



ISSUER RATING  
ShortTerm



INSTRUMENT RATING  
NeuCP

Initiation date 29/10/2026  
Rating Date 29/10/2026

## Contacts

### Lead analyst

Anne Guy  
anne.guy@ethifinance.com

### Secondary analyst

Reda Mouaacha  
reda.mouaacha@ethifinance.com

### Committee chair

Thomas Dilasser  
thomas.dilasser@ethifinance.com

## Rating Action and Rationale

- EthiFinance Ratings initiates the short-term issuer rating of SMCP Group SAS, assigning EF1. EthiFinance Ratings also assigns an EF1 to the existing €200m NEU CP programme of SMCP Group SAS.
- SMCP Group SAS is the main intermediate holding company and is wholly owned by SMCP SA (SMCP), the ultimate holding company, which reports consolidated financial statements. Given that SMCP Group SAS directly or indirectly owns the assets and subsidiaries and holds the financial debt, we consider its rating equivalent to that of SMCP SA, in line with our methodology. Unless otherwise specified, references to the group or the company refer to SMCP.
- SMCP is a Paris-based ready-to wear and accessories group with a portfolio of four brands: Sandro, Maje, Claudie Pierlot and Fursac.
- The rating is supported by SMCP's solid financial profile, as reflected in a net adjusted leverage ratio of 2.3x and interest coverage of 8.2x at end-2025. We expect both ratios to improve sustainably over the 2026-28 forecast period. The notable deleveraging from a level of 3.2x in FY24 was mainly driven by robust internal cash flow generation of c. €94m, as a result of better profitability, lower CapEx and tight inventory management. The capitalisation ratio (equity/total adjusted debt) was strong at 201% at end-2025 and has strengthened over time through deleveraging and cumulated retained earnings. No dividends have been paid to shareholders, and none are expected in the near future. We therefore consider the group's financial policy as prudent, marked by the successful outcome of the profitability-restoring measures implemented in 2024. The short-term rating also benefits strongly from the group's solid liquidity profile resulting from well-spread debt maturities and available short-term facilities.
- We expect SMCP to continue expanding through its digital sales channel, particularly in the US, and to adjust collection volumes in response to discount periods as part of its full-price strategy. These measures should support further profitability improvement, as highlighted by the 140bps yoy improvement in the total adjusted EBITDA margin in 1H26. As such, over the forecast period, we anticipate a mid-single-digit revenue growth rate on average, supported by both pricing and volume growth; and the adjusted EBITDA margin to slightly improve and average around 20.0% level. In line with this improvement, interest coverage ratio should remain above 10.0x level and the net adjusted leverage ratio should also materially improve to a range of 1.4-1.8x by end-2028, reflecting continued strong internal generation of FCF.
- However, our rating is constrained by the apparel industry's inherent risks, including the cyclical volatility of profitability, moderate-to-low barriers to entry, and moderate short-term growth prospects. SMCP's modest scale and competitive position within the global premium fashion and apparel sector also constrain the rating. In addition, we view the unusual shareholding structure, reflected in the absence of a controlling shareholder since 2021, as a source of uncertainty that may affect the group's financial policy.
- The consumer goods sector has medium ESG risks under our methodology (sector heatmap score between 3.0 and 3.5). This results in a sector assessment which is not impacted by industry-related ESG considerations. Furthermore, our assessment of SMCP's ESG policy yields a slightly positive score (between 1.0 and 1.5). This results in an overall positive ESG impact linked to the company adjustment.
- In assigning the rating, EthiFinance Ratings considered its financial projections for the 2026-28 forecast period, based on guidance provided by SMCP, and the agency's own assumptions. As a publicly listed company, SMCP considers these projections internal and confidential; accordingly, they are not disclosed in this report.

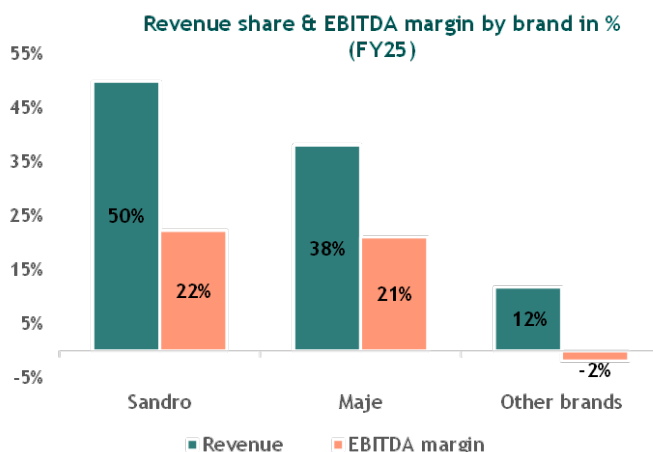
## Company Description

The SMCP group is a Paris-based ready-to-wear and accessories group founded in 1984 with the creation of Sandro, followed by Maje in 1998. The two fashion houses were combined with Claudie Pierlot to form the SMCP group in 2010. The brand portfolio was completed through the acquisition of men's tailoring brand Fursac in 2019. SMCP is a leader in the Creative Premium segment, positioned between fast fashion and traditional luxury; we classify it within the premium fashion and apparel sector. The group operates in 59 countries through a network of 1,630 points of sale, comprising 1,227 directly operated and 403 partner-operated locations. Its activities are organised around four complementary brands grouped into three divisions: (i) **Sandro** (c. 50% of FY25 sales); (ii) **Maje** (c. 38%); and (iii) **Other Brands**, comprising **Claudie Pierlot** and **Fursac** (c. 12%). SMCP's revenue is geographically balanced, with c. 66% generated outside its French home market. France accounts for 34%, EMEA excluding France for 35%, Asia-Pacific for 15%, and the Americas for 16%.

SMCP has been listed on Euronext Paris since October 2017. Its current free float is 40.6%, and its market

capitalisation was c. €311m as of 28 October 2026.

In FY25, the SMCP group generated revenue of €1.2bn, up 0.5% on a reported basis including FX. Adjusted EBITDA reached €231m (margin of 19.0% vs 17.9% in FY24). At end-2025, the net adjusted leverage ratio stood at 2.3x (vs 3.2x at end-2024).



Source: SMCP

## Fundamentals

### Business Risk Profile

#### Industry Risk Assessment

- **Moderate and cyclical profitability, driven by scale, brand and channel mix**

We assess profitability in the premium fashion and apparel sector as moderate, reflecting structurally high gross margins alongside features such as operating leverage, demand cyclicity and brand-investment requirements. Across the FY21-25 period, the peer set (including SMCP and 5 premium fashion peers, 3 luxury, and 2 mass market) recorded average median EBIT and EBITDA margins of 10.0% and 13.0%, respectively. However, profitability was highly uneven in FY25, with LTM EBIT margins ranging from materially low single-digit or negative levels among weaker online or turnaround companies to high double-digit best-in-class brands. This dispersion supports our view that sector profitability is not uniformly high and is closely linked to scale, brand strength, channel mix and execution quality.

The historical peer benchmark also points to a material volatility in operating profitability across different macroeconomic cycles. The median EBIT margin declined from around 11.7% in FY19 to 4.7% in FY20, before recovering to 11.3% in FY22, and subsequently normalising to 9.3% in FY24 and 9.0% in FY25. This reflects the sector's exposure to temporary demand shocks, inventory adjustments and fixed-cost absorption, particularly during periods of weak consumer confidence or footfall disruption.

- **Moderate-to-low barriers to entry, dependent on sustained branding and quality**

We assess barriers to entry as low-to-moderate. Brand merchandising capabilities and omnichannel execution provide some protection, as does the need for sustained investment in marketing, inventory optimisation tools, sourcing and retail infrastructure. However, these barriers are not prohibitive. Digitally native entrants can rapidly scale through social media, wholesale platforms, and direct-to-consumer channels, and established apparel and luxury groups can expand into the premium segment.

Competition is therefore intense, and barriers depend heavily on maintaining brand relevance and a suitable reputation among clients. The sector combines premium aesthetics with accessible price points, appealing particularly to younger consumers seeking design, high quality and status without full luxury pricing. This positioning creates pressure to preserve exclusivity while competing with luxury diffusion lines, premium contemporary brands, fast-fashion collaborations and resale channels.

- **Moderate growth: A positive structural backdrop tempered by discretionary softness**

We assess growth prospects as moderate, backed by favourable long-term drivers for the sector, including aspirational consumption, digitalisation, younger consumer engagement and demand for accessible premium products. Market outlooks indicate continued growth in the premium fashion and apparel sector. A recent McKinsey industry survey projects that the global market will expand from \$131.2bn in 2026 to \$175.0bn by 2034, implying a CAGR of 3.7%. This

provides a positive structural backdrop, particularly for brands that combine differentiated product, digital distribution and disciplined pricing. We also highlight the geographic trends across the sector with North America as a key region driver for the industry. Europe is benefiting from tourism and returning footfall in stores, and the Asian market is shifting, with slower growth in China and the increasing influence of South Korea, India and Southeast Asia.

However, short-term prospects remain constrained by a softer discretionary spending environment and greater macroeconomic volatility. McKinsey's 2026 fashion outlook indicates that the global fashion industry is expected to record only low single-digit growth, with executives identifying tariffs, changing consumer behaviour, and economic volatility as key challenges. In this environment, premium fashion brands may benefit from consumers trading down from hard luxury but remain exposed to cautious spending, promotional activity and inventory risk. We therefore view growth as dependent on brand momentum, product relevance, international expansion and the ability to maintain value perception without excessive discounting.

- **Medium ESG risk for the industry**

Under our methodology, we assess the premium fashion and apparel sector (consumer goods sector) as carrying medium ESG risk, corresponding to a sector heatmap score of 3.0 - 3.5. Industry-related ESG considerations therefore do not affect the sector's assessment. Although brands typically operate as asset-light retailers rather than heavy manufacturers, their material ESG impacts are concentrated in upstream supply chains. Their carbon, water, biodiversity, and social footprints arise primarily from products sourced from suppliers. Well-established industry players maintain codes of conduct and supplier purchasing policies that address these risks and mitigate their impact through supplier screening. The sector's pollution impact is high, driven by annual textile waste volume of around 92 million tons, with less than 1% of material recycled into new clothing.

From a social perspective, globally dispersed and fragmented sourcing exposes brands to material human-rights and labour risks, including forced and child labour, excessive working hours, occupational health and safety risks. These risks remain a key priority in our ESG assessment of sector participants. The sector's risk profile is also increasingly shaped by a growing set of binding regulations, particularly in the EU, which raises compliance costs and exposure to litigation and greenwashing claims. Key measures include the CSRD, the Ecodesign for Sustainable Products Regulation (ESPR), the Digital Product Passport (mandatory for textiles from 2027), and Extended Producer Responsibility for textiles. The forthcoming GRI Textiles & Apparel Sector Standard further signals rising disclosure expectations from investors and stakeholders. Brands that can demonstrate supply-chain traceability, circularity through repair, resale, recycled content, and verifiable claims are therefore better positioned to convert these risks into a competitive advantage.

## Competitive Positioning

- **SMCP, a leading player in the "Creative Premium" segment through a portfolio of complementary Parisian brands**

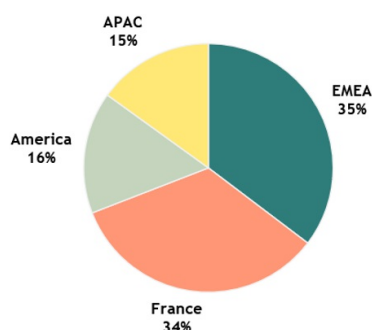
SMCP is one of the leaders in the creative premium segment, combining product creativity, a strong Parisian identity and an integrated, predominantly directly-operated distribution model. At end-2025, SMCP generated 90% of its revenue through direct distribution and served more than 3.4 million active customers, with the digital channel accounting for c. 20% of sales. In our view, the desirability of the group's brands is sustained by dedicated in-house design studios in Paris, the continued involvement of the founding artistic directors, and premium store locations managed in line with luxury standards. We also regard the group's strict full-price strategy as a source of competitive discipline. Management reduced the average in-season discount rate in 2025 by c. 3 points to a historically low level of c. 20% excluding the outlet channel, followed by a further c. 2-point yoy improvement across all regions in 1H26.

We consider the group's positioning to be relatively resilient within the premium fashion and apparel sector, which has faced significant pressure since 2024-25, as weaker purchasing power increasingly affected even higher-income households. Several direct competitors experienced financial difficulties during this period. For instance, Ba&Sh entered accelerated safeguard proceedings, and The Kooples was sold to a distressed-asset investor, whereas SMCP's flagship brands, Sandro and Maje, continued to deliver positive organic growth. Although SMCP has a small scale relative to peers, it remains operationally well positioned, primarily due to its brand desirability, geographic diversification and integrated retail model.

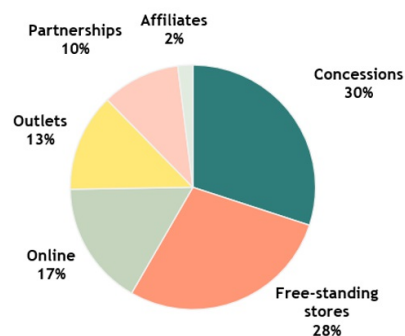
- **A concentrated brand portfolio, mitigated by channel and geographic diversification**

The group's profitability remains concentrated in its two flagship brands: Sandro and Maje, which together account for all of the group's positive EBITDA, as the other brands are loss-making. However, this concentration is tempered by the complementary nature of the portfolio, with each brand targeting a distinct customer profile through the same platform: Sandro offers a contemporary edge for both men and women; Maje focuses on feminine positioning; Claudie Pierlot provides a Parisian wardrobe; and Fursac specialises in premium high-end men's tailoring. This positioning enables the group to address a broad client base while benefiting from a single, optimised supply chain. Channel diversification provides further support through a balanced mix of directly operated stores, concessions, outlets, e-commerce and partner-operated retail. The latter allows capital-light access to new markets.

FY25 Revenues by Region (in %)



FY25 Revenues by Category of points of sales (in %)



Source: SMCP

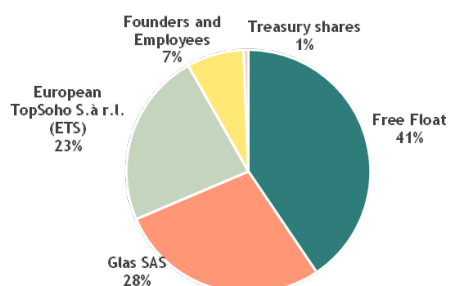
Given its cash-based retail model and the generation of 90% of revenue through proprietary stores, the group has limited exposure to customer concentration and counterparty risk. Its geographic mix is well diversified and continues to benefit from year-on-year expansion through the retail-partner model. This model has supported international growth, with France's share of revenue declining from 46% in 2016 to 34% in 2025.

The group is pursuing further capital-efficient expansion through its partner network in high-potential regions, notably the Middle East, Latin America, Southeast Asia, South Korea, and India, while maintaining a disciplined, ROI-driven approach to directly operated store openings.

## Shareholder Structure and Governance

- Ownership overhang clears as SMCP prepares for a new controlling shareholder

Shareholding structure as of December 2025



Source: SMCP

SMCP has had an unusual ownership structure, with no controlling shareholder since 2021. In 2016, Chinese textile conglomerate Shandong Ruyi acquired control of SMCP from KKR through Luxembourg holding company European TopSoho (ETS). After the IPO in 2017, the ownership stake of Ruyi stood at c. 55%. In 2018, ETS issued €250m of exchangeable bonds secured by a pledge of c. 28 million SMCP shares. After ETS defaulted on the bonds in 2021, GLAS, acting as trustee for the bondholders, enforced the collateral and took temporary possession of c. 22 million shares, currently representing around 28% of SMCP's share capital. SMCP consequently ceased to have a controlling shareholder.

Around the time of the default, ETS transferred a further 15.5% stake to the British Virgin Islands entity Dynamic Treasure Group (DTG). GLAS challenged the transaction as invalid and fraudulent. Early 2023, ETS was placed into insolvency proceedings in Luxembourg and was administered by a court-appointed liquidator. In 2024, the English courts invalidated the transfer. The Autorité des marchés financiers (AMF), later in June 2025, sanctioned ETS, DTG and ETS's manager, for disclosure breaches and false or misleading information relating to the ownership arrangements. Following proceedings in Singapore, the shares were returned to ETS in August 2025.

A structured exit process is now under way. On 27 November 2025, an off-market process was launched to sell stakes representing up to 51.3% of SMCP's share capital, comprising the 28.0% block held by GLAS, the 15.5% stake returned to ETS in August 2025, and a further 7.8% ETS holding. Any acquirer exceeding 30% of the share capital or voting rights, alone or acting in concert, would be required to launch a mandatory public tender offer for the remaining

shares.

We view the current shareholding situation as the final stage of a long and complex legal process to recover the SMCP shares. The entry of a majority shareholder, irrespective of its nature, could change SMCP's board composition and strategic direction. Although management is confident that it can pursue its operating and financial strategy unchanged, we remain cautious about strategic execution risk if a new majority shareholder adopts a more aggressive dividend, leverage, or restructuring policy than the current policy.

- **Experienced management team driving operational recovery and deleveraging**

The group has been led by CEO Isabelle Guichot since 2021, an HEC graduate with more than 30 years of experience in international luxury and retail. Her experience includes 9 years as CEO of Balenciaga and senior roles at Van Cleef & Arpels, Lancel, Sergio Rossi and Cartier (Kering and Richemont groups). Operational governance is reinforced by the three founders, who serve as Deputy General Managers and brand Artistic Directors. Each brand and core region is led by a CEO with more than 20 years of experience, on average, while the group emphasises stability in key commercial, production and purchasing functions.

Management launched a medium-term turnaround plan in 2024 and began delivering results in 2025. The adj EBIT margin recovered to 7.8% in FY25 from 4.4% in FY24, driven mainly by the full price strategy and store optimisation, with guidance for 10% in the second half of 2026. In our view, this performance demonstrates management's credibility and disciplined execution. The group has made deleveraging a clear priority, as reflected in the improvement in the EthiFinance Ratings net adjusted leverage ratio from around 2.9x on average over FY21-24 to 2.3x in FY25. We expect further improvement over our forecast period. Financial policy is expected to remain focused on cash generation, strong capitalisation, margin recovery, and cost discipline rather than shareholder distributions.

- **Positive ESG Policy**

We assess SMCP's ESG profile as slightly positive, with a score of 1.0-1.5, resulting in a quarter-notch uplift to the company's financial risk profile. The assessment primarily reflects solid environmental and social indicators, including progress in executing its climate strategy and initiatives relating to responsible sourcing, traceability, and circularity. These strengths are partly offset by supply-chain-related ESG risks inherent to the apparel sector, given that SMCP does not own manufacturing facilities and relies extensively on third-party suppliers across its value chain. Human-rights oversight, supplier monitoring, and decarbonisation at the manufacturing stage therefore remain key execution priorities, as outlined by management. Governance is a relative strength, supported by a dedicated board-level sustainability committee, a CSR Committee embedded in management processes, and executive remuneration linked to ESG performance targets.

SMCP's ESG profile is primarily shaped by its products, which account for more than 90% of the group's environmental footprint, particularly through raw-material sourcing and manufacturing. The group has a relatively advanced sustainability strategy for its size and sector. Its 1.5°C-aligned climate trajectory has been validated by the SBTi, and it targets a 36% reduction in Scopes 1, 2, and 3 emissions by 2030. At end-2025, emissions had already declined by 26% from the 2022 baseline. SMCP combines climate action with a strong focus on certified and lower-impact materials. Certified materials represented 72% of its collections in 2025, against a target of 100% by 2030, while the group aims to increase recycled-material content to 30% (23% as of FY25). SMCP is also extending product lifecycles through second-hand and rental services, which are gaining particular traction in North America. In addition, Claudie Pierlot obtained the B Corp certification in 2025. We view these initiatives as supportive of the group's social impact, brand strength, and long-term resilience to increasing regulatory and consumer scrutiny of sustainability practices.

## Financial Risk Profile

### Sales and Profitability

- Margin recovery underway despite limited revenue growth

| Profitability. Millions of €  |       |       |       |       |       |        |
|-------------------------------|-------|-------|-------|-------|-------|--------|
|                               | FY23  | FY24  | 1H25  | FY25  | 1H26  | 25vs24 |
| Turnover                      | 1 231 | 1 212 | 601   | 1 217 | 597   | 0,5%   |
| Gross Mg                      | 63,0% | 63,0% | 63,4% | 64,2% | 66,1% | 1,2pp  |
| Adj. EBITDA <sup>(1)</sup>    | 236   | 216   | 112   | 231   | 119   | 6,9%   |
| Adj. EBITDA Mg <sup>(1)</sup> | 19,2% | 17,9% | 18,6% | 19,0% | 20,0% | 1,1pp  |
| Adj EBIT <sup>(1)</sup>       | 80    | 53    | 43    | 95    | 53    | 80,0%  |
| Adj EBIT Mg <sup>(1)</sup>    | 6,5%  | 4,4%  | 7,1%  | 7,8%  | 8,9%  | 3,5pp  |
| EBIT (Operating profit)       | 51    | 16    | 33    | 60    | 39    | 279,9% |
| EBIT Mg                       | 4,1%  | 1,3%  | 5,4%  | 5,0%  | 6,6%  | 3,6pp  |
| Interest expenses             | (27)  | (31)  | (15)  | (28)  | (12)  | 7,5%   |
| EBT                           | 23    | (16)  | 18    | 31    | 27    | 286,1% |

(1) Adj EBIT and Adj EBITDA exclude non-recurring income and expenses and free share plan expenses

Revenue growth was modest in FY25 at 0.5%, driven mainly by like-for-like growth (same stores sales yoy) of 1.7%, and wholesale growth of 1.9%. These offset the negative 1.4% impact from the network optimisation plan and the 1.3% negative FX impact. Since 2024, SMCP has implemented a profitability recovery plan, focused on increasing full-price sell-through, rationalising the store network, optimising costs, and tightening inventory management. The plan has delivered results in line with expectations. Sandro's and Maje's EBITDA margins improved as a result from 20.8% and 20.6% in FY24 to 22.3% and 21.1% in FY25, respectively. The other brands, Fursac and Claudie, remained loss-making, with negative EBITDA of €2.7m in FY25.

We anticipate that SMCP will continue expanding through its digital sales channel, particularly in the US where the cost of doing business is relatively high compared with other regions. While adjusting collection volumes in response to discount periods as part of its full price strategy. These measures should support further profitability improvement, as highlighted by the 140bps yoy improvement in the total adjusted EBITDA margin in 1H26, mainly driven by Maje's strong performance.

### Leverage and interest coverage

- A deleveraging trajectory shaping up the debt structure of the group

| Asset structure and financing. Millions of € |       |       |       |       |       |        |
|----------------------------------------------|-------|-------|-------|-------|-------|--------|
|                                              | FY23  | FY24  | 1H25  | FY25  | 1H26  | 25vs24 |
| Total Assets                                 | 2 351 | 2 298 | 2 179 | 2 150 | 2 130 | -6,5%  |
| Variation in Working Capital                 | (4)   | 29    | 5     | 35    | (34)  | 20,8%  |
| Equity                                       | 1 180 | 1 163 | 1 167 | 1 172 | 1 194 | 0,7%   |
| Adj Total Financial Debt <sup>(1)</sup>      | 756   | 734   | 648   | 583   | 559   | -20,5% |
| Adj Net Financial Debt <sup>(1)</sup>        | 705   | 685   | 605   | 536   | 518   | -21,8% |
| Equity/ Adj TFD <sup>(1)</sup>               | 156%  | 158%  | 180%  | 201%  | 214%  | 42,4pp |
| Adj NFD/ LTM EBITDA <sup>(1)</sup>           | 3,0x  | 3,2x  | 2,6x  | 2,3x  | 2,2x  | -0,9x  |
| EBITDA/Interest                              | 8,7x  | 7,1x  | 7,6x  | 8,2x  | 9,9x  | 1,1x   |

(1) Total adjusted debt includes pension benefits in addition to total reported debt.

The group's debt is issued by SMCP Group SAS, the intermediate holding company, and guaranteed by SMCP SA (ultimate holding), except for the PGE. SMCP's gross financial debt stood at €186m as of end-June 2026 and mainly comprised:

- A €56m floating-rate term loan (TLA);
- €48m of NEU CP;
- €19m drawn under a €45m overdraft facility;
- A €33m state-guaranteed loan (PGE) maturing in June 2027; and
- €25m drawn under a €155m RCF provided by a pool of 10 banks.

In 1H26, the maturities of both the RCF and the term loan were extended to May 2028.

The net adjusted debt includes €368.7m of IFRS 16 lease liabilities and €5.1m of pension benefits. The EthiFinance Ratings net adjusted leverage ratio stood at 2.2x (vs 2.6x in 1H25 and 2.3x in FY25). The TLA, RCF and PGE include a

net leverage covenant, tested each semester, with a limit of 2.5x (excluding IFRS 16 leases). The group was compliant with this covenant at end-2025 and end-June 2026, and we expect it to maintain ample covenant headroom over the coming 24 months, in line with its rapid deleveraging trajectory over this period.

In line with the management's deleveraging strategy, we are confident that the group can repay a significant portion of its bank debt by December 2028 without any further maturity extension. This should reinforce the rating by reducing the net adjusted leverage ratio to 1.4-1.8x. We also expect the interest coverage ratio to keep improving and to remain above 10.0x over the forecast period.

## Cash Flow Analysis

- Strong FCF generation supports deleveraging, with CapEx expected to normalize

| Cash flow. Millions of €.                      |       |       |      |       |      |
|------------------------------------------------|-------|-------|------|-------|------|
|                                                | 2023  | 2024  | 1H25 | 2025  | 1H26 |
| Funds From Operations                          | 203   | 186   | 106  | 205   | 113  |
| +/- WK changes                                 | (4)   | 29    | 5    | 35    | (34) |
| Adj Operational Cash Flow                      | 200   | 215   | 112  | 240   | 79   |
| Net Investment Cash Flow                       | (62)  | (39)  | (17) | (28)  | (20) |
| Free Cash Flow                                 | 138   | 176   | 95   | 212   | 59   |
| +/- changes in capital                         | (2)   | (0)   | (1)  | (1)   | -    |
| - Dividends                                    | -     | -     | -    | -     | -    |
| - Lease repayments                             | (128) | (128) | (60) | (117) | (56) |
| Cash Flow Generated Internally                 | 7     | 48    | 34   | 94    | 3    |
| +/- debt variation                             | (44)  | (56)  | (39) | (75)  | (23) |
| +/- changes in exchange rates                  | (1)   | 1     | (2)  | (2)   | 1    |
| +/- other financing cash flow                  | (1)   | (0)   | (0)  | (3)   | (0)  |
| Cash Variation                                 | (38)  | (7)   | (7)  | 15    | (19) |
| Cash at the start of the period <sup>(1)</sup> | 71    | 34    | 27   | 27    | 42   |
| Cash at the end of the period <sup>(1)</sup>   | 34    | 27    | 20   | 42    | 23   |

(1) Excluding overdrafts

SMCP generated internal FCF of €94m in FY25, up from €48m in FY24, supported by lower debt interest expense, a cash inflow from payables, and lower CapEx. The group's cash balance typically reaches its annual low point at half-year, when it usually incurs CapEx and settles supplier invoices. The negative €34m working capital variation at end-June 2026 reflected the early payment of certain supplier invoices. For FY26e, we expect internal FCF of c. €50m, in line with management guidance, driven mainly by cash receipts from new collections in the second half of the year and lower payable-related and other cash outflows than in the first half. Over the remainder of our FY27-28 forecast period, we expect SMCP to maintain sound cash generation, sufficient to cover CapEx, lease repayments, and debt and interest payments. CapEx declined to around 2.6% of revenue in FY25 from an average of c. 4.0% over 2021-24. This reflected management's disciplined cash-preservation and deleveraging strategy, as well as store-network optimisation, which reduced investment requirements. However, CapEx is expected to return to its historical range of 3.5%-4.0% from 2026 onwards as the group opens new flagship stores across European capitals.

## Capitalisation

- Asset base streamlining and strengthening capitalisation ratio

Around 50% of SMCP's total assets are made of intangible assets, including goodwill arising from brand acquisitions. The underperformance of Claudie Pierlot and Fursac has resulted in goodwill and brand impairments in recent financial years. We note that the closure of 32 underperforming stores in mainland China, BHV-SGM corners in France and Claudie Pierlot stores in Europe also reduced PP&E and rights-of-use assets from €544m in FY24 to €471m in FY25. The destocking strategy has led to a 10% yoy reduction in inventories to €233m in FY25. In line with management's expectations, we forecast inventories to remain at this level, consistent with the unchanged balance of €233m in 1H26.

The capitalisation ratio (Equity / Adj total debt) was strong, at 214% at end-June 2026, reinforcing the group's financial profile and, by extension, its credit rating. We expect the ratio to continue improving, on the back of the deleveraging trend and cumulated retained earnings, with no dividend distributions expected in the near future.

## Liquidity

- A “Superior” liquidity profile with strong refinancing capacity

We assess SMCP’s liquidity profile as “Superior”, the highest category on our short-term scale. This reflects the group’s ability to cover all upcoming debt maturities, lease repayments and swings in working capital for more than two years without requiring external refinancing.

Our assessment is primarily supported by €130m available under a committed €155m RCF maturing in 2028. The facility was reduced from €200m, with €25m drawn at end-June 2026. Our assessment also incorporates: (i) a €45m overdraft facility, of which €19m was utilized at end-June 2026; (ii) €41.4m of cash on hand at end-June 2026; and (iii) expected strong internal FCF generation exceeding €140m over 2026-28.

SMCP also has a €200m NEU CP programme, which is the subject of this short-term rating, with €48m outstanding at end-June 2026.

## Credit metrics evolution expectations (CMEE)

- CMEE stable

Our Stable CMEE reflects our expectation that credit metrics will slightly improve through the company’s normal deleveraging trajectory rather than an exceptional, significant event driving a sudden change in its credit profile.

## Financial Projections

Based on management’s guidance and projections, together with our own assumptions, our forecasts for 2026-28 incorporate:

- Average mid-single-digit revenue growth, driven mainly by higher pricing and volumes compared with FY24 and FY25;
- An adjusted EBITDA margin of 19.8%-20.8%;
- A CapEx-to-Revenue ratio within a range of 3.5% to 3.8%; and
- An Interest coverage ratio improving within a range of 10.0-12.0x.

## Main Financial Figures

| Main financial figures. millions of EUR |         |         |         |        |
|-----------------------------------------|---------|---------|---------|--------|
|                                         | FY23    | FY24    | FY25    | 25vs24 |
| Turnover                                | 1 230,5 | 1 211,7 | 1 217,4 | 0,5%   |
| Adj EBITDA <sup>(1)</sup>               | 236,4   | 216,4   | 231,3   | 6,9%   |
| Adj EBITDA Margin <sup>(1)</sup>        | 19,2%   | 17,9%   | 19,0%   | 1,1pp  |
| EBIT <sup>(2)</sup>                     | 50,6    | 15,9    | 60,4    | 279,9% |
| EBIT Margin <sup>(2)</sup>              | 4,1%    | 1,3%    | 5,0%    | 3,6pp  |
| EBT                                     | 22,7    | (16,5)  | 30,7    | 286,1% |
| Total Assets                            | 2 350,8 | 2 298,1 | 2 149,7 | -6,5%  |
| Equity                                  | 1 180,1 | 1 163,1 | 1 171,7 | 0,7%   |
| Adj Total Financial Debt <sup>(3)</sup> | 755,6   | 733,9   | 583,2   | -20,5% |
| Adj Net Financial Debt <sup>(3)</sup>   | 704,7   | 685,4   | 535,8   | -21,8% |
| Equity/Adj TFD <sup>(3)</sup>           | 156,2%  | 158,5%  | 200,9%  | 42,4pp |
| Adj NFD/Adj EBITDA <sup>(3)</sup>       | 3,0x    | 3,2x    | 2,3x    | -0,9x  |
| Funds From Operations                   | 203,2   | 185,7   | 204,7   | 10,2%  |
| FFO/Adj NFD <sup>(3)</sup>              | 28,8%   | 27,1%   | 38,2%   | 11,1pp |
| Adj EBITDA/ Interest <sup>(1) (3)</sup> | 8,7x    | 7,1x    | 8,2x    | 1,1x   |

<sup>(1)</sup> Adj EBITDA used to calculate our credit ratios is presented on a post-IFRS 16 basis.

<sup>(2)</sup> EBIT takes into account the expenses related to non-recurring items and free share plan.

<sup>(3)</sup> Adjusted debt includes IFRS 16 lease liabilities and pension benefits.

## Rating Sensitivity

- **Ratings list:**
  - Short-term rating: EF1
  - NEU CP instrument: EF1

Factors that may influence (individually or collectively) the rating:

- **Short-term rating positive factors (↑)**

An upgrade of SMCP's short term and NEU CP ratings to EF1+ (the highest on our short-term scale) is unlikely in the near term, as it could require a significant improvement in the company's financial risk profile that we consider highly improbable in the near future.

- **Short-term rating negative factors (↓)**

Negative rating sensitivities include: (i) a deterioration in the financial risk profile, contrary to our expectations, due to unexpected developments such as debt-funded M&A or weakening business performance; and (ii) the adoption of a more aggressive financial policy by a new majority shareholder. A downgrade could be triggered if net adjusted leverage remains at or above 2.3x and interest coverage at or below 9.0x, on a sustained basis. A deterioration in the group's ESG profile could also contribute to a rating downgrade.

## Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

## Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
  - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
  - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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