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Financial Statements

Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2021

6.1. Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2021

6.1.1. Financial Statements

6.1.1.1. Statement of Profit Or Loss

	Notes	2021	2020
Net revenues	4.2	723 846	697 508
Cost of goods sold		- 435 776	- 424 497
Gross margin		288 071	273 011
Gross margin as a percentage of revenue		39,8%	39,1%
Marketing		- 29 284	- 22 840
Logistics & Fulfillment		- 163 517	- 162 603
General & Administrative expenses		- 63 083	- 62 145
Current operating profit		32 186	25 423
Cost of share based payments		- 1 659	- 1 424
Other operating income and expenses	4.4	- 1 585	- 2 315
Operating profit		28 942	21 685
Income from cash and cash equivalents			
Cost of financial debt		- 1 125	- 905
Net finance costs		- 1 125	- 905
Other financial income and expenses		- 18	31
Profit before tax		27 799	20 811
Income taxes	4.5	- 515	- 6 900
Net income for the period		27 284	13 911
Attributable to owners of the Parent		27 284	13 911
Attributable to third parties			
Earnings per share (in €)			
Basic earnings per share	5.17	0,23	0,17
Diluted earnings per share	5.17	0,23	0,16

6.1.1.2. Statement of Total Comprehensive Income

	Notes	2021	2020
Net income for the period		27 284	13 911
Remeasurements of defined benefit plans		- 22	
Exchange differences on translation		26	- 19
Total comprehensive net income for the period		27 288	13 892

Group Consolidated Financial Statements for the Fiscal Year Ended December 31, 2021

6.1.1.3. Consolidated Balance Sheet

	Notes	2021	2020
Goodwill	5.1	123 685	123 685
Other intangible assets	5.2	49 155	51 341
Tangible assets	5.3	36 905	38 805
Financial assets	5.4	2 244	1 214
Deferred tax assets	5.11	4 511	55
		-	2
Non current assets		216 500	215 102
Inventories	5.5	62 564	60 924
Accounts receivables and similar accounts	5.6 & 5.7	20 311	20 307
Income tax receivables		928	1 873
Other receivables	5.7	37 039	51 772
Cash and cash equivalent	5.8	99 551	130 833
Current assets		220 394	265 708
Total Assets		436 894	480 811
Share capital		4 742	4 702
Share premium reserves		217 811	217 779
Treasury shares		- 1 723	- 1 472
Other reserves		- 42 993	- 57 897
Net income		27 284	13 911
Total shareholders' equity		205 121	177 023
Non-controlling interests		-	-
Total equity	1.5	205 121	177 023
Long term financial liabilities	5.12	54 317	80 289
Employee benefits	5.9	206	147
Provisions (long-term)	5.10	57	439
Deferred tax liabilities	5.11	29	0
Total non current liabilities		54 609	80 876
Short term financial liabilities	5.12	12 946	39 593
Provisions (short-term)	5.10	4 595	4 205
Accounts payables	5.13	119 722	132 205
Income tax liability		1 593	1 513
Other current payables	5.13	38 308	45 397
Total current liabilities		177 164	222 913
Total Liabilities		231 773	303 788
Total Equity and Liabilities		436 894	480 811

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6.1.1.4. Consolidated Cash-Flow Statement

in K€	Notes	2021	2020
Net income for the period		27 284	13 911
Depreciation & Amortization		16 030	14 503
Gain / Loss on sale of assets		656	1 383
Fair value measurement of stock options	5.16	938	1 413
Cash flows from operations before finance costs and income tax		44 908	31 210
Income taxes for the period	4.5	515	6 900
Net finance costs		1 125	905
Change in working capital	5.18	- 5 122	2 706
Cash flow from operating activities before tax		41 426	41 721
Current income tax paid		- 5 285	- 1 446
Net cash from operating activities		36 141	40 275
Change in consolidation scope		-	-
Acquisition of intangible and tangible assets	5.2 & 5.3	- 12 040	- 9 671
Net change in non current financial assets		- 1 029	120
Proceeds from sale of intangible and tangible assets		305	716
Net cash from investing activities		- 12 764	- 8 835
Increase in share capital and share premium reserves		72	9 099
		- 251	284
New financial liabilities	5.12	49 675	85 000
Repayment of financial liabilities	5.12	- 102 993	- 43 212
Finance costs paid		- 1 240	- 787
Net cash from financing activities		- 54 737	50 384
Impact of changes in exchange rates		78	- 39
Total cash flow for the period		- 31 281	81 785
Cash and cash equivalent at the beginning of the period	5.8	130 833	49 049
Cash and cash equivalent at the end of the period	5.8	99 551	130 833

(1) In 2021, €3 million related to the amortization of the right to use real estate assets under IFRS 16.

(2) The item "Repayment of financial liabilities" mainly includes repayment of the state-guaranteed loan for an amount of €35 million, repayment of bank loans amounting to €65 million, and amortization of the right to use real estate assets under IFRS 16 amounting to €3 million.

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

**Group Consolidated Financial Statements for the Fiscal Year
Ended December 31, 2021**

6.1.1.5. Statement of Changes In Consolidated Equity

<i>in K€</i>	Share capital	Additional paid-in capital	Treasury shares	Other reserves Group			Consolidated retained earnings	Total Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Other comprehensive income	Other reserves	Total				
At December 31, 2019	2 030	211 109	- 1 756	18	8 961	8 979	- 68 187	152 175	-	152 175
Net income for the period						-	13 911	13 911		13 911
Exchange differences on translation				- 19		- 19		- 19		- 19
Comprehensive net income	-	-	-	- 19	-	- 19	13 911	13 892	-	13 892
Capital increase	2 672	6 670				9 342		9 342		9 342
Proceeds from stock-options						-		-		-
Changes in free shares			284			284		284		284
Charges related to free shares and share options					1 413	1 413		1 413		1 413
Other changes					- 83	- 83		- 83		- 83
At December 31, 2020	4 702	217 779	- 1 472	- 1	10 291	19 916	- 54 276	177 023	-	177 023
Net income for the period						-	27 284	27 284		27 284
Remeasurements of defined benefit plans				- 22		- 22		- 22		- 22
Exchange differences on translation				26		26		26		26
Comprehensive net income	-	-	-	4	-	4	27 284	27 288	-	27 288
Capital increase	40	32				72		72		72
Changes in free shares			- 251			- 251		- 251		- 251
Charges related to free shares and share options					938	938		938		938
Other changes					52	52		52		52
At December 31, 2021	4 742	217 811	- 1 723	3	11 281	20 731	- 26 992	205 121	-	205 121

As at December 31, 2021, the share capital of SRP Groupe S.A. was made up of 118,552,030 shares with a nominal value of €0.04 per share (117,560,198 shares of the same nominal value as at December 31, 2020).

6.1.2. Accounting standards, consolidation methods, valuation methods & principles

6.1.2.1. 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 December 31, 2021 include SRP Groupe S.A. and its subsidiaries (see Note 3.1). The year ended December 31, 2021 covers a period of 12 months.

The consolidated financial statements were approved by the Board of Directors of SRP Groupe S.A. at its meeting on March 10, 2022 and will be submitted for approval to the General Meeting of Shareholders on June 22, 2022, called to approve the financial statements for the fiscal year ended December 31, 2021.

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

6.1.2.2. Main Events of The Financial Year

6.1.2.2.1. *Renegotiation of bank debt*

On December 17, 2021, SRP signed an agreement with its banking partners for the establishment of a €70 million sustainability-linked syndicated facilities structured financing that aims to refinance the entire bank debt of €63 million resulting from the protocol signed on April 29, 2020 and to bolster the Group's financial resources. It will allow flexibility for the implementation of new value-creating projects.

This sustainability-linked syndicated facilities financing includes an amortized credit facility for €50 million and a revolving credit facility (G&A Facility) for a maximum of €20 million. These bank debts mature in December 2026.

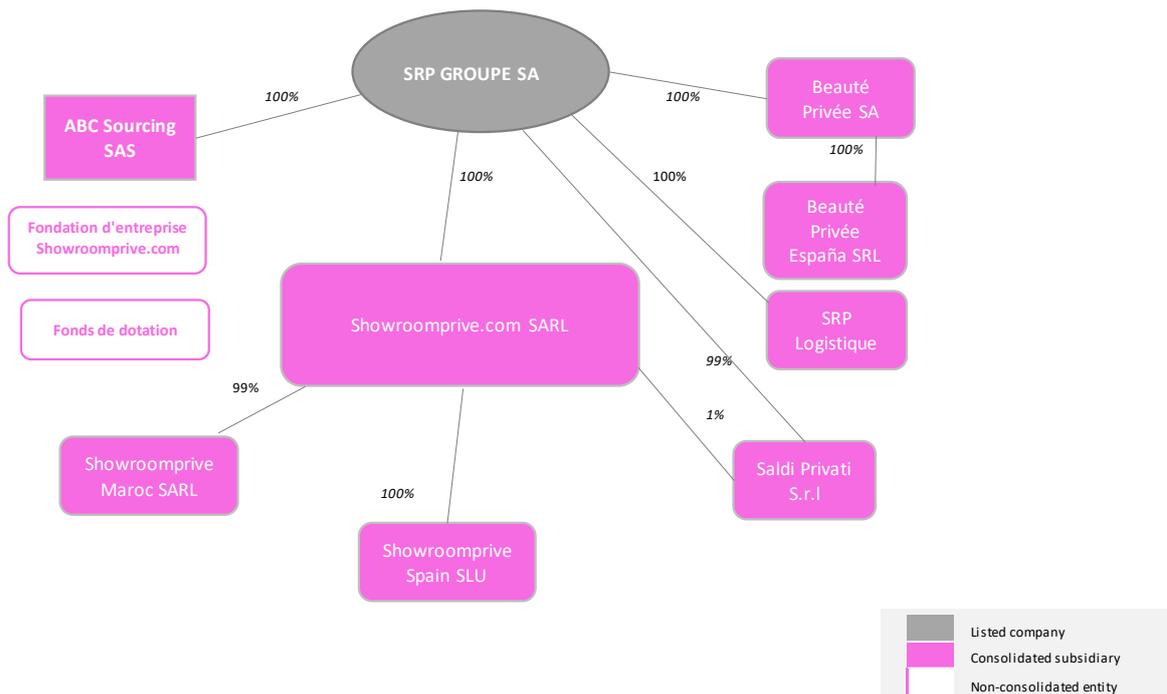
This operation ends the conciliation period.

6.1.2.2.2. *Covid-19*

The Covid-19 pandemic was confirmed by the World Health Organization on March 11, 2020, giving rise to an unprecedented global health crisis. The Group did not benefit from any government measures having a significant impact on the financial statements for the year ended December 31, 2021. Furthermore, the Group regularly assesses the current and future consequences of the crisis, although it is difficult to foresee these completely.

6.1.2.3. Group Organization

As a result, the Group's organizational structure as at December 31, 2021 is as follows:



6.1.2.4. Accounting Standards

Statement of Compliance and IFRS Used

Pursuant to Regulation No. 1606/2002 adopted on July 19, 2002 by the European Parliament and the European Council, the Group's consolidated financial statements published on December 31, 2021 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) on December 31, 2021.

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 at the following address: https://ec.europa.eu/info/index_en.

New standards and interpretations applicable

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Standards/Amendments	Description	First year of EU application	SRP application	SRP impact
New standards, amendments and interpretations in force or with mandatory application or that may be adopted early for				
Amendments to IFRS 4	Postponement of application of IFRS 9 for insurance transactions until 01/01/2023	01/01/2021	Not applicable	
Reform of reference rates (IBOR) – Phase 2	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01/01/2021	Applicable	No impact. No hedging instruments
Amendments to IFRS 16	Covid-19 rental concessions beyond June 30, 2021 (lessees only) => Extension of eligibility criteria for the practical relief granted by the amendments to IFRS 16 – Covid-19 published in	04/01/2021	Applicable	No impact. No rental concessions negotiated
New standards and interpretations of subsequent application approved by the European Union				
Amendments to IFRS 3	Updating of references to the Conceptual Framework	01/01/2022	Applicable	No impact
Amendments to IAS 37	Onerous contracts – Costs to be taken into account for recognizing a provision for onerous contracts	01/01/2022	Not applicable	
Amendments to IAS 16	Recognition of income generated prior to the intended use of an asset	01/01/2022	Not applicable	
Annual improvements - Cycle 2018-2020	Amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16	01/01/2022	Applicable (excluding IFRS 1)	No impact
Main standards, amendments and interpretations approved by the IASB but not yet approved by the European Union				
Amendments to IAS 1 and IFRS Practice Statement 2	Information to be provided on significant accounting methods	01/01/2022*	Applicable	No financial impact expected. Assessment in progress of the impact on information provided in
IFRS 17	Insurance contracts – including IFRS 17 amendments	01/01/2023*	Not applicable	
Amendments to IAS 8	Definition of accounting estimates	01/01/2023*	Applicable	No financial impact expected. Assessment in progress of the impact on information provided in
Amendments to IAS 12	Deferred tax relating to assets and liabilities resulting from a single transaction	01/01/2023*	Applicable	Assessment in progress
Amendments to IAS 1	Classification of liabilities as current or non-current (the IASB has provisionally decided to postpone the application of these amendments by at least one year)	01/01/2024*	Applicable	Assessment in progress

*Subject to European Union approvals

6.1.2.5. 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 December 31, 2021 and 2020 drew up their financial statements in accordance with the accounting principles applied by the Group.

The consolidation scope is detailed in Note 3.

6.1.2.6. 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.

6.1.2.7. 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.

6.1.2.8. Use of Estimates And Assumptions

The preparation of the financial statements in accordance with the IFRS requires Management to exercise judgments, 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.

6.1.2.9. 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).

6.1.3. Scope of consolidation

6.1.3.1. Scope at The End Of The Financial Year

The following entities are part of the scope of consolidation at the closing date:

Legal entities	Country	Conso. method	2021		2020	
			Share-holding	Controlling interest	Share-holding	Controlling interest
SRP Groupe	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Showroomprivé.com S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
SRP Logistique S.à r.l.	France	Full	100,00 %	100,00 %	100,00 %	100,00 %
Beauté Privée SAS	France	Full	100,00 %	100,00 %	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 %
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 Maroc	Morocco	Full	99,99 %	100,00 %	99,99 %	100,00 %

Full = Fully consolidated

6.1.3.2. Change to The Consolidation Scope During The Year

There were no changes to the consolidation scope or the tax consolidation scope as at December 31, 2021.

6.1.4. Notes to the income statement

Accounting Principles

Revenue

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 revenue 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 as at the date of the customer's departure.

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 fulfillment (processing of orders), relating to:
 - o expenditure directly attributable to goods sold,
 - o logistics costs
- General and Administrative Expenses.

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.

Recurring operating income and operating profit

All current operating expenses are deducted from revenue to obtain the recurring operating income which is one of the main performance indicators of the Group's business.

The operating profit is obtained by deducting the following items from the operating profit:

- Expenses from the issue of free shares and share options allocated to employees,
- other income and expenses or non-recurring operating income

Net Income

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

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

6.1.4.1. EBITDA and 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, depreciation and amortization ("EBITDA").

The EBITDA is another key performance indicator of the Group's activity. It is obtained by eliminating from net income:

- amortization of assets recognized in the course of a business combination;
- the amortization charges on intangible assets and the depreciation charges on tangible assets;
- expenses from the issue of free shares and share options allocated to employees, as well as the related social contributions;

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- other expenses or non-recurring operating income;
- the net finance cost and other financial income and expenses;
- the income tax charge of the financial year.

	Notes	2021	2020
Net income for the period		27 284	13 911
Amortisation of assets recognized through business combination		1 134	1 134
Deprec. & Am. of tangible and intangible assets		14 886	15 457
Cost of share-based payments	5.16	1 659	1 424
Non recurring items	4.4	1 585	2 315
Net finance costs		1 125	905
Other financial income and expenses		18	- 31
Income taxes		515	6 900
Adjusted EBITDA		48 206	42 015
<i>EBITDA in % of revenue</i>		6,7%	6,0%

6.1.4.2. 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 6 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, Portugal, Morocco, Spain, Italy, Netherlands,

Group revenue and EBITDA present themselves as follows:

<i>In K€</i>	2021			2020		
	Total consolidé	France	Internat.	Total consolidé	France	Internat.
Internet sales	716 215	595 236	120 980	688 124	581 688	106 436
Other	7 633	7 198	435	9 384	9 111	274
Total net revenue	723 848	602 434	121 414	697 508	590 798	106 710
<i>Growth</i>	3,8%	2,0%	13,8%	13,3%	14,7%	6,0%
<i>EBITDA in % of net revenue</i>	6,7%	6,9%	5,4%	6,0%	6,8%	1,9%

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

6.1.4.3. Operating Expenses by Type

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

<i>in K€</i>	2021	2020
Cost of goods sold	- 435 776	- 424 497
Purchases and sub-contracting expenses	- 175 831	- 175 381
Personnel expenses	- 66 008	- 58 869
Tax expenses	- 3 536	- 3 499
Deprec. & Am. of tangible and intangible assets	- 14 826	- 15 468
Other provisions and depreciations	1 410	5 271
Other operating income and expense	2 907	359
Current operating expenses	-691 660	-672 084

6.1.4.4. Other non-current operating income and expenditure and cost of share-based payments

Accounting Principles

Other 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.

In respect of the 2021 fiscal year, the cost of share based payments and other non-recurring operating income and expenditure mainly include the following items:

- the expense resulting from the issue of free shares including the related social contributions of - €1.7 million;
- costs relating to the discontinuation of a benchmark project under development for -€0.6 million;

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- donations to the Showroomprivé Foundation, to a charitable foundation and to various charities for -€0.3 million;
- a provision for impairment of tax credits for -€0.4 million.

In respect of the 2020 fiscal year, the cost of share based payments and other non-recurring operating income and expenditure mainly include the following items:

- the expense resulting from the issue of free shares including the related social contributions of -€1.4 million;
- costs relating to the discontinuation of a logistics project that has become non-strategic (-€1.5 million), of which an exceptional amortization of -€1.1 million relating to the disposal of robotic assets and -€0.4 million in other related expenses (dismantlement, restoration of the site);
- donations to the Showroomprivé Foundation, to a charitable foundation and to various charities for -€0.4 million;
- non-recurring consultancy fees for -€1.1 million;
- a provision for contingencies relating to a trade-related and non-current dispute for -€0.6 million;
- tax-related penalties and reversals of provisions for +€1.3 million. This income is offset by an income tax expense relating to previous fiscal years for -€1.7 million.

6.1.4.5. Income Tax

Accounting Principles

The tax expense for the year results from the impact of income tax due in the various jurisdictions in which the Group is active, as well as the impact of deferred taxes.

Tax Liabilities

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.

A tax consolidation agreement has been implemented since January 1, 2012 among all French entities of the Group. By virtue of this agreement, each entity records its tax expense as if it was liable separately, and the parent company records its profit, if any, separately.

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 in respect of deductible temporary differences and unused tax loss carry-forwards and tax credits only if it is likely that the Group will have taxable future profits against which they can be offset. Taxable future profits are valued in relation to the reversal of taxable temporary differences. If the amount of temporary differences is insufficient for recognizing the whole of a deferred tax asset, the taxable future profits, adjusted by the reversal of temporary differences, are valued in relation to the business plan of each of the Group's subsidiaries. Deferred tax assets are examined at each closing date and are reduced if it is no

longer likely that a sufficient taxable profit will be available. These reductions are reversed when the likelihood of taxable future profits increases.

Income Tax

Tax income and expenses for the 2021 fiscal year can be broken down as follows:

<i>in K€</i>	2021	2020
Deferred taxes	4 430	67
Current income taxes	- 4 945	- 6 967
Income tax expense	- 515	- 6 900

In respect of the 2021 fiscal year current effective tax expenses include:

- the tax charge on companies within the scope of tax consolidation amounts to -€3.9 million (the income from tax consolidation is +€0.4 million);
- tax on income from the subsidiaries SRP Maroc and SRP Spain of -€0.4 million;
- charges related to the "Corporate Value Added Tax" ("Contribution sur la Valeur Ajoutée des Entreprises"/CVAE) in France of -€0.9 million.

Given the expected profits over the coming years for the companies within the scope of tax consolidation, the Group decided to activate all tax loss carry-forwards not yet activated as at December 31, 2020, amounting to €3.9 million (see Note 5.11).

As regards the subsidiary Saldi Privati, fiscal year 2021 confirms the 2020 trend (break-even) and shows a profit (€1.8 million).

However, it was decided not to activate deferred taxes relating to tax loss carry-forwards. This decision will be reviewed for the fiscal year ending December 31, 2022, in the light of future results. The amount of non-activated tax loss carryforwards amounted to €14 million as of December 31, 2021.

In respect of the 2020 fiscal year current effective tax expenses include:

- tax on income from SRP Maroc and SRP Spain of -€0.5 million;
- charges related to the "Corporate Value Added Tax" ("Contribution sur la Valeur Ajoutée des Entreprises"/CVAE) in France of -€1.3 million;
- the tax charge on companies within the scope of tax consolidation amounts to €3.3 million (the income from tax consolidation is +€0.9 million);
- a tax expense relating to tax audits of -€1.7 million (see 5.10 Provisions).

The deferred tax in 2020 expense is minimal for the period.

Tax proof

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

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<i>en K€</i>	2021	2020
Total comprehensive net income for the period	27 284	13 911
Income tax expense	-515	-6 900
Profit before tax	27 799	20 811
Standard tax rate in France	28,41%	32,02%
Theoretical tax expense	7 898	6 664
<i>Impact of:</i>		
Non recognition of deferred tax losses incurred over the period in Italy	5	38
Recognition of DTA born in previous periods	-3 902	
Permanent differences	302	1 817
CVAE reclassification as income tax	637	927
Free shares impact	266	452
Tax rate impact	-334	-508
Corporate sponsorship	-123	-931
Impact of previous deficits used over the period	-4 517	-2 337
Other	282	778
Actual tax expense	515	6 900
<i>Effective tax rate</i>	2%	33%

6.1.5. Notes to the balance sheet

6.1.5.1. 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).

During the fiscal year, the goodwill did not change:

<i>in K€</i>	2020	Scope entries	Scope exists	Depreciation	Other changes	2021
Goodwill	123 685	-	-	-	-	123 685
Goodwill depreciation	-	-	-	-	-	-
Net book value	123 685	-	-	-	-	123 685

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 determined 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

Recoverable value is tested at the level of a cash-generating unit (CGU). 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).

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".

➤ Main Assumptions

As at December 31, 2021, 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 fifth year is projected to infinity),
- Long-term growth rate: 2.0% (2020: 2.0%),
- Discount rate: 9.0% (2020: 9.39%).

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 (on EBITDA basis) 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 December 31, 2021.

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 500 basis points in the discount rate
- A fall of 100 basis points in the long-term growth rate
- A fall of 500 basis points in the long-term growth rate and a fall of 100 margin points;
- A 100 basis point decrease in the operating margin (EBITDA) over all periods included in the impairment test;
- A fall in the revenue growth rate of 500 points (excluding the perpetual growth rate).

6.1.5.2. 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. The expenses relating to the new Beauté Privée website were activated, amounting to €1.1 million.

<i>in K€</i>	2020	Acquisitions	Disposals	Amortization	Reclassification	2019
Development expenses capitalized	35 181	5 289				40 470
Licenses and software	11 933	2 286	- 300		- 3 831	10 088
Brand	32 419					32 419
Cohort of members	13 258					13 258
Other intangible assets	77					77
Intangible assets	92 868	7 575	- 300	-	- 3 831	96 312
Amort./Dep. of capitalized dev. Expenses	- 21 796			- 6 634	104	- 28 326
Amort./dep. Of licenses and software	- 9 737			- 1 458	3 492	- 7 703
Amort./Dep of cohort of members	- 9 994			- 1 134		- 11 128
Am./Dep. of intangible assets	- 41 527	-	-	- 9 226	3 596	- 47 157
Total net value	51 341	7 575	- 300	- 9 226	- 235	49 155

<i>in K€</i>	2019	Acquisitions	Disposals	Amortization	Reclassification	2020
Development expenses capitalized	29 314	5 867				35 181
Licenses and software	11 643	230	- 37		97	11 933
Brand	32 419					32 419
Cohort of members	13 258					13 258
Other intangible assets	260	30			- 213	77
Intangible assets	86 894	6 127	- 37	-	- 116	92 868
Amort./Dep. of capitalized dev. Expenses	- 15 190			- 6 606		- 21 796
Amort./dep. Of licenses and software	- 8 246		8	- 1 604	105	- 9 737
Amort./Dep of cohort of members	- 8 992			- 1 172	170	- 9 994
Am./Dep. of intangible assets	- 32 428	-	8	- 9 382	275	- 41 527
Total net value	54 466	6 127	- 29	- 9 382	159	51 341

6.1.5.3. Tangible Assets

Accounting Principles

Tangible Assets

Valuation at Entry Into Scope Of Consolidation

Tangible assets are initially stated in the balance sheet at their acquisition or production cost.

Useful Life and Amortization Period

Tangible assets are depreciated as from the time that they are installed and ready for use, or for assets produced internally, as from the time when the asset is completed and ready for use.

Amortization is calculated on a straight-line basis based on the estimated useful life of the different categories of assets.

The impairment principles are detailed in Note 5.1 ("Goodwill"). 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 the IFRS 16 regulatory standard, the Group's lease contracts include real estate contracts (offices and storages) in all countries in which the Group operates.

Since January 1, 2019, the Group has applied IFRS 16 "Leases".

Under IFRS 16, all lease contracts (with the exception of the contracts described below) are recognized in the Group's balance sheet by the inclusion of a fixed asset corresponding to the right to use the property which will be amortized over the lease period selected and a debt for future rent.

On the transition date, the Group chose to apply the simplified retrospective transition method, which consists of recognizing a right-of-use asset as being equal to the amount of the lease obligations, adjusted if necessary for prepaid rent or incentive benefits to be received from the lessor. Discount rates applied to real estate contracts are based on the Group's incremental borrowing rate.

The lease periods used include the firm periods of the contract and any planned renewal periods that the Group is reasonably certain to exercise, as well as the renewal options that the Group is reasonably certain not to exercise. In France, a period of 9 years has most often been used for real estate leases.

The Group has chosen to apply the following simplification measure: rents from real estate and equipment contracts corresponding to an asset of low unit value or to a short-term lease (less than 12 months) are recognized directly as expenses.

The following major contracts have not been included in the Group's balance sheet:

- Contracts affected by the above exemptions;
- Contracts considered as service contracts for which the rental expense is recognized directly in the Group's income statement as operating income;

Contracts considered to be substitutable assets when the lessor has the possibility to change the location of the lessee without payment of a significant financial consideration. Several contracts within airports are affected.

The main changes in other tangible assets over fiscal year 2021 can be explained by the following main factors: the refitting of premises following the implementation of home working in particular (€3.2 million) and refitting works in the warehouses (€0.7 million).

➤ Assets owned by the Group

in K€	2020	Acquisitions	Disposals / Scrapping	Depreciation	Reclassification	2021
	25 748				- 621	25 127
Land	-					-
Buildings and refurbishment	-					-
Facilities, plant & equipment	17 253	528				17 781
Tangible assets in progress	717	108	- 294		- 47	484
Advances payments for fixed assets	-					-
Other tangible assets	23 442	3 829	- 358		293	27 206
Tangible assets	67 160	4 465	- 652	-	- 375	70 599
	- 6 146			- 3 022	922	- 8 246
Amort./ Dep. of buildings and refurbishment	-					-
Amort./Dep. of tech facilities, plant & equipment	- 7 785			- 1 194		- 8 979
Amort./Dep. of other tangible assets	- 14 424		474	- 2 518		- 16 468
Amort./Dep. of tangible assets	- 28 355	-	474	- 6 734	922	- 33 693
Total net value	38 805	4 465	- 178	- 6 734	547	36 905

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in K€	2019	Acquisitions	Disposals / Scrapping	Depreciation	Reclassification	2020
Land	26 504				- 756	25 748
Buildings and refurbishment	-					-
Facilities, plant & equipment	18 170	2 074	- 2 991			17 253
Tangible assets in progress	609	268			- 160	717
Advances payments for fixed assets	-					-
Other tangible assets	22 359	1 202	- 120		1	23 442
Tangible assets	67 642	3 544	- 3 111	-	- 915	67 160
Amort./Dep. of buildings and refurbishment	- 3 334			- 3 259	447	- 6 146
Amort./Dep. of tech facilities, plant & equipment	- 7 243		1 102	- 1 644		- 7 785
Amort./Dep. of other tangible assets	- 12 216		109	- 2 317		- 14 424
Amort./Dep. of tangible assets	- 22 793	-	1 211	- 7 220	447	- 28 355
Total net value	44 849	3 544	- 1 900	- 7 220	- 468	38 805

The main changes in property, plant and equipment over the 2020 fiscal year can be explained by the following main factors: the disposal of certain robotics-related assets (€2.9 million) and the acquisition of the means necessary to implement home working due to public health conditions (€0.6 million), as presented above.

➤ Right to use under IFRS 16

The rights to use break down as follows:

in K€	2020	Acquisitions	Disposals	Depreciation	Depreciation	Change in scope of consolidation	2021
Right of use	25 748				- 1 917	1 296	25 127
Tangible assets	25 748	-	-	-	- 1 917	1 296	25 127
Amort./Dep. of right of use	- 6 146			- 3 022	922		- 8 246
Amort./Dep. of tangible assets	- 6 146	-	-	- 3 022	922	-	- 8 246
Total net value	19 602	-	-	- 3 022	- 995	1 296	16 881

During the 2021 fiscal year, no new contract within the meaning of IFRS 16 was signed, however, certain contracts were suspended or expired without renewal during this period. Some contracts have been suspended or have expired during this same period and were not renewed.

6.1.5.4. Financial Assets

in K€	2020	Acquisitions	Disposals	Reclass.	2021
Loans, guarantees and other receivables	1 214	1 039	- 10		2 244
Financial assets	1 214	1 039	- 10	-	2 244
Depreciation of investment	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-
Financial assets depreciation	-	-	-	-	-
Total net value	1 214	1 039	- 10	-	2 244

<i>in K€</i>	2019	Acquisitions	Disposals	Reclass.	2020
Loans, guarantees and other receivables	1 347	6	- 126	- 13	1 214
Financial assets	1 347	6	- 126	- 13	1 214
Depreciation of investment	-	-	-	-	-
Dep. of loans, guarantees and other receivables	-	-	-	-	-
Financial assets depreciation	-	-	-	-	-
Total net value	1 347	6	- 126	- 13	1 214

6.1.5.5. Inventory

Accounting Principles

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

Inventories 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, nature 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 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.

<i>in K€</i>	2021			2020		
	Gross book value	Allowance	Net book value	Gross book value	Allowance	Net book value
Packaging and supplies inventory	960	-	960	893	-	893
Goods inventory	70 716	- 9 112	61 604	70 603	- 10 572	60 031
Total Inventories	71 676	- 9 112	62 564	71 496	- 10 572	60 924

6.1.5.6. 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.

<i>in K€</i>	2021			2020		
	Gross book value	Provisions for doubtful accounts	Net book value	Gross book value	Provisions for doubtful accounts	Net book value
Accrued income	-	-	-	-	-	-
Accounts receivable	14 079	- 1 154	12 925	8 355	- 1 145	7 210
Advances and prepayments	9 006	- 1 620	7 386	15 196	- 2 099	13 097
Total receivables and related accounts	23 085	- 2 774	20 311	23 551	- 3 244	20 307

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6.1.5.7. Age Analysis of Financial Instruments

<i>in K€</i>	2021	< 1 year	2 years	3 years	4 years	5 years & more
Loans, guarantees and other receivables	2 244	1 180	122		16	926
Total Financial fixed assets	2 244	1 180	122	-	16	926
Accounts receivable	12 925	12 925				
Advances and prepayments	7 386	7 386				
Total receivables and related accounts	20 311	20 311				
Current income taxes	928	928				
Total Current income taxes	928	928	-	-	-	-
Employee advances and prepaid payroll taxes	29	29				
Tax-related receivable - other than income tax	19 189	19 189				
Other receivables	768	768				
Prepaid expenses	17 054	17 054				
Total other receivables	37 039	37 039				
Total Receivables	60 522	59 459	122	-	16	926

<i>in K€</i>	2020	< 1 year	2 years	3 years	4 years	5 years & more
Loans, guarantees and other receivables	1 214		150			1 064
Total Financial fixed assets	1 214	-	150	-	-	1 064
Accounts receivable	7 210	7 210				
Accrued income						
Advances and prepayments	13 097	13 097				
Total receivables and related accounts	20 307	20 307				
Current income taxes	1 873	1 873				
Total Current income taxes	1 873	1 873	-	-	-	-
Employee advances and prepaid payroll taxes	30	30				
Tax-related receivable - other than income tax	31 205	31 205				
Other receivables	223	223				
Prepaid expenses	20 314	20 314				
Total other receivables	51 772	51 772				
Total Receivables	75 166	73 951	150	-	-	1 064

6.1.5.8. 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.

<i>in K€</i>	2021	2020
Short-term investments		1 768
Cash at bank	99 551	129 065
Net cash	99 551	130 833

For fiscal year 2021, the net change in cash of -€31.3 million is mainly explained by the following factors:

- Repayment of state-guaranteed loans totaling €35 million;
- The refinancing of this debt amounts to €14 million;
- The activation of research and development costs, as well as the acquisition of fixed assets in the amount of €12 million;
- Paid taxes of €5.3 million.

6.1.5.9. Employee Benefits

Accounting Principles

Defined Contribution Plans

The Group recognizes under staff costs the total amount of short-term benefits, as well as the contributions payable under general and mandatory pension plans. As it has no obligation beyond these contributions, the Group does not recognize any provision in respect of these plans.

Defined Benefit Plans

Pension plans, similar indemnities and other benefits analyzed as defined benefit plans (in which the Group guarantees a defined amount or level of benefit) are recognized in the balance sheet on the basis of an actuarial valuation of the commitments at the closing date.

This valuation is determined using the projected unit credit method, taking staff turnover and mortality probabilities into account. Any actuarial differences are recognized in equity.

After analyzing the decision of the IFRS IC on the interpretation of IAS 19 published in May 2021, the Group concluded that this was applicable in the light of the collective agreement.

<i>in K€</i>	2020	Additions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	Change in consolidation scope	2021
Provisions for pensions and post-employment benefits	147	59					206
Total	147	59	-	-	-	-	206
<i>in K€</i>	2019	Additions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	Change in consolidation scope	2020
Provisions for pensions and post-employment benefits	65	86				- 4	147
Total	65	86	-	-	-	- 4	147

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6.1.5.10. 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.

<i>in K€</i>	2020	Provisions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	2021
Provision linked to Saldi Privati	-					-
Provision for litigation (< 1 year)	4					4
Total Provision for risks	4	-	-	-	-	4
Provision for litigation (< 1 year)	4 201	1 814	- 1 160	- 760		4 095
Total Provision for risks	4 201	1 814	- 1 160	- 760	-	4 095
Miscellaneous	439	6			- 388	57
Miscellaneous		108			388	496
Total Provisions for charges	439	114	-	-	-	553
o/w provisions > 1 year	439	6	-	-	- 388	57
o/w provisions < 1 year	4 205	1 922	- 1 160	- 760	388	4 595

Allocations to provisions mainly relate to trade-related disputes (+€1.1 million), a DGCCRF provision (+€0.5 million), restructuring costs (+€0.02 million) and industrial tribunal disputes (+€0.1 million). Reversals of provisions for disputes mainly relate to industrial tribunal disputes (-€0.9 million), trade-related disputes (-€0.4 million) and restructuring disputes (-€0.5 million).

Miscellaneous provisions chiefly relate to the social contribution charges linked to the issue of free share.

6.1.5.11. Deferred Tax

<i>in K€</i>	2020	Def. tax expense recognized in the Income Statement	Variations des cours de change	Change in scope of consolidation	Def. tax expense recognized in Equity	2021
Deferred tax liabilities	55	4 389		2	65	4 511
Net balance for deferred taxes	-	35		- 6		29
	55	4 354	-	8	65	4 482
Breakdown of deferred tax						
Def. tax on temporary differences	- 314	- 116				- 430
Def. tax on other restatements	655	- 107			- 29	519
Recognition of tax loss carry-forwards	12 532	3 901			91	16 524
Def. tax on depreciation of assets recognized through business combination	- 9 324	319				- 9 005
Def. tax on provisions for pensions and other post-employment benefits	-	- 8		8		-
Def. tax impact on finance lease restatement	- 18	19			3	4
Def. tax on capitalisation of research and development costs	- 3 478	346				- 3 132
Net balance for deferred taxes by nature	55	4 354	-	8	65	4 482

As of December 31, 2021, changes in deferred taxes by results are mainly due to the activation of tax loss carry-forwards linked to the scope of tax consolidation of French entities.

<i>in k€</i>	2019	Incidence résultat	Variations des cours de change	Variations de périmètre	Autres	2020
Deferred tax liabilities	-	- 5			59	55
Net balance for deferred taxes	77	- 77				-
	- 77	72	-	-	59	55
Breakdown of deferred tax						
Def. tax on temporary differences	529	- 862			19	- 314
Def. tax on other restatements	32	583			40	655
Def. tax on elimination of intercompany transactions	-					-
Recognition of tax loss carry-forwards	13 566	- 1 034				12 532
Def. tax on depreciation of assets recognized through business combination	- 10 437	1 113				- 9 324
Def. tax on elimination of start-up expenses	- 2	2				-
Def. tax on provisions for pensions and other post-employment benefits	-					-
Def. tax impact on finance lease restatement	- 8	- 10				- 18
Def. tax on capitalisation of research and development costs	- 3 758	280				- 3 478
Net balance for deferred taxes by nature	- 77	72	-	-	59	55

6.1.5.12. 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.

<i>in K€</i>	2020	Loans raised	Loans repaid	Other	2021
Bank borrowings	62 832	39 938	- 62 832	-	39 938
Non-current lease liabilities	17 457			- 3 078	14 379
Mid- and long-term financial liabilities	80 289	39 938	- 62 832	- 3 078	54 317
Bank borrowings due in less than 1 year	37 020	10 261	- 37 188		10 093
Current lease liabilities	2 420		- 2 968	3 377	2 829
Other borrowings due in less than 1 year	-				-
Bank overdrafts	-				-
	152	23	- 152		23
Short-term financial liabilities	39 592	10 284	- 40 308	3 377	12 945
<i>o/w finance lease</i>	52	524	- 223		353
Total Loans and financial debts	119 882	50 222	- 103 140	299	67 263

As of December 31, 2021, the change in financial debts excluding leasing debts and leasing credits is mainly due to:

- Renegotiation of bank debt net of fees amounting to €49.7 million;
- Full repayment of credit lines totaling nearly €100 million (including the line relating to the state-guaranteed loan for €35 million taken out in 2020).

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<i>in K€</i>	2019	Loans raised	Loans repaid	Other	2020
Bank borrowings	-	9 000		53 832	62 832
Non-current lease liabilities	20 349		- 472	- 2 420	17 457
Mid- and long-term financial liabilities	20 349	9 000	- 472	51 412	80 289
Bank borrowings due in less than 1 year	55 066	75 996	- 40 210	- 53 832	37 020
Current lease liabilities	2 966		- 2 966	2 420	2 420
Other borrowings due in less than 1 year	-				-
Bank overdrafts	-				-
	32	152	- 32		152
Short-term financial liabilities	58 064	76 148	- 43 208	- 51 412	39 592
<i>o/w finance lease</i>	163		- 111		52
Total Loans and financial debts	78 413	85 148	- 43 680	0	119 882

6.1.5.13. Age Analysis of Debt

<i>in K€</i>	2021	Less than 1 year	2 years	3 years	4 years	5 years or more
Other long-term financial liabilities (1)	16 856	2 419	2 454	2 785	2 149	7 402
Other short-term financial liabilities (1)	50 055	9 940	9 939	9 939	9 939	9 942
	353	176	177			
Total Payable and related accounts	67 263	12 535	12 570	12 725	12 088	17 344
Accounts payable	47 490	47 490				
Accrued invoices	57 372	57 372				
Advances from customers and billed in advance	14 860	14 860				
Total Payable and related accounts	119 722	119 722	-	-	-	-
Income tax liabilities	1 593	1 593				
Total Income Tax Liabilities	1 593	1 593	-	-	-	-
Amounts due to social security agencies	12 027	12 027				
Employee-related liabilities	-	-				
Accrued taxes other than income tax	8 244	8 244				
Other liabilities	1 499	1 499				
Deferred revenues	16 538	16 538				
Total other liabilities	38 308	38 308				
TOTAL	226 885	172 158	12 570	12 725	12 088	17 344

	2020	< 1 an	2 ans	3 ans	4 ans	5 ans ou plus
Long term financial liabilities (finance lease)	-					
Short term financial liabilities (finance lease)	52	52				
Other long-term financial liabilities (1)	19 878	2 420	2 521	2 657	2 430	9 850
Other short-term financial liabilities (1)	99 952	37 120	8 117	10 716	12 400	31 599
Total Payable and related accounts	119 882	39 592	10 638	13 373	14 830	41 449
Accounts payable	43 306	43 306				
Accrued invoices	77 404	77 404				
Advances from customers and billed in advance	11 495	11 495				
Total Payable and related accounts	132 205	132 205	-	-	-	-
Income tax liabilities	1 513	1 513				
Total Income Tax Liabilities	1 513	1 513	-	-	-	-
Amounts due to social security agencies	10 490	10 490				
Employee-related liabilities	-	-				
Accrued taxes other than income tax	11 306	11 306				
Other liabilities	5	5				
Deferred revenues	23 596	23 596				
Total other liabilities	45 397	45 397				
TOTAL	298 996	218 706	10 638	13 373	14 830	41 449

6.1.5.14. Definition of Classes of Financial Assets and Liabilities by Accounting Category

in K€	2021				
	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		2 244		2 244	2 244
Operating receivables and other current receivables		57 351		57 351	57 351
Derivative instruments					
Receivables related to intermediation activity					
Other non current assets					
Funds related to intermediation activity					
Cash and Cash equivalents		99 551		99 551	99 551
TOTAL ASSETS		159 146		159 146	159 146
Long term financial liabilities		54 317		54 317	54 317
Other non-current liabilities		206		206	206
Short term financial liabilities		12 946		12 946	12 946
Operating liabilities and other current liabilities		158 030		158 030	158 030
Payables related to intermediation activity					
Derivative instruments					
TOTAL LIABILITIES		225 499		225 499	225 499

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Categories of financial assets and liabilities	2020			Total carrying amount	Fair value of the 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		
Financial assets		1 214		1 214	1 214
Operating receivables and other current receivables		72 078		72 078	72 078
Derivative instruments					
Receivables related to intermediation activity					
Other non current assets					
Funds related to intermediation activity		130 833		130 833	130 833
Cash and Cash equivalents					
TOTAL ASSETS		204 126		204 126	204 126
Long term financial liabilities		80 289		80 289	80 289
Other non-current liabilities		147		147	147
Short term financial liabilities		39 593		39 593	39 593
Operating liabilities and other current liabilities		177 602		177 602	177 602
Payables related to intermediation activity					
Derivative instruments					
TOTAL LIABILITIES		297 631		297 631	297 631

6.1.5.15. 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 fulfillment 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 August 5, 2010, the General Meeting of Shareholders authorized 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 October 27, 2014, the General Meeting of Shareholders authorized 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 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	322 175	38 750	400 830	50 000	214 519	57 708	89 127
Total number of options exercised over the previous periods	- 544 320	- 315 000	- 166 813	-	- 160 812	- 43 570	- 74 506	- 40 355	- 36 258
Total number of options exercised over the current year	-	-	-	-	-	-	-	-	-
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 2020	-	-	55 362	-	113 612	-	91 576	15 010	37 245
Total number of options attributed over the current year	-	-	(36 864)	-	-	-	-	-	-
			(18 498)						
Total number of remaining options at 30 June 2021	-	-	-	-	113 612	-	91 576	15 010	37 245
Weighted average vesting period (in year)	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Share price at the granting date / considering as equal to the exercise price	4,00	4,00	4,00	4,60	5,20	5,20	5,20	5,60	7,20
Exercise price (€)	4,00	4,00	1,95	4,60	2,53	5,20	2,53	2,73	3,50
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.

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, no expense was recognized in "Other operating expenditure" as of December 31, 2021, as was the case during the previous fiscal year.

6.1.5.16. Free Share Schemes

Accounting Principles

Free issue of shares was 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 September 25, 2015, May 30, 2016, and June 26, 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 schemes 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 summarized 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	Total number of free shares cancelled	Total number of remaining free shares at 31 december, 2021	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	- 224 154	-	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	251 952	250 314	-	- 112 791	- 137 523	-	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	14 013	14 013	-	- 14 013	-	-	2,0	6,44	4,08
Plan n°14	26/06/17	14/06/18	18 214	18 214	-	- 14 013	- 4 201	-	2,0	6,44	4,45
Plan n°15	26/06/18	15/02/19	307 102	307 102	-	- 128 326	- 136 235	42 541	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	1 821 416	1 821 416	-	- 919 411	- 320 589	581 416	2,0	2,60	1,82
Plan n°19	12/03/20	12/03/20	656 375	656 375	-	- 328 187	-	328 188	2,0	0,68	0,68
Plan n°20	16/12/20	16/12/20	918 824	918 824	-	-	-	918 824	2,0	1,75	1,75
Plan n°21	16/12/21	16/12/21	1 070 020		1 070 020	-	-	1 070 020	2,0	2,14	2,14

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" amounted to €0.9 million for 2021 (excluding flat-rate social security charges).

The total amount to be amortized between 2022 and 2024 in respect of these schemes is €2.3 million.

6.1.5.17. 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 5.15 "Share Option Schemes" and 5.16 "Bonus Share Plans").

Basic Earnings Per Share

	2021	2020
Net income for the period - part attributable to Group (in K€)	27 284	13 911
Average number of ordinary shares	118 552 030	81 710 510
Basic earnings per share (in €)	0,230	0,170

Diluted Earnings Per Share

	2021	2020
Net income for the period - part attributable to Group (in K€)	27 284	13 911
Average number of diluted ordinary shares	121 080 147	84 355 693
Diluted earnings per share (in €)	0,225	0,165

6.1.5.18. Analysis of changes in operating working capital items

<i>in K€</i>	2020 Gross book value	Variations with an impact on cash	Changes in the consolidation scope & others	2021 Gross book value
Inventory	60 924	1 640		62 564
Accounts receivable	20 307	4		20 312
Prepaid expenses	20 314	- 3 260		17 053
Other current assets	31 458	- 11 472		19 986
Subtotals Assets (1)	133 003	- 13 088		119 915
Accounts payable	132 204	- 12 495	12	119 722
Deferred revenues	23 596	- 7 058		16 538
Other current liabilities (1)	21 801	1 343	- 1 375	21 769
Subtotals Liabilities (2)	177 602	- 18 210	- 1 363	158 029
Working capital requirement (1)-(2)	- 44 599	5 122	1 363	- 38 114

(1) Other changes correspond to a €1.4 million reclassification between "Tax liabilities" and "Corporation tax liabilities".

<i>in K€</i>	2019 Gross book value	Variations with an impact on cash	Changes in the consolidation scope & others	2020 Gross book value
Inventory	48 373	12 551		60 924
Accounts receivable	20 548	- 157	- 84	20 307
Prepaid expenses	17 969	2 345		20 314
Other current assets	23 474	7 729	255	31 458
Subtotals Assets (1)	110 364	22 467	171	133 003
Accounts payable	110 470	21 741	- 7	132 204
Deferred revenues	21 200	2 396		23 596
Other current liabilities	20 880	1 036	- 115	21 801
Subtotals Liabilities (2)	152 550	25 173	- 122	177 602
Working capital requirement (1)-(2)	- 42 186	- 2 706	293	- 44 599

6.1.6. The Group's exposure to financial risks

6.1.6.1. Market Risk

6.1.6.1.1. 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, revenue 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, revenue and expenses not denominated in Euros, even if the value of these items have not changed in the original currency.

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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 2020 fiscal year, as was the case in previous years.

6.1.6.1.2. Interest Rate Risk

➤ Investments

The Group is exposed to an interest rate risk in respect of its short-term investments.

The Group makes very few short-term investments. 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 interest rate risk on the sustainability-linked syndicated facilities structured financing amounting to €70 million.

This financing includes an amortized credit facility for €50 million and a revolving credit facility (G&A Facility) for a maximum of €20 million. These bank debts mature in December 2026 and are subject to a variable interest rate.

This agreement, signed on December 17, 2021, was entered into with Caisse d'Epargne as financing coordinator and ESG coordinator, with a banking pool consisting of three institutions (CADIF (Caisse Régionale de Crédit Agricole Mutuel de Paris and d'Île-de-France), BNP Paribas and Société Générale).

As of December 31, 2021, the Group has not drawn on the credit facility for a maximum of €20 million.

The covenants are complied with as of December 31, 2021.

6.1.6.2. Liquidity Risk

To manage the liquidity risk that may arise from the eligibility of financial liabilities, either at their contractual maturity or in advance, the Group applies a prudent financing policy based in particular on the investment of its available excess cash in risk-free financial investments.

6.1.6.3. 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 minimizes 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.

Trade receivables as at December 31, 2021 by maturity are as follows:

in K€	< 3 months	> 3 months and < 6 months	> 6 months and < 1 year	> 1 year	Total
Accounts receivable at 31st December 2021	12 999	279	551	251	14 079

6.1.7. Related Parties**6.1.7.1. Related Parties Having Control Over the Group**

As at December 31, 2021, the SRP Group had not granted any loans or borrowing to members of the Group's management, and no significant transactions had been carried out with shareholders or members of the management bodies.

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

<i>in K€</i>	2021	2020
Fixed salaries	672	576
Variable salaries	360	
Total	1 032	576

Subsidiaries in the Group's consolidation scope carry out transactions among them, which are eliminated for the purposes of the consolidated financial statements.

6.1.7.2. 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-Denis headquarters,
- Spain headquarters.

<i>in K€</i>	2021	2020
Accounts receivable / payable		
Purchase of goods and services	919	888

6.1.8. Off-balance sheet commitments**6.1.8.1. Commitments Received**

The company Beauté Privée has an overdraft facility of €200,000.

6.1.8.2. Commitments Given

There are no commitments received at the closing date.

6.1.8.3. Headcount at year-end

<i>No. of employees</i>	2021	2020
Officials	638	576
Employees	459	471
Total Staff	1 097	1 047

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6.1.8.4. Post-Balance Sheet Events

6.1.8.4.1. Crisis in Ukraine

Since the start of the crisis in Ukraine and the sanctions imposed on Russia, the Group has been continuing its activities. At this stage, and given the uncertainty around the potential developments of this crisis, the Group is unable to identify with any certainty the potential impacts of the Ukrainian crisis on its business, its profitability or its financial position.

6.1.8.5. Audit Fees

For the financial year ended December 31, 2021, the total amount of audit fees for the Group amounted to €0.5 million and can be broken down as follows:

<i>In K€</i>	KPMG AUDIT IS	Autres membres du réseau KPMG	Jérôme Benaïnous	Alain Pater	Total
Legal audit	273	44	51	106	474
Other services	11	7			18
Total	284	51	51	106	492