HALF YEAR FINANCIAL REPORT

AS AT JUNE 30, 2020

INDEX:

A/ Consolidated interim condensed financial statements as at June 30, 2020

B/ Half Year Financial Report

C/ Attestation of the party responsible for the consolidated interim financial statements

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

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020

showroomprive.com

A/ CONSOLIDATED FINANCIAL STATEMENT AS AT JUNE 30, 2020

Table of Contents :

1. Financial statements
2. Accounting standards, consolidation methods, valuation methods and principles
3. Consolidation scope
4. Notes to the profit and loss account
5. Notes to the balance sheet
6. Group exposure to financial risks
7. Related parties
8. Off-balance sheet commitments
9. Other information

1. FINANCIAL STATEMENTS

1.1. Statement of net profit or loss

in K€	Notes	H1 2020	H1 2019
Net revenues	4.1	302 733	302 043
Cost of goods sold		- 190 360	- 213 330
Gross margin		**112 373**	**88 713**
Gross margin as a percentage of revenue		37,1%	29,4%
Marketing		- 7 721	- 12 101
Logistics & Fulfillment		- 75 997	- 77 364
General & Administrative expenses		- 30 297	- 30 305
Current operating profit		**- 1 642**	**- 31 057**
Cost of share based payments		- 611	- 134
Other operating income and expenses	4.2	- 3 115	- 12 668
Operating profit		**- 5 368**	**- 43 859**
Income from cash and cash equivalents			-
Cost of financial debt		- 354	- 210
Net finance costs		**- 354**	**- 210**
Other financial income and expenses		**26**	**4**
Profit before tax		**- 5 695**	**- 44 064**
Income taxes	4.3	- 896	2 645
Net income for the period		**- 6 591**	**- 41 420**
Attributable to owners of the Parent		**- 6 591**	**- 41 725**
Attributable to third parties			**305**
Earnings per share (in €)			
Basic earnings per share		- 0,13	- 0,81
Diluted earnings per share		- 0,13	- 0,81

1.2. Statement of total comprehensive income

in K€	H1 2020	H1 2019
Net income for the period	**- 6 591**	**- 41 420**
Income and expense recognized in equity	-	-
Total comprehensive net income for the period	**- 6 591**	**- 41 420**

1.3. Consolidated balance sheet

in K€	Notes	June 30st, 2020	December 31, 2019
Goodwill	5.1	123 685	123 685
Other intangible assets	5.2	52 623	54 466
Tangible assets	5.3	41 563	44 849
Financial assets		1 273	1 347
Deferred tax assets		-	0
		-	1
Non current assets		**219 144**	**224 348**
Inventories	5.4	46 427	48 373
Accounts receivables and similar accounts	5.5	23 090	20 548
Income tax receivables		4 828	4 657
Other receivables	5.6	53 676	41 443
Cash and cash equivalent	5.7	118 333	49 049
Current assets		**246 355**	**164 070**
Total Assets		**465 499**	**388 418**
Share capital		2 048	2 030
Share premium reserves		211 091	211 109
Treasury shares		- 1 801	- 1 756
Other reserves		- 58 623	11 254
Net income		- 6 591	- 70 462
Total shareholders' equity		**146 124**	**152 175**
Non-controlling interests		-	-
Total equity	1.5	**146 124**	**152 175**
Long term financial liabilities	5.9	118 004	20 349
Employee benefits		65	65
Provisions (long-term)	5.8	352	347
Deferred tax liabilities		77	77
Total non current liabilities		**118 498**	**20 838**
Short term financial liabilities	5.9	3 654	58 064
Provisions (short-term)	5.8	5 259	4 778
Accounts payables		137 548	110 470
Income tax liabitity		6	12
Other current payables	5.6	54 410	42 080
Total current liabilities		**200 877**	**215 405**
Total liabilities held for sale			
Total Liabilities		**319 376**	**236 243**
Total Equity and Liabilities		**465 499**	**388 418**

1.4. Consolidated cash-flow statement

in K€	Notes	H1 2020	H1 2019
Net income for the period	1.1	- 6 591	- 41 420
Depreciation & Amortization		10 415	10 470
Gain / Loss on sale of assets		89	- 605
Fair value measurement of stock options	5.11 & 5.12	606	161
Cash flows from operations before finance costs and income tax		**4 519**	**- 31 394**
Income taxes for the period	1.1	896	- 2 646
Net finance costs	1.1	353	210
Change in working capital		27 023	7 826
Cash flow from operating activities before tax		**32 790**	**- 26 004**
Current income tax paid		- 1 487	- 2 700
Net cash from operating activities		**31 303**	**- 28 703**
Change in consolidation scope		-	- 22 317
Acquisition of intangible and tangible assets	5.2 & 5.3	- 4 893	- 10 835
Acquisition of stakes in associate companies		1	-
Net change in non current financial assets		62	- 137
Proceeds from sale of intangible and tangible assets		-	2 834
Net cash from investing activities		**- 4 830**	**- 30 455**
Increase in share capital and share premium reserves			
Transaction on own shares		- 45	- 94
Proceeds from stock-options		-	2
New financial liabilities (*)	5.9	55 000	22 221
Repayment of financial liabilities (*)	5.9	- 11 766	- 1 990
Finance costs paid	1.1	- 342	- 208
Other flows from financing activities			- 29
Net cash from financing activities		**42 847**	**19 902**
Impact of changes in exchange rates		- 36	3
Total cash flow for the period		**69 283**	**- 39 253**
Cash and cash equivalent at the beginning of the period	**5.7**	**49 049**	**80 406**
Cash and cash equivalent at the end of the period	**5.7**	**118 333**	**41 153**

(*)The "New financial liabilities" and "Repayment of financial liabilities" lines contain the repayment and drawdown of a € 10 million revolving credit made in March 2020 (before the conciliation agreement).

The change in the working capital requirement in H1 2020 compared to H1 2019 is mainly related to the increase in supplier positions due to the increase of the activity during the 2nd quarter (see Note 2.6). The composition of cash and cash equivalents at the balance sheet date is detailed in the notes (see Note 5.7).

1.5. Statement of changes in consolidated equity

in K€	Share capital	Additional paid-in	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 January 1, 2019	**2 025**	**211 158**	**- 1 764**	**4**	**9 553**	**9 557**	**2 275**	**223 251**	**-**	**223 251**
						-				
						-	- 41 420	- 41 420		- 41 420
						-				
				2		**2**		2		2
	2					-		2		2
			- 96			-		- 96		- 96
					161	161		161		161
		- 29			- 981	- 981		- 1 010		- 1 010
At June 30, 2019	**2 027**	**211 129**	**- 1 861**	**6**	**8 733**	**8 739**	**- 39 145**	**180 890**	**-**	**180 890**
At January 1, 2020	**2 030**	**211 109**	**- 1 756**	**18**	**8 961**	**8 979**	**- 68 187**	**152 175**	**-**	**152 175**
Net income for the period						-	- 6 591	- 6 591		- 6 591
Total comprehensive net income for the period						-	**- 6 591**	**- 6 591**		**- 6 591**
Capital increase	18	- 18				-		-		-
IPO on Euronext				- 22		**- 22**		- 22		- 22
Proceeds from stock-options						-		-		-
Changes in free shares			- 45			-		- 45		- 45
Charges related to free shares and share options					606	606		606		606
Other changes						-		-		-
At June 30, 2020	**2 048**	**211 091**	**- 1 801**	**- 4**	**9 567**	**9 563**	**- 74 778**	**146 123**	**-**	**146 124**

The change over the period mainly corresponds to exercise of stock options and share base payments. At June 30, 2020, the share capital of SRP Groupe S.A. consisted of 51,201,284 shares with a nominal value of €0.04 each compared to 50,744,030 shares at December 31, 2019.

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

2.1. The Group

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

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

2.2. Main events of the financial year

2.2.1. Renewal and extension of the maturity of existing bank debt

Discussions with banking partners resulted in the renewal and extension of the maturity of the Group's bank financing lines, including authorized overdrafts, representing a total financing amount of 62 million euros. This bank debt is now made up of term loans, with progressive semi-annual and quarterly amortization, increasing from 2022 until December 31, 2026.
The Group also retains a bank debt of € 2.8 million redeemable in 2023 with BpiFrance.

The classification as current and non-current liabilities in the balance sheet therefore takes into account the effects of the reconciliation protocol approved on May 28, 2020.

2.2.2. Obtaining a new line of financing up to 35 million euros

The Group has obtained from CAIDF (Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Île-de-France) a loan for 35 million euros guaranteed by the State (PGE) up to 90 % amortizable and with a final maturity at the discretion of the company of up to 2026.

As part of the overall plan, the bank creditors have agreed to waive the application of the commitments relating to compliance with the financial ratios at December 31, 2019, for the year 2020.

As of December 31, 2021, the financing mentioned above is conditional on compliance with a declining financial leverage ratio R2 (net financial debt / EBITDA), ranging from a maximum of 6 exceptionally for the 2021 financial year to 2, 5 for fiscal year 2025.

The ratio R4 designating the ratio between the consolidated net financial debt and the consolidated shareholders' equity must strictly remain less than 1.

2.2.3. Capital increase and commitments of the founding directors

On July 16, the Group announced the launch of the capital increase with maintenance of preferential subscription rights announced on April 30, 2020 when the financing agreement was concluded with its banking partners. This capital increase, with a maximum issue amount of 10 million euros, is open to all shareholders.
This capital increase will be supported by the founding directors, Thierry Petit and David Dayan. The latter have undertaken to subscribe to the capital transaction on an irreducible basis up to their quota and for an additional amount on a reducible basis sized so as to reach 75% of the envisaged issue.

2.2.4. Merger of SRP PROD into the accounts of Showroomprive.com

The subsidiary SRP Prod was dissolved and the subject of a universal transfer of assets in the entity Showroomprivé.com by decision of February 6, 2020 with an effective date of May 29, 2020.

2.2.5. Covid 19

Since the start of the health crisis and the restrictive measures, Showroomprivé has continued its activities, while taking the necessary measures to protect the health of its employees and their families. The Group constantly adapts its system and its workforce to its activity, using partial unemployment if necessary.

All activities (including internet and media) were impacted over the fortnight following the implementation of containment, in particular given the disruptions and necessary adjustments to the supply chain. The Group's activity remains closely linked to delivery and supply conditions in the countries where the Group operates. Return deadlines have been extended to allow Showroomprivé buyers to continue to benefit from their purchasing conditions, which will make their management more complex throughout the semester or even in the second semester if the state of health emergency is extended.

However, since April 2020, the group has observed a significant rebound in its sales, up significantly compared to April 2019 and above the business plan. The group benefits in particular from a favorable context for e-commerce but is also starting to reap the benefits of its actions to strengthen its relationships with brands, illustrated by the signing of new partnerships with large groups with a large catalog of brands.

2.3. Accounting standards

- **Statement of compliance and IFRS used**

The consolidated interim condensed financial statements were drawn up in compliance with the international financial reporting standard IAS 34, “Interim Financial Reporting.” They do not include all the information required by the IFRS standard for establishment of complete annual financial statements and must be read together with the Group’s financial statements for the financial year ended on December 31, 2019.

The consolidated interim condensed financial statements for the periods from January 1, 2020 to 30 June 2020 and related notes were approved by the Board of Directors on 24 July 2020.

The accounting principles adopted for drawing up the consolidated interim condensed financial statements for the period from January 1, 2020 to June 30, 2020 are identical to those used for presentation of the annual consolidated accounts for the financial year ended on December 31, 2019 except for new standards applicable from January 1, 2020 onwards.

- **New Standards, amendments and interpretations applicable and whose applications are mandatory or which may be applied in advance for financial years starting as from January 2020**

The standards and amendments to IFRS, applicable for the first half of 2020, have had no impact on the Group's consolidated financial statements as of June 30, 2020

● Amendments to IAS 1 and to IAS 8 - Modification of the definition of the term "significant", applicable to financial years beginning on or before January 1, 2020.
● Amendments to IFRS 3 - Business combinations: Definition of a business, applicable to fiscal years beginning no later than January 1, 2020;
● Amendments to IFRS 9, IAS 39 and IFRS 7 - Reform of benchmark interest rates, applicable to fiscal years beginning no later than January 1, 2020.

- **Application of new standards in advance of their mandatory application date**

No standard was applied in advance during the half-year.

- **Standards published by the IASB but not yet approved by the European Union**

The Group could be affected by:
● Amendments to IAS 1 - Presentation of financial statements: Classification of liabilities as current and non-current liabilities, applicable to financial years beginning on or before January 1, 2022.
● Temporary modification of IFRS 16 - Compensation of rents in the context of Covid-19

The analysis of the consequences for the Group of the first application of these standards is in progress. However, the latter should not have a material effect on the Group's financial situations and performances.

2.4. Use of estimates and assumptions

The preparation of the financial statements in accordance with the IFRS requires Management to exercise judgements, make estimates and assumptions which may have an impact on the application of accounting methods and on the amounts of assets and liabilities, income and expenditure.
These estimates take into account economic data and assumptions that are likely to vary over time and may contain elements of uncertainty. They mainly concern the valuation methods and assumptions used for the purposes of identification of intangible assets in relation to business combinations, monitoring of the Goodwill value, valuation of intangible assets, stock valuation, estimates of provisions and deferred tax assets.

In the context of preparation of the consolidated interim condensed financial statements, the significant assumptions made by Management in order to apply the Group's accounting methods and the main sources of uncertainty relative to estimates are identical to those described in the consolidated financial statements for the financial year closed on December 31, 2019.

2.5. Accounting principles and valuation methods

In the context of preparation of the consolidated interim condensed financial statements, the accounting principles and valuation methods are identical to those described in the consolidated financial statements for the financial year closed on December 31, 2019.

2.6. Seasonality

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

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

However, in view of the exceptional context linked to Covid-19, activity was sustained in particular in the second quarter and the cash generated by operating activities amounted to € 31.3 million in the first half of 2020. This can be explained by mainly by the change in working capital requirement in H1 2020 which is mainly linked to the increase in supplier positions due to the increase in activity in the 2nd quarter.

2.7. EBITDA

in K€	Notes	H1 2020	H1 2019
Net income for the period		**- 6 591**	**- 41 420**
Amortisation of assets recognized through business combination		567	567
Deprec. & Am. of tangible and intangible assets		8 124	7 326
o/w amort. in Logistics & Fulfillment		2 462	1 273
o/w amort. in G&A		5 662	6 053
Cost of share-based payments	5.11	611	134
Non recurring items	4.2	3 115	12 668
Net finance costs		354	210
Other financial income and expenses		- 26	- 4
Income taxes		896	- 2 645
EBITDA		**7 049**	**- 23 164**
EBITDA in % of revenue		*2,33%*	*-7,67%*

3. CONSOLIDATION SCOPE

3.1. Scope on June 30, 2020

The following entities were part of the consolidation scope as at June 30, 2020 :

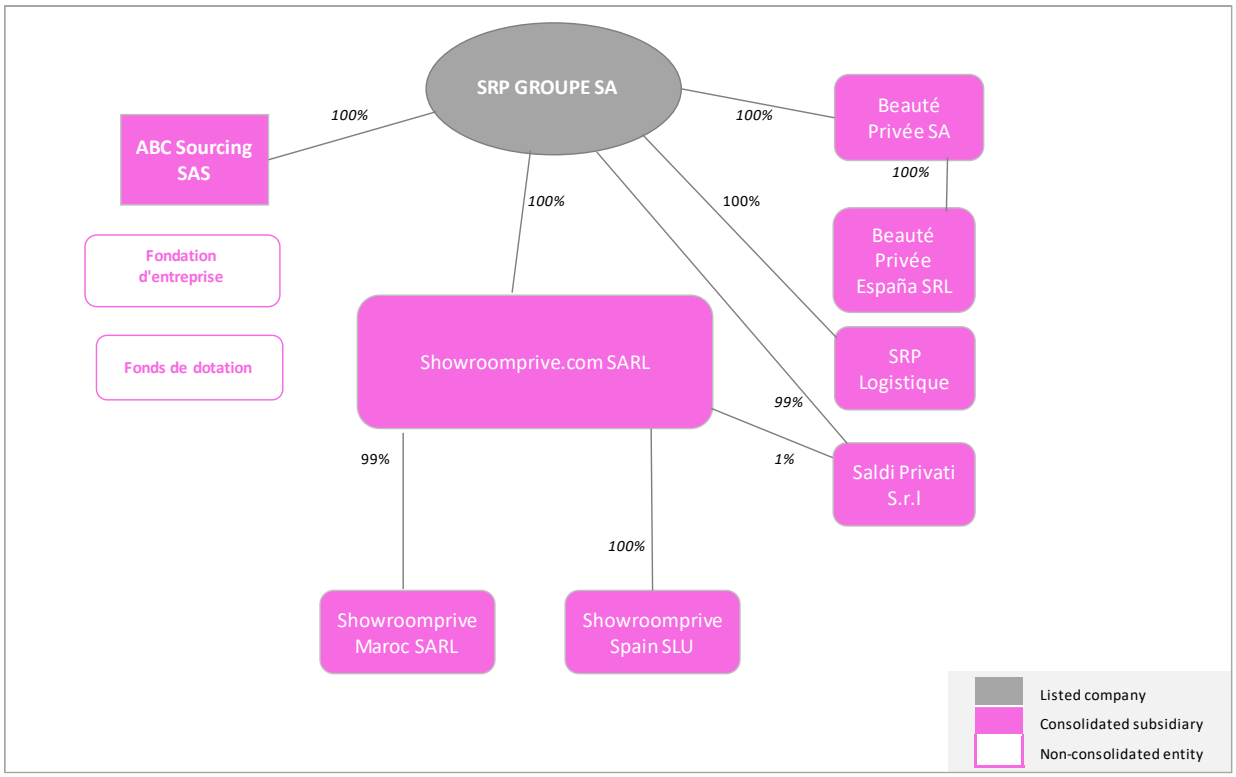
Legal entities		Conso. method	H1 2020 Share-holding	H1 2020 Controlling interest	H1 2019 Share-holding	H1 2019 Controlling interest
SRP Groupe	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Showroomprivé.com S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Logistique S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Beauté Privée SAS	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Beauté Privée Espana, S.L.U.	Spain	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Spain	Spain	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP GmbH	Germany	NC	-	-	100,00 %	100,00 %
SRP Prod (*)	France	NC	-	-	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	Sweden	NC	-	-	100,00 %	100,00 %
SRP Maroc	Morocco	Full	99,99 %	100,00 %	99,99 %	100,00 %

**) merged with its parent company in November 2017*

Full = Fully consolidated

NC = Not consolidated

The following is the Group's organizational chart on June 30, 2020 :



3.2. Development of scope during the period

- **SRP Prod**

SRP prod has been the subject of a universal transfer of assets into Showroomprive.com by a decision of the shareholder dated February 6, 2020.

4. NOTES TO THE PROFIT AND LOSS ACCOUNT

4.1. Information by customer geographic area

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

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

At June 30, 2020, the Group deploys its offer in France and abroad from its single platform based in France or from its subsidiaries based in Italy and in Morroco.

Sales and EBITDA present themselves as follows:

	H1 2020			H1 2019		
	Total consolidated	France	Internat.	Total consolidated	France	Internat.
Internet sales	300 568	255 136	45 433	297 958	248 888	49 070
Other	2 165	2 001	164	4 085	4 058	27
Total net revenue	**302 733**	**257 137**	**45 597**	**302 043**	**252 946**	**49 097**
Growth	0,2%	1,7%	-7,1%	-4,3%	-3,4%	-8,4%
EBITDA in % of net revenue	2,3%	2,8%	-0,1%	-7,7%	-7,7%	-7,5%

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

4.2. Other operating income and expenses

For the first half of 2020, other operating income and expenditure amounted to M€ 3,1 and essentially includes the following significant non-recurring elements:

- Stop costs for a logistic project that has become non-strategic - 1.2 M€
- Restructuring costs - 0.9 M€
- Provision for on recurring litigation and fees - 0.9 M€

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

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

4.3. Income Tax

As at June 30, 2020, the income tax is estimated based on the facts known and anticipated at the closing date, using the projected rate method. This method provides a better estimate of the tax expense for the period, by applying the annual projected tax rate to the half-year results.

As at June 30, 2020, no change in deferred tax has been recognized.

The tax of € 0.8 million appearing in the 2020 half-year consolidated accounts corresponds to the CVAE of the French entities.

5. NOTES TO THE BALANCE SHEET

5.1. Goodwill

No change in the goodwill was stated during the first half of 2020.
At the closing date the group did not identify any indicator of a loss of value that would call into question the long-term outlook and valuation of its business activities and justify an impairment test for goodwill and other assets and liabilities. As indicated in note 2.2.5, since April 2020, the group has observed a significant rebound in its sales, which has grown significantly compared to April 2019. The level of turnover, d'EBITDA and cash flow are therefore higher than the business plan.

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

5.2. Other intangible assets

in K€	31/12/2019	Acquisitions	Disposals	Amortization	Reclassification	30/06/2020
Development expenses capitalized	29 314	2 966	-	-	-	32 280
Licenses and software	11 643	113	- 146	-	55	11 665
Brand	32 419	-	-	-	-	32 419
Cohort of members	13 258	30	- 167	-	- 46	13 075
Other intangible assets	260		-	-		260
Intangible assets	**86 894**	**3 109**	**- 313**	**-**	**9**	**89 699**
Amort./Dep. of capitalized dev. Expenses	- 15 190	-	-	- 3 539	-	- 18 729
Amort./dep. Of licenses and software	- 8 246	-	106	- 798		- 8 938
Amort./Dep of cohort of members	- 8 992	-	167	- 584	-	- 9 409
Am./Dep. of intangible assets	**- 32 428**	**-**	**273**	**- 4 921**	**-**	**- 37 076**
Total net value	**54 466**	**3 109**	**- 40**	**- 4 921**	**9**	**52 623**

5.3. Tangible assets

in K€	31/12/2019	Acquisitions	Disposals / Scrapping	Depreciation	Reclassification	30/06/2020
Right of use	26 504			-	- 267	26 237
Facilities, plant & equipment	18 170	1 149	-	-		19 319
Tangible assets in progress	609	298	- 51	-	- 9	847
Other tangible assets	22 359	337	- 32	-		22 664
Tangible assets	**67 642**	**1 784**	**- 83**	**-**	**- 276**	**69 067**
Amort/ Dep. of buildings and refurbishment	- 3 334			- 1 737	267	- 4 804
Amort./Dep. of tech facilities, plant & equipment	- 7 243			- 833		- 8 076
Amort./Dep. of other tangible assets	- 12 216		30	- 2 438		- 14 624
Amort./Dep. of tangible assets	**- 22 793**	**-**	**30**	**- 5 008**	**267**	**- 27 504**
Total net value	**44 849**	**1 784**	**- 53**	**- 5 008**	**- 9**	**41 563**

5.4. Inventories

in K€	30/06/2020			31/12/2019		
	Gross book value	Allowance	Net book value	Gross book value	Allowance	Net book value
Packaging and supplies inventory	533		533	669		669
Goods inventory	66 879	- 20 985	45 894	66 819	- 19 115	47 704
Total Inventories	**67 412**	**- 20 985**	**46 427**	**67 488**	**- 19 115**	**48 373**

5.5. Accounts receivables and similar accounts

in K€	30/06/2020			31/12/2019		
	Gross book value	Provisions for doubtful accounts	Net book value	Gross book value	Provisions for doubtful accounts	Net book value
Accrued income			-			-
Accounts receivable	10 764	- 711	10 053	13 562	- 505	13 057
Advances and prepayments	15 568	- 2 530	13 038	9 293	- 1 803	7 490
Total receivables and related accounts	**26 332**	**- 3 241**	**23 091**	**22 855**	**- 2 308**	**20 548**

All customer receivables are due within less than one year.

5.6. Other receivables and payables

in K€	June 30, 2020	December 31st, 2019
Deferred expenses	27 564	17 969
Tax and social security receivables	24 921	22 828
Other miscellaneous receivables	1 192	646
Other current receivables	**53 676**	**41 443**
Deferred revenue	38 578	21 200
Tax and social security liabilities	15 672	19 686
Other miscellaneous payables	160	1 195
Other current liabilities	**54 410**	**42 080**

5.7. Cash and cash equivalents

in K€	June 30, 2020	December 31st, 2019
Short-term investments	1 768	
Cash at bank	116 565	49 049
Bank overdrafts		
Net cash	**118 333**	**49 049**

In the first half of 2020, the net cash change of € 70 million is mainly due to new borrowings (cf Note 5.9) and by the cash generated by the working capital requirement.

5.8. Provisions

in K€	Dec 31, 2019	Provisions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	Jun 30, 2020
Provision for litigation (< 1 year)	**4 778**	1 672	- 1 191			5 259
Total Provision for risks	**4 778**	**1 672**	**- 1 191**	**-**	**-**	**5 259**
Miscelleaneous	347	5				352
Total Provisions for charges	**347**	**5**	**-**	**-**	**-**	**352**

Provisions for litigation are mainly related to commercial litigations (M€ 1.439).

Reversals of provision on this line mainly concern the payment of the risk relating to the early termination of the lease in future state of completion (M€ 1).

5.9. Financial liabilities

in K€	December 31, 2019	Loans raised	Loans repaid	Other	June 30, 2020
Bank borrowings	-	45 000		54 546	99 546
Non-current lease liabilities	20 349			- 1 891	18 458
Mid- and long-term financial liabilities	**20 349**	**45 000**	**-**	**52 655**	**118 004**
Bank borrowings due in less than 1 year	55 066	35 000	- 35 100	- 54 546	420
Current lease liabilities	2 966		- 1 666	1 891	3 191
Other borrowings due in less than 1 year	-				-
Bank overdrafts	-				-
	32	43	- 32		43
Short-term financial liabilities	**58 064**	**35 043**	**- 36 798**	**- 52 655**	**3 654**
o/w finance lease	*163*		*- 49*		*114*
Total Loans and financial debts	**78 413**	**80 043**	**- 36 798**	**-**	**121 658**

As of June 30, 2020, the change in financial debts excluding rental debts is mainly explained by the subscription of the PGE loan for € 35 million and a € 10 million financing line with CADIF.
The presentation of the debt, short term / long term, was revised on June 30, 2020 and takes into account the effects of the conciliation protocol approved on May 28, 2020.

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

	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		1 273		1 273	1 273
Operating receivables and other current receivables		76 767		76 767	76 767
Cash and Cash equivalents	118 333			118 333	118 333
TOTAL ASSETS	**118 333**	**78 039**		**196 372**	**196 372**
Long term financial liabilities		118 004		118 004	118 004
Other non-current liabilities			65	65	65
Short term financial liabilities		3 654		3 654	3 654
Operating liabilities and other current liabilities		191 958		191 958	191 958
TOTAL LIABILITIES		**313 616**	**65**	**313 681**	**313 681**

in K€ **31/12/2019**

	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		1 347		1 347	1 347
Operating receivables and other current receivables		61 991		61 991	61 991
Derivative instruments				0	0
Other non current assets				0	0
Cash and Cash equivalents	49 049			49 049	49 049
TOTAL ASSETS		**112 387**		**112 387**	**112 387**
Long term financial liabilities		20 349		20 349	20 349
Other non-current liabilities			65	65	65
Short term financial liabilities		58 064		58 064	58 064
Operating liabilities and other current liabilities		152 551		152 551	152 551
Derivative instruments				0	0
TOTAL LIABILITIES		**230 964**	**65**	**231 029**	**231 029**

5.11. Stock option schemes

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

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

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

	Plan n°1	Plan n°2	Plan n°3	Plan n°4	Plan n°5	Plan n°6	Plan n°7	Plan n°8	Plan n°9
Date of the General Meeting	05/08/10	05/08/10	05/08/10	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	308 320	38 750	359 488	50 000	175 808	52 480	73 472
Total number of options attributed over the current year	-	-		-		-			
Total number of options exercised over the previous periods	- 544 320	- 315 000	- 173 858	-	- 168 789	- 43 570	- 78 202	- 42 357	- 38 057
Total number of options exercised over the current year	-	-	-	-	-	-	-	-	-
Total number of options cancelled	-	-	- 106 188	- 38 750	- 132 675	- 6 430	- 50 838	- 2 458	- 16 398
Total number of remaining options at 30th June 2020	-	-	28 274	-	58 024	-	46 768	7 665	19 017
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 Scheme Nos. 1 and 2 are intended for senior executives.

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

All these plans have been completely amortized for December 31, 2018.

5.12. Free Share Schemes

On September 25, 2015, May 30, 2016, June 26, 2017, June 26 2018 and March 12 2020 the General Meeting of Shareholders authorized the Board of Directors to grant bonus shares to a given number of employees of the Group, on one or more occasions, and over a period of 38 months.

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

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

	Date of the General Meeting	Date of the executive board	Total number of free shares authorized	Total number of free shares attributed over the previous periods	Total number of free shares attributed over the current year	Total number of free shares exercised	Total number of free shares cancelled	Total number of remaining free shares at 30th June 2020	Weighted average vesting period (in year)	Share price at the granting date	Weighted average fair value at grant date
Plan n°1	25/09/15	25/09/15	625 000	625 000	-	- 625 000	-	-	1,0	17,62	16,94
Plan n°2	25/09/15	29/10/15	100 000	100 000	-	- 73 546	- 26 454	-	2,0	17,62	16,94
Plan n°3	25/09/15	29/10/15	400 000	400 000	-	- 188 975	- 211 025	-	2,0	17,62	15,24
Plan n°4	30/05/16	30/05/16	52 500	52 500	-	-	- 52 500	-	2,0	19,19	13,83
Plan n°5	30/05/16	30/05/16	24 003	24 003	-	- 15 950	- 8 053	-	2,0	19,19	13,83
Plan n°6	30/05/16	14/02/17	60 956	59 836		- 37 738	- 22 098	-	2,0	22,69	17,02
Plan n°7	30/05/16	14/02/17	48 969	47 004			- 47 004	-	2,0	22,69	17,02
Plan n°8	30/05/16	26/06/17	18 133	18 133		- 6 988	- 11 145	-	2,0	23,50	17,63
Plan n°9	30/05/16	26/06/17	100 199	98 857		- 9 310	- 89 547	-	2,0	23,50	17,63
Plan n°10	26/06/17	04/12/17	340 975	340 309		- 116 155	- 209 879	14 275	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	251 952	250 314		- 112 791	- 91 475	46 048	2,0	10,00	7,40
Plan n°12	26/06/17	04/12/17	6 302	6 302		- 6 302	-	-	2,0	10,00	7,50
Plan n°13	26/06/17	14/06/18	10 497	10 497		- 6 928	-	3 569	2,0	6,44	4,08
Plan n°14	26/06/17	14/06/18	14 698	14 698		- 6 928	- 4 201	3 569	2,0	6,44	4,45
Plan n°15	26/06/18	15/02/19	307 102	307 102		- 79 247	- 170 578	57 277	2,0	2,60	1,82
Plan n°16	26/06/18	15/02/19	15 200	15 200		- 15 200	-	-	2,0	2,60	1,82
Plan n°17	26/06/18	15/02/19	300 000	300 000		-	- 300 000	-	2,0	2,60	1,82
Plan n°18	26/06/18	26/06/19	1 177 704	1 177 704		- 328 819	- 181 320	667 565	2,0	2,60	1,82
Plan n°19	12/03/20	12/03/20	330 667	-	330 667	-	-	330 667	2,0	0,68	0,68

Depending on the parameters used in determining the fair value, and on the basis of an updated assumption of the turnover rate of beneficiary employees, the expense recognized as "Cost of share based payments" amounts to 606 K€ for the first six months of 2020 (not including flat-rate social security charges).

The total amount to be amortized between 2020 and 2022 in respect of this plan is 39 K€.

5.13. Earnings per share

▪ Basic earnings per share

in K€	H1 2020	H1 2019
Net income for the period - part attributable to Group	- 6 591	- 41 725
Average number of ordinary shares	50 793 211	51 815 985
Basic earnings per share (in €)	- 0,13	- 0,81

▪ Diluted earnings per share

Given the net of loss for the first half of 2020 diluted earnings per share correspond to basic earnings per share.

6. GROUP EXPOSURE TO FINANCIAL RISKS

6.1. Market risk

▪ Foreign exchange risk

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

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

A 10% variation in the exchange-rate parity of currencies other than the functional currencies of the subsidiaries would not have a significant impact on the Group's net income of the first half of 2020, as in 2019.

▪ Interest rate risk

➢ Short-term investments

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

The impact of a fall in interest rate by 1 point applied to short-term rates would have no significant impact on the Group's net income of the first half of 2020, as in 2019.

➢ Bank loans

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

- As part of the agreement with its banks in April 2020, the Group renewed financing lines for € 62 million. These lines are remunerated at a variable rate.
- In June 2020, the Group raised with CADIF (Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Ile-de-France) a loan in the amount of 35 million euros guaranteed by the State (PGE) at variable rate.

The impact of a fall in interest rate by 1 point applied to short-term rates would have a negative impact of 0.58 M€ on the Group's income before tax on a full-year basis.

6.2. Liquidity risk

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

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

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

The memorandum of understanding signed with the banks in April 2020 provides for the suspension of commitments relating to compliance with financial ratios as at December 31, 2019 and for the year 2020.

As of December 31, 2019, the Group had recourse to medium and long-term external financing drawn on the closing date. These were the following financings:

- In 2017, the Group raised external debt for 15 million euros for funding the acquisition of Saldi Privati. This bank loan is subject to a variable interest rate;

- In 2018, the Group also raised variable-rate financing to ensure investments in its future logistics plan. In 2019, the Group drew all of the financing, which now amounts to € 12 million;
- As of December 31, 2019, the Group had mobilized all of its short-term lines in the amount of € 25 million;
- The Group took out a € 3 million BPI loan during fiscal year 2019.

As part of its bank financing, SRP Groupe S.A. undertook to comply with certain financial ratios:

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

As these ratios were not respected as of December 31, 2019, this had led it to reclassify the financial debt (excluding IFRS16) in the short term and initiated discussions with these bank creditors.

The signing on April 29, 2020 of a Conciliation Protocol with its banking partners secures and strengthens the Group's short and medium-term financial structure, its debt now consisting of € 62 million in term or redeemable loans maturing in 2026, as well as than a loan in the amount of 35 million euros concluded on June 3, 2020 with the Caisse de Crédit Agricole Mutuel de Paris et d'Ile-de-France and guaranteed by the State (PGE) in the amount of 90%, with a maturity of up to 2026. The Group also retains a bank debt of € 2.8 million repayable with BpiFrance.

6.3. Credit risk

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

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

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

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

7. RELATED PARTIES

7.1. Related parties having control over the Group

On June 30, 2020, the SRP Group had not granted any loan or borrowing in favor of members of the Group's Management.

During the first half of 2020, no significant transaction had been carried out with shareholders and members of management bodies.

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

in K€	H1 2020	H1 2019
Fixed salaries	224	528
Variable salaries	-	225
Cost of share-based payments		
Total	**224**	**753**

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

7.2. Other related parties

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

in K€	H1 2020	H1 2019
Accounts receivable / payable		
Purchase of goods and services	444	1 384

8. OFF-BALANCE SHEET COMMITMENTS

8.1. Commitments received

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

8.2. Commitments given

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

9. OTHER INFORMATION

9.1. Employees

No. of employees	30/06/2020	31/12/2019
Officials	549	538
Employees	476	510
Total Staff	**1 025**	**1 048**

9.2. Post-balance sheet events

On July 16, 2020, the Group announced the launch of the capital increase with maintenance of preferential subscription rights announced on April 30, 2020 when the financing agreement was concluded with its banking partners. This capital increase, with a maximum issue amount of 10 million euros, will be open to all shareholders (cf2.2.3)

B/ HALF YEAR BUSINESS REPORT

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

1. KEY FIGURES FOR H1 2020

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

2. FIRST HALF HIGHLIGHTS

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

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

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

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

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

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

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

Strengthened financial structure by agreement with banks

- Shareholders' equity of €146 million, to be strengthened through a c. €10 million capital increase
- Gross cash and cash equivalents of €118.3 million, with a semester positive free cash flow of €26.5 million

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

- Net borrowings reduced to €3.4 million (including €21.6 million lease liabilities under IFRS 16)

Performance continues to improve

Consistently strong positioning and business assets:

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

Strong growth and profitability drivers identified

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

Operating expenses under control – Stabilised operational management

3. DETAILED COMMENTARY PER INDICATOR TYPE

Revenues

(€ thousand)	H1 2019	H1 2020	Variation
Internet revenues			
France	248,888	255,136	*+2.5%*
International	49,070	45,433	*-7,4%*
International	**297,958**	**300,568**	***+0,9%***
Total Internet revenues	4,085	2,165	*-47,2%*
Other revenues	**302,043**	**302,733**	***+0,2%***

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

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

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

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

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

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

2 Net promoter score - indicator of customer loyalty

Key performance indicators (without Beauteprivee)

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

* Cumulative buyers are all buyers who have made at least one purchase on the group's platform since its launch
** Member who made at least one order during the year
*** Member who made at least one order during the year and at least one order during previous years

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

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

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

Cost structure

(€ million)	H1 2019	H1 2020	Variation
Net revenues	**302.0**	**302.7**	***+0.7***
Cost of goods sold	213.3	190.4	*+23.0*
Gross margin	**88.7**	**112.4**	***+23.7***
as % of revenues	29.4%	37.1%	*+7.7pts*
Marketing*	12.1	7.7	*-4.4*
as % of revenues	4.0%	2.6%	*-1.4pt*
Logistics and order processing	77.4	76.0	*-1.4*
as % of revenues	25.6%	25.1%	*-0.5pt*
General and administrative expenses	30.3	30.3	-
as % of revenues	10.0%	10.0%	-
Total of current operational expenses	**-119.8**	**-114.0**	***-5.8***
as % of revenues	***39.7%***	***37.7%***	***-2.0pts***
Operating income	**-31.1**	**-1.6**	***+29.4***
EBITDA	**-23.2**	**7.0**	***+30.2***
of which France	**-19.5**	**7.0**	***+26.5***
of which International	**-3.7**	**0**	***+3.7***

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

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

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

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

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

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

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

Net income

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

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

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

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

Cash-flow elements

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

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

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

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

Balance sheet

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

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

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

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

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

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

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

4. MAJOR DEVELOPMENTS SINCE JUNE 30, 2019

SRP Groupe announced on July 17, 2020 the launch of its capital increase with preferential subscription rights, as announced on 30 April 2020 as part of the conciliation protocol entered into with the Group's banking partners, and authorised by the Bobigny Commercial Court on 28 May 2020.

The capital increase, for a maximum amount of around €10 million, is supported and guaranteed by the founding directors David Dayan and Thierry Petit up to 75%.

On 16 July 2020, the French Financial Markets Authority (AMF) approved the Prospectus for this operation under number 20-351, comprising the Universal Registration Document filed with the AMF on 30 April 2020 under number D. 20-0438, an amendment to the Universal Registration Document filed with the AMF on 16 July 2020 under number D. 20-0438-A01, a securities note and a summary (included in the securities note).

This capital increase falls within the scope of the delegation of powers granted by the General Meeting of 8 June 2020 (14th resolution); the details of its terms and characteristics can be found in the securities note.

The proceeds of the share issue, with preferential subscription rights attached (including if the capital increase is limited to 75% of its initial amount) will be used by the Company to finance its and its subsidiaries' general expenses, as part of a strengthening of its financial structure, in line with the roll-out of the conciliation protocol entered into on 29 April 2020.

5. MAIN RISKS AND UNCERTAINTIES FOR THE SECOND SEMESTER 2018

Risks and uncertainties for the second semester 2020 are of the same nature than those described in Section 3 of the 2019 Universal registration document as modified by the amendment to the 2019 Universal registration document filed on July 16, 2020 with the Financial Markets Authority ("AMF").

6. MAIN RELATED PARTIES TRANSACTIONS

On June 11, 2020, Showroomprivé.com SARL, a wholly-owned subsidiary of the company SRP Groupe SA (the "Company") concluded a regulated agreement with the company Sonia Rykiel Création Paris SAS ("Sonia Rykiel). The shareholders and officers of Sonia Rykiel are Messrs. Eric and Michaël Dayan, directors and shareholders of the company SRP Groupe.

This is a conditional purchase contract for Sonia Rykiel brand goods. The conclusion of this agreement is justified by the economic and strategic interest represented by the acquisition of this stock of goods from a prestige brand such as Sonia Rykiel with a view to reselling it on the Group's sites and applications.

The main terms and conditions of this agreement are as follows:

- Conditional purchase with pre-delivery of goods;
- Brands: Sonia Rykiel, Sonia By and Sonia Rykiel Kids;
- 2 sales planned on the Group's sites and applications: one on June 14, 2020 and the other at the end of September;
- Quantities: 15,743 products for the first sale;
- Products returned by Showroomprive.com customers and unsold products will be returned to Sonia Rykiel Création Paris SAS.

As this is a conditional purchase contract, only Sonia Rykiel products which will be purchased by members of the Group, will be purchased by Showroomprivé.com from Sonia Rykiel. In the event that the entire Sonia Rykiel stock is acquired by Showroomprivé.com, this would represent an estimated amount of one million euros.

The Board of Directors of the Company authorized the conclusion of this agreement during its meeting on June 8, 2020, in accordance with article L. 225-38 of the French Commercial Code.

Messrs Eric and Michaël Dayan, shareholders and officers of Sonia Rykiel, members of the Company's Board of Directors, did not take part in the deliberations and votes relating to this agreement. This agreement will be subject to ratification by the general meeting of shareholders called to approve the accounts for the year ended December 31, 2020.

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

I certify that to the best of my knowledge the consolidated interim condensed financial statements for the first half-year of 2020 were drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets liabilities, financial position and results of the company and the consolidated group of entities and that the half year financial report included herein gives a fair and true view of the significant events that occurred during the first six months of the year, of their effect on the consolidated interim condensed financial statements and of the main related-party transactions as well as a description of the main risks and uncertainties in the remaining six months of the year

La Plaine Saint Denis, on July 27, 2020

David Dayan
Chief Executive Officer



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

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

SRP Groupe S.A.

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

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

For the period from January 1 to June 30, 2020

To the Shareholders of SRP Groupe S.A.,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of SRP Groupe S.A., for the period from January 1 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were established by the responsibility of the Board of Directors on July 24, 2020 based on the information available at that date in the evolving context of the Covid-19 pandemic and related difficulties to apprehend its impacts and outlooks. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

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

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

II. Specific verification

We have also verified the information presented in the half-yearly management report established on 27 July 2020 on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, on the 27 juillet 2020	Paris, on the 27 July 2020
KPMG Audit IS	Jérôme Benainous
Jean-Pierre Valensi	Jérôme Benainous
Partner	*Partner*