

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2018**

**showroomprive**•com

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## 1. FINANCIAL STATEMENTS

### 1.1. Statement of profit or loss

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

\*) See note 2.10. „Change in presentation“

### 1.2. Statement of total comprehensive income

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

### 1.3. Consolidated balance sheet

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

## 1.4. Consolidated cash-flow statement

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

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

## 1.5. Statement of changes in consolidated equity

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

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

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

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

### 2.1. The Group

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

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

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

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

### 2.2. Main events of the financial year

#### New shareholder Carrefour Group

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

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

#### Financing contract – future logistics concept

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

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

As part of this facility the Group obtained the right to make different drawdowns depending on the timing of the different investment steps to be carried out during the financial years 2018 and 2019. The first draw-downs took place as planned in 2018 (see Note 5.12).

In the course of the first half of 2018, the Group preselected two sites for its future logistical warehouse, the investment of which was announced in March 2018 and the objective of which is to achieve a higher part of insourcing for its logistics flows as well as, by doing this, to generate productivity gains in the order of €4.0M of EBITDA by 2020. The Group also selected the supplier for the mechanization technology and in the course of the second half of 2018, the Group concluded a lease contract for this warehouse. The warehouse will start operations in the third quarter 2019 in line with schedule.



### Increase of share capital

The company carried out a capital increase with preferential subscription rights, closed on December 21, 2018.

The share capital increase of €39.5 M, including share premium, resulted in the issue of 15,817,000 new shares at a unit subscription price of €2.50.

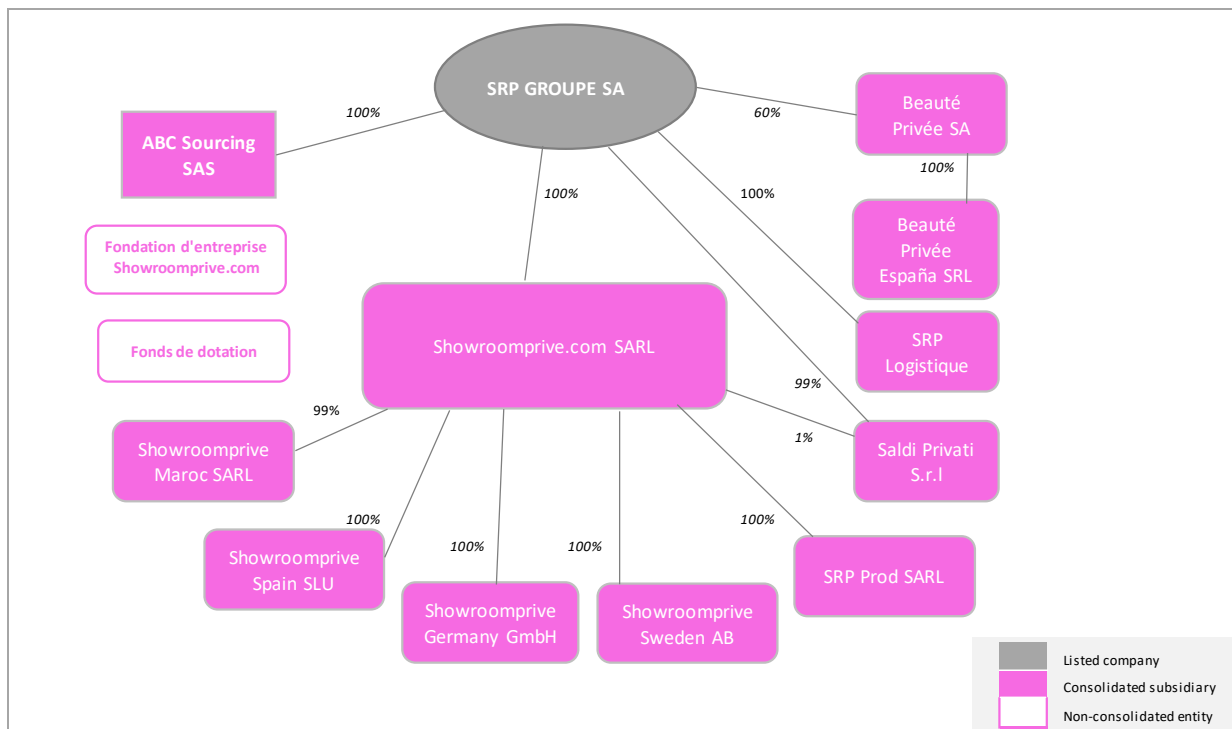
The proceeds of the capital increase will be used to finance the acquisition of 40% of the capital of the company Beauté Privée not yet held by Showroomprivé, for an amount estimated between €20M and €25M. This acquisition aims to strengthen the Group's position as a leader in the field of beauty and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

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

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

### 2.3. Group organisation

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



## 2.4. Accounting standards

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### Statement of compliance and IFRS used

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

International accounting standards include

- the IFRS (International Financial Reporting Standards),
- the IAS (International Accounting Standards)
- their interpretation by the SIC (Standing Interpretations Committee) and IFRS IC (IFRS Interpretations Committee) interpretations.

All the standards adopted by the European Union are available on the European Commission's website on the following address: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

### New standards, amendments and interpretations applicable and whose application are mandatory or which may be applied in advance for financial years starting as from 1 January 2018

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

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

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

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

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

### Changes in accounting methods resulting from IFRS 15 and IFRS 9

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

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

#### IFRS 15 « Revenue from contracts with customers »

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

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

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

#### IFRS 9 « Financial Instruments »

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

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

## 2.5. Consolidation methods

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### **Subsidiaries**

A subsidiary is an entity controlled by the Group. The Group exercises control over another entity where it has power over that entity, exposure to variable returns from the entity and, due to its power over that entity, has the ability to affect the returns that it draws from it.

In assessing control, the Group takes into account the substantive voting rights, i.e. those currently exercisable or exercisable at the time when decisions will be taken in relation to relevant activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

### **Transactions eliminated from the financial statements**

Balance sheet amounts, income and expenditure resulting from intra-group transactions are eliminated when preparing the consolidated financial statements.

The accounting methods used by subsidiaries are standardized and aligned on those adopted by the Group.

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

The consolidation scope is detailed in Note 3.

## 2.6. Valuation base

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The financial statements are prepared on the basis of historical cost, except for some categories of assets and liabilities which are valued at fair value in accordance with IFRS. The concerned categories are:

- Liabilities resulting from share-based payment transactions;
- Financial assets and liabilities valued at fair value.

## 2.7. Reporting currency and transactions denominated in foreign currencies

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The consolidated financial statements of the SRP Group are drawn up in Euros.

Income, expenditure, receivables or payables resulting from transactions denominated in foreign currencies are converted into Euros at the transaction date.

Receivables or payables denominated in foreign currencies existing at the year-end are converted at the year-end exchange rate. Translation differences resulting from the application of different exchange rates are recognized in the income statement of the period and included in operating income or financial income depending on the nature of the underlying transaction.

## 2.8. Use of estimates and assumptions

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The preparation of the financial statements in accordance with the IFRS requires Management to exercise judgements, make estimates and assumptions which may have an impact on the application of accounting methods and on the amounts of assets and liabilities, income and expenditure.

These estimates take into account economic data and assumptions that may over time and contain elements of uncertainty. They mainly concern the valuation methods and assumptions used for the purposes of identification of intangible assets in relation to business combinations, monitoring of the Goodwill value, valuation of intangible assets, stock valuation, estimates of provisions and deferred tax assets.

## 2.9. Accounting principles and valuation methods

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

## 2.10. Change in presentation

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

### 3. SCOPE OF CONSOLIDATION

#### 3.1. Scope at the end of the financial year

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

\*) liquidation November 15th 2018

Full = Fully consolidated

#### 3.2. Change to the consolidation scope during the year

##### Beauté Privée

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

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

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

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

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

##### SRP Italy

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

## 4. NOTES TO THE INCOME STATEMENT

### Accounting principles

#### Income

##### Sale of goods and services

The Group recognizes revenue in accordance with IFRS 15.

Income from ordinary activities is equal to the fair value of the consideration received or to be received in respect of goods and services sold in the Group's normal course of business. Income from ordinary activities are stated net of value added tax, returned goods, discounts and rebates, and after deduction of intra-group sales.

Income from ordinary activities are recognized as follows:

Revenue from the sale of goods (sales based on fixed or conditional purchases) is recorded as turnover when goods are delivered and therefore the buyer obtains the control over the goods and services purchased. It is stated at the fair value of the consideration received or to be received net of benefits granted to buyers and net of discounts.

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

##### Customer loyalty scheme (Referral coupons or vouchers)

The Group has implemented a customer loyalty scheme whereby the site gives internet users, upon the first purchase made by a new member that they have referred to the site, a purchase coupon of a fixed amount that can be used as from that date. This coupon gives them a discount on their purchases of products from the site during the coupon's validity period. These referral vouchers meet the definition of IFRIC 13 and their fair value is deducted from the turnover when the new referred member makes a purchase.

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

##### Returned goods

Goods returned by clients are recognized as the cancellation of an initial sale. At the year-end, a provision is recognized to take into account goods not yet returned at that date but relating to transactions for the year ended.

#### Current operating expenses

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

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

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

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

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

### Operating result

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

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

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

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

### Net result

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

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

## 4.1. Adjusted EBITDA

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### 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 adjusted EBITDA another key performance indicator the Group's activity.

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

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

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

## 4.2. Segment reporting by geographic area

### Accounting principles

#### Segment reporting

An operating segment is a distinct component of the entity, which generates revenue and related costs and is exposed to risks and profitability that are different from other operating segments. An operating segment is monitored and analyzed regularly by the Company's principal decision makers in order to measure the segment's performance and allocate distinct resources.

In accordance with IFRS 8 criteria, Group management considered that Showroomprivé.com consists of a single operating segment: sale of products and services on the Internet.

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

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

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



Group revenue and EBITDA present themselves as follows:

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

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

### 4.3. Operating expenses by type

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

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

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

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

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

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

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

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

## 4.5. Tax

### Accounting principles

#### Income tax

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

The tax liability is the estimated amount of tax payable in respect of taxable profit for the year, determined using the applicable tax rate, and by adjusting the tax liability amount in respect of previous years. The tax liability also induces any tax payable due to dividend declaration.

#### Deferred tax

The Group may recognize deferred tax in the event of:

- temporary differences between the tax values and the book values of assets and liabilities in the consolidated balance sheet,
- tax credits and tax loss carry-forwards.

Deferred tax is calculated using the liability method, using the last tax rate applicable for each company.

Deferred tax assets are taken into account only:

- if their recovery does not depend on future earnings, or
- if their recovery is likely due to the existence of a taxable profit expected during their settlement period.

### Income Tax

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

<i>in K€</i>	<b>2018</b>	<b>2017</b>
Deferred taxes	4 359	3 127
Current income taxes	- 2 078	- 438
<b>Income tax expense</b>	<b>2 281</b>	<b>2 689</b>

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

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

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

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

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

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

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

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

## Tax proof

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

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

## 5. NOTES TO THE BALANCE SHEET

### 5.1. Goodwill

#### Accounting principles

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

The Group values goodwill at the acquisition date as:

- the fair value of the consideration transferred plus, if applicable, the value of shareholdings held by minority shareholders; plus
- if the business combination is carried out in phases, the fair value of any previous investment in the acquired company; less
- the fair value of identifiable assets acquired and liabilities taken over.

Within 12 months following the acquisition, the acquisition price must be allocated to the identifiable assets acquired. This allocation may give rise to the recognition of intangible assets such as brand, members file, technology, etc.

When the difference between the net assets and the total consideration is negative, the gain from a bargain purchase is immediately recognized in profit.

The consideration transferred excludes the amounts relating to the settlement of pre-existing relationships. These amounts are generally recognized in profit or loss.

The costs relating to the acquisition, other than those relating to an issue of debt or equity securities, that the Group bears due to a business combination are recognized as expenditure when they are incurred.

The consideration transferred (which includes the price paid) to acquire the target is valued at fair value. It is equal to the total of fair values of assets given to sellers, the buyer's debts to sellers, and equity instruments issued by the buyer.

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

In 2018, the goodwill did not change:

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

## Goodwill movements in 2018

### ➤ Beauté Privée

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

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

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

## Impairment test

### Accounting principles

The recoverable value of intangible and tangible assets is tested if an indication of a loss of value is apparent and at least once per year for goodwill and trademarks which are not subject to amortization.

Within the framework of the control of the value of goodwill, as well as all other tangible and intangible assets as detailed in notes 5.2 and 5.3, an impairment test is performed at 31 December of each year. This test compares the recoverable value of the cash-generating units with its recoverable amount, which is the higher of fair value less costs to sell and value in use. The value in use is 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 analyses of the sector in which the Group operates. Existing forecasts are based on past experience as well as market prospects.

### Cash-generating units

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

### Valuation method

The impairment test consists in assessing the value in use of each unit generating its own cash flow (cash generating units). Currently, considering its activity, the Group only has one cash generating unit.

Using the discounted cash-flow method in particular, the assessment of the recoverable value of the cash generating unit is based on factors taken from the budgetary process and the five-year strategic plan, which includes growth rates and rates of return deemed to be reasonable. Discount rates (based on the weighted-average cost of capital) and long-term growth rates over the period beyond three years, based on analyses of the industry in which the Group operates, are applied when valuing the cash generating unit.

### Impairment losses

Where the recoverable value of a cash generating unit is less than its net book value, the corresponding impairment loss is allocated primarily to goodwill and recognized in operating profit as "Other operating income and expenditure".

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

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

### ➤ Main assumptions

As at 31 December 2018, the main assumptions used to determine the value of this cash generating unit were as follows:

- Valuation method of the cash generating unit: value in use,
- Number of years over which the cash flow is estimated then projected to infinity: 5 years (the fourth year is projected to infinity),
- Long-term growth rate: 2.0% (2017: 2.0%),
- Discount rate: 9.8% (2017: 9.5%).

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

### ➤ Result of the impairment test

The result of the impairment did not give rise to any recognition of a loss in value as at 31 December 2018.

Furthermore, an analysis of the sensitivity of the calculation to the variation of key parameters, as conducted for each financial year, did not show any likely scenario where the recoverable value of the cash generating unit would become lower than its book value of the assets that it employs:

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

## 5.2. Other intangible assets

### Accounting principles

Intangible assets are initially valued at their acquisition or production cost.

Intangible assets may be amortized, where applicable, over periods corresponding to their legal protection or their expected useful life.

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

### Research and development costs

Research costs are recognized as expenditure when they are incurred.

In accordance with IAS 38 development costs, i.e. costs arising from the application of the results of research in view of the production of computer developments and projects (applications, application software, etc.) and new or substantially improved processes, are recognized as assets where the Group can demonstrate:

- Its technical feasibility, its intention to complete the intangible asset and its ability to use or sell it;
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development;
- The intangible asset will generate probable future economic benefits (existence of a market or its

usefulness to the Group).

The costs thus recognized in assets include direct labor costs. Development costs are recognized in assets at their cost less accumulated depreciation and accumulated impairment losses.

#### Useful life and amortization period

The main amortization periods used are as follows:

- Software: 1 to 3 years
- Members file: 7 years
- Technology: 7 years
- Brand: not amortized
- Development expenditure: 4 years

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

Acquisitions over the year concern mainly the capitalization of part of the development costs incurred over the period. These costs concern mainly the improvement of the mobile version of the website, the development of the website itself and customer order processing systems, including the streamlining of logistics and the implementation of a new ERP system.

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

Showroomprivé

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



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

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

### 5.3. Tangible assets

#### Accounting principles

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

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

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

#### Useful life and amortization period

The main useful lives used are as follows:

- Fixtures and fittings: 5 to 10 years
- Industrial plant and equipment: 3 to 10 years
- Office equipment: 3 years
- Computer and photographic equipment: 3 years
- Furniture: 3 to 7 years
- Motor vehicles: 5 years

#### Lease contracts

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

The criteria for assessing these leases are based in particular on:

- the ratio between the asset's lease term and its useful life,
- total future payments divided by the fair value of the asset financed,
- the existence of a transfer of ownership at the end of the lease,
- the existence of a favorable purchase option,
- the specific nature of the leased asset.

In this case, at the initial recognition, the leased asset is recognized at fair value or, if it is lower, at the present value of the minimum payments in respect of the lease. The corresponding entry for this asset is a financial debt.

After the initial recognition, the asset is recognized using the accounting method applicable to this type of asset.

Assets held by virtue of a finance leases are depreciated over their useful life or, where it is shorter, over the term of the corresponding lease. Depreciation is in accordance with the methods and rates mentioned in the paragraph on tangible assets, and the tax incidence of this restatement is taken into account.

Any other lease is an operating lease and is not recognized in the Group's financial statements. It is recorded as an operating lease, and only the lease payments are recorded in the income statement.

The recoverable value of intangible and tangible assets is tested every time that there are indications of an impairment loss at the reporting date, and at least once a year as regards goodwill and trademarks.

## Showroomprivé

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

Acquisitions during the year include mainly:

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

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

Acquisitions in 2017 include mainly:

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

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

## 5.4. Financial Assets

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

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

## 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 and turnover of stocks to take into account the related impairment loss, if the estimated realizable value is lower than the book value.

The realizable value is the estimated selling price in the ordinary course of business and by taking into account the sales channels available to the Group, such as sales via internet and B2B sales via its subsidiary ABC Sourcing.

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

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

## 5.7. Age analysis of financial instruments

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

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

## 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>	31/12/2018	31/12/2017
Short-term investments		392
Cash at bank	78 666	50 486
Bank overdrafts		
<b>Net cash</b>	<b>78 666</b>	<b>50 878</b>

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

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

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

## 5.9. Employee benefits

### Accounting Principles

#### Defined contribution plans

The Group is primarily concerned by defined contribution pension plans.

Defined contribution pension plans are subject to payments by employees and by companies of the Group to institutions authorized to manage such pension funds. The Group's obligations are limited to the payment of these contributions which are therefore recorded in the income statement as they are incurred.

#### Defined benefit plans

The Group is also concerned by defined benefit pension plans, in particular for retirement indemnities paid to employees.

The obligation amount is determined using the projected unit credit method. The discount rate is the rate, at the balance sheet date, on first-class bonds that have maturity dates close to those of the group's obligations. This rate is 0.31% on 31 December 2018, against 1.50% on 31 December 2017.

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

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

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

Provisions for litigation created in 2018 relate to commercial litigations for €300k, labor disputes for €142k and tax risks for €738k. The reversals of provisions for disputes mainly relate to commercial litigations for €730k.

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

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

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

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

## 5.11. Deferred tax

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

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

- The amortization of intangible assets recognized as part of business combinations including those that led to the creation of the Group as well as Saldi Privati, ABC Sourcing et Beauté Privée which engender a release of deferred tax provisions over time,
- The recognition of development expenses as intangible assets and the subsequent amortization of these assets
- The gradual change in the French tax rate on non-amortizable assets such as trademarks recognized as part of the purchase price allocation from 34.43% à 25.82% in France
- The recognition of tax assets from tax losses carried forward generated as part of the tax group in France (€6.94M) after the deduction of €0.7M€ made as part of the transition from a tax rate of 34.43% à 25.82% in France

<i>in k€</i>	31/12/2016	Deferred tax expense recognized in the Income Statement	Scope changes	Other changes	31/12/2017
Deferred tax liabilities	3 278	1 167	1 510	- 2 729	3 226
Net balance for deferred taxes	11 628	- 1 618	2 672	- 3 066	9 616
	<b>- 8 350</b>	<b>2 785</b>	<b>- 1 162</b>	<b>337</b>	<b>- 6 390</b>
<b>Breakdown of deferred tax</b>					
Temporary differences	26	145		270	441
Other restatements	- 47	- 367	1 574	1 101	2 261
Elimination of intercompany transactions	- 23	96		23	96
Recognition of tax loss carry-forwards	3 254	1 720		- 59	4 915
Depreciation of assets recognized through business combination	- 9 208	2 551	- 2 736	- 1 141	- 10 534
Elimination of start-up expenses	- 2				- 2
Provisions for pensions and other post-employment benefits	25	2		- 9	18
Finance lease restatement	- 460	- 3		- 4	- 467
Capitalisation of development costs	- 1 916	- 1 359		156	- 3 119
<b>Net balance for deferred taxes by nature</b>	<b>- 8 350</b>	<b>2 785</b>	<b>- 1 162</b>	<b>337</b>	<b>- 6 390</b>



As of December 31, 2017, changes in deferred taxes are mainly from:

- The amortization of intangible assets recognized as part of business combinations including those that led to the creation of the Group as well as Saldi Privati, ABC Sourcing et Beauté Privée which generate a release of deferred tax provisions over time,
- The recognition of development expenses as intangible assets and the subsequent amortization of these assets
- The gradual change in the French tax rate on non-amortizable assets such as trademarks recognized as part of the purchase price allocation from 34.43% à 25.92% in France
- Other changes include most notably those related to inventory restatements under IFRS, the recognition of tax assets from tax losses carried forward generated as part of the tax group in France and netting of deferred tax assets and liabilities per entity of the Group

## 5.12. Borrowings and financial liabilities

### Accounting Principles

All debts are initially recognized at fair value. After their initial recognition, the Group values at amortized cost all financial liabilities other than those held for trading.

<i>in K€</i>	31/12/2017	Loans raised	Loans repaid	Other	31/12/2018
Bank borrowings	16 622	21 700	- 17 482	- 1 335	19 505
Other long-term borrowings	12 208			- 12 208	-
<b>Mid- and long-term financial liabilities</b>	<b>28 830</b>	<b>21 700</b>	<b>- 17 482</b>	<b>- 1 335</b>	<b>19 505</b>
Bank borrowings due in less than 1 year	1 112		- 1 113	1 335	1 334
Other borrowings due in less than 1 year	5	22		21 337	21 364
Bank overdrafts	27		- 2		25
Bank debts					
<b>Short-term financial liabilities</b>	<b>1 144</b>	<b>22</b>	<b>- 1 115</b>	<b>22 672</b>	<b>22 723</b>
<i>o/w finance lease</i>	<i>2 374</i>		<i>- 989</i>		<i>1 385</i>
<b>Total Loans and financial debts</b>	<b>29 974</b>	<b>21 722</b>	<b>- 18 597</b>	<b>21 337</b>	<b>42 228</b>

The main changes in 2018 are related to the financing operations:

- A financing arrangement to fund the capital expenditure aimed at increasing the insourcing the Group's logistics flows for a total amount of 12 M€. 4.2 M€ were drawn down on this facility in the course of the second half of the financial year.
- The revaluation of the debt towards to the minority shareholders of Beauté Privée (from 12,2 M€ to 21,3 M€) representing the future estimated value of the amount to be paid for the acquisition of the remaining 40% of shares in Beauté Privée (see note3.2).
- The other changes relate almost exclusively to finance leases.

The main changes in 2017 are related to the financing of acquisitions:

- A bank loan raised for 15 M€ in order to fund the acquisition of Saldi Privati.
- A Financial of 12,2M€ (non-cash) towards to the minority shareholders of Beauté Privée representing the future estimated value of the amount to be paid for the acquisition of the remaining 40% of shares in Beauté Privée (see note3.2).

Other loans relate almost exclusively to finance leases.

As part of 15 M€ bank borrowing SRP Groupe S.A. has committed itself to comply with certain financial ratios:

- The first is calculated on the basis of financial debt to EBITDA,
- The second is calculated on the basis of financial net debt to net equity.

These ratios were complied with as of 31 December, 2018.

### 5.13. Age analysis of debt

in K€	31/12/2018	Less than 1 year	2 years	3 years	4 years	5 years or more
Long term financial liabilities (finance lease)	149		99	50		
Short term financial liabilities (finance lease)	1 236	1 236				
Other long-term financial liabilities	19 356		1 302	1 854	16 200	
Other short-term financial liabilities	21 487	21 487				
<b>Total Payable and related accounts</b>	<b>42 228</b>	<b>22 723</b>	<b>1 401</b>	<b>1 904</b>	<b>16 200</b>	-
Accounts payable	73 132	73 132				
Accrued invoices	57 630	57 630				
Advances from customers and billed in advance	9 553	9 553				
<b>Total Payable and related accounts</b>	<b>140 316</b>	<b>140 316</b>	-	-	-	-
Income tax liabilities	1 299	1 299				
<b>Total Income Tax Liabilities</b>	<b>1 299</b>	<b>1 299</b>	-	-	-	-
Amounts due to social security agencies	6 415	6 415				
Employee-related liabilities	5 058	5 058				
Accrued taxes other than income tax	8 619	8 619				
Other liabilities	288	288				
Deferred revenues	23 576	23 576	-	-	-	-
<b>Total other liabilities</b>	<b>43 956</b>	<b>43 956</b>				
<b>TOTAL</b>	<b>227 799</b>	<b>208 294</b>	<b>1 401</b>	<b>1 904</b>	<b>16 200</b>	-

## 5.14. Definition of classes of financial assets and liabilities by accounting category

<i>in K€</i>	31/12/2018				
	Actifs/Passifs évalués à la JV par le compte de résultat	Actifs/ Passifs évalués au coût amorti	Actifs/Passifs évalués à la JV par capitaux propres	Total de la valeur nette comptable	Juste valeur de la classe
Financial assets		3 599		3 599	3 599
Operating receivables and other current receivables		69 330		69 330	69 330
Cash and Cash equivalents	80 409			80 409	80 409
<b>TOTAL ASSETS</b>				<b>153 339</b>	<b>153 339</b>
Long term financial liabilities		19 505		19 505	19 505
Other non-current liabilities			101	101	101
Short term financial liabilities		22 723		22 723	22 723
Operating liabilities and other current liabilities		184 272		184 272	184 272
<b>TOTAL LIABILITIES</b>		<b>226 500</b>	<b>101</b>	<b>226 601</b>	<b>226 601</b>

<i>in K€</i>	31/12/2017					
	Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Financial assets/ Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Total carrying amount	Fair value of the category
Financial assets			3 680		3 680	3 680
Operating receivables and other current receivables			98 435		98 435	98 435
Derivative instruments				0	0	0
Other non current assets				0	0	0
Cash and Cash equivalents	50 878				50 878	50 878
<b>TOTAL ASSETS</b>	<b>50 878</b>	<b>102 115</b>	<b>0</b>	<b>152 993</b>	<b>152 993</b>	
Long term financial liabilities			16 622	12 208	28 830	28 830
Other non-current liabilities				52	52	52
Short term financial liabilities			1 144		1 144	1 144
Operating liabilities and other current liabilities			203 474		203 474	203 474
Derivative instruments				0	0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>221 240</b>	<b>12 260</b>	<b>233 500</b>	<b>233 500</b>	

## 5.15. Share option schemes

### Accounting Principles

Share option and share purchase schemes have been granted to a given number of employees and senior executives of the Group. They give the right to subscribe for SRP Groupe S.A. shares over a period of 10 years, subject to fulfilment of specific conditions, at a fixed exercise price determined at their allocation.

The options are valued at an amount equivalent to the fair value of the benefit granted to the employee or the senior executive at the date of allocation. The expenditure relating to these options is recognized as other operating income and expenditure, over the period of acquisition of the option rights, with a corresponding entry to equity.

The fair value of the option is determined by applying the “Black and Scholes” model, where the factors include in particular the exercise price of the options, their life, the reference share price at the allocation date, the implicit volatility of the share price, and the risk-free interest rate. The expenditure recognized also takes into account assumptions about the turnover rate among employees who have benefited from the share allocation.

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

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

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

	Plan n°1	Plan n°2	Plan n°3	Plan n°4	Plan n°5	Plan n°6	Plan n°7	Plan n°8	Plan n°9
Date of the General Meeting	05/08/10	05/08/10	05/08/10	05/08/10	05/08/10	05/08/10	05/08/10	05/08/10	27/10/14
Date of the executive board	05/08/10	05/08/10	31/01/11	30/11/11	15/10/12	15/01/13	15/04/13	04/10/13	27/10/14
Total number of options authorized	544 320							1 260 000	84 500
Total number of options attributed over the previous periods	544 320	315 000	293 750	38 750	342 500	50 000	167 500	50 000	70 000
Total number of options attributed over the current year	-	-	-	-	-	-	-	-	-
Total number of options exercised over the previous periods	- 544 320	- 315 000	- 136 440	-	- 102 311	- 43 570	- 46 126	- 14 064	- 18 925
Total number of options exercised over the current year	-	-	- 20 458	-	- 58 501	-	- 28 380	- 26 291	- 17 333
Total number of options cancelled	-	-	- 100 000	- 38 750	- 126 406	- 6 430	- 48 438	- 2 343	- 15 624
Total number of remaining options at 31st December 2017	-	-	36 852	-	55 282	-	44 557	7 302	18 118
Weighted average vesting period (in year)	-	2,0	2,0	2,0	2,0	2,0	2,0	2,0	2,0
Share price at the granting date / considering as equal to the exercise price	4,00	4,00	4,00	4,60	5,20	5,20	5,20	5,60	7,20
Exercise price (€)	4,00	4,00	4,00	4,60	5,20	5,20	5,20	5,60	7,20
Expected volatility	32%	32%	32%	32%	35%	35%	35%	35%	35%
Weighted average fair value at grant date	-	0,29	0,32	0,37	0,42	0,38	0,37	0,77	1,24

Schemes No. 1 and 2 are intended for senior executives. In the case of Scheme No. 1, the rights were immediately acquired on the date of incorporation of SRP Group and contributions made.

Depending on the parameters used in determining the fair value based on the Black & Scholes model, and on the basis of an updated assumption of the turnover rate of beneficiary employees, the expenses recognized in "Other operating expenditure" amount to:

- €1k for the year 2018,
- €12k for the year 2017,

As at 31 December 2018, the two schemes have been fully amortized.

## 5.16. Free share schemes

### Accounting Principles

Free issue of shares were granted to a given number of employees and senior executives of the Group. In accordance with IFRS 2 free issue shares are subject to a valuation based on the benefit granted to beneficiaries at the grant date. The expense related to these free issue shares and related social contributions, are recognized in "Cost of share-based payments" over the period of acquisition.

In order to estimate the fair value of free shares the calculation takes into account hypotheses as to the turnover rate of the beneficiaries of the free share allocation.

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

These plans were implemented at the same time as the IPO. The main features of these plans and the calculation bases are summarized in the following table:

	Date of the General Meeting	Date of the executive board	Total number of free shares authorized	Total number of free shares attributed over the previous periods	Total number of free shares attributed over the current year	Total number of free shares exercised over the current year	Total number of free shares cancelled	Total number of remaining free shares at 31st December 2018	Weighted average vesting period (in year)	Share price at the granting date	Weighted average fair value at grant date
Plan n°1	25/09/15	25/09/15	625 000	625 000	-	- 625 000	-	-	1,0	17,62	16,94
Plan n°2	25/09/15	29/10/15	100 000	100 000	-	- 73 546	- 26 454	-	2,0	17,62	16,94
Plan n°3	25/09/15	29/10/15	400 000	400 000	-	- 188 975	- 211 025	-	2,0	17,62	15,24
Plan n°4	30/05/16	30/05/16	52 500	52 500	-	-	- 52 500	-	2,0	19,19	13,83
Plan n°5	30/05/16	30/05/16	24 003	24 003	-	- 15 950	- 8 053	-	2,0	19,19	13,83
Plan n°6	30/05/16	14/02/17	57 990	57 990	-	-	- 21 955	36 035	2,0	22,69	17,02
Plan n°7	30/05/16	14/02/17	46 653	46 653	-	-	- 39 593	7 060	2,0	22,69	17,02
Plan n°8	30/05/16	26/06/17	17 675	17 675	-	-	- 8 725	8 950	2,0	23,50	17,63
Plan n°9	30/05/16	26/06/17	95 450	95 450	-	-	- 27 000	68 450	2,0	23,50	17,63
Plan n°10	26/06/17	04/12/17	330 000	330 000	-	- 102 300	- 20 000	207 700	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	243 800	243 800	-	- 64 284	- 49 000	130 516	2,0	10,00	7,40
Plan n°12	26/06/17	04/12/17	6 000	6 000	-	-	-	6 000	2,0	10,00	7,40
Plan n°13	26/06/17	14/06/18	10 000	10 000	-	-	-	10 000	3,0	6,44	4,08
Plan n°14	26/06/17	14/06/18	14 000	14 000	-	-	- 1 500	12 500	4,0	6,44	4,45

Plan terminé

Depending on the parameters used in determining the fair value, and on the basis of an updated assumption of the turnover rate of beneficiary employees, the expense recognized as "Other operating expenditure" amounts to €1,588k for 2018 (not including flat-rate social security charges).

The total amount to be amortized between 2019 and 2021 in respect of this plan is €1,470k.

## 5.17. Earnings per share

### Accounting Principles

The information stated is calculated on the basis of the following principles:

#### Basic earnings per share

This is calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares outstanding during the year after deducting treasury shares held over the period. The average number of ordinary shares outstanding is an adjusted weighted annual average of the number of ordinary shares redeemed or issues over the period and calculated on the basis of the date of issue of the shares during the year;

#### Diluted earnings per share

The net income attributable to the Group and the weighted average number of shares outstanding, taken into account for calculating the basic earnings per share, are adjusted for the effects of all potentially dilutive ordinary shares: share options and free shares issued (Notes 4.14 "Share options schemes" and 4.15 "Free shares schemes").

### Basic earnings per share

<i>in K€</i>	2018	2017
Net income for the period - part attributable to Group	- 4 355	- 5 812
Average number of ordinary shares	33 413 679	33 270 753
Basic earnings per share (in €)	- 0,130	- 0,175

### Diluted earnings per share

Given the negative net result of the Group, the diluted earnings per share are capped by the basic earnings per share.

## 5.18. Analysis of changes in operating working capital items

<i>in K€</i>	31/12/2017 Gross book value	Variations with an impact on cash	Changes in the consolidation scope & others	31/12/2018 Gross book value
Inventory	92 945	6 116		99 061
Accounts receivable	53 001	- 20 996		32 005
Prepaid expenses	21 180	- 2 990		18 190
Other current assets	24 254	- 4 573	- 546	19 135
<b>Subtotals Assets (1)</b>	<b>191 381</b>	<b>- 22 443</b>	<b>- 546</b>	<b>168 391</b>
	-	-		
Accounts payable	144 246	- 3 929		140 316
Deferred revenues	32 446	- 8 870		23 576
Other current liabilities	26 782	- 4 082	- 2 320	20 380
<b>Subtotals Liabilities (2)</b>	<b>203 474</b>	<b>- 16 881</b>	<b>- 2 320</b>	<b>184 272</b>
	-	-		
<b>Working capital requirement (1)-(2)</b>	<b>- 12 093</b>	<b>- 5 562</b>	<b>1 774</b>	<b>- 15 881</b>
<b>Change in Working Capital</b>		<b>- 5 533</b>		

## 6. THE GROUP'S EXPOSURE TO FINANCIAL RISKS

### 6.1. Market risk

#### Foreign exchange risk

The Group is not exposed to a significant extent to foreign-exchange risk in its operations. The bulk of transactions undertaken by its customers (via internet) are invoiced or paid in Euros. Most purchases from suppliers are invoiced or paid in Euros.

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

A 10% variation in the exchange rate parity of currencies other than the functional currencies of the subsidiaries would not have a significant impact on the Group's net income for the year 2018, as in 2017.

#### Interest rate risk

##### ➤ Investments

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

In 2018 as in 2017, the Group makes very few investments in the short term. The impact of a 1-point interest rate decrease applied to short-term rates would therefore have had a non-significant impact on the Group's net income.

##### ➤ Bank debt

The Group is exposed to an interest rate risk in respect of its bank financings.

In 2017 the Group raised a bank loan for 15.0 M€ for funding the acquisition of Saldi Privati. The bank loan is subject to a variable interest rate.

The impact from the rise in the variable interest by 1 point would have an annual impact of 192 k€ on the Group's pre-tax result.

### 6.2. Liquidity risk

In order to manage the liquidity risk which may result from the repayment of financial liabilities, whether at their contractual maturity or in advance, the Group implements a prudent financial policy based in particular on the investment of its surplus free cash flow in risk-free financial investments.

The group has taken out a bank guarantee in connection with the signing of a lease contract covering the future construction of its new logistical warehouse ( "Bail en l'état future d'achèvement" or "BEFA", see Note 8.2).

### 6.3. Credit risk

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

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

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

The Group does not hold significant financial assets past due date and not amortized.

Receivables from customers as at December 31<sup>st</sup>, 2018 are as follow by maturity:

<i>in K€</i>	<b>&lt; 3 months</b>	<b>&gt; 3 months and &lt; 6 months</b>	<b>&gt; 6 months and &lt; 1 year</b>	<b>&gt; 1 year</b>	<b>Total</b>
Accounts receivable at 31st December 2017	12 505	630	541	336	14 012

## 7. RELATED PARTIES

### 7.1. Related parties having control over the Group

At 31 December 2018 the SRP Group had not granted any loan or borrowing to members of the Group's management.

During the year ended 31 December 2018, no significant transaction was carried out with shareholders and members of management bodies.

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

<i>in K€</i>	<b>2018</b>	<b>2017</b>
Fixed salaries	672	805
Variable salaries	100	289
Cost of share-based payments	712	712
<b>Total</b>	<b>772</b>	<b>1 806</b>

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



## 7.2. Other related parties

As part of its ordinary business, the Group carries out transactions with entities partly owned by some executives of the Group. These transactions, conducted at market prices, relate mainly to the rental of the following real properties :

- The Sables d’Olonne site ,
- Saint-Witz warehouse ,
- Saint-Denis headquarters,
- Spain headquarters.

<i>in K€</i>	2018	2017
Accounts receivable / payable	0	0
Purchase of goods and services	2 645	2 009

## 8. OFF-BALANCE SHEET COMMITMENTS

### 8.1. Commitments received

There are no commitments received at the last three annual closing dates.

### 8.2. Commitments given

Furthermore, the total of commitments included in future lease payments amounts to €22,514k as at 31 December 2018 (€10,722k as at 31 December 2017). The increase compared to the end of the previous period is due to the renewal of existing leases that expired in mid-2018.

Commitments of a duration of less than one year amounted to €3.3M compared to €3.4M at December 31, 2017.

A lease agreement in the state of future completion (“BEFA”) was also concluded in July 2018 for a site replacing the current site of St Witz, whose lease expires in 2021. In connection with the signing of this contract, the Group had to deliver bank guarantee to cover the taking over of the building at the end of the construction period.

### 8.3. Headcount at year-end

The Group had 1,060 employee on its payroll as at 31 December 2018 (1 157 employees as at 31 December 2017).

### 8.4. Post-balance sheet events

As part of a strategic review, the Group decided to stop sourcing activities managed by local teams in Germany and Poland and stop the activity of its multi-currency site.

## 8.5. Statutory auditors' fees

For the financial year ended 31 December 2018, the total amount of statutory auditors' fees for the Group is €611k (€480k as at 31 December 2017).

<i>In K€</i>	<b>KPMG SA</b>	<b>Other member of KPMG network</b>	<b>Jérôme Benâïnous</b>	<b>Other service providers</b>
Legal audit	247	42	162	3
Other services	157			
<b>Total</b>	<b>404</b>	<b>42</b>	<b>162</b>	<b>3</b>

Services presented on the line "Other services" mainly correspond to work performed by KPMG France on the RSE report (statutory report on the social and environmental responsibility of the Group) and fees related to capital increase.

## 8.6. IFRS16 « Leases »

SRP Group is required to apply the IFRS 16 « Leases » accounting standard from 1 January, 2019. The impact of the first-time application of this standard on its consolidated financial statements has been estimated as described further below. The application of this standard may, however, result in an impact different from the estimate made as :

- The Group has not yet finished all tests and the evaluation of all controls in its new IT system; and
- The new accounting standard may yet evolve further until the Group publishes its first set of consolidated accounts including the first-time application of the standard.

IFRS 16 introduces for the lessee a uniform accounting model to recognize leases on its balance sheet. The lessee recognizes as an asset « the right to use » representing the right to control the underlying asset, and a liability representing the lessee's obligation for all future lease payments. The standard allows exemptions for short-term contracts or low-value contracts. For the lessor, the accounting model remains similar to the one in use today: Lease contracts remain either finance leases or simple operating leases.

IFRS 16 replaces the existing standards for lease contracts, in particular IAS 17 « Leases », IFRIC 4 « Determining whether an arrangement contains a lease », SIC-15 « Operating leases – Incentives » et SIC-27 « Evaluating the substance of transactions in the legal form of a lease ».

The Group will recognize new assets and liabilities with regard to lease contracts for warehouses and industrial equipment. The nature the expenses linked to these leases will thereby change as the Group recognizes henceforth a depreciation on the asset « right to use » and financial expenses on the liability for future lease payments.

Until now the Group recognized expenses linked to its operating leases on a straight-line bases for the duration of the lease contract, and did not recognize asset and liabilities other than was required by a timing difference between the effective settlement of a lease payment and the recording of the corresponding expense in its accounts.

No significant impact on the existing finance lease contracts that the Group has entered into is expected.

Based on information currently available, the Groupe estimates the amount of additional liabilities to be between €15M and €25M in additional debt based on lease contracts signed before 1 January, 2019 and the corresponding asset to be of the same amount.

The Group intends to apply the standard from 1 January 2019 by using the modified retrospective method. As a result, it will record the cumulative effect of the first-time application of IFRS 16 by adjusting the opening equity on 1 January 2019 without restating the comparative information.