611k (€480k as at 31 December 2017).

In K€	KPMG SA	Other member of KPMG network	Jérôme Benaïnous	Other service providers
Legal audit	247	42	162	3
Other services	157			
Total	**404**	**42**	**162**	**3**

Services presented on the line "Other services" mainly correspond to work performed by KPMG France on the RSE report (statutory report on the social and environmental responsibility of the Group) and fees related to capital increase.

8.6. IFRS16 « Leases »

SRP Group is required to apply the IFRS 16 « Leases » accounting standard from 1 January, 2019. The impact of the first-time application of this standard on its consolidated financial statements has been estimated as described further below. The application of this standard may, however, result in an impact different from the estimate made as :

- The Group has not yet finished all tests and the evaluation of all controls in its new IT system; and
- The new accounting standard may yet evolve further until the Group publishes its first set of consolidated accounts including the first-time application of the standard.

IFRS 16 introduces for the lessee a uniform accounting model to recognize leases on its balance sheet. The lessee recognizes as an asset « the right to use » representing the right to control the underlying asset, and a liability representing the lessee's obligation for all future lease payments. The standard allows exemptions for short-term contracts or low-value contracts. For the lessor, the accounting model remains similar to the one in use today: Lease contracts remain either finance leases or simple operating leases.

IFRS 16 replaces the existing standards for lease contracts, in particular IAS 17 « Leases », IFRIC 4 « Determining whether an arrangement contains a lease », SIC-15 « Operating leases – Incentives » et SIC-27 « Evaluating the substance of transactions in the legal form of a lease ».

The Group will recognize new assets and liabilities with regard to lease contracts for warehouses and industrial equipment. The nature the expenses linked to these leases will thereby change as the Group recognizes henceforth a depreciation on the asset « right to use » and financial expenses on the liability for future lease payments.

Until now the Group recognized expenses linked to its operating leases on a straight-line bases for the duration of the lease contract, and did not recognize asset and liabilities other than was required by a timing difference between the effective settlement of a lease payment and the recording of the corresponding expense in its accounts.

No significant impact on the existing finance lease contracts that the Group has entered into is expected.

Based on information currently available, the Groupe estimates the amount of additional liabilities to be between €15M and €25M in additional debt based on lease contracts signed before 1 January, 2019 and the corresponding asset to be of the same amount.

The Group intends to apply the standard from 1 January 2019 by using the modified retrospective method. As a result, it will record the cumulative effect of the first-time application of IFRS 16 by adjusting the opening equity on 1 January 2019 without restating the comparative information.

20.1.2 Statutory Auditors' Report on the Group's Consolidated Financial Statements for the Fiscal Year Ended December 31, 2018

SRP Groupe S.A.

Registered office: ZAC

Statutory auditors' report on the consolidated financial statements

Fiscal Year Ended December 31, 2018

To the General Meeting of the Shareholders of SRP Groupe,

Opinion

In accordance with the mission entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of SRP Groupe S.A. for the fiscal year ended December 31, 2018, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rule applicable to us, over the period from January 1, 2018 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw your attention to the changes in accounting methods related to the first application of IFRS 15 and of IFRS 9 presented in Note 2.4 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Justification for our assessments - Key Audit Matters

In accordance with the requirementsof Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Key audit matter	**Answers given during our audit**
Valuation of goodwill	
As part of its development, the Group has had to make external growth transactions and to recognize several goodwill items. These goodwill items, with a book value of €124 million at December 31, 2018, correspond to the variance between the fair value of the transferred consideration and the fair value of the purchased assets and liabilities, and were allocated to the only cash generating unit (CGU). However, any unfavorable change in the returns expected from the business of SRP Groupe may have a significant impact on recoverable value and require the recognition of an impairment. Such a change implies reassessment of the relevance of all assumptions used to determine this value and the reasonable and consistent nature of the inputs used for the calculation. Consequently, management ensures, at each annual reporting date, or more frequently if there is any sign of impairment, that the book value of these goodwill items is not higher than their recoverable value and does not present an impairment risk. The procedures for the impairment test implemented and the details of the assumptions used are presented in Note 5.1 to the consolidated financial statements. The determination of the recoverable value of goodwill items is largely based on management's opinion, concerning in particular, the growth and profitability rates used for cash flow projections and the discount rate applied to them. We therefore considered the evaluation of goodwill as a key audit matter.	Our audit entailed: - obtaining an understanding of the procedures used to implement the impairment test carried out by management; - reviewing the compliance of the methodology applied by the company with the applicable accounting standards; - analyzing the reasonable nature of the cash flow projections over a period of five years established by management, with regard to our knowledge of the economic environment in which the company operates; - assessing whether the long-term growth rate and the discount rate applied are consistent with market analyses, with the support of our appraisal specialists; - testing the sensitivity of the value in use determined by management to a change in the main assumptions adopted; - assessing the appropriate nature of the financial information provided in Note 5.1 to the consolidated financial statements.

Valuation of inventories

Inventories of goods are reported on the consolidated balance sheet at December 31, 2018 for a net amount of €99 million and constitute one-of the most significant items on the consolidated balance sheet. As indicated in Note 5.5, inventories are stated at the lower of cost and the estimated realizable value. Inventory costs include acquisition costs, delivery costs, but also discounts and rebates-obtained from suppliers.

Impairment is recognized based on an analysis of the age and rotation of inventories to take into-account the associated impairment, if the estimated realizable value is lower than the book value.

The realizable value corresponds to the estimated selling price in the normal course of business and taking into account the Group's different distribution channels.

With respect to the weighting of inventories on the-consolidated balance sheet, there is a risk that the net realizable value of certain items will be less than their book value, and therefore a risk of over-evaluation of the inventories, which we considered-to be a key audit matter.

Concerning inventory costs, our audit entailed:

obtaining information about the procedures for determining the inventory costs of goods and especially for assessing the relevance of the methodology to determine delivery costs;

cross-checking, based on a sample, the inventory costs of goods with the purchase invoices;

cross-checking the coherence of the delivery costs incorporated into the value of inventories with the methodology for determining these costs and comparing them with their accounting calculation bases;

Concerning the depreciation of inventories, our audit entailed:

assessing the relevance of the inventory depreciation rules applied with respect to the Group's activity;

obtaining an understanding of the methods used to identify old, slow-rotation items, and for determining their net realizable value;

- testing by sampling the age of inventories and their rotation;

- assessing the estimate of the net realizable value of old, slow-rotation articles on the basis of a retrospective analysis of the profitability of sales of comparable inventories and by taking into account the different distribution channels specific to the SRP Groupe.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Group's management report.

We have no matters to report to make as to its fair presentation and consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of SRP Groupe S.A. by the General Shareholders' Meeting of August 5, 2010 for the firm KPMG Audit IS and in the articles of incorporation and bylaws dated July 29, 2010 for Mr. Jérôme Benaïnous.

At December 31, 2018, KPMG Audit IS and Mr. Jérôme Benaïnous were in the eighth year of their uninterrupted mission, i.e., their fourth year since the company's shares were admitted for trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee
We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, 15 mars 2019	Paris, 15 mars 2019
KPMG Audit IS	Jérôme Benaïnous
Jean-Pierre Valensi *Partner*	Jérôme Benaïnous *Partner*

20.1.3 SRP Groupe's Corporate Financial Statements for the Fiscal Year Ended December 31, 2018

FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2018

SRP GROUPE S.A.

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1. FINANCIAL STATEMENTS

1.1. Balance Sheet

in K€	31/12/2018	31/12/2017 restated*
Financial assets	227 994	224 052
Non current assets	**227 994**	**224 052**
Accounts receivables and similar accounts	5 735	3 208
Other receivables	4 412	7 200
Cash and cash equivalent	40 809	2 250
Current assets	**50 956**	**12 658**
Total Assets	**278 950**	**236 710**
Share capital	2 025	1 384
Share premium reserves	211 158	173 281
Treasury shares	38	38
Other reserves	- 1 499	- 738
Net income	- 1 066	- 760
Total equity	**210 655**	**173 205**
Long-term financial debt	19 200	15 000
Long-term financial liabilities		309
Total non current liabilities	**19 200**	**15 309**
Short term financial liabilities	25	22
Accounts payables	906	325
Income tax liabitity	475	857
Other current payables	47 689	46 992
Total current liabilities	**49 095**	**48 196**
Total Liabilities	**68 295**	**63 505**
Total Equity and Liabilities	**278 950**	**236 710**

*See Note 2.3 “Accounting Policies”

1.2. Income Statement

	2018	2017
Net revenues	2 108	2 673
Gross margin	**2 108**	**2 673**
Purchases and subcontracting expenses	1 776	2 125
Tax expenses	3	- 16
Personnel expenses	187	365
Depreciation and amortization charges	-	-
Other operating expenses	171	174
Current operating profit	**2 137**	**2 648**
Profit before tax	**- 29**	**25**
Income from cash and cash equivalents	648	343
Cost of financial debt	1 495	1 557
Net finance costs	**- 847**	**- 1 214**
Non-recurring income	2 310	910
Non-recurring expenses	2 000	481
Net finance costs	**310**	**429**
Profit before tax	**- 566**	**- 760**
Income taxes	500	-
Net income for the period	**- 1 066**	**- 760**

2. APPENDIX TO BALANCE SHEET AND INCOME STATEMENT

The notes and tables below are an integral part of the annual financial statements.

2.1. SUMMARY OF THE YEAR

The year ended 31/12/2018:

- The balance sheet total, presented prior to the allocation of net income, was €278,950,095 ;
- The income statement, presented as a list, totalled €5,066,570, showing a loss of €1,066,435.

The fiscal year had a duration of 12 months, covering the period from 01/01/2018 to 31/12/2018.

2.2. EVENTS OF THE FINANCIAL YEAR

Entry of the Carrefour group into the capital of Showroomprive

On February 7, 2018, retail group Carrefour acquired 17% of the share capital in SRP Groupe from Conforama, a subsidiary of Steinhoff Group.

The partnership between the Group and its new shareholder is part of a strategy pursued by both groups to develop a first-rate multi-channel offer and covers all commercial, marketing, logistical and big data subjects. First measures have already been launched (e.g. the opening of withdrawal points in the Carrefour network of supermarkets) and are progressing as planned.

Financing contract – Future logistics plan

The Group signed a contract for a bank loan facility of 12.0M€ in total during the first half year aimed at financing its planned future capital expenditure destined to increase the part of in-house handling in its logistics flows.

The loan term is 7 years with a first repayment scheduled in 2020. The applicable interest rate is Euribor plus 60 basis point per year.

As part of this facility the Group obtained the right to make different drawdowns depending on the timing of the different investment steps to be carried out during the financial years 2018 and 2019. The first draw-downs took place as planned in 2018 (see Note 5.12).
In the course of the first half of 2018, the Group preselected two sites for its for future logistical warehouse, the investment of which was announced in March 2018 and the objective of which is to achieve a higher part of insourcing for its logistics flows as well as, by doing this, to generate productivity gains in the order of 4 million Euros of EBITDA by 2020. The Group also selected the supplier for the mechanization technology and in the course of the second half of 2018, the Group concluded a lease contract for this warehouse. The warehouse will start operations in the third quarter 2019 in line with schedule.

Increase of share capital

The company carried out a capital increase with preferential subscription rights, closed on December 21, 2018. The share capital increase of €39.5 M, including share premium, resulted in the issue of 15,817,000 new shares at a unit subscription price of €2.50.
The proceeds of the capital increase will be used to finance the acquisition of 40% of the capital of the company Beauté Privée not yet held by Showroomprivé, for an amount estimated between 20 and 25 million euros. This acquisition aims to strengthen the Group's position as a leader in the field of beauty and well-being, with strong growth potential and as a perfect add-on to the fashion sector, which is the traditional anchor of the Group.
The operation will also finance, for an amount of approximately €5M, the remaining part of the logistics investment announced in March 2018, which will partially internalize the logistics and thus generate productivity gains and savings of costs, with a positive impact on EBITDA of around €4M by 2020.

Lastly, this operation will increase the Group's financial flexibility to meet general needs as part of the implementation of the 2018-2020 performance plan.

2.3. ACCOUNTING POLICIES

Accounting standards

The annual financial statements were prepared in accordance with French accounting standards, in particular the provisions of Regulation 2016-07 of the French Accounting Standards Authority approved by the Ministerial Decree of 4 November 2016 relating to the General Chart of Accounts.

The general accounting principles were applied in good faith in accordance with the principle of prudence, in line with the following basic assumptions:

- Going concern,
- Consistent accounting methods from one financial year to the next,
- Independence of financial years.
- True and fair picture, and
- Regularity and sincerity.

The basic method adopted for the valuation of the items recognised in the accounts is the historical cost method.

Intangible assets

Intangible fixed assets are valued at their acquisition cost (purchase price and ancillary expenses, excluding capital acquisition costs).

Financial assets

The gross value of equity investments on the balance sheet consists of their acquisition cost, including the costs directly attributable to the asset. The purchase price of the equity investments takes into account the price paid at the time of the acquisition and any variable earnouts based on the activity and future results of the acquired company.

As of 31 December 2018, financial assets consisted of equity holdings in the following companies:

Name	Book value	% of capital held	Equity	Equity other than capital	Pretax revenue of the last financial year	Net income of the last fiscal year	Loans and advances	Other deposits and guarantees provided	Dividends of the last financial year
			In €000s						
SHOWROOMPRIVE.COM	€170,169,268	100%	145 810	30,480	614,997	-13,023	-	-	-
SRP LOGISTIQUE	€4,219,261	100%	26	262	12,245	-189	-	-	-
ABC SOURCING	€3,580,158	100%	20	-5,113	18,748	- 2,699	-	-	-
SALDI PRIVATI	€34,097,002	100%	303	241	42,641	- 5,292	-	-	-
BEAUTÉ PRIVÉE	€13,428,200	60%	100	6,275	50,516	2 960	-	-	-
Gross total	**€225,493,889**								

Impairment test of the equity investments

Impairment is recognised if, at year end, the valuation of the securities held, based on their value in use, is lower than their net book value. The value in use of the investments is determined according to their estimated discounted future cash flow, reduced or increased by the net debt or net cash position.

As of 31 December 2018, the value in use of all equity investments of the Showroomprive Group was estimated based on their net future cash flow discounted over a five-year period, then projected to infinity. This method is also described in detail in Note 5.1 in the annex to the Group's consolidated financial statements. The discount rate used for this impairment test was 9.8% and the long-term growth rate used was 2.0%.

No impairment was recorded on these holdings for the 2018 financial year.

Provisions for risks and charges

The company applies the CRC 2000-06 regulation on liabilities. In this context, provisions for risks and charges are put in place to account for possible resource outflows to the benefit of third parties, without expectation of revenue for the company. These provisions are estimated taking into account the most probable assumptions as of the balance sheet date.

Receivables

Receivables are measured at their nominal value. A provision for impairment is recognised if the inventory value is less than the book value.

2.4. NOTES TO THE BALANCE SHEET

Fixed assets

in K€	31/12/2017	Acquisitions	Disposals	Other changes	31/12/2018
Development expenses capitalized	247				247
Licenses and software					-
Brand					-
Cohort of members					-
Other intangible assets					-
Intangible assets	**247**	-	-	-	**247**
Land					-
Buildings and refurbishment					-
Facilities, plant & equipment					-
Tangible assets in progress					-
Advances payments for fixed assets					-
Other tangible assets					-
Tangible assets	-				-
Financial investments in shares	221 552	6 600	- 2 658		225 494
Loans and other financial assets	2 500				2 500
Financial assets	**224 052**	-	-	-	**227 994**
Total net value	**224 299**	**-**	**-**	**-**	**228 241**

in K€	31/12/2017	Acquisitions	Disposals	Reclassification	31/12/2018
Amort./Dep. of capitalized dev. Expenses	247				247
Amort./dep. Of licenses and software	-				-
Amort./Dep of cohort of members			-		-
Am./Dep. of intangible assets	**247**	**-**	**-**	**-**	**247**

The decrease in equity investments corresponds to price adjustments for the acquisitions of ABC Sourcing and Saldi Privati as well as the recapitalisation of the latter to the amount of €6.6M.

Receivables by maturity

in K€	31/12/2018	< 1 year	2 years	3 years	4 years	5 years & more
Loans, guarantees and other receivables	-			-	-	-
Total Financial fixed assets	**-**	**-**	**-**	**-**	**-**	**-**
Accounts receivable	5 735	5 735	-	-	-	-
Accrued income	-	-	-	-	-	-
Advances and prepayments	-	-	-	-	-	-
Total receivables and related accounts	**5 735**	**5 735**	**-**	**-**	**-**	**-**
Current income taxes	3 078	3 078	-	-	-	-
Employee advances and prepaid payroll taxes	-	-	-	-	-	-
Tax-related receivable - other than income tax	272	272	-	-	-	-
Related parties	989	989	-	-	-	-
Other receivables	73	73	-	-	-	-
Total other receivables	**4 412**	**4 412**	**-**	**-**	**-**	**-**
Total Receivables	**10 147**	**10 147**	**-**	**-**	**-**	**-**

Debt by maturity

in K€	31/12/2018	Less than 1 year	2 years	3 years	4 years	5 years or more
Long term financial liabilities (finance lease)						
Short term financial liabilities (finance lease)						
Other financial liabilities > 1 year						
Other financial liabilities < 1 year	19 200		1 200	1 800	16 200	
Total Payable and related accounts	**19 200**		**1 200**	**1 800**	**16 200**	
Accounts payable	22	22				
Accrued invoices	884	884				
Related parties						
Advances from customers and billed in advance						
Total Payable and related accounts	**906**	**906**				
Income tax liabilities	25	25				
Income tax liabilities						
Amounts due to social security agencies	50	50				
Employee-related liabilities						
Accrued taxes other than income tax	424	424				
Other liabilities	47 689	47 689				
Deferred revenues						
Total other liabilities	**48 188**	**48 188**				
TOTAL	**68 294**	**49 094**	**1 200**	**1 800**	**16 200**	

In 2017 the company raised a floating-rate bank loan for 15 M€ in order to finance the acquisition of Saldi Privati (acquired end of 2016). This loan is to be repaid in full at its due date in 2022. In this context the company committed itself to comply with a set of financial covenants. These covenants were complied with as at 31 December 2018.

In 2018 the company raised a floating-rate bank loan for 12 M€ intended for the financing of planned investments as part of its logistics flows. The drawing is spread out in line with the investments made. The maturity of the loan is 7 years, with a progressive repayment over the entire period.

Accrued liabilities

As at 31 December 2018 the balance sheet comprised 925K€ accrued liabilities (« charges à payer ») of which 883K€ consists of invoices not yet received, 39K€ of tax and social expenses and 3K€ of interest to be paid.

Deferred expenses

As at 31 December 2018 the balance sheet comprised 73K€ in deferred expenses of which 16K€ are linked to loan fees and 57K€ other miscellaneous fees.

Cash and cash equivalents

As at 31 December 2018 this balance sheet item comprises 158,974 own shares related to a liquidity contract with a third-party service provider for a total amount valued at 362 K€.

2.5. NOTES TO THE INCOME STATEMENT

Revenue

SRP Group S.A. is the lead holding company of all entities of the Showroomprive.com Group. Revenue stems from the invoicing for administrative and financial services provided by the SRP Group SA on behalf of its subsidiaries.

Operational expenses

Company operating expenses over the 12 months of fiscal 2018 amounted to €2,138K, consisting mainly of fees of €1,599K and staff costs of €187K.

Financial income

Financial expenses for the year of €1,495K are essentially equivalent to the interest paid on current account advances of €192K as well as losses on the disposal of marketable securities for €836K and the depreciation of marketable securities for €347K. Financial income for the 2018 financial year was €648K including €354K corresponding to the sale proceeds of marketable securities and €289K for the reversal of depreciation of marketing securities.

Exceptional profit or loss

The positive exceptional income of €310K was entirely related to the reversal of the social 2017 expense provisions on bonus shares.

An exceptional expense and income of €2M corresponding to the exit indemnity of the logistics contract of Saldi Privati are neutralized.

Remuneration

During the year, executive compensation came to €96K. The remuneration paid to members of the Board of Directors amounted to €170K.

2.6. ADDITIONAL INFORMATION

Tax consolidation

A tax consolidation agreement was implemented starting on 1 January 2012 between the SRP Group SA, the parent company of the group and all of its French subsidiaries including the following entities in 2018:

- SHOWROOMPRIVE.COM
- SHOWROOMPRIVE LOGISTIQUE
- ABC Sourcing
- SHOWROOMPRIVE Prod (held by its subsidiaries SHOWROOMPRIVE.COM)

Under this convention, only SRP Group S.A. is liable to pay the tax due on the overall results and accounts of tax payable by the Group's overall debt.

BEAUTÉ PRIVÉE, whose securities were acquired during the year, is not be included in the tax consolidation because the holding percentage is below the required threshold of 95%.

Stock options

On August 5, 2010, the General Meeting of Shareholders authorised the Board of Directors to grant stock options to a certain number of Group employees, on one or more occasions, for a period of 38 months.

On 27 October 2014, the General Meeting of Shareholders authorised the Board of Directors to grant stock options to a certain number of Group employees, on one or more occasions, for a period of 38 months.

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

	Plan n°1	Plan n°2	Plan n°3	Plan n°4	Plan n°5	Plan n°6	Plan n°7	Plan n°8	Plan n°9
Date of the General Meeting	05/08/10	05/08/10	05/08/10	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	- 544 320	- 315 000	- 156 898	-	- 160 812	- 43 570	- 74 506	- 40 355	- 36 258
Total number of options exercised over the current year	-	-	- 9 915	-		-			
Total number of options cancelled	-	-	- 100 000	- 38 750	- 126 406	- 6 430	- 48 438	- 2 343	- 15 624
Total number of remaining options at 31st December 2018	-	-	26 937	-	55 282	-	44 557	7 302	18 118
Weighted average vesting period (in year)	-	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Share price at the granting date / 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 plans 1 and 2 are intended for corporate officers. As for plan 1, the vesting of rights was immediate as of the date of incorporation of the SRP Group and completion of the contributions.

Bonus share plans

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

These plans were put in place as part of the IPO on the Euronext regulated market.

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

	Date of the General Meeting	Date of the executive board	Total number of free shares authorized	Total number of free shares attributed over the previous periods	Total number of free shares attributed over the current year	Total number of free shares exercised over the current year	Total number of free shares cancelled	Total number of remaining free shares at 31st December 2018	Weighted average vesting period (in year)	Share price at the granting date	Weighted average fair value at grant date
Plan n°1	25/09/15	25/09/15	625 000	625 000	-	- 625 000	-	-	1,0	17,62	16,94
Plan n°2	25/09/15	29/10/15	100 000	100 000	-	- 73 546	- 26 454	-	2,0	17,62	16,94
Plan n°3	25/09/15	29/10/15	400 000	400 000	-	- 188 975	- 211 025	-	2,0	17,62	15,24
Plan n°4	30/05/16	30/05/16	52 500	52 500	-	-	- 52 500	-	2,0	19,19	13,83
Plan n°5	30/05/16	30/05/16	24 003	24 003	-	- 15 950	- 8 053	-	2,0	19,19	13,83
Plan n°6	30/05/16	14/02/17	57 990	57 990	-	-	- 21 955	36 035	2,0	22,69	17,02
Plan n°7	30/05/16	14/02/17	46 653	46 653	-	-	- 39 593	7 060	2,0	22,69	17,02
Plan n°8	30/05/16	26/06/17	17 675	17 675	-	-	- 8 725	8 950	2,0	23,50	17,63
Plan n°9	30/05/16	26/06/17	95 450	95 450	-	-	- 27 000	68 450	2,0	23,50	17,63
Plan n°10	26/06/17	04/12/17	330 000	330 000	-	- 102 300	- 20 000	207 700	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	243 800	243 800	-	- 64 284	- 49 000	130 516	2,0	10,00	7,40
Plan n°12	26/06/17	04/12/17	6 000	6 000	-	-	-	6 000	2,0	10,00	7,40
Plan n°13	26/06/17	14/06/18	10 000	10 000	-	-	-	10 000	3,0	6,44	4,08
Plan n°14	26/06/17	14/06/18	14 000	14 000	-	-	- 1 500	12 500	4,0	6,44	4,45

Composition of the share capital

On 31/12/2018, the share capital consists of 50,614,402 shares at a par of €0.04.

	Number	*Nominal value*	Value in €
No. of shares issued at the beginning of the financial year	**34 604 953**	**0,04**	**1 384 198**
No. of shares issued during the year	16 009 449	0,04	640 378
No. of shares purchased back during the year	-	0,04	-
No. of shares issued at the close of the financial year	**50 614 402**	**0,04**	**2 024 576**

The variation of share capital results from the exercise of stock options for 9,915 shares and the issuance of 182,534 new shares related to the bonus share allocation and the share capital increase carried out in December 2018 for 15,817,000 shares.

Variation of shareholders' equity

in K€	31/12/2017	Capital increase	Other changes	Allocation of previous year's result	31/12/2018
Share capital	1 384	640			2 025
Share premium reserve	173 281	37 877			211 158
Legal reservce	38				38
Profit & loss carried forward	- 738			- 760	- 1 499
Net result of the year	- 760		- 1 066	760	- 1 066
Total net equity	**173 205**	**38 517**	**- 1 066**	**-**	**210 655**

The increase in the item "Share premiums" in 2018 is related to the exercise of stock options and the share capital increase carried out in December 2018.

Off-balance sheet commitments

The company SRP Groupe S.A. has granted the minority shareholders of Beauté Privée a put option for the 40% of the shares which they still hold. The estimated amount due under this option as at 31 December, 2018 amounts to €21.3M. By the same token, these shareholders have granted SRP Groupe S.A. a call option for 40% of the shares held by them in the entity.

Identity of the parent company consolidating the company's accounts

SRP Group SA is head of the consolidation group applying the full consolidation method for subsidiaries listed under the title "financial assets" and other companies held by its subsidiaries.

Related parties

As of 31 December 2018, the SRP Group did not grant any loans to Company officers.

In the normal course of its business activity, the SRP Group carries out transactions with its subsidiaries under arm's length market conditions.

Post-balance sheet events

None.

Personnel

Average staff for the year 2018 was 2 employees.

Audit fees

For the financial year ended 31 December 2018, the total amount of audit fees for SRP Groupe amounts to 408k€ and can be broken down as follows:

In K€	KPMG SA	Jérôme Benaïnous	Other service providers	31/12/2018
Legal audit	148	103		251
Other services	149	8		157
Total	**297**	**111**		**408**

20.1.4 Statutory Auditors' Report on the Financial Statements of SRP Groupe for the Fiscal Year Ended December 31, 2018

SRP Groupe S.A.

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

Statutory Auditors' Report on the Corporate Financial Statements

Fiscal Year Ended December 31, 2018

To the General Meeting of the Shareholders of SRP Groupe,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of SRP Groupe S.A. for the fiscal year ended December 31, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the rules of independence applicable to us, over the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification for our assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Key audit matter	**Answer given during our audit**
Evaluation of equity interests	Our audit entailed:
At December 31, 2018, the equity interests are reported on the balance sheet for a net amount of €225,494 thousand. Equity interests are recorded at their acquisition cost on their entry date. An impairment loss may be recorded based on their value in use. As indicated in Note 2.3. Accounting rules and methods - Impairment test for equity interests in the notes; a provision for impairment is established when the net accounting value of the equity interests is greater than their value in use. This value in use is estimated by management according to the discounted net future cash flows, adjusted for net debt or net cash. Given the significant amount of equity interests in the financial statements, and the uncertainties inherent to certain elements, including forecasts contributing to the assessment of value in use, we considered the evaluation of equity interests to be a key point of our audit.	- examining the methods used by Management to estimate the value in use, - verifying that the model used for calculating values in use is appropriate, - assessing the reasonable nature of the cash flow projections over a period of five years and established by management, with regard to our knowledge of the economic environment in which the group operates; - assessing the coherence of the long-term growth rate and the discount rate applied with market analyses, with the support of our appraisal specialists, - verifying that the financial information provided in the notes to the annual financial statements is appropriate.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the

financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In application of the law, we have verified that the requiered information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of SRP Groupe S.A. by the General Shareholders' Meeting of August 5, 2010 for the firm KPMG Audit IS and in the articles of incorporation and bylaws dated July 29, 2010 for Mr. Jérôme Benaïnous.

At December 31, 2018, KPMG Audit IS and Mr. Jérôme Benaïnous were in the eighth year of their uninterrupted mission, i.e., their fourth year since the company's shares were admitted for trading on a regulated market.

Responsibilities of management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach
Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit

evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Paris La Défense, March 15 mars 2019	Paris, March 15 mars 2019
KPMG Audit IS	Jérôme Benaïnous
Jean-Pierre Valensi *Partner*	Jérôme Benaïnous *Partner*

20.2 STATUTORY AUDITORS' FEES

The fees paid to the statutory auditors for fiscal years 2018, 2017 and 2016 are set forth below:

	KPMG AUDIT IS			JÉRÔME BENAÏNOUS		
(in € thousands)	***2018***	***2017***	***2016***	***2018***	***2016***	***2017***
Statutory audit, certification, audit of the individual company and consolidated financial statements.....	291	305	190	161	121	75
of which, SRP.....	147	*118*	*105*	103	*95*	*48*
of which, fully consolidated subsidiaries	144	*187*	*85*	58	*26*	*27*
Services other than the certification of the financial statements	149	18	25	8	0	80
of which, SRP.....	149	*18*	*25*	8	*0*	*80*
of which, fully consolidated subsidiaries	*0*	*0*	*0*	*0*	*0*	*0*
Sub-total	**440**	**323**	**215**	**169**	**121**	**155**
Other services rendered by the networks to fully consolidated subsidiaries	0	0	18	0	0	0
TOTAL	**440**	**323**	**233**	**169**	**121**	**155**

20.3 DIVIDEND DISTRIBUTION POLICY

The Company did not distribute any dividends during the past three fiscal years ended December 31, 2018, 2017 and 2016.

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

Date approved *Length of the fiscal year (months)* *In €*	12/31/2018 12	31/12/2017 12	31/12/2016 12	31/12/2015 12	31/12/2014 12
CAPITAL AT YEAR END					
Share capital	2,024,576	1,384,198	1,367,659	1,315,612	1,209,600
Number of shares					
- common stock	50,614,402	34,604,953	34,191,469	32,890,321	83,160,000
- preferred stock	0	0	0	0	37,800,000
Maximum number of shares to be created					
- by conversion of bonds					
- by warrants	15,817,000	10,144,379	728,954	1,926,578	7,033,842
OPERATIONS AND RESULTS					
Revenue excl. taxes	2,108,591	2,670,973	4,566,347	4,051,968	1,168,857
Income before taxes, profit-sharing depreciation, amort. and provisions	-566,452	-760,892	-1,211,941	68,758	-124,066
Income Tax	0	0	386,106	203,126	84,215
Employee profit share	0	0	0	0	0
Depreciation, Amortization and provisions	0	0	-20,000	-45,400	-45,400
Net income	-1,066,435	-760,892	-845,835	226,484	-85,251
Distributed income	0	0	0	0	0
EARNINGS PER SHARE					
Income after tax, profit-sharing before depreciation, amort. and provisions	-0.021	-0.0220	-0.0242	0.0083	-0.0003
Income after tax, profit-sharing depreciation, amort. and provisions	-0.021	-0.0220	-0.0247	0.0069	-0.0007
Dividend paid					
PERSONNEL					
Average number of employees	2	3	4	4	4
Total payroll	96,000	118,500	156,000	220,847	219,614
Benefits paid (health insurance, other benefits, etc.)					

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 twelve months, a material effect on the financial position or profitability of the Company or the Group.

At December 31, 2018, total provisions for litigation recorded by the Group was €1.4 million. For further information, see Note 5.110 to the Consolidated Financial Statements set forth in Section 20.1.1 "Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2018" of this Registration Document.

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.

Action to declare the trademark "vente-privée" 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. The proceeding on the merits is still pending at the date of this Registration Document.

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 against Vente-Privee.com. 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. The Paris Commercial Court confirmed the stay of proceedings in a ruling in June 2017.

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.

By letter dated July 12, 2017, the DVNI noted the abandonment of the main reason for the increase (for absence of notice on some invoices) and agreed to reduce the increase initially requested concerning provisions for inventory, which the company accepted by deciding to stop continuing to challenge this point.

The Company, supported by its legal counsel, considers that it has serious arguments on the merits, and intends to contest all the outstanding 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, 2018.

Moreover, Showroomprive.com is subject to a tax audit for fiscal years 2015 and 2016 and on December 24, 2018 received a proposed assessment of corporate tax and value added tax.

As part of this tax assessment proceeding, the Company disputed the majority of the increases dated December 24, 2018 in a response dated February 22, 2019.

The Company, supported by its legal counsel, considers that it has serious arguments on the merits, and intends to contest the majority of the outstanding additional charges resulting from the proposed reassessment.

Consequently, and at this stage of the proceedings, a provision of €738,287 has been made in the financial statements at December 31, 2018.

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, 2018 other than those described in this Registration Document.

21. SUPPLEMENTAL DISCLOSURES

21.1 SHARE CAPITAL

21.1.1 Share Capital Subscribed and Share Capital Authorized but not Issued

On the date of registration of this Registration Document, the Company's share capital amounted to €2,026,085.60 divided into 50,652,140 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 Combined Shareholders' Meeting of June 14, 2018 and also shows their utilization during fiscal year 2018.

Subject of the resolution	Maximum nominal amount	Term of the authorization	Utilization of the authorization during the fiscal year ended December 31, 2018
Authorization given to the Board of Directors to trade in the Company shares (14th Resolution)	See Section 21.1.3	18 months	None
Delegation of authority to the Board of Directors to decide an increase in the share capital of the Company or another company by issuing shares and/or securities giving immediate or future rights to equity, with preemptive subscription rights maintained (15th Resolution)	€650,000 for capital increases(2) €150 million for debt securities	26 months	Board of Directors' meeting of November 30, 2018
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 giving immediate or future rights to equity, with a waiver of preemptive subscription rights, through public offerings (16th Resolution)	€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 giving immediate or future rights to equity, with a waiver of preemptive subscription rights, through private placements as defined in Article L. 411-2, II of the French Monetary and Financial Code (17th Resolution)	€300,000 for capital increases(2) €125 million for debt securities	26 months	None
Possibility of issuing shares or other equity securities giving immediate or future rights to shares to be issued by the Company in consideration for contributions in kind composed of equity securities or other securities giving rights to equity (18th Resolution)	up to a limit of 10% of the share capital(2)	26 months	None

Subject of the resolution	Maximum nominal amount	Term of the authorization	Utilization of the authorization during the fiscal year ended December 31, 2018
Delegation of authority to the Board of Directors to decide to increase the share capital by capitalization of premiums, reserves, profits or otherwise (19th Resolution)	€50 million	26 months	None
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 preemptive subscriptions rights (20th Resolution)	Limit stipulated by the 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 giving immediate or future rights to equity, eliminating preemptive subscription rights, reserved for participants in company savings plans (21st Resolution)	1% of the share capital on the date of the decision of the Board of Directors(2)	26 months	None
Delegation of authority to the Board of Directors to make allotments of bonus shares, using existing or future shares, to the salaried personnel and to all or some of the Group's corporate offices (22nd Resolution)	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 allotments to corporate executive officers)(2)	38 months	Board of Directors' meeting of June 14, 2018
Authorization given to the Board of Directors to reduce the share capital by canceling treasury shares held by the Company (23rd Resolution)	Up to a limit of 10% of the share capital per 24-month period	26 months	None

(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.

The table below shows the financial resolutions proposed to be adopted at the annual shareholders' meeting to be held on June 27, 2019:

Subject of the resolution	Maximum nominal amount	Term of the authorization
Annual shareholders' meeting of June 27, 2019		
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 giving immediate or future rights to equity, with preemptive subscription rights maintained	€1,000,000 for capital increases[2] €150 million for debt securities	26 months
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 giving immediate or future rights 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
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 giving immediate or future rights to equity, with a waiver of preemptive subscription rights, through private placements as defined in Article L. 411-2, II of the Monetary and Financial Code	€200,000 for capital increases[2] €150 million for debt securities	26 months
Possibility of issuing shares or other equity securities giving immediate or future rights to shares to be issued by the Company in consideration for contributions in kind composed of equity securities or other securities giving rights 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, profits 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 subscription rights	Limit stipulated by the regulations applicable on the date of the 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 giving immediate or future rights to equity, eliminating preemptive subscription rights, reserved for participants in company savings plans	1% of the share capital on the date of the decision of the Board of Directors[2]	26 months
Delegation of authority to the Board of Directors to allot bonus shares, from existing or new shares, to salaried personnel and to all or some of the Group's corporate officers	3% of the share capital on the date of the annual shareholders' meeting (with a sub-limit of 1.5% of the shares allotted to senior management)[2]	38 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

(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 the 16th resolution (€1,000,000).

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 19th resolution of the Company's annual meeting of shareholders on June 14, 2018 authorized the Board of Directors, for an 18-month period starting on June 14, 2018, to implement a program to buyback the Company's shares, in accordance with Article L. 225-209 of the French Commercial Code, on the following terms:

Transaction	Term of the authorization	Maximum nominal 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
- 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
- grant or sell shares to employees as part of their profit sharing, or to implement any company or group savings plan (or similar plan) under 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 awards of shares to the employees or corporate officers of the issuer or an affiliate; or
- deliver shares on the exercise of rights attached to securities giving rights to equity through redemption, conversion, swap, presentation of a warrant or in any manner; or
- cancel all or some of the shares so purchased; or
- deliver shares (for exchange, payment or otherwise) in connection with external growth transactions, mergers, spin-offs or contributions; or
- 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 execution 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.

As at December 31, 2018, the Company held 158,974 treasury shares.

It will be proposed to the annual meeting of shareholders to be held on June 27, 2019, to authorize the Board of Directors, for an 18-month period starting on June 27, 2019, 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 nominal 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
- 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
- grant or sell shares to employees as part of their profit sharing, or to implement any company or group savings plan (or similar plan) under 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 awards of shares to the employees or corporate officers of the issuer or an affiliate; or
- deliver shares on the exercise of rights attached to securities giving rights to equity through redemption, conversion, swap, presentation of a warrant or in any manner; or
- cancel all or some of the shares so purchased; or
- deliver shares (for exchange, payment or otherwise) in connection with external growth transactions, mergers, spin-offs or contributions; or
- 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 execution 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: the 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 Rights 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 Options" in this Registration Document.

21.1.5 Terms Governing Any Acquisition Rights and/or Obligations Over Authorized But Unissued Capital

None.

21.1.6 Capital of any Company of the Group that is under Option or an agreement to place it under Option

None.

21.1.7 Changes to the Share Capital Over the Past Three Fiscal Years

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 for 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 €1,367,658.76.

At its meeting on Tuesday, July 25, 2017, the Board of Directors recorded an increase in the share capital following the exercise of stock warrants between January 1, 2017 and June 30, 2017 (149,113 stock warrants exercised, giving the right to 149,113 shares). The Company's capital was thus increased to €1,373,623.28.

At its meeting on November 8, 2017, the Board of Directors recorded an increase in the share capital following (i) the exercise of stock warrants for which the Board of Directors had not yet recorded an increase in the share capital for the period January 1 to October 31, 2017, namely one thousand eight hundred and fifty (1,850) stock warrants exercised giving the right to one thousand eight hundred and fifty (1,850) shares and (ii) completion of the final vesting of two hundred and sixty two thousand five hundred and twenty-one (262,521) ordinary shares (of which 73,546 shares went to Thierry Petit and 188,975 shares went to Group employees) and their issuance; this increased the share capital of the Company to €1,384,198.12.

At its meeting on June 14, 2018, the Board of Directors recorded an increase in the share capital following (i) the exercise of stock options for which the Board of Directors had not yet recorded an increase in the share capital for the period from November 1, 2017 to May 31, 2018, i.e. two thousand six hundred (2,600) stock warrants exercised giving the right to two thousand six hundred (2,600) shares and (ii) full vesting of fifteen thousand nine hundred fifty (15,950) common shares and the issuance of those shares; this increased the share capital of the Company to €1,384,940.12.

At its meeting on November 30, 2018, the Board of Directors recorded an increase in the share capital following the exercise of stock options for which the Board of Directors had not yet recorded an increase in the share capital over the period from June 1, 2018 to November 29, 2018, i.e. seven thousand three hundred fifteen (7,315) stock options exercised giving the right to seven thousand three hundred fifteen (7,315) shares; this increased the share capital of the Company to €1,385,232.72.

At its meeting on December 4, 2018, the Board of Directors recorded an increase in the share capital following the full vesting of the allotment of one hundred sixty-six thousand five hundred eighty four (166,584) common shares and the issuance of those shares; this increased the share capital of the Company to €1,391,896.08.

By decisions of the Chief Executive Officer of the Company, on December 28, 2018, acting pursuant to:

- the delegation of authority given to the Board of Directors by the Combined Shareholders' Meeting of the Company in June 14, 2018, in its Fifteenth Resolution, and

- the sub-delegation by the Board of Directors, at its meeting of November 30, 2018, during which the Board approved the execution of a capital increase in cash (the "**Capital Increase"**) for a total of €39,542,500 (including issue premium) (composed of a nominal amount of €632,680 euros and €38,909,820 in share premium); this amount could be increased to €39,715,450 (including share premium) (nominal amount of €635,447.20 and share premium of €39,080,002.80) in the event of the exercise of all stock options in the current exercise period, at a price of €2.50 per share (including share premium), to be subscribed and paid for in cash, maintaining the preemptive subscription rights of shareholders, with all powers necessary for the Chief Executive Officer to (i) record the definitive completion of the capital increase, amend the Company's bylaws accordingly and perform all formalities for the purpose of making it final, (ii) charge the costs of the capital increase to the related premiums and withdraw from this amount the sums necessary to raise the legal reserve to one-tenth of the new capital, and (iii) adjust the rights of the stock option holders, as a result of the aforementioned issue, pursuant to the laws and regulations applicable;

the Chief Executive Officer noted that the total increase of the share capital resulting from the Capital Increase is a total of €39,542,500 euros, including premium, and total nominal amount of €632,680 through the issue of 15,817,000 with a par value of €0.04 euro, each with an issue premium of €2.46 per share; the capital of the Company was therefore increased to €2,024,576.08.

At its meeting on February 15, 2019, the Board of Directors recorded an increase in the share capital following the full vesting of the award of thirty-seven thousand seven hundred thirty-eight (37,738)

common shares and the issuance of those shares; this increased the share capital of the Company to €2,026,085.60.

21.2 ARTICLES OF INCORPORATION 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 and no more than eighteen members, subject to the exceptions provided for by law.

21.2.2.1.2 Election

Throughout the life of the Company, directors are named, renewed or removed under the conditions provided for by current law and regulations and these 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 reelected. They may be removed at any time by the annual 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 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 (4)-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.

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 casts the deciding 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 stipulate 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 and 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 is temporarily indisposed or dies, the Board of Directors may appoint another director to act as Chairman.

If the Chairman is temporarily unable to serve, this delegation 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 Chief Executive Officer and Deputy Chief Executive Officer

The 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 expiration of each 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. 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. 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; 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 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 more than one share to exercise a particular right, single shares or a number of shares that is lower than the number required give the owners no 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 beneficial owner, such ownership must be indicated when they are recorded in the register of shareholders. Except as otherwise notified to the Company by registered letter with acknowledgment of receipt, the voting right belongs to the beneficial owner at ordinary shareholders' meetings and to the bare 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 does not have to 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 mail 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 be transacted at an extraordinary general meeting only if the shareholders present or represented or who voted by mail or online and own at least one quarter of the shares with voting rights on the first notice, and one-fifth of the shares with voting rights on the second notice. 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 mail 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 twelve 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

The reader can refer to the description of the contracts signed by the Company with its principal logistics service provider as part of the outsourcing of part of the Group's logistics functions (see Section 6.4.11.2.1 "Logistics network and warehouse management" in this Registration Document), as well as the description of the shareholders' agreement signed by the Company and Carrefour (see Section 18.4.3 "Shareholders' agreement between the Founders and Carrefour" in 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 these documents) may be viewed:

- the Company's bylaws;
- all 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, 2018" in this Registration Document.

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APPENDIX 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 / Size of the average basket	The Group's total net INTERNET sales in the applicable period divided by total number of orders in the applicable 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

APPENDIX II
BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE (ARTICLES L. 225-37 ET SEQ. OF THE FRENCH COMMERCIAL CODE)

This report has been prepared pursuant to the provisions of Articles L. 225-37 et seq. of the French Commercial Code, in addition to the management report. Moreover, this report has been sent to the Company's Statutory Auditors for the preparation of their report on this report, as required by Article L.225-235 of the French Commercial Code.

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1. CORPORATE GOVERNANCE

1.1 Corporate Governance Code

Since the shares of the Company were listed for trading on Euronext Paris in October 2015, 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 June 2018 (the "**AFEP-MEDEF Code**"), as interpreted by the High Committee for Corporate Governance (the application guide for the AFEP-MEDEF Code, updated in December 2018).

The latest version of the AFEP-MEDEF Code, as updated in June 2018, 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 June 2018) with the exception of the following recommendations:

Recommendation of the AFEP-MEDEF Code	Company's Comment
Recommendation 10.3 of the AFEP-MEDEF Code **"It is recommended that a meeting be held once a year without the corporate executive officers in attendance."**	A formal meeting of the non-executive directors, outside the presence of executive directors or those in the Company, was planned and organized in December 2018. However, given agenda constraints, this meeting without the executive directors had to be postponed and has not been held for fiscal 2018. However, to comply with this recommendation in 2019, a meeting without the corporate executive officers was held on March 13, 2019.

1.2 Composition of the Board of Directors

1.2.1 Composition of the Board of Directors at December 31, 2018

The Company's bylaws provide that the Board of Directors will include between three and eighteen 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 ordinary 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 in mid-term, the oldest director is deemed to have automatically resigned at the end of the next shareholders' meeting.

Directors are appointed by the annual shareholders' meeting on the recommendation of the Board of Directors, based in turn on the recommendation of the Nomination and Compensation Committee. They may be removed at any time by the ordinary shareholders' meeting. The term of each director expires at the close of the ordinary 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.

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 table below reflects the composition of the Board of Directors as of December 31, 2018:

Name, business address	Age(1)	Gender	Nationality	Date of first appointment	Date of the annual shareholders' meeting of most recent appointment	Expiration date of term of office	Term of office on the Board of Directors	Principal positions and offices held outside the Group during the last five years
Thierry Petit 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	45	M	French	July 29, 2010	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018(2)	Chairman of the Board of Directors CEO Director	Positions and offices held on the date of this Registration Document: - Managing Director of TP Invest Holding SARL - President of Pérée Investissements SAS - President of Financière Saint Ambroise SAS - Sole director of Prive Fashion Investments SL Positions and offices held during the past five years (and no longer held): -
David Dayan 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	45	M	French	July 29, 2010	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018(2)	Deputy CEO Director	Positions and offices held on the date of this Registration Document: - Managing Director of Ancelle SARL - Manager of ELA Invest SRL - Director of WADE P. S.A. - Manager of JENA Invest Ltd - President of NELJEN FINANCES SAS - President of Nel Finance SAS - Manager of SCI de la Plaine - Co-Manager of SCI Développement - Manager of SCI WAB1 - Managing partner of SCI SR30 - Manager of DD Promenade Davie LLC Positions and offices held during the past five years (and no longer held): -

Éric Dayan 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	39	M	French	October 16, 2015	May 30, 2016	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending on December 31, 2019	Director	Positions and offices held on the date of this Registration Document: - Managing Director of Victoire Investissement Holding SARL - Director of WADE P. S.A. - President of Victoire France SAS - Managing Director of Victoire Barrès SCI - President of EDC Invest SAS - Co-Manager of SCI Développement Positions and offices held during the past five years (and no longer held): - Managing Director of Victoire Real Estate Investment SARL
Michaël Dayan 1, rue des Blés ZAC Montjoie 93212 La Plaine Saint-Denis Cedex, France	37	M	French	October 16, 2015	May 30, 2016	Annual shareholders' meeting called to approve the financial statements for the fiscal year ending on December 31, 2019	Director Member of the Nomination and Compensation Committee	Positions and offices held on the date of this Registration Document: - Managing Director of Cambon Financière SARL - President of CAMPHI SAS - President of MD Capital SAS - Co-Manager of SCI Développement Positions and offices held during the past five years (and no longer held): -

Marie Ekeland Daphni – 87 rue Réaumur 75002 Paris, France	43	F	French	October 16, 2015	June 14, 2018	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021	Independent Director	Positions and offices held on the date of this Registration Document: - President of Daphni SAS - Member of the Board of Directors of Parrot SA(3) - Member of the Board of Directors of the Institut Louis Bachelier - President of Bibicheri SARL - Member of the Board of Trustees of Harvey Mudd College - Representative of Daphni SAS on the Boards of the following companies: Butterfly.ai, Holberton School, Keakr, Lifen, Lunchr, Shine et Zoe. 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(3), - 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 - Member of the National Digital Council - Vice President of the association France Digitale

Melissa Reiter Birge 3 Stony Point West, Westport, CT 06880 USA	50	F	American	October 16, 2015	October 16, 2015	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018(2)	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.(3) (USA)
Olivier Marcheteau 33, boulevard du Général Martial Valin 75015 Paris France	48	M	French	October 16, 2015	June 26, 2017	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2020	Independent Director Member of the Audit Committee Chairman of the Nomination and Compensation Committee	Positions and offices held on the date of this Registration Document: - Positions and offices held during the past five years (and no longer held): - Chief Executive Officer of Vestiaire Collective (France) - 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)
Alix Laine 4 Victoria Road W85RD London, United Kingdom	41	F	French	July 03, 2017	June 26, 2017	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2020	Independent Director Member of the Audit Committee	Positions and offices held on the date of this Registration Document: - Positions and offices held during the past five years (and no longer held): - Director of Akila Finance - Non-voting observer on the Board of Directors of Sarenza
Cyril Vermeulen 23, avenue Charles Floquet, 75007 Paris, France	50	M	French	July 26, 2018(4)	June 26, 2017	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021	Independent Director Member of the Nomination and Compensation Committee	Positions and offices held on the date of this Registration Document: - Director of the companies Teemo, Captain Contrat, Assoconnect, Gymlib, Wavy, Sporteasy, Studapart, JAM, Filae and Little Corner. - Manager of SAS ALIQUINI and SCI ALIQUINI Positions and offices held during the past five years (and no longer held): Director of StickyadsTV

Amélie Oudea Castera 140 rue de Grenelle 75007 Paris, France	40	F	French	November 30, 2018(5)	June 26, 2017	Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2020	Director	Positions and offices held on the date of this Registration Document: - Head of Digital Transformation, Carrefour - Director of Plastic Omnium - Director of Eurazeo - Director of the Sport dans la Ville association - President of the Rénovons le Sport Français association - Co-Chair of the MEDEF commission on the impact of technological changes Positions and offices held during the past five years (and no longer held): - Director of marketing, service, digital and partnerships for AXA France from April 2012 to July 2016 - Director of marketing, service, digital and partnerships for AXA Group from July 2016 to November 2017 - Director of Carrefour from June to November 2018 - Chair of the Audit Committee of Paris2024 from June to November 2018

(1) Number of full years as at December 31, 2018.

(2) Renewal proposed at the annual shareholders' meeting to be held on June 27, 2019.

(3) Listed company.

(4) Cyril Vermeulen was named by the Board of Directors at its meeting of July 26, 2018 to replace Luciana Lixandru, who resigned effective July 26, 2018. This appointment will be ratified by the Company's shareholders' meeting scheduled for June 27, 2019.

(5) Amélie Oudea Castera was appointed by a decision of the Board of Directors on November 30, 2018, to replace Marie Cheval, who resigned effective November 30, 2018. This appointment will be ratified by the Company's shareholders' meeting scheduled for June 27, 2019.

1.2.2 General rules and guiding principles for the composition of the Board of Directors.

At December 31, 2018, the Company's Board of Directors was composed of the following ten members: Thierry Petit, David Dayan, Eric Dayan, Michaël Dayan, Marie Ekeland, Melissa Reiter Birge, Olivier Marcheteau, Alix Laine, Cyril Vermeulen and Amélie Oudéa Castéra. In addition, Frédéric Haffner, Executive Director Strategy and M&A of Carrefour, was appointed as a non-voting observer by the Board of Directors at its meeting of February 15, 2018, 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 on

December 31, 2022. This appointment was ratified by the Annual Shareholders' Meeting on June 14, 2018. (For further details, see Section 1.2.4 "Appointment, duties and rights of observers" in this report).

The composition of the Board of Directors at December 31, 2018 also reflects the commitments made in the shareholders' agreement signed on May 31, 2017 between the Founders and Steinhoff International Holdings N.V. and Conforama Investissement, which constitutes an agreement to act in concert between them with respect to the Company. This agreement stipulates that the Board of Directors is composed of 11 members, (i) 5 of whom are named on a proposal by the Founders, including the chairman, who casts a deciding vote, (ii) 1 member and one non-voting observer named on the recommendation of Conforama, and (iii) 4 or 5 independent members. This agreement expired on February 7, 2018, the date that the acquisition by Carrefour of the Company's shares held by Conforama was completed and the date that a new shareholders' agreement between Carrefour and the Founders entered into force. The terms of this agreement are practically identical to those of the shareholders' agreement between Conforama and the Founders. For more details, see Section 18.4 "Shareholders' agreements" of this Registration Document.

The new shareholders' agreement signed by the Founders and Carrefour stipulates that the Board of Directors will be composed of 10 or 11 members, (i) 4 or 5 of whom are named on a proposal by the Founders, including the chairman, who casts a decided vote, (ii) 1 member and one non-voting observer appointed on the recommendation of Carrefour, and (iii) 4 or 5 independent members. In this respect, it is specified that Marie Cheval, Executive Director Customers, Services and Digital Transformation, was co-opted as a director, on a proposal by Carrefour, by the Board of Directors meeting held on February 15, 2018, to replace Alexandre Nodale, who resigned from his position of director, with effect from February 7, 2018 following the effective acquisition of a block of shares representing approximately 17% of the Company's shares by Carrefour from Conforama. This appointment was ratified by the Company's Annual Shareholders' Meeting held on June 14, 2018. Amélie Oudéa Castera was appointed by a decision of the Board of Directors on November 30, 2018, to replace Marie Cheval, who resigned effective November 30, 2018. This appointment will be ratified by the Company's shareholders' meeting scheduled for June 27, 2019.

Description of the policy on diversity in the Board of Directors as defined by Article L. 225-37-4 6° of the French Commercial Code3

The Board of Directors monitors the balance of its members and of its committees. Based on recommendations from the Nomination and Compensation Committee, the Board names directors on the basis of their qualifications, professional expertise and independence of mind at shareholders' meetings or by appointment. The Company's directors have different perspectives and have varied experiences and skills, reflecting the Board's objectives. The composition of the Board of Directors reflects a range of skills and balanced gender representation, in proportions that comply with applicable legal requirements and with those of the AFEP-MEDEF Code, to which the Company follows.

The presentation of each director given in Section 14.1 of the Company's Registration Document gives a stronger picture of this diversity and complementary experiences.

Balanced representation of men and women

As of December 31, 2018, the Board of Directors had ten members, including four women--Marie Ekeland, Melissa Reiter Birge, Amélie Oudéa Castéra and Alix Laine--representing more than 40% of directors, in accordance with Article L.225-18-1 of the French Commercial Code.

Independence of the members of the Board of Directors

At December 31, 2018, the Board of Directors also included five independent members: Marie Ekeland, Olivier Marcheteau, Melissa Reiter Birge, Cyril Vermeulen and Alix Laine, representing 50% of the directors.

In accordance with the AFEP-MEDEF code to which the company refers, under Article 1 of the Board of Directors' internal regulations, the Board of Directors 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.

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 corporate officer of the Company, an employee, executive corporate officer or director 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 years;

- not being an executive corporate officer of a company in which the Company holds, directly or indirectly, a mandate as a member of the board of directors, or in which an employee appointed as such or an executive corporate officer 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 a significant part of its business (nor being directly or indirectly linked to such a person); the assessment of whether the relationship with the Company or Group is material is discussed by the Board of Directors and the quantitative and qualitative criteria (continuity, economic dependency, exclusivity, etc.) used for this assessment are described in the Registration Document.

- not being related by close family ties to a corporate officer of the Company;

- 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 12 years (the loss of the status of independent director occurs on the 12-year date).

A non-executive corporate officer may not be considered independent if he/she 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/she cannot qualify 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.

The Nomination and Compensation Committee, at its meeting of March 11, 2019, and the Board of Directors, at its meeting of March 13, 2019, carried out the annual assessment of the independence of the members of the Board of Directors. In light of this analysis, the Board of Directors concluded, based on the opinion of the Nomination and Compensation Committee, that five directors (Marie Ekeland, Melissa Reiter Birge, Olivier Marcheteau, Cyril Vermeulen and Alix Laine) were independent.

Cyril Vermeulen was found to fulfill all the criteria for independence mentioned in the internal rules of the Nomination and Compensation Committee and in the AFEP-MEDEF Code.

It was noted that Alix Laine is married to Mathieu Laine, who had resigned from his position as a director of the Company with effect from May 30, 2017. In this regard, it was noted that Showroomprive.com (a subsidiary of the Company) was party to two agreements with Altermind, of which Mathieu Laine is chairman (for more details, please refer to section 19.2 "Special Report of the Statutory Auditors on the Regulated Agreements and Commitments for the Fiscal Year ending on December 31, 2018" in the Registration Document). Under these agreements, Altermind provides Showroomprive.com with both advisory services for executives on the Company's strategy, development, image and respectability, and advice and assistance in the context of the Group's legal strategy. It was stipulated that inasmuch as Altermind, which is chaired by Mathieu Laine, a former director, is party to these agreements, these agreements fell within the scope of the agreements referred to in Article L. 225-38 of the French Commercial Code and therefore were approved by the Board of Directors and then the Annual Shareholders' Meeting. In addition, it was established that these agreements, which are not material either in terms of compensation or in terms of duration, do not benefit Alix Laine, who has no connection to Altermind and is married under the regime of separate ownership of property. Consequently, the Board of Directors confirmed, after consulting the Nomination and Compensation Committee, that Alix Laine fulfills all the independence criteria mentioned in the internal rules of the Nomination and Compensation Committee and in the AFEP-MEDEF Code.

Concerning Marie Ekeland, it was pointed out that Thierry Petit, David Dayan, and Michaël Dayan had invested in an investment fund managed by Daphni, a company that Marie Ekeland co-founded. In this regard, after hearing the opinion of 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.

1.2.3 Appointment, ratification of appointment and re-election of directors recommended to the annual shareholders' meeting of June 27, 2019

The terms of Thierry Petit, David Dayan and Melissa Reiter Birge will expire at the end of the annual shareholders' meeting scheduled for June 27, 2019. In this regard, at its meeting on April 17, 2019, on the recommendation of the Nominations and Compensation Committee, the Board of Directors decided to recommend to the annual shareholders' meeting to be held on June 27, 2019, that it re-elect Thierry Petit, David Dayan and Melissa Reiter Birge to the Board for a four-year term, which is until the end of the annual shareholders' meeting called to adopt the financial statements for the year ending on December 31, 2022.

Cyril Vermeulen was appointed to the Board on the recommendation of the Nominations and Compensation Committee, by the Board of Directors at its meeting of July 26, 2018, to replace Madame Luciana Lixandru, who resigned from her seat on the Board effective July 26, 2018. This appointment will be submitted for ratification by the Annual Shareholders' Meeting scheduled for June 27, 2019.

Amélie Oudéa Castéra was appointed to the Board on the recommendation of the Nominations and Compensation Committee, by the Board of Directors at its meeting of November 30, 2018, to replace Marie Cheval, who resigned from her seat on the board effective November 30, 2018. This appointment will be submitted for ratification by the Annual Shareholders' Meeting scheduled for June 27, 2019.

Alix Laine resigned from her position as a Company director with effect from April 17, 2019.To replace her, Irache Martinez Abasolo was co-opted by a decision of the Board of Directors on April 17, 2019. This appointment will be submitted for ratification by the Company's Shareholders' Meeting on June 27, 2019.

1.2.4 Appointment, duties and rights of non-voting 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. The Board of Directors may also appoint the non-voting observer directly, subject to ratification by the next annual shareholders' meeting. The non-voting observer may be freely chosen on the basis of his or her expertise. The non-voting observer is appointed for a term of four years, except as otherwise decided at the ordinary shareholders' meeting preceding his or her appointment, which may be revoked at any time. The non-voting observer's term of office will terminate at the end of the ordinary shareholders' meeting called to approve the financial statements for the past fiscal year. The non-voting observer may be reelected.

The non-voting observer will examine the questions that the Board of Directors or its Chairman submits to him or her for advice. The non-voting 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 non-voting 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.

Frédéric Haffner, Executive Director Strategy and M&A of Carrefour, was appointed as a non-voting observer by the Board of Directors at its meeting on February 15, 2018, for a four-year term, i.e. until the end of the general meeting called to approve the financial statements for the fiscal year ending on December 31, 2022. This appointment was ratified by the Annual Shareholders' Meeting on June 14, 2018.

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 February 15, 2019, which govern the Board of Directors' 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 internal regulations of the Board of Directors are in line with the French corporate governance guidelines aimed at ensuring compliance with the fundamental corporate governance principles, and in particular those set out in the AFEP-MEDEF Code.

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 duty is to determine strategic targets. It reviews and decides on major transactions. Members of the Board of Directors are informed of changes in market trends, in the competitive environment and key challenges, including in the area of corporate social responsibility.

The Board of Directors assumes 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 corporate purpose, it decides any questions concerning the proper functioning of the Company and through its votes settles matters concerning it.

The Board of Directors also implements the controls and verifications that it deems appropriate and can request the documents that it deems useful to perform its duties.

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. (For further details, see section 1.6.2 "Powers of Executive Management - Limitations on powers" of this report).

The Board of Directors ensures the good governance of the Company and of the Group, in compliance with the 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 educational information on strategy, on the business model, on taking into account major non-financial issues for the company and 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 of Directors, within a sufficient time frame, excluding urgent matters, with the information or documents in his/her possession that will enable them to carry out their duties effectively. Any member of the Board of Directors who has not been able to deliberate in a fully informed way must notify the Board of Directors of this 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 of Directors 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 of Directors meetings are chaired by the Chairman; in the Chairman's absence, they are chaired by a member of the Board of Directors selected by Board of Directors.

The Board of Directors may not validly deliberate at a meeting unless at least half of its members are present. In determining the 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 laws 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 shall have the casting vote.

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, they provide 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/she is aware and which he/she 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 Activities of the Board of Directors in fiscal year 2018

In 2018, the Board of Directors met eleven times: on January 10, 2018, February 15, 2018, March 8, 2018, April 12, 2018, April 26, 2018, May 3, 2018, June 14, 2018, July 26, 2018, October 24, 2018, November 30, 2018, and December 4, 2018. 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 89%.

The table of individual attendance at Board and Committee meetings is presented below (attendance rate):

	Board of Directors	Audit Committee	Nomination and Compensation Committee
Thierry Petit	100%	-	-
David Dayan	100%	-	-
Éric Dayan	100%	-	-
Michaël Dayan	100%	-	100%
Marie Ekeland	100%	-	80%
Melissa Reiter Birge	73%	100%	-
Olivier Marcheteau	91%	100%	100%
Marie-Estelle Taudou Miquelard[(1)]	75%	-	-
Luciana Lixandru[(2)]	62.5%	100%	-
Alix Laine	91%	100%	-
Marie Cheval[(3)]	78%	-	-
Amélie Oudéa Castéra[(4)]	100%	-	-
Cyril Vermeulen[(5)]	67%	-	100%

(1) Marie-Estelle Taudou Miquelard resigned as director of the Company, effective July 26, 2018.

(2) Luciana Lixandru resigned from the Board of Directors of the Company, effective July 26, 2018.

(3) Marie Cheval resigned from the Board of Directors of the Company, effective November 30, 2018.

(4) Amélie Oudéa Castéra was appointed by a decision of the Board of Directors on November 30, 2018, to replace Marie Cheval, who resigned effective November 30, 2018. This appointment will be ratified by the Company's shareholders' meeting scheduled for June 27, 2019.

(5) Cyril Vermeulen was named by the Board of Directors at its meeting of July 26, 2018 to replace Luciana Lixandru, who resigned effective July 26, 2018. The Shareholders' Meeting of the Company planned for June 27, 2019 will be asked to ratify this appointment.

In fiscal year 2018, the principal matters before the Board of Directors included:

- Plan for Carrefour to acquire a stake in the context of a strategic agreement;
- Authorization of the signing of the Shareholders' Agreement between the Founders and Carrefour by the Company;
- analysis of the strategy and budget for 2018;
- approval of the agreements referred to in Article L. 225-38 of the French Commercial Code;
- establishment of new bonus share allotment plans;
- examination and approval of the Company's 2017 consolidated financial statements;

- approval of the management report on the Company's 2017 consolidated financial statements;
- the variable compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2017;
- The principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the Chief Executive Officer and the Deputy Chief Executive Officer for fiscal year 2018;
- Amendments to the internal regulations of the Board of Directors;
- approval of the Company's corporate financial statements for the 2017 fiscal year;
- approval of the annual financial report, the management report and the corporate social responsibility report;
- the first quarter 2018 results;
- the allocation of directors' fees for fiscal year 2017;
- approval of the report of the Chairman on corporate governance and on internal control and risk management procedures implemented by the Company;
- the Company's 2017 Registration Document;
- the Company's 2018 Annual Shareholders' Meeting;
- the composition of the Board of Directors and committees of the Board of Directors;
- approval of the 2018 interim financial statements;
- announcement of the results of third quarter 2018;
- recognition of the vesting of bonus shares of the Company to be issued (allotted during the IPO), the capital increase and corresponding amendments to the bylaws.

1.3.5 Shares held by directors

Pursuant to Article 2.10 of the internal regulations of the Company's Board of Directors, each member of the Board must own (directly or indirectly) at least 200 shares of Company stock throughout his or her term of office and, in all cases, no later than six months following his or her election to the Board. Share loans made 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.

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 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 of Directors.

Meetings of the Board of Directors' 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

(i) Composition as of December 31, 2018

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 provisions, the members of the committee must have specialized knowledge in finance and/or accounting. The terms of office of Audit Committee members coincide with the length of their terms as members of the Board of Directors. They may be renewed at the same time as the renewal of the member's term on the Board of Directors.

As at December 31, 2018, the Audit Committee had three members, all of whom were independent: Melissa Reiter Birge (independent director), Olivier Marcheteau (independent director), and Alix Laine (independent director). In accordance with the recommendations of the AFEP-MEDEF Code, the Board also decided to appoint Melissa Reiter Birge, an independent director, as the committee's Chair.

(ii) 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 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 performance of 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.

(iii) Operation of the Audit Committee

Under the rules and regulations of the Audit Committee, the Committee meets as often as is necessary and, in all cases, 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.

The Audit Committee may validly deliberate, either during a meeting, by phone or by any videoconference and telecommunication means that allows the identification of its members and guarantees their effective participation, upon notice of a meeting from its Chairman or from the Committee's secretary, on the condition that at least half the members participate in the deliberations.

The Audit Committee makes decisions on the basis of a majority of the members attending the meeting, with each member having one vote.

(iv) Work of the Audit Committee during fiscal year 2018

In 2018, the Audit Committee met five times: on March 6, 2018, April 10, 2018, May 2, 2018, July 24, 2018, and October 22, 2018. The rate of attendance for all members was 100%.

In fiscal year 2018, the Audit Committee met to discuss the following main topics:

- examination of the Company's 2017 consolidated financial statements;
- management report on the Company's 2017 consolidated financial statements;
- examination of the Company's corporate financial statements for fiscal year 2017;
- examination of the annual financial report, the management report and the corporate social responsibility report;
- the first quarter 2018 results;
- examination of the report of the Chairman on corporate governance and on internal control and risk management procedures implemented by the Company;
- the Company's 2017 Registration Document;
- examination of the resolutions to be proposed to the Company's 2018 Annual Shareholders' Meeting;
- examination of the 2018 interim financial statements;
- review of the year-end closing process and the accounting rules and methods applied in determining revenue for first quarter 2018;
- inventory of projects to improve the formalization of internal control procedures within the Group;
- 2018 audit plan of the statutory auditors;
- review of the Company's internal control;
- presentation by the statutory auditors of their review of the Company's risks and internal control procedures.

1.4.2 Nomination and Compensation Committee

(a) Composition as of December 31, 2018

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 Board of Directors from among its members on the basis of their independence and their expertise in the selection or compensation of corporate officers 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 the renewal of the member's term on the Board of Directors.

As of December 31, 2018, the Nomination and Compensation Committee had three members, including two who were independent: Olivier Marcheteau (independent director), Cyril Vermeulen (independent director) and Michaël Dayan (director). In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors also decided to appoint Olivier Marcheteau, an independent director, as the committee's Chair.

(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 corporate officers and senior managers, including all deferred benefits and/or compensation for voluntary or involuntary departure from the Group.

In this context, the Nomination and Compensation Committee specifically carries out the following duties:

- proposals for appointments of members of the Board of Directors, executive corporate officers and Board Committees;
- annual evaluation of the independence of the members of the Board of Directors;
- review and formulation of proposals to the Board of Directors concerning all components and terms of compensation of the Company's key executives;
- review and formulation of proposals 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, if appropriate, be entrusted 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 all cases, 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 all cases, prior to any meeting at which the Board of Directors votes on the compensation of executive corporate officers or the allocation of directors' fees.

The Appointments and Compensation Committee may validly deliberate, either during a meeting, or by phone or by all videoconference or telecommunication means that will enable the identification of its members and thus guarantee their effective participation, under the same conditions as the Board, upon notice of a meeting from its Chairman or from the Committee's secretary, on the 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 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.

(d) Work of the Nomination and Compensation Committee in fiscal year 2018

In 2018, the Nomination and Compensation Committee met seven times: on February 13, 2018, March 6, 2018, April 10, 2018, June 12, 2018, July 24, 2018, November 30, 2018 and December 4, 2018. The rate of attendance for all members was 95%.

In 2018, the Nomination and Compensation Committee met to discuss the following key topics:

- the variable compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2017;
- The principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to the Chief Executive Officer and the Deputy Chief Executive Officer for fiscal year 2018;
- new free share allocation plans;
- the allocation of directors' fees for fiscal year 2017;
- examination of the report of the Chairman on corporate governance and on internal control and risk management procedures implemented by the Company;
- the Company's 2017 Registration Document;
- the Company's 2018 Annual Shareholders' Meeting;
- composition of the Board of Directors;
- recognition of the full vesting and allocation of bonus shares of the Company to be issued.

1.5 Evaluation of the functioning of the Board of Directors

According to Article 9.1 of the AFEP-MEDEF Code, "*the board assesses its ability to meet the expectations of shareholders who have given it the mandate to administer the company, periodically reviewing its composition, organization and functioning (which entails a review of the board committees)*". Article 9.3 of the AFEP-MEDEF Code states that "*shareholders must be informed each year in the annual report on the conduct of the assessments and, where appropriate, the follow-up to those assessments"*.

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 functioning. 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 expertise 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 of Directors 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 March 13, 2019, which the directors deemed satisfactory, without any particular remarks or matters for improvement.

1.6 General Management

1.6.1 Chairman and CEO and Chief Operating Officer

The positions of Chairman of the Board of Directors and CEO have been combined since the inception of the Company.

Moreover, since the Company's shares were listed for trading on Euronext Paris, and pursuant to the shareholders' agreement entered into on that date, the Company's Founders have agreed to ensure that, every two years, David Dayan and Thierry Petit will alternate as Chairman of the Board of Directors, and that David Dayan and Thierry Petit will alternate as CEO and Deputy CEO, respectively, with the Chairman of the Board of Directors also taking on the role of CEO and the other assuming the duties of Deputy CEO.

At its meeting of November 8, 2017, the Board of Directors appointed Thierry Petit as Chairman of the Board of Directors of the Company and David Dayan as Chief Operating Officer, for the remainder of their terms of office as directors, i.e. until the annual shareholders' meeting called to approve the financial statements for the year ending on December 31, 2018.

1.6.2 Powers of General Management - Limitations on powers

The positions of Chairman of the Board of Directors and CEO have been combined since the inception of the Company. This position has been held by Thierry Petit since November 8, 2017.

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 of the Registration Document, the Founder shareholders have agreed to ensure that David Dayan and Thierry Petit will alternate 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 vested with 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 Company's corporate purpose and subject to the powers expressly reserved by law for to shareholders' meetings and 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 COOs 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 corporate officers, as well as the implementation of an incentive plan for corporate officers or employees;

- the appointment or removal of a founder who has management duties within the Group or any person, CEO, COO, Operations Director or Chief Financial Officer (CFO);

- the appointment or reappointment 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 overall 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 disposal or operating lease of the Company's business or the making available or transferring of a significant trademark used by the Group.

2. COMPENSATION POLICY FOR CORPORATE OFFICERS

2.1 Compensation of members of the Board of Directors

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 portion determined by the Board of Directors and deducted from the directors' fees allocated to the Board of Directors is paid to members of Committees, also taking into account their effective participation in the meetings of said Committees. A proportion established by the Board of Directors and taken from the amount of the directors' fees allocated to the Board is paid to the members of the Committees, taking into consideration the effective attendance of those members at the meetings of said Committees.

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 annual shareholders' meeting resolves to change the total amount of directors' fees allocated to the Board of Directors.

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 of Directors 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.

The combined Shareholders' Meeting on June14, 2018 set the annual amount of the directors' fees allocated to the members of the Board of Directors at a maximum total amount of €200,000. 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 of Directors.

At its meeting of April 12, 2018 and on the recommendation of the Nominations and Compensation Committee, the Board of Directors distributed directors' fees for fiscal year 2017 as follows:

- Marie Ekeland: €30,000;
- Melissa Reiter Birge: €32,500;
- Olivier Marcheteau: €50,000;
- Hendrik Nelis: €2,260;
- Luciana Lixandru: €19,934; and
- Alix Laine: €10,537.

These directors' fees for 2017 were paid during 2018.

At its meeting of March 13, 2019 and on the recommendation of the Nominations and Compensation Committee, the Board of Directors distributed directors' fees for fiscal year 2018 as follows:

- Marie Ekeland: €30,643.84;
- Melissa Reiter Birge: €35,909.09;
- Olivier Marcheteau: €48,636.36;
- Cyril Vermeulen: €12,986.30;
- Luciana Lixandru: €13,702.05; and
- Alix Laine: €30,841.84.

These directors' fees due for the 2018 fiscal year will be paid in 2019.

The table summarizing the directors' fees paid to the directors in 2017 and 2018 is as follows:

Table of directors' fees and other compensation received by non-executive corporate officers (AMF classification)

	Amounts paid during fiscal year 2017 (in euros)		**Amounts paid during fiscal year 2018 (in euros)**	
Non-executive corporate officers	**Directors' fees[(1)]**	**Other compensation**	**Directors' fees[(2)]**	**Other compensation**
Marie Ekeland.....	35,000	0	30,000	0
Melissa Reiter Birge.....	38,500	0	32,500	0
Olivier Marcheteau	50,000	0	50,000	0
Marie-Estelle Taudou Miquelard[(3)]	0	0	0	0

Luciana Lixandru[4]	0	0	19,934	0
Alix Laine	0	0	10,537	0
Alexandre Nodale[5]	0	0	0	0
Cyril Vermeulen[6]	0	0	0	0
Marie Cheval[7]	0	0	0	0
Amélie Oudéa Castéra[8]	0	0	0	0
TOTAL	**123,500**	**0**	**142,971**	**0**

(1) The directors' fees paid in 2017 are the same as the directors' fees allocated for 2016.

(2) The directors' fees paid in 2018 are the same as the directors' fees allocated for 2017. The directors' fees for 2018 will be paid during 2019 and therefore are not included in this table.

(3) Marie-Estelle Taudou Miquelard resigned as director of the Company, effective July 26, 2018.

(4) Luciana Lixandru resigned from the Board of Directors of the Company, effective July 26, 2018.

(5) Alexandre Nodale resigned from his position as director effective February 7, 2018 following the completion of the acquisition of a block of shares representing approximately 17% of the shares of the Company by Carrefour from Conforama.

(6) Cyril Vermeulen was named by the Board of Directors at its meeting of July 26, 2018 to replace Luciana Lixandru, who resigned effective July 26, 2018. The shareholders' meeting scheduled for June 27, 2019 will be asked to ratify this appointment.

(7) Marie Cheval resigned from the Board of Directors of the Company, effective November 30, 2018.

(8) Amélie Oudéa Castéra was appointed by a decision of the Board of Directors on November 30, 2018, to replace Marie Cheval, who resigned effective November 30, 2018. This appointment will be ratified by the Company's shareholders' meeting scheduled for June 27, 2019.

Pursuant to Article 16 of the Company's bylaws, the position of the non-voting observer does not receive compensation.

2.2 Policy on the compensation of executive directors for 2019

In accordance with Article L.225-37-2 of the French Commercial Code (from 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 2019, as presented below, are subject to approval by the ordinary shareholders' meeting of June 27, 2019 under a specific resolution for each executive corporate officer.

2.2.1 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

It was noted that the compensation policy for executive corporate officers, i.e. Thierry Petit and David Dayan, in their respective capacities as Chairman and CEO and Deputy CEO of the Company on the date of this report, is determined by the Board of Directors after it has examined the proposal and opinion of the Appointments and Compensation Committee.

The Board of Directors applies the recommendations of the AFEP/MEDEF code, as amended in June 2018, relating to the compensation of executive corporate officers of listed companies.

In this context, the Board of Directors has set the principles for determining the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer of the Company, in particular by ensuring that the following principles are complied with:

- Principle of balance and moderation: steps are taken to ensure that each component of the compensation of the Chairman and CEO and Deputy CEO is clearly justified and that none of these components is disproportionate.

- Principle of competitiveness: industry-wide compensation studies are conducted to ensure that the compensation of the Chairman and CEO and Deputy CEO is competitive.

- Principle of alignment of interests: the compensation policy constitutes a management tool intended to attract, incentivize and retain the talent needed for the Company and responds to the expectations of Company shareholders and other stakeholders regarding connection to performance.

- Principle of performance: the compensation of the Chairman and CEO and Deputy CEO is closely tied to the Company's performance through variable compensation that is measured annually. The payment of this variable portion is subject to the achievement of simple, measurable targets (economic and individual) that are closely tied to the Group's targets and regularly communicated to the shareholders. Furthermore, these annual variable components do not entail any guaranteed minimum payment and are based on understandable, demanding operating performance criteria.

Fixed compensation:

The Board of Directors, on a proposal by the Appointments and Compensation Committee, determines the fixed annual compensation of the Chairman and Chief Executive Officer, in particular, after an in-depth study of the fixed and variable compensation of executives of similar companies carried by the Company.

For 2019, the gross annual fixed portion of the compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer was set for each of them by the Board of Directors on March 13, 2019 at €336,000 for 2019, the same amount as in 2018, 2017 and 2016.

Variable compensation:

The Board of Directors, on the proposal of the Compensation Committee, sets the annual variable compensation of the Chairman-Chief Executive Officer and the Deputy Chief Executive Officer on the basis of quantitative criteria;

For 2019, the Board Meeting of March 13, 2019, on the proposal of the nomination and compensation committee, decided to submit to the approval of the shareholders' meeting planned for June 27, 2019 a

resolution setting out the principles and criteria for setting and granting the variable compensation of the Chairman and CEO as well as of the Deputy CEO for 2019 as follows:

- 50% of the annual variable compensation: on the basis of the level of achievement of the Group's objective for consolidated revenue growth for the year ending December 31, 2019 in relation to the year ended December 31, 2018, compared to a target consolidated revenue growth objective for 2019; and

- 50% of the annual variable compensation: on the basis of the level of consolidated EBITDA achieved in fiscal 2019 relative to the target for consolidated EBITDA;

  provided that outperformance on one of the two criteria described above may not offset underperformance of the other criterion.

  Annual variable compensation may not exceed €180,000 (including €30,000 for achieving 120% of the objectives), which represents approximately 54% of the annual fixed compensation.

Allotment of bonus shares

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. The Group may allot performance shares to executive corporate officers and managers, as well as expatriates and employees in recognition of their commitment and achievements for the Group.

Of the corporate officers, only the Chairman and Chief Executive Officer, Thierry Petit, received bonus share allotments in 2015 and 2016, which have vested since then. For further details about the bonus share allotment to Thierry Petit, see Section 15.1.5.3 "History and policy of bonus share grants".

In 2019, the Board of Directors, on a proposal by the Appointments and Compensation Committee, may have to decide that the executive corporate officers as well as Group employees involved in certain projects are closely linked to the Group's performance through long-term incentive plans in the form of bonus share allocations.

In accordance with the AFEP-MEDEF Code, shares allotted by the Company to executive corporate officers are regulated by rules related to volume ceilings, defined by the general meeting of shareholders.

In this connection, the general meeting of shareholders held on June 14, 2018 stated that:

- the total amount of bonus shares that can be awarded to employees and corporate officers of the Group may not exceed three per cent (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 per cent (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 basis of 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 2017 to 2019;

- 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.

To be able to continue to retain and motivate the Group's key talents while providing managers and employees with an opportunity to share in the success of the Group's business, the extraordinary general meeting to be held on June 27, 2019, will be asked to renew the financial delegation of authority authorizing the Board of Directors to allot bonus shares to the Group's employees and corporate officers for a period of thirty-eight months as from the date of the general meeting.

Stock warrants, performance shares and other security allocations

At its meeting on August 5, 2010, the Board of Directors at its meeting set up stock option (Plan 1) or stock warrant (Plan 2) plans for Thierry Petit. For Plan 1, the rights vested immediately on the date of incorporation of the Company and when contributions had been made, i.e. in 2010. Plan 2 provided for the gradual vesting of rights over a period of four years, subject to continued employment with the Group. Plans 1 and 2 both provide for an exercise price of 4 euros.

In November 2017, 73,546 of the 100,000 bonus shares allotted to Thierry Petit, Chairman and Chief Executive Officer by the Board of Directors of October 29, 2015 under Plan 2 became fully vested.

In accordance with the provisions of Article L. 225-185 of the French Commercial Code, Mr. Petit should keep a number of Company shares corresponding to 25% of the vested bonus shares as bearer shares until the date of termination of his term of office as Chairman and Chief Executive Officer or Deputy Chief Executive Officer.

For further details about the stock warrants or stock options granted to Thierry Petit, see Section 15.1.4.3 "History of Stock Warrant and Stock Option Plans" of the Registration Document.

Since 2010, no executive corporate officer has received any stock options or stock warrant.

Non-compete clause

Thierry Petit and David Dayan are not subject to a non-compete clause in the event of the termination of their duties.

Severance or other benefits due or likely to become due following termination or change of office

Thierry Petit and David Dayan are not entitled to severance or other benefits due or likely to become due following termination or change of office.

Other benefits

Thierry Petit and David Dayan are each entitled to use a company car.

Supplementary pension plan

Thierry Petit and David Dayan do not have the benefit of a supplementary pension plan.

2.2.2 Draft resolutions drawn up by the Board of Directors in accordance with Article L.225-37-2 of the French Commercial Code, submitted to the Company's annual shareholders' meeting scheduled for June 27, 2019

Thirteenth resolution (Approval of the principles and criteria for determining, allocating and awarding fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Thierry Petit in his capacity as Chairman and Chief Executive Officer for fiscal year 2019)

The annual shareholders' meeting, voting under the conditions of quorum and majority required for ordinary shareholders' meetings, having read the Board of Directors' corporate governance report provided for by Article L.225-37 of the French Commercial Code, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Thierry Petit in his capacity as Chairman and Chief Executive Officer for fiscal year 2019, as presented in the corporate governance report provided for in Article L.225-37 of the French Commercial Code and included in the Company's 2018 Registration Document**.**

Fourteenth resolution (Approval of the principles and criteria for determining, allocating and awarding fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to David Dayan in his capacity as Deputy Chief Executive Officer for fiscal year 2019)

The annual shareholders' meeting, voting under the conditions of quorum and majority required for ordinary shareholders' meetings, having read the Board of Directors' corporate governance report provided for by Article L.225-37 of the French Commercial Code, approves the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to David Dayan in his capacity as Chief Operating Officer for fiscal year 2019, as presented in the corporate governance report provided for in Article L.225-37 of the French Commercial Code**.**

3. COMPENSATION AND BENEFITS OF DIRECTORS AND CORPORATE OFFICERS

The components of the compensation of the executive corporate officers for 2018 are described in Chapter 15 "Compensation and benefits of directors and corporate officers" in the Registration Document to which this report is appended.

In accordance with Article L. 225-100 of the French Commercial Code (derived from the Sapin II Law), the fixed, variables and exceptional components of total compensation and benefits paid or allocated to each executive corporate officer for 2018 (determined in accordance with the determination principles and criteria approved by the annual shareholders' meeting of June 14, 2018) will be submitted for the approval of the ordinary general meeting of June 27, 2019, in the form of a specific resolution for each executive corporate officer, i.e.:

- Thierry Petit, in his capacity as Chairman and Chief Executive Officer;
- David Dayan, in his capacity as Deputy Chief Executive Officer.

In this respect, it is reminded that the effective payment of the fixed, variable and exceptional components of compensation of Thierry Petit and David Dayan for 2018 (as described below) is conditional upon the approval of the annual shareholders' meeting scheduled for June 27, 2019 in the form of a specific resolution for each executive corporate officer.

<u>Reminder of the components compensation paid or allocated for 2018 to Thierry Petit, in his capacity as Chairman and Chief Executive Officer;</u>

Compensation components paid or allocated for 2018	Accounting amounts or valuation submitted for vote (in euros)	Presentation
Fixed Compensation	€336,000	The gross annual fixed portion of the compensation of the Chairman and CEO for the year ending on December 31, 2018 was set at €336,000 by the Board of Directors at its meeting of April 12, 2018, on the proposal of the Compensation Committee, and was approved by the Shareholders' Meeting of June 14, 2018.
Variable Compensation	-	The criteria for the determination and allocation of the variable compensation of the Chairman and CEO for the year ending on December 31, 2018 were defined by the Board of Directors at its meeting held on April 12, 2018, on a proposal by the Appointment and Compensation Committee and approved by the Shareholders General Meeting held on June 14, 2018. 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.
Multi-year Variable Compensation	-	Thierry Petit informed the members of the Board that he wished to waive payment of his variable compensation for 2018 given the economic condition of the Group and its decision to implement a cost-cutting plan. At its meeting of March 13, 2019, on the recommendations of the Nomination and Compensation Committee, the Board of Directors therefore decided not to allocate variable compensation to Thierry Petit for 2018. Thierry Petit does not receive any multi-year variable compensation.
Exceptional Compensation	-	Thierry Petit does not receive any exceptional compensation.
Long-term remuneration (valuation of options granted during the fiscal year)	-	No stock warrants or stock options were granted to executive corporate officers during the fiscal year ending on December 31, 2018.
Long-term compensation (valuation of performance shares granted during the fiscal year)	-	No performance shares were granted to executive corporate officers during the fiscal year ending on December 31, 2018.
Directors' Fees	-	Like all the corporate officers, Thierry Petit does not receive any directors' fees.
Benefits in Kind	-	Thierry Petit has a company car.
SEVERANCE BENEFITS	-	Thierry Petit is not entitled to severance or other benefits due or likely to become due following termination or change of office.
Non-compete compensation	-	Thierry Petit is not subject to a non-compete clause in the event of the termination of his duties.
Supplementary pension plan	-	Thierry Petit does not have a supplementary pension plan.

Summary of the main compensation components in 2018 of David Dayan, in his capacity as Deputy Chief Executive (in euros)

Compensation components paid or allocated for 2017	Accounting amounts or valuation submitted for vote (in euros)	Presentation
Fixed Compensation	336,000 €	The gross annual fixed portion of the compensation of the Chairman and CEO for the year ending on December 31, 2018 was set at €336,000 by the Board of Directors at its meeting of April 12, 2018, on the proposal of the Compensation Committee, and was approved by the Shareholders' Meeting of June 14, 2018.
Variable Compensation	-	The criteria for the determination and allocation of the variable compensation of the Deputy Chief Executive Officer for the year ending on December 31, 2018 were defined by the Board of Directors at its meeting held on April 12, 2018, on a proposal by the Appointment and Compensation Committee and approved by the Shareholders General Meeting held on June 14, 2018. 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. David Dayan informed the members of the Board that he wished to waive payment of his variable compensation for 2018 given the economic condition of the Group and its decision to implement a cost-cutting plan. At its meeting of March 13, 2019, on the recommendations of the Nomination and Compensation Committee, the Board of Directors therefore decided not to allocate variable compensation to David Dayan for 2018.
Multi-year Variable Compensation	-	David Dayan does not benefit from any multi-year variable compensation.
Exceptional Compensation	-	David Dayan does not benefit from any exceptional compensation.
Long-term remuneration (valuation of options granted during the fiscal year)	-	No stock warrants or stock options were granted to executive corporate officers during the fiscal year ending on December 31, 2018.
Long-term compensation (valuation of performance shares granted during the fiscal year)	-	No performance shares were granted to executive corporate officers during the fiscal year ended December 31, 2018.
Directors' Fees	-	Like all the corporate officers, David Dayan does not receive any director's fees.
Benefits in Kind	-	David Dayan has a company car.
Severance benefits	-	David Dayan is not entitled to severance or other benefits due or likely to become due following termination or change of office.
Non-compete compensation	-	David Dayan is not subject to a non-compete clause in the event of the termination of his duties.
Supplementary pension plan	-	David Dayan does not have a supplementary pension plan.

4. OTHER INFORMATION

4.1 Regulated agreements and commitments and related-party transactions (Article L.225-37-4, paragraph 2, of the French Commercial Code)

This information is presented in Chapter 19 of the Registration Document to which this report is appended.

4.2 Table summarizing the valid delegations granted by the annual shareholders' meeting of the Company in the area of capital increases, pursuant to Articles L.225-129-1 and L. 225-129-2 of the French Commercial Code, and showing the use made of these delegations in the year ending on December 31, 2017 (Article L.225-37-4, paragraph 3, of the French Commercial Code)

This information is presented in paragraph 21.1.1 of the Registration Document.

4.3 Terms and conditions for the participation of shareholders in shareholders' meetings of the Company (Article L.225-37-4, paragraph 9, of the French Commercial Code)

The procedures relating to shareholder participation at general shareholders' meetings are described in Articles 11 and 20 of the bylaws and in Sections 18.2, "Shareholder Voting Rights" and in Section 21.2.5, "Shareholders' Meetings" of the Registration Document.

4.4 Information relating to factors that might have an impact in the event of a public tender or exchange offer (Article L.225-37-5 of the French Commercial Code)

This information is presented in paragraph 18.6 "Factors that might have an impact in the event of a tender offer" in the Registration Document.

Board of Directors

APPENDIX III

DECLARATION OF NON-FINANCIAL PERFORMANCE

GROUP ENGAGEMENT AND PERFORMANCE OF ITS ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Since its formation in 2006, the Group, a pioneer in e-commerce, has developed a business to create new value for inventories of fashion products and accessories built on the broad distribution allowed by the internet, thus creating a new offer from lots not sold in the traditional retail channels.
Contributing to its scale through its economic activity to a better use of the resources produced, Showroomprivé has never stopped integrating social, societal and environmental concerns in its business.
The Group completed its IPO in late 2015, and subsequently directed its initial CSR policy toward sharing its economic success and its digital expertise with various population groups, including young women, job seekers, young entrepreneurs.
These three priority target groups, the results of the commitments and convictions of executives and founders Thierry Petit and David Dayan, led to the formation between 2015 and 2017 of a company foundation, a charitable foundation, an internal incubator for startups and a policy of skills and financial sponsorship for the benefit of a number of associations, including Toutes à l'école, an association that finances the education of disadvantaged girls in Cambodia.
Continuing this desire to augment its positive external actions, the Group created a CSR department early in 2018. This CSR department began with an audit of internal practices that identified the company's various stakeholders, conducted an analysis of materiality (see paragraph below) and co-constructed the 2019-2020 roadmap presented below.
The report provides an overview of the roadmap developed by the Group for 2019-2020 and actions and policies initiated 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.

1. BUSINESS MODEL

Showroomprivé is a European innovative e-commerce operator recording strong growth and specializing in fashion merchandise. At December 31, 2018, the Group generated revenue of €672.2 million and EBITDA of €5.1 million. At the end of 2018, 8.9 million members of the Group had already made at least one purchase on the platform, including 3.4 million in 2018 alone. 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.

Every day, the Group offers 15 to 20 private sales, offering a carefully researched selection of brands, with special care given to the presentation of the products. The selected brands, mostly fashion goods and fashion accessories, bring together both well-known names and up-and-coming brands. During these private daily sales, the Group gives new value to the product inventories not sold in traditional retain channels, and in this way creates a new attractive offer for the 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.
The creation of an attractive platform has enabled the Group to acquire a growing number of particularly loyal members. In December 2018, the Group recorded a total of 72.2 million visits to its platform and, in the final quarter of 2018, it recorded an average of 2.4 million visits per day, or a total of 75.4 million visits per month. The Group recorded a total of 66.5 million visits per month over 2018. During 2018, each buyer made 4.3 orders on average. More importantly, in 2018, 69.9% of the Group's 3.5 million buyers were repeat buyers who had made at least one purchase on the platform in prior years, and 82% of the Group's gross internet sales came from purchases made by these repeat buyers. 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 e-commerce retailers in France in terms of mobile traffic. In 2018, 81% of the visits to the Group platform recorded in the Group's systems were made from mobile terminals.

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 who are 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.
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 rate of conversion of members into buyers. This dynamic has driven the Group's rapid growth.
In its operations, the Group identifies two types of stakeholders considered to have a direct and substantial influence on its decisions and objectives, i.e. internal stakeholders and the stakeholders outside the Group. The Group considers the employees, including the executives and majority shareholders to be the internal stakeholders. The principal external stakeholders identified by the Group are: the suppliers, in other words the Group's partner brands, the customers, investors, public and semi-public institutions and the service providers used by the Group to ensure the deployment of its activities.
The Group's business model, strategy and growth outlook are presented in more detail in its 2018 Registration Document, particularly in Chapter 6 "Business".
In addition, the legal organization of the Group is described in Chapter 7 "Organizational Chart" in this same Registration Document.

2. NOTE ON METHODOLOGY

This methodology note specifies the key notions in this report, the scope of the indicators published herein and the calculation methods used.
Context
In its initiative to achieve ongoing improvement in processes and an increase in positive external responses, and driven by its desire to group its programs with strong societal impact that already exist, the Group created a CSR department in January 2018.
In 2018, the CSR Department first conducted an internal audit with the company's various stakeholders in order to identify current practices and the opportunities and risks that constitute a level for action in order to reconcile economic management and a reduction in environmental and social impacts.
During this audit, interviews with department managers, particularly purchasing, legal, flows and supplies, logistics, marketing, human resources, customer service, transport, IT, accounting and ISD were conducted. In some cases, particularly logistics and flows and supplies, additional investigations were conducted with operational teams in order to understand practices better.
The results of this audit led to the completion of the 2019-2020 roadmap, which prioritizes five major challenges. The primary challenges were selected on the basis of their importance for stakeholders, their financial and regulatory impacts, and on the Group's ability, because of its resources and activities, to respond to those challenges. The challenges were presented to the Group's Executive Committee, composed of the principal operational managers of the Company, and co-chaired by Chairman and CEO Thierry Petit and David Dayan, Chief Operating Officer.
The five major challenges selected for the 2019-2020 roadmap are therefore: optimization of environmental impacts, support for innovation and entrepreneurship, assurance of long-term and inclusive employability in the territory, respect for gender equality, and respect for ethics in business.

Reporting Period and Scope
The reporting period covers the calendar year from January 1 to December 31, 2018.
In addition, the Group would like to specify that the following information provided in the second paragraph of Section III of Article L. 225-102-1 of the French Commercial Code are not considered

relevant, given the nature of the Group's activities detailed above: food waste, the fight against food shortages, respect for animal well-being and responsible, equitable and sustainable food, etc. In addition, the Group notes that no collective agreement was signed in 2018.
Moreover, certain indicators presented in the report have no historical comparability as they were established over 2018 or are currently being deployed.
Except where otherwise indicated, the scope of non-financial reporting covers SRP Groupe and its consolidated subsidiaries[34] Showroomprivé.com, SRP Logistique, ABC Sourcing, Beauté Privée, Showroomprivé Spain SLU, Showroomprivé Italy SRL, SRP Prod, Showroomprivé Maroc and Saldi Privati SRL.

3. THE 2019-2020 ROADMAP

As described above, five main challenges form the CSR horizon for Showroomprivé for the years 2019 and 2020. These challenges, which represent real opportunities for the Group in its goal to reconcile economic management and reduce societal and environmental impacts, are directly defined and monitored through quantitative objectives, the implementation of which are priorities, and which will be monitored monthly by the Group.

CHALLENGE 1: OPTIMIZING THE ENVIRONMENTAL IMPACT OF THE GROUP

Based on the result of the audit it conducted in 2018, the Group wants to prioritize two major issues relating to the environmental impact of its activities: rationalizing the management and volume of the waste discharged and optimizing energy resources, particularly for packaging and outsourced transportation, which are important steps in processing orders placed on its web site.

1.1. Rationalize the management and volume of waste discharged by the company by 2020

In 2018, the company reviewed its waste management in an effort to integrate selective sorting fully at all its offices and warehouses.
Showroomprivé warehouses are already organizing selective sorting, particularly their cardboard materials.
In 2019 and 2020, the company will establish a selective sorting system on a larger scale intended ultimately to reduce the volume of non-recycled waste that is discharged.
The goals of the rationalization of waste discharged by the company are as follows:

- Reducing the volume of waste discharged per employee by 10% by 2020;

The volume of waste discharged at the site in 2018 was 864.71 tons[35] including 320.86 tons of non-hazardous industrial waste, and 543.86 tons of recyclable waste, including cardboard, paper and plastic waste.
This represents 81.58 kilograms of waste discharged per employee, per year.
By 2020, the Group wants to reduce this figure by 10% to 73.42 kilograms of waste discharged per employee, per year.
In 2018, the Group installed a new user registration system on the printers to reduce employee paper consumption.
This new system was a response to one of the challenges identified during the interviews conducted by the Group in 2018: employee practices had to be supported to limit printing to essential documents. The installation of this new system resulted in a 35% decrease in the number of printed material over the first two quarters of 2018 at the Plaine Saint-Denis site, the site for which the data is available.

[34] Showroomprivé Sweden AB is not included within the scope of the Group's non-financial reporting insofar as this company has not recorded any development since it was formed in 2017. In effect, it has no activity and had no employees at December 31, 2018

[35] The reporting scope used covers the Group's French subsidiaries, with the exception of Beauté Privée, which represents the majority of the waste discharged, 80.5% of Group employees and 97% of the total surface area of the Group, like the logistics operations located in France.

- A 10% increase in the proportion of waste recycled by 2020;

In 2018, the volume of recyclable waste discharged was 543.56 tons and represented 62.9% of total waste discharged.
In accordance with its commitments, the company also donated a portion of its unsold products to social and solidarity association (primarily Emmaüs Solidarité) for a total of €1,546,801 in 2018. The company also recycled 99 pieces of electrical equipment to the Valorep company in 2018, including laptop computers, uninterruptible power systems, printers and screens.

This rationalization of waste management also results in the following target for 2020:

- Increase the proportion of recyclable or recycled packaging used for order shipments by 10%;

In 2018, the proportion of recyclable packaging used by the Group represented 40.38% of the total volume of packaging used[36], or 85% of packaging in terms of weight. The Group is committed to raising the proportion of recyclable or recycled packaging used by 10% by 2020.

1.2. Optimization of the Group's energy resources

In 2018, the Group's total energy consumption37 was 1,982.639 Mwh, which represents 120.94 tons of carbon equivalent.
The optimization and expense of energy resources is a growing concern for the Group. In addition to progressively replacing lighting devices with LED systems, the Group conducted a series of interviews with its in-house departments in 2018 to define environmental priorities for the coming years.
Following this internal audit, the Group established a 2019-2020 roadmap based on the following objectives.

- Reduce energy use per m^2 by 10% (at the registered office and the French subsidiaries);

The Group's energy use in 201838 was 19.56 kwh/m^2. By 2020, the Group's goal is to lower energy use per m^2 to 17.6 kwh/m^2.

- Reach 10% use of biofuels for order shipments for 2019-2020.

The Group does not directly operate transportation, but works with external service providers. The Group intends to review its contracts with those service providers and add clauses on CO2 emissions, greenhouse gases and the use of biofuels in order to reduce the environmental impact of the orders placed by individuals on the Showroomprive.com site.

CHALLENGE 2: SUPPORTING INNOVATION AND ENTREPRENEURSHIP

Convinced that the acceleration in innovation cycles in a digital economy drives growth and the future of an entrepreneurial project, the Group has always made it a point of honor to make innovation a key value in its development.

[36] The planned scope of reporting used to calculate packaging used for order shipments covers all French subsidiaries of the Group, excluding Beauté Privée. The number of packaging materials used is estimated by the number of packaging materials ordered from different suppliers in 2018.
[37] The scope of reporting used to calculate the Group's energy consumption covers the French subsidiaries of the Group, with the exception of Beauté Privée. This scope represents most of the energy consumption, as 90% of Group employees are in France, as is the case for logistics activities. The Group notes that the main source of the energy used by its operations is electricity.
[38] The scope of reporting used to calculate the Group's energy consumption per m^2 covers the French subsidiaries of the Group, excluding Beauté Privée, which represent most of the energy consumption and total area occupied by the Group. In fact, 90% of the Group's employees and 97.7% of its total area are located in France.

The Group wants to move beyond its own development and spread its expertise by supporting innovative projects and an entrepreneurial spirit in the fashion, retail and beauty industries to contribute to the evolution of these ecosystems.
In its 2019-2020 roadmap, the Group wants to strengthen this commitment, particularly with the many stakeholders outside the company via its Look Forward innovation hub.
In addition, its internal innovation competition #BeTheFuture is designed to develop an entrepreneurial spirit and agility and boost talent retention.

2.1. Participate in the development of innovation in the fashion, retail and beauty industry

- Support thirty entrepreneurs39 through the Look Forward hub by 2020.

In line with its desire to support the revolutions in the fashion, beauty and retail industries, Showroomprivé has supported innovative start-ups with strong growth potential in these sectors for several years.
The Group launched its own Look Forward incubation program in 2015.
The Look Forward incubator, the first Fashion Tech incubator in Europe, is a true accelerator that offers incubated start-ups to benefit from free hosting in the premises of Showroomprivé, or at the registered office in Plaine Saint-Denis or in Madrid, depending on the needs of the start-ups, but also personalized sales support for one year. In fact, in addition to free hosting, the start-ups have an opportunity to benefit from the expertise of the company's staff through a time-credit system that offers them custom meetings with the employees of their choice during which they discuss their problems.
The start-ups can also access around thirty theme workshops led by experts. Hiring, marketing strategy, information systems and logistical strategy are some of the challenges tackled by the external partners and employees throughout the year. A mentoring system also allows each startup to be monitored by an employee from the Company's top management. Access to the photo studios is also included in the support and allows the start-ups to produce professional photos of their products and services.
The incubator, which has been operating since 2015, won the "Grand lieu d'innovation" label from the Ile-de-France Region in 2017. That same year, the incubator selected its third cohort of 18 startups that were able to benefit from the 2018 incubation program. In 2018, 15 start-ups, including 3 international start-ups, were selected for the fourth incubation cohort. Nine of those start-ups are run by women entrepreneurs.

The incubated start-ups are as follows:

- All Tigers (https://all-tigers.com) is a cosmetics brand, with a particular focus on natural and vegan lipsticks. The products have been created in collaboration with the users via the brand's social networks.
- L'Armoire à Beauté (https://www.larmoireabeaute.com) offers on-trend beauty corners in order to diversify the cosmetics offer in drug stores.
- Clothparency (http://www.clothparency.com) is an application to assess clothing and clothing brands on the basis of environmental and social criteria. This application allows anyone to choose clothing with full awareness and to act for fashion that is good for the user and the environment.
- Dabchy (https://www.dabchy.com) is a platform for reselling second-hand clothing located in Tunisia. Dabchy is also responsible for delivery.
- Dream Agility (https://dreamagility.com) is developing several solutions to assist retailers in optimizing the drafting and translation of their product information sheets, primarily using an image recognition system, and assists them in reducing the costs of their acquisition strategies.
- Find & Order (https://findnorder.com) is a GPS technology solution capable of mapping and guiding anyone inside a building.

[39] Showroomprivé.com SARL is legally and financially responsible for the project carried by the Look Forward incubator. However, the employees of the subsidiaries, including Beauté Privée, regularly and periodically participate in the incubation program.

- Find My Tattoo assists people who want to get a tattoo and lets them identify the tattoo artist from the list of artists on the basis of geolocation and style criteria.
- Greendeck (http://www.greendeck.co) is a start-up that uses artificial intelligence to allow brands and retailers to optimize their pricing and promotions decisions.
- Visual Bot (https://levia.ai), formerly Levia, offers different conversational sales solutions to online retailers and brands to win over their audiences. These solutions include a conversational algorithm service with image recognition.
- Pledg (https://www.pledg.co) offers an instantaneous shared payment solution that allows a group of friends to lend money to each other.
- Save My Paquet (http://www.savemypaquet.com) simplifies home package delivery using a patented system that allows the packages to be left even when the recipients are not home. This system is a metal net that locks under the recipient's door.
- Sezaam (http://sezaam.fr) is a connected piece of furniture that allows a buyer to pick up his packages in his own building entrance.
- Tekyn (https://tekyn.com) offers clothing brands the chance to obtain supplies on demand, thanks to the development of hardware and software technologies, in fewer than 5 days at an affordable price via a short supply circuit.
- The Sole House (https://www.thesolehouse.com) is a marketplace dedicated to the sale of new or used sneakers that allows buyers and resellers to know the fair price of a pair of shoes thanks to an Argus that assesses its value.-
- We Dress Fair (https://www.wedressfair.fr) is a marketplace that references and distributes fashionable clothing that is ethical, transparent and sustainable.

As of this date, the Look Forward incubator has had:

  - Four incubation seasons;
  - Fifty-one start-ups incubated since June 2015;
  - More than forty external partners;
  - Over 130 hours spent between start-ups and employees in 2018.

– Participate in ten40 significant events in the innovative ecosystems of the fashion, retail and beauty industries by 2020.

Beyond its investment in Look Forward, its own innovation hub, the Group is investing in major players in the fashion, retail and beauty industries with the goal of building the future of these industries.
In 2018, Showroomprivé participated in a number of events focused on reinventing uses and transforming practices to create more toward more responsible, sustainable and benevolent industries.
In 2018, having received financial support, the Group also participated in the third *Anti-Fashion Project* that was held from June 1-3, 2018 in Marseille.
The primary objective of Anti-Fashion is to showcase innovative, dynamic projects that participate in the revival of fashion and promote more responsible practices in the industry. Every year, a large audience meets to consider a single issue: reinventing current fashion and laying the foundation for a more ethical fashion future.
At the time of this event, the Group's Director of Social Responsibility and Institutional Relations spoke on the theme of the circular economy within business models for private sales.
In addition, Showroomprivé participated in FairWear Night organized by the Makesense association in December 2018 before Fashion Week. The goal of this meeting was to promote ethical fashion and imagine the fashion of tomorrow through workshops, an exhibit and interactive conferences.

2.2. Promote entrepreneurship and agile talents

[40] The scope of reporting used covers the Group's French subsidiaries, with the exception of Beauté Privée.

– Organize two in-house competitions41 to promote entrepreneurship and allow all employees to propose an innovative project for the 2019-2020 period.

Working with the goal of encouraging entrepreneurs and revealing the agility and innovative spirit of its employees, Showroomprivé in 2017 launched its first #BeTheFuture in-house innovation challenge. During this competition, the Group offers the company's employees the chance to propose various projects intended to improve its business model or organization; the winners then have the option to lead their idea within the company.
In 2018, Showroomprivé developed its second in-house #BeTheFuture competition in which employees had the opportunity to propose innovations in all departments.
Reinventing the customer experience, improving relations with the brands, transforming internal procedures and revolutionizing logistics practices were some of the issues on which employees worked.
The competition took place in three main steps. First, the employees were invited to respond to a call for projects in two or three-person teams by proposing an idea. In 2018, ninety-one project ideas were proposed by more than seventy-five participants.
Once the call for projects ended, the twenty ideas that were the most convincing were selected by an innovation committee composed of different members of the company. The selected teams were invited to go further in their proposal and prepare a more detailed version of their idea. At the end of this step, five projects were selected by the innovation committee to participate in the Grand Final. The members of the five teams then had one month to work on their projects, with the opportunity to call on different business experts in the company.
During the Grand Final, held in December 2018 on the company's annual innovation night, the five teams had the opportunity to present their projects to all company employees, including top management.
The competition's winning team won a study trip to Silicon Valley in San Francisco.

– Make at least five projects42 presented during the 2019 and 2020 editions of the Be the Future competition a reality

In 2018, eighty-one projects were presented by the employees during the in-house #BeTheFuture competition.
These projects, covering a broad variety of themes, are all designed to improve existing processes, both in the company's relations with the different stakeholders and in the company's internal processes. In 2018, three of the projects that were proposed by the employees during the call for projects have been incorporated into the company's projects roadmap. These three projects will become a reality in 2019.

CHALLENGE 3: ENSURING LONG-TERM AND INCLUSIVE EMPLOYABILITY IN THE TERRITORY

At December 31, 2018, the Group had 1060 employees worldwide, compared with 1070 employees at December 31, 2017. Most of its employees are employees of a French subsidiary of the Group (89.7%).
In 2018, the Group hired a total of 481 persons. That total included 417 persons hired in France.
In its 2019-2020 roadmap, the Group set two primary objectives for employability: promote professional employment and ensure long-term and inclusive employability.

3.1 Promote professional employment, including for disadvantaged populations

The Showroomprivé Group participates in the promotion of professional employment with the e-commerce school program of its corporate foundation, as well as through the influence of its employer brand and its responsible recruitment with various audiences.
Thus, in 2018, the Group participated in a number of job and hiring forums, including the Rencontre pour l'Emploi jobs fair in the city of Saint-Denis, and the Le Numérique digital jobs forum organized in Montreuil.

41 The scope of reporting covers all Group subsidiaries, with the exception of Beauté Privée.
42 The scope of reporting covers all Group subsidiaries, with the exception of Beauté Privée

In addition, the Group participated in a number of recruitment fairs in schools related to its business in order to recruit students for work-study programs and interns who are the future talent of Showroomprivé, particularly at job forums organized by the schools: IESEG, Grenoble Ecole de Management and even Télécom.
For 2019-2020, the Group is committed to continuing this effort to establish a presence with young talent in a spirit of inclusion. For this reason, the Group has the following objective:

- Increase the attractiveness of the Group's employer brand[43] by participating in 20 job forums, creating and maintaining partnerships with schools and welcoming 150 young talented people as interns and work-study placement students, five of whom come from neighborhoods declared to be priority area by the City's policy (QPV).

The Group is also actively committed to an inclusive conception of the digital economy in which it is developing. The year 2018 was an opportunity to illustrate this commitment that the Group wants to strengthen in 2019 and 2020 through the following goal:

- Encourage the re-employment of 50 people without jobs or those in training to move into e-commerce businesses between 2019 and 2020.

Attracted by the project of the city of Roubaix to make it the capital of e-commerce, after having been the textile and then the home shopping capital, Showroomprivé decided to establish a portion of its operations in the city in 2016.
The Group[44], with the goal of re-energizing local employment by educating the most underprivileged populations in the digital industry, also launched the first project of its corporate foundation, the e-commerce school, in 2017. The e-commerce school was also created to establish a responsible policy for the company, to allow its own employees to develop and use their mentoring skills, and to develop innovative projects that have a positive impact on the world.
The e-commerce school is supported by the corporate foundation, and provides free training in e-commerce businesses that is primarily intended for people who are unemployed or to find new professional employment for people from the Roubaix area. The training, which is open to everyone without any degree or financial requirements, and for which the sole condition is motivation, offers the students the opportunity to take an intensive six-month career program built on innovative teaching techniques. The training is recognized by the French government and earned the label of Digital Grande Ecole in 2017.
During this training program, students are in direct contact with professionals in the sector, who offer theoretical workshops and discuss their professional career paths. This approach is designed to make the students professionals and allow them to learn real business skills that they will be able to apply directly in their future company.
The team in charge of coordinating the program also works to weave a large influence network composed of local companies that support the project and welcome the people trained as employees or interns. As of December 31, 2018, 64 Group employees and 37 people from external partner companies (Oney, Cylande, La Redoute, etc.) have come to the school to share their knowledge with the students.
Through its e-commerce school, the Showroomprivé Group also supports the entrepreneurship of young fashion designers by offering the knowledge of the students to assist young designers who want to digitize their offer.
Through its collaboration with the Maisons de Mode association, which works to promote the fashion trades and support for young designers, the Showroomprivé corporate foundation offers young designers the opportunity to work in partnership with students from the school to create their websites and e-commerce platforms.

[43] The scope of reporting covers all Group subsidiaries, with the exception of Beauté Privée
[44] The e-commerce school is a project supported by the Showroomprivé corporate foundation and is financially supported by Showroomprivé.com SARL. All Group employees are invited to participate in the training program conducted by the school.

In 2018, twelve designers were selected to work in close collaboration with the students from the school's first three classes. Since 2017, the Group also joined the Board of Directors of the Maisons de Mode association.
As of December 31, 2017, seventeen students had been trained, 47% of whom came from priority neighborhoods in the city (QPV). 56% were women as the school is helping to bring women into digital jobs, something that is a major challenge.
In 2018, thirty-one people received training at the e-commerce school. They included sixteen people who had taken part in the second training course at the e-commerce school, which took place between January 3 and June 29, 2018. 42% of this class were from priority neighborhoods and 53% were women. These sixteen men and women were trained in the different business skills of e-commerce. The other fifteen people were training during the "Summer Camp Days" organized by the corporate foundation in July. These short-term training sessions adapted to the summer period focused particularly on preparation for job interviews, writing a resume, discovering e-commerce professions, and even finding out about video montages.
A third class of eighteen students began on September 17, 2018 and will leave the school in March 2019. 63% of this class are from priority neighborhoods and 58% are women.

In 2018, the Group also actively participated in the young talent club at Plaine-Saint-Denis, a club founded to support young people from the disadvantaged neighborhoods of Saint-Denis to help them develop their professional skills to obtain a job. Thus, the team responsible for hiring in the Group participated in many sponsoring sessions with these young people, helping them to prepare their resumes, introduce themselves and summarize their background, and then conducted simulated job interviews with them.

3.2 Ensure long-term and inclusive employability
The company wants to support long-term employment, a commitment that it met in 2018 by reaching a rate of 90.1% of permanent employment among all Group employees.
The goal over the 2019-2020 period is to maintain a high rate, at least 75% in full-time equivalent for the ratio of permanent employees to total jobs for Group hires over the period.

- Provide training throughout their lives and the employability of its employees45 by expanding the personalized training plan and developing employee access to training

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.
By 2020, the Group wants to strengthen the personalized training plan for its employees and develop access to training in order to ensure their employability and the maintenance of their skills in a context of perpetual change in the businesses and technologies.
In order to provide the best support for employees and adapt their training plan to their personal career plans, every year the Group launches a campaign of individual annual interviews intended to review performance from the previous year, but also, and more importantly, to conduct an update on the professional projects of employees and their goals and training choices for the coming year. This annual interview campaign is established in the Group's training plan.
In 2018, 69 employees of Showroomprive.com SARL undertook training sessions for a total of 893 hours of training.
The breakdown by gender for the employees trained was 63.8% women and 36.2% men.
The training programs completed mainly covered, in addition to mandatory security training, the following areas:

- Work methods (project management or Lean, for example);

[45] The scope of reporting used is Showroomprive.com SARL

- Various business training (electronic banking, SEO, *design thinking*);
- Personnel development (coaching, public speaking);
- Work methods (project management or Lean, for example).

For the 2019-2020 period, the company is committed to training 75% of Group managers with more than six months' of experience.

– Promote well-being and inclusion by developing a broad disability plan and by improving the quality of services offered to employees[46]

Well-being and inclusion are both vehicles for strong retention of talent and values that offer the best working conditions and, as a result, the best conditions for the success of employees. This is why these two elements are the foundations on which the Group's human resources policy is developed.
For disabled workers, the Group organized its broad awareness plan in 2018[47] by developing it with the Papillon de Jour agency. The plan was produced in 2018 and adapted to the specific characteristics of Showroomprivé. This agency, which specializes in the problems in understanding the disability for both employees and employers, has developed in collaboration with the Group's human resources team an awareness campaign designed to reduce the ignorance and taboos inherent in this issue. This campaign resulted in the use of workshops and documentation presented to employees in a fun manner to encourage employee interest in these issues, and was deployed to all the Group's French sites, including the warehouses, in January 2019.
The goal for 2019-2020 is to extend and expand this first campaign by making disabilities a major component of the human resources policy. To do so, a specific person is responsible for group-wide coordination of the disability plan within the Human Resources Department.
In addition to its inclusion policy, the Group in 2018 and for the years 2019-2020 wants to enhance the well-being of its employees in order to offer them the best working conditions possible.
In 2018, the CSR, HR, Internal Communication and General Services departments jointly initiated a well-being policy based on a *Feel Good* week. This week, consisting of conferences on stress management, personal massage, sports contests or workshop on preventing muscular-skeletal problems was deployed at all the Group's European sites. Following this group-wide initiative, a satisfaction survey was conducted with Group employees in order to measure the impacts and obtain feedback from the employees. The results from this survey were clearly positive, with 78% of the 239 participating employees believing that this initiative significantly improved their well-being at work. Moreover, the average rating given to the activities organized during this initiative was 7.6/10.
The Group is also focusing on an increase in related services provided to employees at their work place, so it established and financed a corporate concierge service in 2018. This concierge service offers services that make the daily lives of employees easier, such as access to deliveries of organic fruits and vegetables, child care and even clothing.
Finally, the Group makes regular adjustments to the premises and work stations to adapt them and offer the best conditions for employees to perform their jobs. In 2018, the sales teams benefited from work to create confidentiality areas so that they can conduct their prospecting missions in a calm space.

CHALLENGE 4: ENSURE RESPECT FOR GENDER EQUALITY

Taking into consideration its business and its target audience, the Group made the choice to include gender equality in its 2019-2020 roadmap. The Group works daily to apply this policy in-house, particularly with an action plan rolled out in 2014 at Showroomprivé.com SARL to promote equality between women and men. This action plan resulted in access to training and increased awareness for managers and support for women employees in the different phases of their lives. In addition, the Group

[46] The scope of reporting covers the French subsidiaries of the Group, with the exception of Beauté Privée
[47] The disabilities awareness plan covers the Group's French subsidiaries, excluding Beauté Privée

supports various outside initiatives intended to promote gender equality and access for women to education and to professions traditionally occupied by men.

4.1 Promote the accomplishments of our women employees

- Train 5% of middle and top managers who are women to promote their rise to executive positions.

At December 31, 2018, 61.25% of Group employees were women.
The Group's objective for 2020 is to encourage the rise of women in middle and top management positions to executive positions via access to training for at least 5% of them.
In 2018, the Group organized coaching sessions in self-confidence and public speaking, two skills that are essential for reaching executive positions. 80% of the employees trained were women.
The Group also supported external initiatives in 2018, reiterating its commitment to the active ELLE Forum organized by the ELLE Foundation, which promotes access to education for young women. This year, the Group financially supported the Forum, which was held on April 6 and 7 in Paris, and also allowed some of its women employees to participate in the Forum and speak about the topic "A successful return from maternity/parental leave."

- Support at least 60% of our women employees48 in the different phases of their lives, including their return to work after pregnancy through the Back to Work program

In 2017, the company launched a program to support women returning to work after their maternity leave. Through this program, the Company wanted to offer future mothers an adapted HR process, the goal of which is to help them reconcile their professional and personal lives, including during pregnancy and after the birth of their child.
The "Back to Work" program is designed to make easier for women to go back to work. This begins with the establishment of a dialog between human resources and the manager of the woman employee to increase awareness among managers. On the date the employee in question returns to work, a back to work breakfast is prepared by the HR teams to ensure a warm welcome back. Coaching by the Human Resources department for the employee and a dedicated responsible person after her return is also one of the measures provided within this innovative program focused on women employees.
By 2020, the Group wants to be able to assist 60% of its women employees during their pregnancy through the Back to Work program, and improve follow-up for them by offering a monthly interview during the three months after the woman employee returns to her job.
In 2018, 100% of the women employees who were pregnant benefited from this program when they returned from maternity leave.

4.2 Support access to education for economically disadvantaged girls

- Support a class at the Happy Chandara school for 3 years as a partner to educate thirty Cambodian girls by 2020

Since 2017, the Group49 has teamed up with the "Toutes à l'école" charity, which funds the education of young women in Cambodia, from primary school to higher education by focusing on their access to technical jobs. For the second consecutive year, the Group funded the education of a class of thirty Cambodian girls. In addition to financing the education of the girls, the Group organized several commercial events in 2018 to support the charity financially. In fact, on Women's Day, the company's proprietary brand CollectionIRL organized a solidarity sale of a limited edition of bracelets and donated the profits to the Toutes à l'école association. In a second event, the Group organized a solidarity outlet sale, during which the Group sold remaining inventory to benefit its partnership with Toutes à l'Ecole and contributed the profits from the sales to the association.
This partnership with "Toutes à l'école" will be renewed in 2019.

[48] The scope of reporting covers Showroomprive.com SARL
[49] The scope of reporting covers all Group subsidiaries, with the exception of Beauté Privée.

– Allow our employees to participate in the solidarity action of Showroomprivé by offering 6 employees the opportunity50 to meet girls in Cambodia during a visit by 2020.

This partnership is a strong commitment of the Group which, in addition to financing the schools of thirty girls, allows some of its employees, both men and women, to travel to Cambodia for a one-week stay with the Happy Chandara school supported by Toutes à l'école.
During this trip, the employees have the opportunity to meet and share special moments with the thirty girls in the Showroomprivé class. In 2018, the Group organized two selection sessions to offer employees the opportunity to travel to meet the girls. Four women employees were selected and were able to travel to Cambodia.
By 2020, the Group wants to allow six employees to travel to the Happy Chandara school.

CHALLENGE 5: ENSURING ETHICAL BEHAVIOR IN THE GROUP'S ACTIVITIES

Given the Group's business and its location (within the scope of the legal entity, excluding the activity of the brands distributed), the commitment to human rights is not considered a priority risk for the Group. The Customer Relations department of SRP Groupe collaborates with three customer service providers that operate in France, Portugal, Morocco, Madagascar and Romania. Within the framework, 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 about 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.
Given the Group's business and location, tax evasion is considered a non-priority risk, and the Group has no unit devoted to tax evasion scenarios. The Group pays all income and other taxes due in each of the countries in which it is established: France, Italy, Spain, Germany, Sweden and Morocco. The Group's Financial Department ensures that all sums owed for the applicable taxes in each of the countries in which it operates are paid by the Group.

5.1 Conduct an anti-corruption process in line with the principles of the Sapin II Law and the values set forth in the Group's Code of Conduct

Driven by the Law of December 9, 2016 on transparency, anti-corruption and the modernization of economic life, the Group strengthened the fight against corruption with the implementation of a corruption prevention policy.
The deployment of this policy has primarily resulted in the adoption of an employee code of conduct integrated into the internal regulations, and the development of an internal whistle-blowing mechanism to allow employees to report conduct/situations contrary to this code of conduct, in addition to the roll-out of a training plan for all employees and the systematic inclusion of an anti-corruption clause in contracts with third parties, including the partner brands.

5.2. Strengthen Group compliance in the protection of personal data

The Group operates websites, networks and other data systems through which it collects, maintains, transmits and stores information, including personal data, about its business, employees, members, partner brands and other parties.
In order to confront the security risks and challenges in compliance with personal data protection regulations, the Group has set up specific procedures 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;

[50] This includes the employees of showroomprive.com SARL

- 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: installation of applications that detect suspicious transactions in real time 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 protocol: to ensure that confidential 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 networks, 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 implemented;
- Response plans: appropriate incident response plans have been developed and deployed to allow the Group to respond immediately in the event of a breach in the system;
- Training: employees receive training to make them aware of security issues and of the importance of information system security.

APPENDIX IV REPORT OF THE INDEPENDENT THIRD-PARTY ORGANIZATION ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE PROVIDED IN THE MANAGEMENT REPORT

Groupe SRP S.A.
Registered office: 1, impasse du Pilier, 93210 La Plaine Saint-Denis

Report of one of the Statutory Auditors appointed as an independent third party, on the consolidated non-financial performance provided in the management report

Year ended December 31, 2018

To the Shareholders:

In our capacity as auditor of your company (hereinafter "entity"), designated as an independent third-party organization (ITO), accredited by COFRAC under number 3-104951, we are submitting to you our report on the consolidated declaration of non-financial performance for the year ended December 31, 2018 (hereinafter the "Declaration"), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsibility of the Entity

It is the responsibility of the Board of Directors to establish a Declaration in compliance with the laws and regulations, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies applied with respect to these risks, and the results of these policies, including key performance indicators.
The Declaration was established using the procedures of the entity (hereinafter the "Standards"), the significant elements of which are presented in the Declaration and available on request at the Group's headquarters.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the professional code of ethics. In addition, we established a quality control system that includes documented policies and procedures to ensure compliance with ethical rules, professional doctrine, and applicable legal and regulatory requirements.

[51] The scope of accreditation is available at www.cofrac.fr

Responsibility of the auditor designated as ITO

It is our responsibility to provide a substantiated opinion, on the basis of our work, expressing a conclusion of moderate assurance on:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the accuracy of the information provided as required by Section I-3 and Section II of Article R. 225-105 of the French Commercial Code, i.e. the results of the policies, including key performance indicators, and the actions taken on the principal risks (hereinafter the "Information").

On the other hand, it is not our responsibility to express an opinion on:

- the entity's compliance with other applicable laws and regulations, including those on fighting against corruption and tax evasion;
- the compliance of the products and services with applicable regulations.

Nature and scope of our work

We conducted the work described below in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code defining the conditions under which the independent third party organization conducts its mission, with the professional standards of the Compagnie nationale des commissaires aux comptes (French national association of Auditors) concerning this activity, and with international standard ISAE 3000 - *Assurance engagements other than audits or reviews of historical financial information.*

We performed the work to allow us to assess the compliance of the Declaration with laws and regulations and the fair presentation of the Information;

- We had access to the activity of all the companies included within the scope of consolidation, the description of the main social and environmental risks related to this activity and, where applicable, its effects concerning the respect for human rights and fighting against corruption and tax evasion, as well as the policies arising therefrom and their results;
- We assessed the appropriateness of the Standards with regards to their relevance, completeness, reliability, neutrality and clarity, taking into consideration best practices in the sector, where applicable;
- We verified that the Declaration covers each category of information stipulated in Section III of Article L. 225-102-1 in social and environmental issues as well as respect for human rights and fighting against corruption and tax evasion;
- We verified that the Declaration includes an explanation of the reasons accounting for the absence of the information required by the second paragraph of Section III of Article L. 225-102-1;
- We verified that the Declaration presents the business model and the primary risks associated with the activity of all companies included within the scope of consolidation including, when this is relevant and proportionate, the risks created by its business relations, its products or services, as well as the policies, actions and results, including key performance indicators;
- We verified that the Declaration provides the information stipulated in Section II of Article R. 225-105 when it is relevant to the principal risks or policies described;
- We assessed the process for selecting and validating the principal risks;
- We also inquired about the existence of internal control and risk management procedures established by the entity;
- We assessed the consistency of the results and the key performance indicators used in relation to the principal risks and policies presented;

- We verified that the Declaration includes a clear, substantiated explanation of the reasons justifying the lack of a policy on one or more of these risks;
- We verified that the Declaration covers the consolidated entity, i.e. all the companies included within the scope of consolidation as required by Article L. 233-16 with the limits specified in the Declaration;
- We assessed the collection process implemented by the entity to ensure the completeness and fair presentation of the Information;
- We implemented the following for the key performance indicators and the other quantitative results1 that we considered to be the most important:
  - analytic procedures to verify the correct consolidation of the data collected and the coherence of changes in that data;
  - details on a test basis, consisting of verification of the correct application of definitions and procedures and reconciliation of the data with the supporting documentation. This work was conducted with the registered office and covers 100% of the consolidated data from the key performance indicators and results selected for these tests;
- We consulted the documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important[2];
- We assessed the coherence of the entire Declaration in relation to our knowledge of all the companies included in the scope of consolidation.

We believe that the work we have conducted using our professional judgment allows us to issue a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work mobilized the skills of five persons and was conducted between February and March 2019 over a total working period of around three weeks.

To assist us in the performance of our work, we called on our specialists in sustainable development and societal responsibility. We conducted ten interviews with the persons responsible for preparing the Declaration.

1 **Labor indicators**: Employees as of December 31, 2018, Hires, Number of hours of training and distribution by gender.

Environmental indicators: Quantity of waste discharged (cardboard, ordinary industrial waste), Quantity of waste recycled, Proportion of recyclable packaging used, Energy consumption and associated CO2 emissions, Energy use (energy consumption per m^2).

Societal indicators: Number of start-ups incubated in 2018, Number of intra-entrepreneurial projects presented, Number of persons trained in the e-commerce school in 2018.

2 "Measures taken to promote lasting and inclusive employability"; "Actions to promote male/female equality"; "Measures taken to optimize the Group's environmental impact"; "Partnership and sponsoring actions to encourage innovation and entrepreneurship"; "Actions to promote professional inclusion and access to employment"; "Measures taken to fight against corruption".

Conclusion

On the basis of our work, we found no significant anomaly that might call into question the fact that the non-financial performance declaration complies with the applicable regulations and that the Information, taken in its entirety, is presented fairly in accordance with the Standards.

Paris-La Défense, March 15, 2019

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Jean-Pierre Valensi
Partner

APPENDIX V
CROSS-REFERENCE TABLE

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 ending on December 31, 2017 shown in Chapter 3 "Selected Financial Information and Other Data" of the 2017 Registration Document;

- a comparison of the Group's results for the years ending on December 31, 2017 and 2016 is shown in Chapter 9 "Overview of the Group's Financial Position and Results of Operations" in the 2017 Registration Document;

- information concerning the Group's cash, cash equivalents and share capital for fiscal year ending on December 31, 2017 shown in Chapter 10 "Operating and Financial Review" in the 2017 Registration Document;

- the Company's statutory auditors' special reports on regulated related party agreements for the years ending on December 31, 2017 and 2016 are shown in Chapter 19 "Related Party Transactions" in the 2017 Registration Document and in the 2016 Registration Document respectively;

- the consolidated financial statements for the year ending on December 31, 2017 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 2017 Registration Document;

- the consolidated financial statements for the year ending on December 31, 2016 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 2016 Registration Document;

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

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. Pursuant to Article L.225-100 subparagraph 6 of the French Commercial Code, the information corresponding to the corporate governance report is presented in the management report.

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	Appendix II
Compensation of company officers and executive management	
Compensation of company officers and executive management	15 and Appendix II
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	Appendix III
Key performance indicators of a non-financial nature, in particular social and environmental	Appendix III

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