

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2017**

**showroomprive**•com

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## 1. FINANCIAL STATEMENTS

### 1.1. Statement of profit or loss

<i>in K€</i>	Notes	2017	2016
Net revenues	4.2	654 971	539 704
Cost of goods sold	4.3	- 416 003	- 332 028
<b>Gross margin</b>		<b>238 968</b>	<b>207 676</b>
Gross margin as a percentage of revenue		36,5%	38,5%
Marketing	4.3	- 33 049	- 25 683
Logistics & Fulfillment	4.3	- 150 497	- 122 084
General & Administrative expenses	4.3	- 50 801	- 36 887
<b>Current operating profit</b>		<b>4 621</b>	<b>23 022</b>
Depreciation of assets recognized through business combination		- 1 372	- 804
Cost of share based payments	4.4	- 2 707	- 13 295
Other operating income and expenses	4.4	- 7 879	- 6 322
<b>Operating profit</b>		<b>- 7 337</b>	<b>2 601</b>
Income from cash and cash equivalents		- 7	- 291
Cost of financial debt		- 171	- 399
<b>Net finance costs</b>		<b>- 178</b>	<b>- 690</b>
<b>Other financial income and expenses</b>		<b>- 408</b>	<b>580</b>
<b>Profit before tax</b>		<b>- 7 923</b>	<b>2 491</b>
Income taxes		2 689	- 2 741
<b>Net income for the period</b>		<b>- 5 234</b>	<b>- 250</b>
<b>Attributable to owners of the Parent</b>		<b>- 5 812</b>	<b>- 250</b>
<b>Attributable to third parties</b>		<b>578</b>	<b>-</b>
<b>Earnings per share (in €)</b>			
Basic earnings per share		- 0,17	- 0,01
Diluted earnings per share		- 0,17	- 0,01

### 1.2. Statement of total comprehensive income

<i>in K€</i>	Notes	2017	2016
<b>Net income for the period</b>		<b>- 5 234</b>	<b>- 250</b>
Income and expense recognized in equity		-	-
<b>Total comprehensive net income for the period</b>		<b>- 5 234</b>	<b>- 250</b>

## 1.3. Consolidated balance sheet

<i>in K€</i>	Notes	31/12/2017	31/12/2016
Goodwill	5.1	123 685	102 782
Other intangible assets	5.2	49 789	39 289
Tangible assets	5.3	16 606	15 626
Financial assets	5.4	3 680	3 624
Deferred tax assets	5.12	3 226	3 278
<b>Non current assets</b>		<b>196 991</b>	<b>164 599</b>
Inventories	5.5	92 945	82 638
Accounts receivables and similar account	5.6	53 001	36 612
Income tax receivables		7 934	3 519
Other receivables		45 434	36 915
Cash and cash equivalent	5.9	50 878	97 004
<b>Current assets</b>		<b>250 192</b>	<b>256 688</b>
<b>Total Assets</b>		<b>447 183</b>	<b>421 287</b>
Share capital		1 384	1 368
Share premium reserves		173 281	172 492
Treasury shares		- 1 641	-
Other reserves		28 953	28 944
Net income		- 5 234	- 250
<b>Total shareholders' equity</b>		<b>196 743</b>	<b>202 554</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>
<b>Total equity</b>	1.5	<b>196 743</b>	<b>202 554</b>
Long term financial liabilities	5.13	28 830	2 038
Employee benefits	5.10	52	88
Other provisions	5.11	5 368	-
Deferred tax liabilities	5.12	9 616	11 628
<b>Total non current liabilities</b>		<b>43 866</b>	<b>13 754</b>
Short term financial liabilities	5.13	1 144	966
Provision for risks and charges	5.11	1 299	1 324
Accounts payables	5.8	144 246	148 504
Income tax liability		657	710
Other current payables	5.8	59 228	53 475
<b>Total current liabilities</b>		<b>206 574</b>	<b>204 979</b>
<b>Total Liabilities</b>		<b>250 440</b>	<b>218 733</b>
<b>Total Equity and Liabilities</b>		<b>447 183</b>	<b>421 287</b>

#### 1.4. Consolidated cash-flow statement

<i>in K€</i>	Notes	2017	2016
Net income for the period	1.1	- 5 234	- 250
Depreciation & Amortization	5.2, 5.6, 5.11	8 621	7 280
		234	
Gain / Loss on sale of assets		525	177
Fair value measurement of stock options	5.16	2 566	10 771
<b>Cash flows from operations before finance costs and income tax</b>		<b>6 712</b>	<b>17 978</b>
Income taxes for the period	1.1	- 2 689	2 741
Net finance costs	1.1	178	690
<i>Change in inventories</i>	5.5	- 6 758	- 16 284
<i>Change in accounts receivables and other current assets</i>	5.6 & 5.7	- 25 466	25 502
<i>Change in other accounts payables and other current liabilities</i>	5.8	- 5 403	4 390
Change in working capital	5.18	- 37 627	13 608
<b>Cash flow from operating activities before tax</b>		<b>- 33 426</b>	<b>35 017</b>
Current income tax paid		- 4 812	- 2 261
<b>Net cash from operating activities</b>		<b>- 38 238</b>	<b>32 756</b>
Change in consolidation scope	5.9	- 8 331	- 31 751
Acquisition of intangible and tangible assets	5.2 & 5.3	- 12 474	- 8 400
Acquisition of stakes in associate companies		-	-
Net change in non current financial assets	5.4	- 32	- 97
Proceeds from sale of intangible and tangible asset	5.2 & 5.3	43	368
Other flows from investing activities		-	-
<b>Net cash from investing activities</b>		<b>- 20 794</b>	<b>- 39 880</b>
Proceeds from stock-options	1.5	805	2 737
New financial liabilities	5.13	22 500	-
Repayment of financial liabilities	5.13	- 8 569	- 901
Finance costs paid	1.1	- 183	- 690
Other flows from financing activities		-	-
<b>Net cash from financing activities</b>		<b>12 912</b>	<b>1 146</b>
		- 6	
<b>Total cash flow for the period</b>		<b>- 46 126</b>	<b>- 5 978</b>
Cash and cash equivalent at the beginning of the period	5.9	97 004	102 982
Cash and cash equivalent at the end of the period	5.9	50 878	97 004

Details of the composition of the closing cash position are provided in Note 5.9.

## 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, 2015</b>	<b>1 316</b>	<b>168 532</b>	-	-	<b>3 752</b>	<b>3 752</b>	<b>14 447</b>	<b>188 047</b>	-	<b>188 047</b>
IPO on Euronext	-	-	-	-	-	-	- 250	- 250	-	- 250
<b>Total comprehensive net income for the period</b>	-	-	-	-	-	-	- 250	- 250	-	- 250
IPO on Euronext	-	-	-	-	-	-	-	-	-	-
Proceeds from stock-options	27	3 960	-	-	-	-	-	3 987	-	3 987
Free shares and share options charges	-	-	-	-	10 770	10 770	-	10 770	-	10 770
Other changes	25	-	-	-	-	-	- 25	-	-	-
<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>
#REF!			-	-	-	-	- 5 234	- 5 234		- 5 234
<b>Total comprehensive net income for the period</b>			-	-	-	-	- 5 234	- 5 234		- 5 234
IPO on Euronext			-	1	-	1		1		1
Proceeds from stock-options	16	789	-	-	-	-	-	805		805
			- 1 641	-	-	-		- 1 641		- 1 641
Free shares and share options charges			-	-	2 566	2 566		2 566		2 566
Other changes			-	-	-	-	- 2 308	- 2 308		- 2 308
<b>At June 30, 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>

As at 31<sup>st</sup> December 2017, the share capital of SRP Groupe S.A. was made up of 34,604,953 shares with a nominal value of €0.04 per share (34,191,469 shares of the same nominal value as at 31<sup>st</sup> December 2016).

Other changes in 2017 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 AND 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 2017 include SRP Groupe S.A. and its subsidiaries (see note 3). The year ended 31 December 2017 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 8 March 2018 and will be submitted for approval to the General Assembly of Shareholders to be held on 14 June 2018.

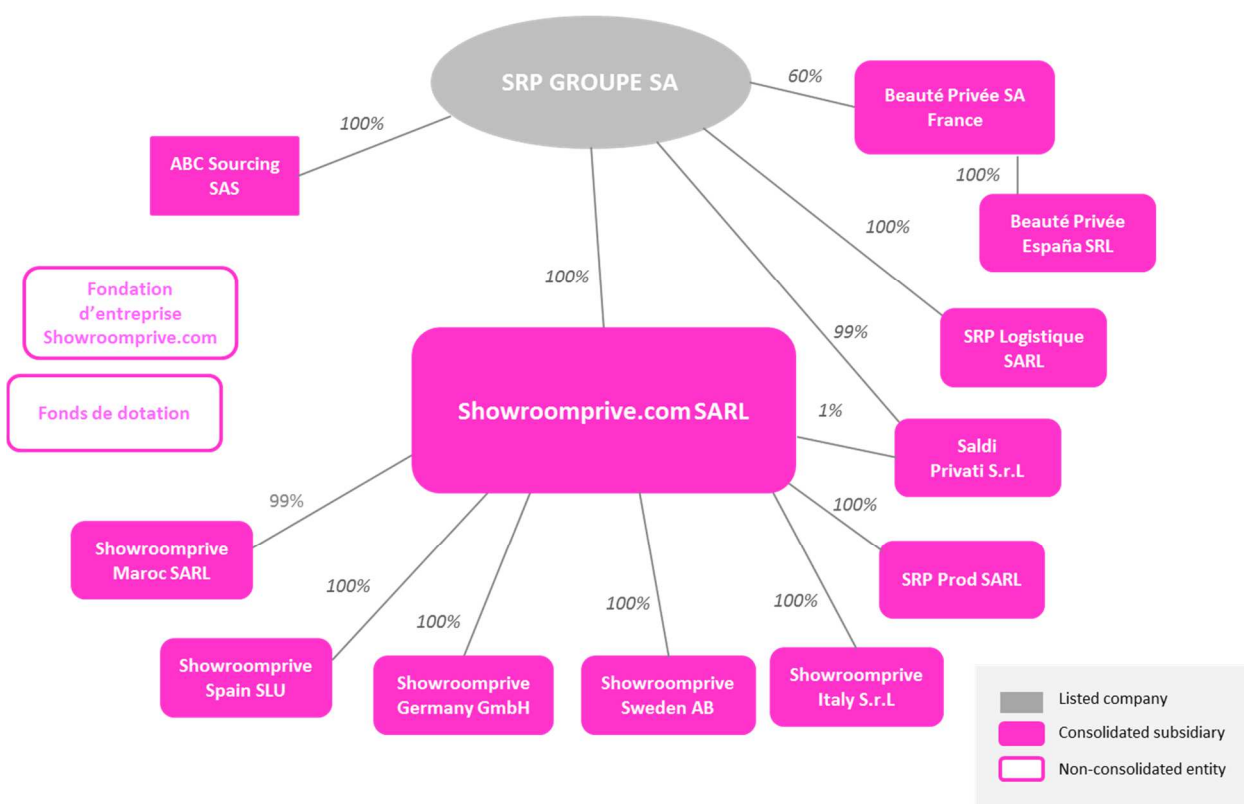
The Group's business consists in the private sale of items on Internet.

### 2.2. Main events of the financial year

In March 2017 SRP Groupe acquired 60% of the shares in Beauté Privée, specializing in the sale of beauty products in France. This transaction is described in detail in note 3.2.

### 2.3. Group organisation

As a result, the Group's streamlined organization structure as at 31 December 2017 is as follows:





## 2.4. Accounting standards

### Statement of compliance and IFRS used

Pursuant to Regulation No. 1606/2002 adopted on 19 July 2002 by the European Parliament and the European Council, the Group's published consolidated financial statements as at 31 December 2017 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 2017.

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 2017

For the preparation of its consolidated financial statements as at 31 December 2017, the SRP group applied the same standards, interpretations and accounting methods as in its financial statements for the year ended 31 December 2016 published in the registration document submitted on 27 April 2017 under the number R.17-028, or, where this is the case, the new standards applicable as of 1 January 2017:

- Amendements to IAS 7 : « Statement of Cash Flow » concerning information about an entity's financing activities
- Amendements to IAS 12 : « Income Taxes » on the recognition of deferred tax assets for unrealised losses
- Annual IFRS improvement cycle: 2014 – 2016

The application of these texts has no impact on the net earnings as at 31 December 2017.

### New standards, amendments and interpretations applicable in the European Union and to be applied after 31 December 2017

The group has decided not to apply in advance the standards published by the IASB, approved by the European Union that may be applied in advance as from 1 January 2017. This concerns the following standards:

Normes	Date d'application IASB	Incidence sur le Groupe
<b>IFRS 9</b> : Financial Instruments, classification and measurement of financial assets	1 January 2018	On 24 July 2014, the IASB published a new standard on financial instruments that is intended to replace most of the existing IFRS provisions, notably IAS 39. The new standard adopted by the European Union, applies as of 1st January 2018. This new standard should not have a significant impact on the group's financial statements.

Normes	Date d'application IASB	Incidence sur le Groupe
<b>IFRS 15</b> : Revenue from contracts with customers	1 January 2018	<p>On 28 May 2014, the IASB published a new standard on revenue recognition to replace most of the existing provisions in IAS 18 and IAS 11. The new standard, approved by the EU, is applicable from 1 January 2018, with an earlier application permitted.</p> <p>The exact impact of this standard is under study but the Group does not foresee any significant impact based on analyses that have already been carried out.</p>
<b>IFRS 16</b> : Leases	1 January 2019	<p>On 13 January 2016, the IASB issued the new standard on leases. The new standard, not adopted by the European Union, is applicable from 1 January 2019 or in advance from 1 January 2018 with IFRS 15. The impact of this standard is under study.</p>

### Standards, amendments and interpretations published by the IASB but not yet approved by the European Union

The standards, amendments and interpretations adopted by the IASB or the IFRIC but not yet approved by the European Union as at 31 December 2017 were not applied in advance by the Group:

- Interpretation IFRIC 22 : Foreign Currency Transactions and Advance Consideration
- Interpretation IFRIC 23 : Uncertainty over Income Tax Treatments.
- Annual IFRS improvement cycle: 2014 – 2016

The impact of these standards is currently being evaluated but it is unlikely that it will be significant for the Group.

## 2.5. Consolidation methods

### Subsidiaries

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

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

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

## Transactions eliminated from the financial statements

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

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

Companies consolidated by the Group as at 31 December 2017 and 2016 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 following paragraphs.

### Business combinations and goodwill

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)

### Other intangible assets

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

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

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

### ➤ Research and development costs

Research costs are recognized as expenditure when they are incurred.

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

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

The costs thus recognized in assets include direct labor costs. Other development costs are recognized as expenditure when they are incurred. Development costs are recognized in assets at their cost less accumulated depreciation and accumulated impairment losses.

### ➤ 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

## Tangible assets

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

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

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

### ➤ 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

## Depreciation of tangible and intangible assets

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

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.

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

## Lease contracts

A lease that transfers to the Group substantially all the risks and rewards incident to ownership of an asset is classified as a finance lease.

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

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

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

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

Assets held by virtue of 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.

## Inventories

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.

## Payables and receivables

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

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

### Cash and cash equivalents

Cash and cash equivalents are made up of cash on hand and call deposits. They also include UCITS that meet the definition of cash equivalents as per IAS 7. UCITS that do not meet the definition of cash and cash equivalents are classified as other current assets.

Bank overdrafts repayable on demand and which form an integral part of the Group's cash management are also considered as cash and cash equivalents for the purposes of the cash flow statement.

### Deferred tax and income tax

#### ➤ Deferred tax

The Group may recognize deferred tax in the event of:

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

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

Deferred tax assets are taken into account only:

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

#### ➤ Income tax

A tax consolidation agreement has been implemented since 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.

### Share-based payments

#### ➤ Options and share purchase schemes

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.

### ➤ Free issues of shares

Free issue of shares were granted to a given number of employees and senior executives of the Group. 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.

## Employee benefits

### ➤ 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 1.50% on 31 December 2016, against 1.75% on 31 December 2015 and 1.75% on 31 December 2014.

## Provisions

A provision is recognized in the consolidated financial statements at the year-end if, and only if, there is a current obligation (legal or constructive) resulting from a past event, it is likely that an outflow of funds will be necessary to settle the obligation and if the obligation amount can be reliably estimated. Provisions are discounted where the effect of the time value of money is material.

## Current operating result

### ➤ Income

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

Income from ordinary activities are recognized as follows:

#### Sale of goods

Revenue from the sale of goods is recorded as turnover when goods are delivered and therefore the significant risks and benefits inherent to the ownership of the goods have been transferred to the buyer. It is stated at the fair value of the consideration received or to be received net of benefits granted to buyers and net of discounts.

#### Customer loyalty scheme (Referral coupons 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:

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

Current operating expenses include amortization and depreciation charges on intangible assets (with the exception of 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.

#### ➤ **Key performance indicator**

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:

- Amortization of assets recognized in the course of a business combination
- 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.

## Adjusted EBITDA

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

## Earnings per share

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

### ➤ Basic earnings per share

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

### ➤ Diluted earnings per share

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

## 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.

### 3. SCOPE OF CONSOLIDATION

#### 3.1. Scope at the year-end

Legal entities		Conso. method	2017		2016	
			Share-holding	Controlling interest	Share-holding	Controlling interest
SRP Groupe	France	Full				
Showroom 30*	France	Full	-	-	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 SA	France	Full	60,00 %	100,00 %	-	-
Beauté Privée ESPAÑA, S.L.U.	Spain	Full	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 %	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 %	-	-
SRP Maroc	Morocco	Full	99,99 %	100,00 %	99,99 %	100,00 %

*\*) merged with its parent company in November 2017 Full = Fully consolidated*

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

##### ➤ Beauté Privée

On March 15, 2017 the Group acquired a controlling share in Beauté Privée SA, France, by purchasing 60% of the share capital of that company with an option to purchase the remaining 40% stake for a total consideration valued at 25.6 M€.

The consideration comprises the price already paid as well as a variable price component of 2.0M€ (« Earn-out ») the value of which is determined on the basis of the performance of the acquired companies in 2017.

The share purchase agreement also includes a put and a call option for the seller and the acquirer which makes an acquisition of the remaining shares (40%) by the Group in the future virtually certain. A debt to this effect was recorded in consolidated accounts of the Group as at 31 December 2017.

Against this background the Group has opted for the following accounting treatment of this acquisition:

- The goodwill is based on the price already paid or yet to be paid for the 60% already acquired as well as a fair value estimate for the remaining 40% in accordance with IFRS 3.
- The Group has recognized in its balance sheet as of December 31, 2017 a debt for the earn-out linked to the purchase of the 60% share as well as for the future acquisition of the remaining 40% of shares in accordance with IAS 32. Both will be revalued regularly to reflect any changes in value until their respective expiry dates.
- In line with this accounting treatment no non-controlling interests will be shown in Group's balance sheet as they are deemed already acquired by the Group. Minority interests continued to be presented in consolidated statement of profit and loss (578k€ in 2017).

In this context the total consideration for this acquisition presents itself as follows:

<i>Share</i>	<i>Item</i>	<i>in M€</i>
60%	Payment in cash	11.4
	Earn-out	2.0
40%	Options de vente / achat comptabilisée en dette	12.2
<b>Total consideration</b>		<b>25.6</b>

Based on the total consideration a provisional goodwill of 16.4 M€ was recorded in the consolidated group accounts as at 31 December 2017. The goodwill calculation is described in detail in note 5.1.

Beauté Privée is active in the sale of beauty products via internet.

Beauté Privée SA France has a subsidiary in Spain (Beauté Privé España SRL). Both Beauté Privée and its subsidiary are included in the consolidated financial statements as of December 31, 2017 with their respective contributions to the Group's business since the acquisition date.

#### ➤ Other scope changes

The company Showroom 30 was merged in November 2017 with its parent company SRP Groupe SA.

A new subsidiary based in Sweden was founded in 2017 in order to further develop the growth of the Group in Europe. Its share capital is held by Showroomprivé.com and the company was fully consolidated in the Group accounts as at 31 December 2017.

## 4. NOTES TO THE INCOME STATEMENT

### 4.1. Adjusted EBITDA

<i>in K€</i>	Notes	2017	2016
<b>Net income for the period</b>		<b>- 5 234</b>	<b>- 250</b>
Amortisation of assets recognized through business combination		1 372	804
Deprec. & Am. of tangible and intangible assets		8 443	5 229
<i>o/w amort. in Logistics &amp; Fulfillment</i>		2 040	1 787
<i>o/w amort. in G&amp;A</i>		6 403	3 158
Cost of share-based payments	5.9	2 707	13 295
Non recurring items	4.4	7 878	6 322
Net finance costs		178	690
Other financial income and expenses		408	- 580
Income taxes		- 2 689	2 741
<b>EBITDA (adjusted)</b>		<b>13 063</b>	<b>28 251</b>
<i>EBITDA in % of revenue</i>		<i>1,99%</i>	<i>5,23%</i>

### 4.2. Segment reporting by geographic area

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

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:

<i>in K€</i>	2017			2016		
	Total consolidated	France	Internat.	Total consolidated	France	Internat.
Internet sales	629 881	518 712	111 169	525 438	453 729	71 709
Other	25 089	25 089		14 266	14 266	
<b>Total net revenue</b>	<b>654 971</b>	<b>543 802</b>	<b>111 169</b>	<b>539 704</b>	<b>467 995</b>	<b>71 709</b>
<b>EBITDA</b>	<b>13 063</b>	<b>25 722</b>	<b>- 12 659</b>	<b>28 251</b>	<b>35 141</b>	<b>- 6 890</b>
<i>Growth</i>	21,4%	16,2%	55,0%	21,9%	23,3%	13,4%
<i>EBITDA in % of net revenue</i>	2,0%	4,7%	-11,4%	5,2%	7,5%	-9,6%

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:

<i>in K€</i>	<b>2017</b>	<b>2016</b>
Cost of goods sold	- 416 003	- 332 028
Purchases and sub-contracting expenses	- 158 749	- 131 328
Personnel expenses	- 60 080	- 45 945
Tax expenses	- 4 539	- 3 126
Deprec, & Am, of tangible and intangible assets	- 8 438	- 5 229
Other provisions and depreciations	- 4 006	- 1 247
Other operating income and expense	1 465	2 221
<b>Current operating expenses</b>	<b>-650 350</b>	<b>-516 682</b>

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

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€.

In respect of the financial year 2016, cost of share based payments and other operating income and expenditure mainly include the following:

- expenses resulting from the issue of free shares for €13,258k including the related social contributions for €2,524k,
- non-recurrent fees for €1,143k mainly related to costs incurred in the context of admission to trading of the Company's shares on the Euronext Paris regulated market and to transition management missions,
- expenses related to the discontinuation of SR30's business for €877k,
- fees related to the acquisition of the company Saldi Privati for €870k,
- restructuring charges for €1,597k,
- donations to the private foundation Showroomprivé for €629k
- costs involved in trade litigation.

## 4.5. Tax

### Charge d'impôt de l'exercice

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

<i>in K€</i>	<b>2017</b>	<b>2016</b>
Deferred taxes	3 127	477
Current income taxes	- 438	- 3 218
<b>Income tax expense</b>	<b>2 689</b>	<b>- 2 741</b>

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

- Tax on income mainly from SRP GmbH, SRP Spain et Beauté Privée France pour 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 1 M€
- Tax credits for 1.5 M€

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 1.8 M€
- The gradual change in tax rates (25,92% versus 34,43% previously) in France with an impact of 2.5 M€ following the changes in the French tax legislation
- 1,4 M€ de charges d'impôts différés au regard de l'activation des projets de recherche & développement sur l'exercice

In respect of the year 2016 current income taxes include:

- tax on income for a total of €1,753k
- "Corporate Value Added Tax" (CVAE) in the amount of €988k

The deferred tax expense is mainly due to:

- €1 260k of net income relating to temporary differences, in particular due to the reversal of deferred tax liabilities recognized in respect of intangible assets resulting from a business combination (cf. goodwill and intangible assets), and to provisions for risks and charges which are not tax deductible
- partly compensated by tax charges relating mainly to the activation of research and development projects for €791k, IFRS restatement of lease payments for €39k.

**Tax proof**

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

<i>in K€</i>	<b>31-déc-17</b>	<b>31-déc-16</b>
<b>Total comprehensive net income for the period</b>	<b>-5 234</b>	<b>-250</b>
Income tax expense	2 689	-2 741
<b>Profit before tax</b>	<b>-7 923</b>	<b>2 491</b>
Standard tax rate in France	34,43%	34,43%
Theoretical tax expense	-2 728	858
<i>Impact of:</i>		
Non recognition of deferred tax losses incurred over the period in Italy	1 765	122
Permanent differences	-652	446
CVAE reclassification as income tax	686	648
Cancellation of income tax expense calculated on tax credits	-496	-383
Free shares impact	883	3 708
Tax rate impact	-1 764	-1 526
Corporate sponsorship	-206	-969
Other	-178	-162
<b>Actual tax expense</b>	<b>-2 689</b>	<b>2 741</b>
<i>Effective tax rate</i>	<i>34%</i>	<i>110%</i>



## 5. NOTES TO THE BALANCE SHEET

### 5.1. Goodwill

<i>in K€</i>	31/12/2016	Final PPA 2016	Scope entries	Scope exists	Depreciation	Other changes	31/12/2017
Goodwill	102 782	4 498	16 405	-	-	-	123 685
Goodwill depreciation	-		-	-	-	-	-
<b>Net book value</b>	<b>102 782</b>		<b>16 405</b>	-	-	-	<b>123 685</b>

The column "Final PPA 2016" refers to the final result of the purchase price allocation of the Saldi Privati acquisition.

### Goodwill movements in 2017

#### ➤ Beauté Privée

In 2017 SRP Group acquired Beauté Privée for a total consideration of 25.6M€ (cf. 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:

<i>Balance sheet item</i>	<i>En M€</i>
Trademark	1.6
Customer relationships	7.1
Fixed assets	0.1
Working capital (including cash & cash equivalents)	0.8
Deferred taxes	(2.7)
Group reserves (revaluation impact compared to original valuation)	2.3
Goodwill	16.7
<b>Total</b>	<b>25.6</b>

The purchase price allocation is provisional at the closing date. It will be finalized in accordance with IFRS 3 at the end of the twelve month adjustment period following the takeover of the company.

## ➤ Saldi Privati

In the second half of 2017, SRP Group finalized the purchase price allocation of Saldi Privati acquired in November 2016 for a final amount of 30.0 M€.

The goodwill calculation is as follows:

<i>Balance sheet item</i>	<i>in M€</i>
Trademark	6,5
Customer relationships	0,9
Fixed assets	1,6
Working capital (including cash & cash equivalents)	2,4
Provision for onerous contracts	-6,2
Deferred taxes	2,6
Goodwill	22,2
<b>Total</b>	<b>30,0</b>

Compared with the goodwill recognized as at 31 December 2016, the final purchase price allocation resulted in an increase in goodwill of 4.4M€ as at 31 December 2017. This increase is due to a fair value assessment of two existing operating contracts and a statement of a provision for onerous contracts as well as a corresponding provision for deferred taxes.

## Impairment test

### ➤ Valuation method

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.

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 procedure, based primarily on the discounted cash flow method, consists in assessing the recoverable amount of the cash-generating unit.

Impairment tests are performed annually and whenever there is an indication of impairment.

### ➤ Cash-generating units

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

### ➤ Main assumptions

At 31 December 2017, 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%
- discount rate: 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 (excluding 2017).

### ➤ 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 2017.

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

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.

<i>in K€</i>	31/12/2016	Acquisitions	Disposals	Amortization	Change in consolidation scope	Reclassification	31/12/2017
Development expenses capitalized	7 683	6 693					14 376
Licenses and software	10 367	1 072	- 793		727	286	11 659
Brand	30 733				1 686		32 419
Cohort of members	6 205				7 053		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>9 466</b>	<b>286</b>	<b>72 645</b>
Amort./Dep. of capitalized dev. Expenses	- 2 412			- 2 747		-	- 5 159
Amort./dep. Of licenses and software	- 9 276		793	- 2 103	- 718	1 013	- 10 291
Amort./Dep of cohort of members	- 4 938			- 1 461		- 1 007	- 7 406
<b>Am./Dep. of intangible assets</b>	<b>- 16 626</b>	<b>-</b>	<b>793</b>	<b>- 6 311</b>	<b>- 718</b>	<b>6</b>	<b>- 22 856</b>
<b>Total net value</b>	<b>39 289</b>	<b>7 765</b>	<b>-</b>	<b>- 6 311</b>	<b>8 748</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).

<i>in K€</i>	31/12/2015	Acquisitions	Disposals	Amortization	Change in consolidation scope	Reclassification	31/12/2016
Development expenses capitalized	3 970	3 713	-	-	-	-	7 683
Licenses and software	2 352	460	- 71	-	7 482	144	10 367
Brand	23 783	-	-	-	6 937	13	30 733
Cohort of members	5 320	-	-	-	885	-	6 205
Other intangible assets	5	-	- 200	-	1 122	-	927
<b>Intangible assets</b>	<b>35 430</b>	<b>4 173</b>	<b>- 271</b>	<b>-</b>	<b>16 426</b>	<b>157</b>	<b>55 915</b>
Amort./Dep. of capitalized dev. Expenses	- 972	-	-	- 1 440	-	-	- 2 412
Amort./dep. Of licenses and software	- 1 479	-	71	- 676	- 7 192	-	- 9 276
Amort./Dep of cohort of members	- 4 118	-	-	- 784	- 36	-	- 4 938
<b>Am./Dep. of intangible assets</b>	<b>- 6 569</b>	<b>-</b>	<b>71</b>	<b>- 2 900</b>	<b>- 7 228</b>	<b>-</b>	<b>- 16 626</b>
<b>Total net value</b>	<b>28 861</b>	<b>4 173</b>	<b>- 200</b>	<b>- 2 900</b>	<b>9 198</b>	<b>157</b>	<b>39 289</b>

Changes in the scope of consolidation in 2016 is related to the acquisition of Saldi Privati.

### 5.3. Tangible assets

<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>	<i>7 940</i>							<i>7 940</i>
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>	<i>- 3 621</i>			<i>- 970</i>				<i>- 4 591</i>
<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 during the year 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.

<i>in K€</i>	31/12/2015	Acquisitions	Disposals	Depreciation	Change in scope of consolidation	Reclass.	Scrapping	31/12/2016
Land	1 223	-	-	-	-	-	-	1 223
Buildings and refurbishment	9 851	298	-41	-	411	1 927	-742	11 704
Facilities, plant & equipment	6 191	101	-	-	21	203	-	6 516
Tangible assets in progress	83	2 423	-	-	-	-2 298	-9	199
Advances payments for fixed assets	-	-	-	-	-	-	-	-
Other tangible assets	6 047	1 405	-97	-	641	10	-320	7 686
<b>Tangible assets</b>	<b>23 395</b>	<b>4 227</b>	<b>-138</b>	<b>-</b>	<b>1 073</b>	<b>-158</b>	<b>-1 071</b>	<b>27 328</b>
<i>o/w finance lease</i>	7 940	-	-	-	-	-	-	7 940
Amort./ Dep. of buildings and refurbishment	-2 538	-	41	-1 145	-210	-	505	-3 347
Amort./Dep. of tech facilities, plant & equipment	-2 769	-	-	-930	-15	-	-	-3 714
Amort./Dep. of other tangible assets	-3 255	-	97	-1 254	-446	-	217	-4 641
<b>Amort./Dep. of tangible assets</b>	<b>-8 562</b>	<b>-</b>	<b>138</b>	<b>-3 329</b>	<b>-671</b>	<b>-</b>	<b>722</b>	<b>-11 702</b>
<i>o/w finance lease</i>	-2 645	-	-	-976	-	-	-	-3 621
<b>Total net value</b>	<b>14 833</b>	<b>4 227</b>	<b>-</b>	<b>-3 329</b>	<b>402</b>	<b>-158</b>	<b>-349</b>	<b>15 626</b>

Acquisitions during the year 2016 include mainly:

- Improvement works at the head office for €1,412k and on the sales production site in Roubaix, for €581k.
- Computer equipment and furniture for the head office for €1,139k,

Disposals concern the cessation of all activity at SR30. Changes in the consolidation scope are related to the acquisition of Saldi Privati.

#### 5.4. Financial Assets

<i>in K€</i>	31/12/2016	Acquisitions	Disposals	Depreciation	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>

<i>in K€</i>	31/12/2015	Acquisitions	Disposals	Depreciation	Change in scope of consolidation	31/12/2016
Investment	-	-	-	-	-	-
Loans, guarantees and other receivables	1 105	2 549	-3	-143	116	3 624
<b>Financial assets</b>	<b>1 105</b>	<b>2 549</b>	<b>-3</b>	<b>-143</b>	<b>116</b>	<b>3 624</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>1 105</b>	<b>2 549</b>	<b>-3</b>	<b>-143</b>	<b>116</b>	<b>3 624</b>

## 5.5. Inventories

<i>in K€</i>	31/12/2017			31/12/2016		
	Gross book value	Allowance	Net book value	Gross book value	Allowance	Net book value
Packaging and supplies inventory	536		536	426	-	426
Goods inventory	95 342	- 2 933	92 409	84 201	- 1 989	82 212
<b>Total Inventories</b>	<b>95 878</b>	<b>- 2 933</b>	<b>92 945</b>	<b>84 627</b>	<b>- 1 989</b>	<b>82 638</b>

In 2016, returned goods from clients were presented on a net basis. The amount of the inventory allowance deducted from the gross book value amounted to 3.8 M€.

## 5.6. Trade receivables and similar accounts

<i>in K€</i>	31/12/2017			31/12/2016		
	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	3 083	-	3 083
Accounts receivable	10 426	- 413	10 013	7 920	- 914	7 006
Advances and prepayments	39 464	-	39 464	26 523	-	26 523
<b>Total receivables and related accounts</b>	<b>53 414</b>	<b>- 413</b>	<b>53 001</b>	<b>37 526</b>	<b>- 914</b>	<b>36 612</b>

## 5.7. Age analysis of financial instruments

<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	0	2 518	-	-	1 161
<b>Total Financial fixed assets</b>	<b>3 679</b>	<b>0</b>	<b>2 518</b>	<b>-</b>	<b>-</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>53 002</b>	<b>53 002</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>45 434</b>				
<b>Total Receivables</b>	<b>110 049</b>	<b>106 370</b>	<b>2 518</b>	<b>-</b>	<b>-</b>	<b>1 161</b>

Showroomprivé

<i>in K€</i>	<b>31/12/2016</b>	<b>&lt; 1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years &amp; more</b>
Loans, guarantees and other receivables	3 624	-	-	2 500	-	1 124
<b>Total Financial fixed assets</b>	<b>3 624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 124</b>
Accounts receivable	7 006	7 006	-	-	-	-
Accrued income	3 083	3 083	-	-	-	-
Advances and prepayments	26 523	26 523	-	-	-	-
<b>Total receivables and related accounts</b>	<b>36 612</b>	<b>36 612</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current income taxes	3 519	3 519	-	-	-	-
Employee advances and prepaid payroll taxes	56	56	-	-	-	-
Tax-related receivable - other than income tax	16 966	16 966	-	-	-	-
Other receivables	- 993	- 993	-	-	-	-
Prepaid expenses	20 886	20 886	-	-	-	-
<b>Total other receivables</b>	<b>36 915</b>	<b>36 915</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Receivables</b>	<b>80 670</b>	<b>77 046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 124</b>

## 5.8. Age analysis of debt

<i>in K€</i>	<b>31/12/2017</b>	<b>Less than 1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years or more</b>
Long term financial liabilities (finance lease)	1 368		975	343	50	
Short term financial liabilities (finance lease)	996	996				
	27 583	99	12 309	102	51	15 022
Other financial liabilities	27					
<b>Total Payable and related accounts</b>	<b>29 974</b>	<b>1 095</b>	<b>13 284</b>	<b>445</b>	<b>101</b>	<b>15 022</b>
Accounts payable	80 402	80 402				
Accrued invoices	57 938	57 938				
Advances from customers and billed in advance	5 906	5 906				
<b>Total Payable and related accounts</b>	<b>144 246</b>	<b>144 246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income tax liabilities	657	657				
Amounts due to social security agencies	6 396	6 396				
Employee-related liabilities	4 895	4 895				
Accrued taxes other than income tax	11 424	11 424				
Other liabilities	4 067	4 067				
Deferred revenues	32 446	32 446	-	-	-	-
<b>Total other liabilities</b>	<b>59 228</b>	<b>59 228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>234 105</b>	<b>204 569</b>	<b>13 284</b>	<b>445</b>	<b>101</b>	<b>15 022</b>

in K€	31/12/2016	Less than 1 year	2 years	3 years	4 years	5 years and more
Long term financial liabilities (finance lease)	2 038	-	901	878	244	15
Short term financial liabilities (finance lease)	934	934	-	-	-	-
Other financial liabilities	32	32	-	-	-	-
<b>Total Payable and related accounts</b>	<b>3 004</b>	<b>966</b>	<b>901</b>	<b>878</b>	<b>244</b>	<b>15</b>
Accounts payable	79 310	79 310	-	-	-	-
Accrued invoices	64 797	64 797	-	-	-	-
Advances from customers and billed in advance	4 397	4 397	-	-	-	-
<b>Total Payable and related accounts</b>	<b>148 504</b>	<b>148 504</b>	-	-	-	-
Income tax liabilities	-	-	-	-	-	-
Amounts due to social security agencies	6 321	6 321	-	-	-	-
Employee-related liabilities	4 742	4 742	-	-	-	-
Accrued taxes other than income tax	9 576	9 576	-	-	-	-
Other liabilities	2 173	2 173	-	-	-	-
Deferred revenues	-	-	-	-	-	-
<b>Total other liabilities</b>	<b>22 812</b>	<b>22 812</b>	-	-	-	-
<b>TOTAL</b>	<b>174 320</b>	<b>172 282</b>	<b>901</b>	<b>878</b>	<b>244</b>	<b>15</b>

## 5.9. Cash and cash equivalents

in K€	31/12/2017	31/12/2016
Short-term investments	392	19 574
Cash at bank	50 486	77 430
Bank overdrafts	-	-
<b>Net cash</b>	<b>50 878</b>	<b>97 004</b>

As at 31 December 2017, short-term investments are made up mainly of short-term deposits readily available, as was the case in the previous year.

For the financial year 2017, the change in the net treasury position of -€46,126k can be explained by the following main factors:

- The decrease in profitability
- The increase in working capital needs mainly from a stronger than expected rise in inventory purchases during the year (see note 5.18)
- The acquisition of a 60% stake in Beauté Privée for a total amount disbursed in 2017 (net of cash received) of 8.3 million euros.



## 5.10. Employee benefits

<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>

<i>in K€</i>	31/12/2015	Additions	Reversals of provisions (used)	Reversals of provisions (unused)	Other changes	Change in consolidation scope	31/12/2016
Provisions for pensions and post-employment benefits	116	49	-	- 80	-	3	88
<b>Total</b>	<b>116</b>	<b>49</b>	<b>-</b>	<b>- 80</b>	<b>-</b>	<b>3</b>	<b>88</b>

## 5.11. Provisions

<i>in K€</i>	31/12/2016	Provisions	Reversals of provisions (used)	Reversals of provisions (unused)	Change in scope of consolidation	Other changes	31/12/2017
Provision for onerous contracts linked to the Saldi Privati acquisition			- 800			6 168	5 368
Provision for litigation (< 1 year)	587	704	- 341				950
<b>Total Provision for risks</b>	<b>587</b>	<b>704</b>	<b>- 1 141</b>	<b>-</b>	<b>-</b>	<b>6 168</b>	<b>6 318</b>
Miscellaneous	737	521	- 909				349
<b>Total Provisions for charges</b>	<b>737</b>	<b>521</b>	<b>- 909</b>	<b>-</b>	<b>-</b>		<b>349</b>

The provision for onerous contracts linked to the Saldi Privati acquisition and recorded in 2017 is related to finalization of the purchase price allocation of Saldi Privati (see note 5.1).

Provisions for litigation created in 2017 relate to commercial litigations for €567k and labor disputes amounting to €137k. The reversals of provisions for disputes mainly relate to commercial litigations for €296k.

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

The company Showroomprivé.com is subject to a tax audit covering the financial years 2013 and 2014 and received on 4 July 2016 a notification 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 as of September 1, 2016, as confirmed by a reply from the tax authorities dated October 7, 2016. On 12 July 2017 the DVNI confirmed that it would give up the principal point of the reassessment (lack of legal mention on certain invoices) and accepted to reduce the original reassessment on inventory allowances, which Showroomprivé accepted by renouncing any further legal recourse on this point. Based on the merits of the case and assisted in this matter by its legal counsels, the company reckons that it has sufficient grounds to reject 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 2017.

<i>in k€</i>	31/12/2015	Provisions	Reversals of provisions (used)	Reversals of provisions (unused)	Change in scope of consolidation	Other changes	31/12/2016
Provision for litigation (< 1 year)	309	451	- 132	- 41	-		587
<b>Total Provision for risks</b>	<b>309</b>	<b>451</b>	<b>- 132</b>	<b>- 41</b>	<b>-</b>		<b>587</b>
Miscellaneous	684	638	- 585	-			737
<b>Total Provisions for charges</b>	<b>684</b>	<b>638</b>	<b>- 585</b>	<b>-</b>	<b>-</b>		<b>737</b>

## 5.12. Deferred tax

<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 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 25.92% 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

<i>in k€</i>	31/12/2015	Deferred tax expense recognized in the Income Statement	Scope changes	Other changes	31/12/2016
Deferred tax liabilities	75	304	2 899	-	3 278
Net balance for deferred taxes	9 883	- 173	1 918	-	11 628
	<b>- 9 808</b>	<b>477</b>	<b>981</b>	<b>-</b>	<b>- 8 350</b>
<b>Breakdown of deferred tax</b>					
Temporary differences	59	- 33	-	-	26
Other restatements	231	- 278	-	-	- 47
Elimination of intercompany transactions	- 23	-	-	-	- 23
Recognition of tax loss carry-forwards	62	294	2 898	-	3 254
Depreciation of assets recognized through business combination	- 8 550	1 260	- 1 918	-	- 9 208
Elimination of start-up expenses	- 2	-	-	-	- 2
Provisions for pensions and other post-employment benefits	42	- 18	1	-	25
Finance lease restatement	- 503	43	-	-	- 460
Capitalisation of development costs	- 1 125	- 791	-	-	- 1 916
<b>Net balance for deferred taxes by nature</b>	<b>- 9 808</b>	<b>477</b>	<b>981</b>	<b>-</b>	<b>- 8 350</b>

### 5.13. Borrowings and financial liabilities

<i>in K€</i>	31/12/2016	Loans raised	Loans repaid	Other	30/06/2017
Bank borrowings	2 038	22 786	- 7 555	- 647	16 622
	-	12 208	-	-	12 208
<b>Mid- and long-term financial liabilities</b>	<b>2 038</b>	<b>34 994</b>	<b>- 7 555</b>	<b>- 647</b>	<b>28 830</b>
Bank borrowings due in less than 1 year	934	102	- 1 014	1 090	1 112
Other borrowings due in less than 1 year	5	-	-	-	5
Bank overdrafts	27	-	-	-	27
	-	-	-	-	-
<b>Short-term financial liabilities</b>	<b>966</b>	<b>102</b>	<b>- 1 014</b>	<b>1 090</b>	<b>1 144</b>
<i>o/w finance lease</i>	2 965	388	- 979	-	2 374
<b>Total Loans and financial debts</b>	<b>3 004</b>	<b>35 096</b>	<b>- 8 569</b>	<b>443</b>	<b>29 974</b>

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 debt of 12,2M€ (non-cash) towards 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 note 3.2).

Other loans relate almost exclusively to finance leases.

As part of the 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 are calculated at each annual closing date (starting with the financial year ended 31 December 2017) based on the annual consolidated accounts, certified by the Group auditors.

<i>in K€</i>	31/12/2015	Loans raised	Loans repaid	Other	31/12/2016
Bank borrowings	2 962	-	-	- 924	2 038
<b>Mid- and long-term financial liabilities</b>	<b>2 962</b>	<b>-</b>	<b>-</b>	<b>- 924</b>	<b>2 038</b>
Bank borrowings due in less than 1 year	911	-	- 901	924	934
Other borrowings due in less than 1 year	5	-	-	-	5
Bank overdrafts	-	27	-	-	27
	2 962	-	-	-	-
<b>Short-term financial liabilities</b>	<b>916</b>	<b>27</b>	<b>- 901</b>	<b>924</b>	<b>966</b>
<i>o/w finance lease</i>	<i>3 866</i>		<i>- 901</i>		<i>2 965</i>
<b>Total Loans and financial debts</b>	<b>3 878</b>	<b>27</b>	<b>- 901</b>	<b>-</b>	<b>3 004</b>

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

Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Financial derivatives classified as cash flow hedges for accounting	Total carrying amount	Fair value of the category
<i>in k€</i>							
Financial assets		3 680				3 680	3 680
Operating receivables and other current receivables		98 435				98 435	98 435
Derivative instruments						0	0
Receivables related to intermediation activity						0	0
Other non current assets						0	0
Funds related to intermediation activity						0	0
Cash and Cash equivalents	50 878					50 878	50 878
<b>TOTAL ASSETS</b>						<b>152 993</b>	<b>152 993</b>
Long term financial liabilities			28 830			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
Payables related to intermediation activity						0	0
Derivative instruments						0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>233 448</b>	<b>52</b>	<b>0</b>	<b>233 500</b>	<b>233 500</b>

Categories of financial assets and liabilities	Financial assets/ Liabilities measured at fair value through profit or loss	Loans & receivables	Liabilities measured at amortized cost	Financial assets/ Liabilities measured at fair value through equity	Financial derivatives classified as cash flow hedges for accounting purposes	Total carrying amount	Fair value of the category
<i>in k€</i>							
Financial assets		3 624				3 624	3 624
Operating receivables and other current receivables		73 527				73 527	73 527
Derivative instruments						0	0
Receivables related to intermediation activity						0	0
Other non current assets						0	0
Funds related to intermediation activity						0	0
Cash and Cash equivalents	97 004					97 004	97 004
<b>TOTAL ASSETS</b>	<b>97 004</b>	<b>77 151</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174 155</b>	<b>174 155</b>
Long term financial liabilities			2 038			2 038	2 038
Other non-current liabilities				88		88	88
Short term financial liabilities			966			966	966
Operating liabilities and other current liabilities			201 979			201 979	201 979
Payables related to intermediation activity						0	0
Derivative instruments						0	0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>204 983</b>	<b>88</b>	<b>0</b>	<b>205 071</b>	<b>205 071</b>

## 5.15. Share option schemes

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

Scheme 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 Groupe 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:

- €12k for the year 2017,
- €37k for the year 2016,

The total amount to be recorded in 2018 in respect of these schemes is €1k.

## 5.16. Free share schemes

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 de l'assemblée générale	Date du conseil d'administration	Nb total d'actions gratuites autorisées	Nb total d'actions gratuites attribuées au cours des exercices précédents	Nb total d'actions gratuites attribuées au cours de l'exercice	Nb total d'actions gratuites exercées sur la période	Nb total d'actions annulées	Nb total d'actions restantes au 31 décembre 2017	Durée d'acquisition moyenne pondérée des actions gratuites (en années)	Prix de l'action à la date d'attribution	Juste valeur unitaire moyenne pondérée à la date d'attribution
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	-	-	-	100 000	2,0	17,62	16,94
Plan n°3	25/09/15	29/10/15	400 000	250 585	-	-	- 60 835	189 750	2,0	17,62	15,24
Plan n°4	30/05/16	30/05/16	52 500	52 500	-	-	- 40 000	12 500	2,0	19,19	13,83
Plan n°5	30/05/16	30/05/16	24 003	24 003	-	-	- 3 028	20 975	2,0	19,19	13,83
Plan n°6	30/05/16	14/02/17	57 990		57 990	-	- 4 525	53 465	2,0	22,69	17,02
Plan n°7	30/05/16	14/02/17	46 653		46 653	-	- 33 000	13 653	2,0	22,69	17,02
Plan n°8	30/05/16	26/06/17	17 675		17 675	-	- 11 000	6 675	2,0	23,50	17,63
Plan n°9	30/05/16	26/06/17	95 450		95 450	-	-	95 450	2,0	23,50	17,63
Plan n°10	26/06/17	04/12/17	330 000		110 000	-	-	110 000	2,0	10,00	7,40
Plan n°11	26/06/17	04/12/17	243 800		243 800	-	-	243 800	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 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 "Cost of share based payments" amounts to €2,566k for 2017 (not including flat-rate social security charges).

The total amount to be amortized between 2018 and 2020 in respect of this plan is €6,116k.

## 5.17. Earnings per share

### Basic earnings per share

	2017	2016
Net income for the period - part attributable to Group	- 5 812	- 250
Average number of ordinary shares	33 270 753	33 649 675
Basic earnings per share (in €)	- 0,175	- 0,007

### 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>	31/12/2016 Gross book value	Variations with an impact on cash	Changes in the consolidation scope & others	31/12/2017 Gross book value
Inventory	82 638	6 758	3 549	92 945
Accounts receivable	36 612	16 690	- 301	53 001
Prepaid expenses	20 886	1 615	- 1 321	21 180
Other current assets	19 548	7 161	- 2 455	24 254
<b>Subtotals Assets (1)</b>	<b>159 684</b>	<b>32 224</b>	<b>- 527</b>	<b>191 381</b>
Accounts payable	148 504	- 7 099	2 840	144 246
Deferred revenues	30 663	687	1 096	32 446
Other current liabilities	23 522	1 009	252	24 782
<b>Subtotals Liabilities (2)</b>	<b>202 689</b>	<b>- 5 403</b>	<b>4 188</b>	<b>201 474</b>
<b>Working capital requirement (1)-(2)</b>	<b>- 43 005</b>	<b>37 627</b>	<b>- 4 715</b>	<b>- 10 094</b>
<b>Change in Working Capital</b>				<b>32 911</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 2017, as in 2016.

#### Interest rate risk

##### ➤ Investments

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

The impact of a fall in interest rate by 1 point applied to short-term rates would not have had a material impact on the Group's net income for the year 2017, as in 2016.

##### ➤ 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 150 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 is not bound by any bank guarantee.



### 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>, 2016 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	9 987	258	181	-	10 426

## 7. RELATED PARTIES

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

At 31 December 2017 the SRP Group had not granted any loan or borrowing to members of the Group's management.

During the year ended 31 December 2017, 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>	2017	2016
Fixed salaries	805	1 092
Variable salaries	289	285
Cost of share-based payments	712	8 535
<b>Total</b>	<b>1 806</b>	<b>9 912</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 property:

- The Sables d'Olonne site
- Saint-Witz warehouse.

<i>in K€</i>	2017	2016
Accounts receivable / payable	0	0
Purchase of goods and services	2 009	1 914

## 8. OFF-BALANCE SHEET COMMITMENTS

### 8.1. Commitments received

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

### 8.2. Commitments given

<i>in K€</i>	31/12/2017	31/12/2016
Discounted notes not yet matured (given)	-	-
Deposits and guarantees (given)	-	-
Retirement benefits	-	-
Retirement benefits due in less than one year	-	-
Personal property leasing (given)	-	-
Real estate leasing (given)	-	-
Mortgages and collateral (given)	-	1 900
Forward purchases of foreign currencies (given)	-	-
Better fortunes clause (given)	-	-
Trade receivables ceded	-	-
Other commitments given	-	-
<b>Off-balance sheet commitments given</b>	<b>-</b>	<b>1 900</b>

Furthermore, the total of commitments included in future lease payments amounts to €10,722k as at 31 December 2017 (€5,924k as at 31 December 2016).

### 8.3. Average headcount at year-end

The Group had 1,157 employee on its payroll as at 31 December 2017 (811 employees as at 31 December 2016).

#### 8.4. Post-balance sheet events

On 11 January 2018, the French retail group Carrefour announced that it would acquire the 17% stake in the capital of SRP Groupe previously held by Conforama, subsidiary of the Steinhoff group.

The partnership with Carrefour is in line with the strategy of both groups to develop a first-rate multi-channel offer and will cover commercial, marketing, logistical and data aspects.

#### 8.5. Statutory auditors' fees

For the financial year ended 31 December 2017, the total amount of statutory auditors' fees for the Group is 480k€ (321 K€ as at 31 December 2016).

<i>In K€</i>	KPMG SA	Other member of KPMG network	Jérôme Benainous	Other service providers
Legal audit	268	37	121	24
Other services	18			
<b>Total</b>	<b>286</b>	<b>37</b>	<b>121</b>	<b>24</b>

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