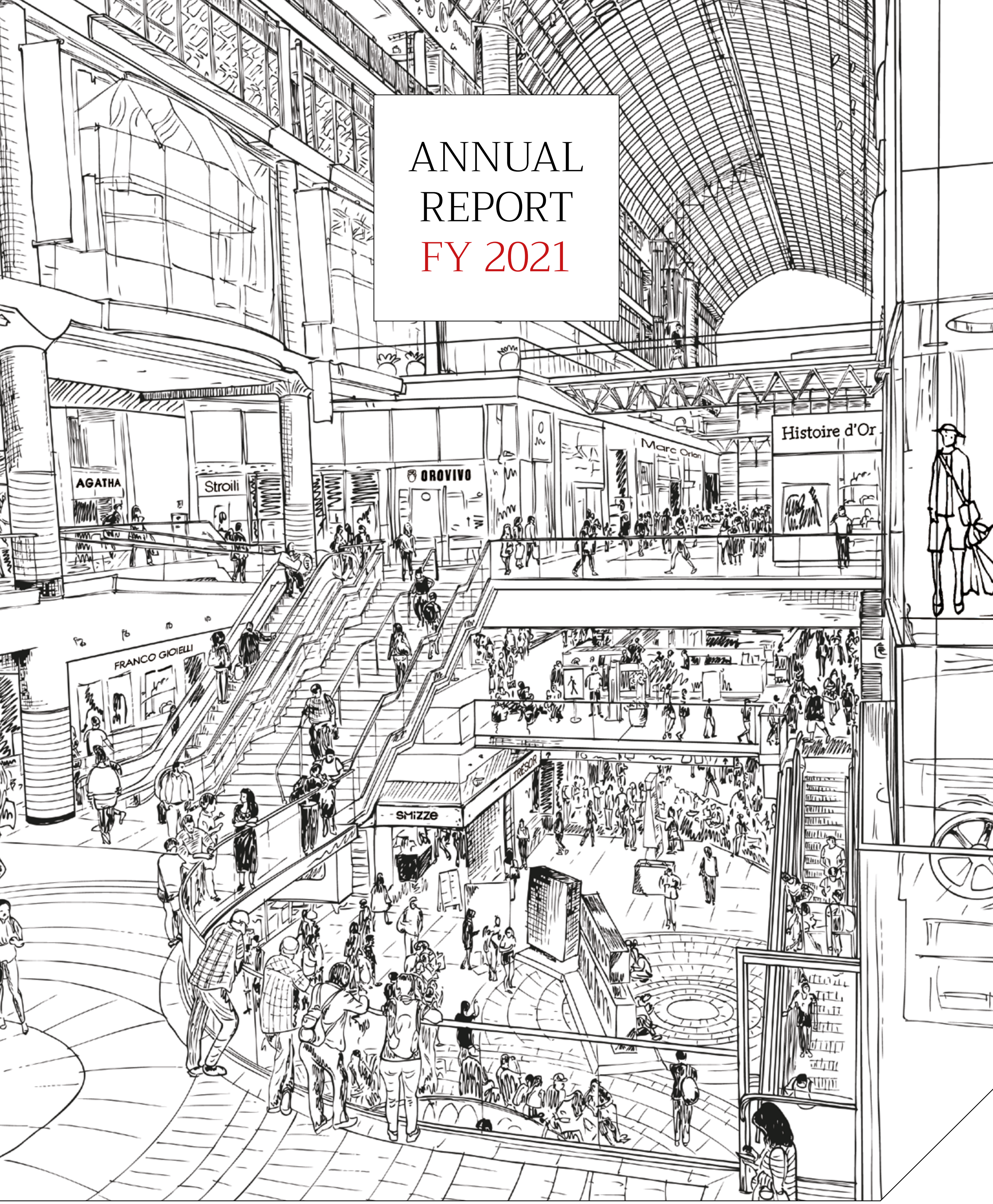
ANNUAL REPORT FY 2021



THOM


PERCAGE D'OREILLES
LE DEBUT
D'UNE HISTOIRE
OFFERT
OXYDE DE ZIRCONIUM
GRAVURE
OFFERTE

Summary

Editorial

Romain Peninque
CEO and President THOM

Our Group, like the rest of the world's economy, has been dealing with an unprecedented crisis over the past two years which has posed unique challenges. Despite this, the Group's results have never been so strong. Our Group was of course strongly impacted by the quarantine measures and store closures, but we were able to more than recoup our losses during the re-opening periods and to find solutions to bounce back, innovate, invest and move forward.

Participation and solidarity

Our staff members in all of our brands have amply demonstrated their solidarity and willingness to play their part despite all the challenges, always staying on course. I would like to thank them personally and to heartily congratulate them for their tireless commitment. The Group's success is first and foremost their own.

Our employees have also been the key to the Group's success, playing a vital role during FY21 by actively contributing to the definition of the WeTHOM project that will structure our CSR policy for the coming years. This project, centred around the 5 pillars of our social commitment (People, Ethics, Green, Governance, Charity), includes the THOMtogether project which enables our employees to become Group shareholders. It is essential that the Group's development also contributes to the personal growth of those who contribute to its economic growth.

> *"By rising to the challenges wrought by the sanitary crisis and achieving a high quality result in the last year, THOM has demonstrated a strong business model and a relevant sales strategy."*

New shareholders

Loyalty is an important value for the Group, for our customers and our employees, but also for our investors and our shareholders. Following the decision made by our former majority shareholder Bridgepoint to sell its shares, the new shareholding group assembled around Maurice Tchenio, Chairman of Altamir and historic shareholder of THOM and Eric Belmonte, Group's founder and Chairman of the Supervisory Board. Between them and the Group's management team, they form a remarkably solid shareholder base, with highly complementary profiles. This operation was combined with debt restructuring, which provided the opportunity to fully measure the confidence investors have in the Group.

An intense and structuring year

The Group has fully capitalized on the FY21 financial year to strengthen its leadership and boost its brands – reputation, identity, positioning, store concept, product quality, services – as well as its distribution channels. We have continued to digitize our processes and massively invested in online sales. We have developed our store network via affiliation, a winning model for the Group and its partners.

Strategic acquisitions

After two acquisitions in FY17 which positively transformed the Group with, for instance, significant benefits of sales and purchasing synergies on the performance of Stroili this year, the Group decided to pursue a targeted M&A strategy in FY21 with several strategic acquisitions. We have enriched our portfolio with the acquisition of the iconic Agatha brand, as a joint venture with Renaissance Luxury Group, which will extend our geographical reach in Europe and beyond. The acquisition of a 65% share of capital of the start-up Popsell, expert in social commerce, will give our brands the opportunity to offer very original customer experiences and to open an additional Group sales channel. Finally, the acquisition of the distributor Venson Paris consolidates our wholesale activity on a European scale enabling us to offer third party brands a direct and more profitable access to the market by benefiting from our excellent supply chain.

Asserting our leadership

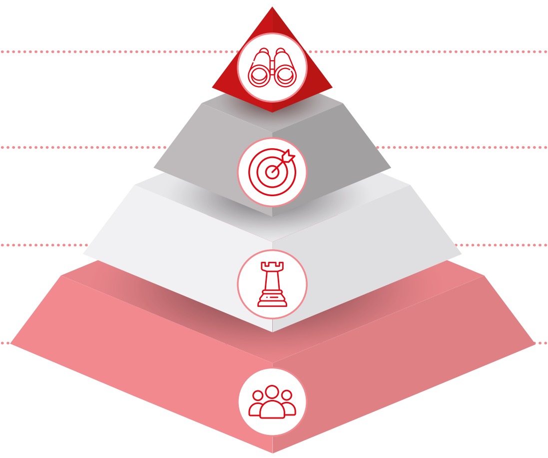
Our strong business model and relevant sales strategy have given us the tools to achieve very high performance in FY21. I am convinced that we can do even better in FY22 and beyond, achieving very strong growth trends and boosting our market leadership. Our destiny is in our own hands. If we stick to our business model and our values and if our brand and our human touch remain at the forefront of our strategies, then I am convinced that we can have great ambitions for THOM.

I know that I can count on the commitment of all of our Group's staff members and I would personally like to thank all of our shareholders and partners for their confidence.

AN UNDISPUTED LEADER IN THE FIELD OF AFFORDABLE JEWELLERY

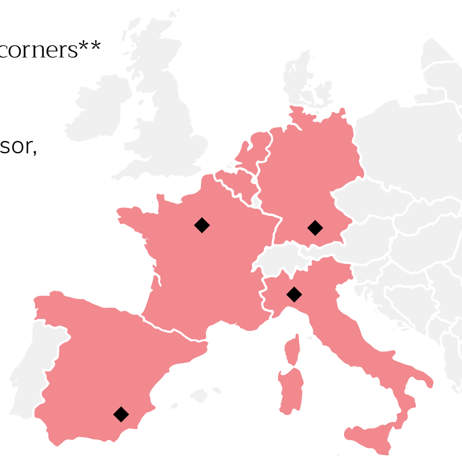
THOM is a market leader in jewellery in Europe. We have grown our business sector by breaking the traditional rules of jewellery sales and making jewellery affordable to all. The Group has seen strong growth since its creation and is now implanted into 6 countries, occupying a leading position in both France and Italy. THOM has a large portfolio of multichannel brands and directly operates more than a thousand stores and 6 e-commerce platforms**. The Group also distributes third-party watch and jewellery brands in over 3,000 stores in Europe.

Our mission: Making jewellery affordable to all



- **Mission** – Making jewellery affordable to all
- **Vision** – World Leader in Jewellery
- **Strategy** – Unique customer experiences, via omnichannel brands
- **Values** – Rigour, Team-Spirit, Simplicity, Commitment and Boldness

A unique presence in Europe



France
€431.0m network sales*
619 directly-operated stores & corners**
3 e-commerce websites
2,838 employees (FTE)**
◆ Histoire d'Or, Marc Orian, Trésor, Smizze, Agatha

Italy
€210.3m network sales
397 directly-operated stores
1 e-commerce website
1,677 employees (FTE)
◆ Stroili, Franco Gioielli, Histoire d'Or

Benelux
€21.4m network sales*
30 directly-operated stores & corners**
126 employees (FTE)**
◆ Histoire d'Or, Marc Orian, Smizze, Agatha

Germany
€16.1m network sales
51 directly-operated stores
1 website
236 employees (FTE)
◆ Orovivo

Spain
€2.4m network sales**
26 directly-operated stores & corners**
1 website
47 employees (FTE)**
◆ Agatha

* FY21 figures including 50% of Agatha network sales
** FY21 figures including Agatha

Histoire d'Or · Marc Orian · TRÉSOR · Stroili · FRANCO GIOIELLI · OROVIVO · SMiZZE · AGATHA PARIS

GROUP STRENGTHS

A portfolio of reference brands
(Histoire d'Or, Marc Orian, Stroili, Orovivo, Agatha,...) multichannel banners and iconic brands, leaders in their markets, as well as alternative brands

A strong European presence
A strong presence in major markets: France, Italy, Germany, Benelux, Spain

Real commitment to corporate social responsibility
A CSR approach that instils a sense of trust and commitment among all the Group's stakeholders

THOM GROUP

A chain with built-in values
Control of the whole value creation process (marketing, buying, quality control, logistics, sales and services)

Solid and engaged shareholders
A Board made up of long-term shareholders, including the Founder and managers, with a shared vision and ambition

A culture of acquisition and integration
An understanding of local customs, experienced management and a powerful back-office platform common to all brands

Strong financial culture
Auto-funding capacity and trust from its financial partners

Key figures FY21

- €711m consolidated turnover
- 21% of EBITDA
- 19% growth in EBITDA
- 4,723 employees
- 7 brands distributed in 5 countries
- 1,022 directly-operated stores (of which 28 are affiliated)
- 3,000 third-party stores (wholesale's customers)
- 4 e-commerce websites
- 22 million consumers signed up to loyalty programmes

THE THOM SAGA

Histoire d'Or

1981

Creation of Histoire d'Or

Marc Orian

1986

Creation of Marc Orian

TRÉSOR

2013

Launch of Trésor (France)

Stroili

FRANCO GIOIELLI

OROVIVO

2016

Acquisition of Stroili and Franco Gioielli (Italy)
Acquisition of Orovivo (Germany)

AGATHA PARIS

POP SELL

2021

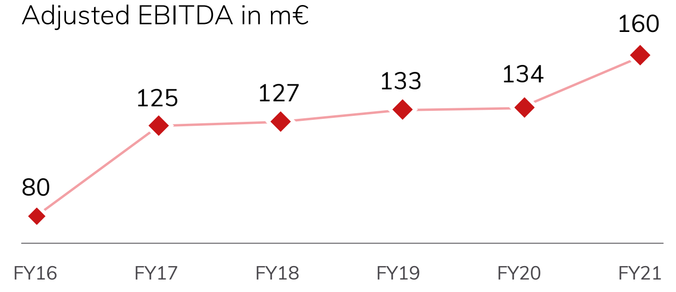
Acquisition of Agatha, in partnership with Renaissance Luxury Group

Acquisition of Popsell, social selling platform

A STORY OF GROWTH

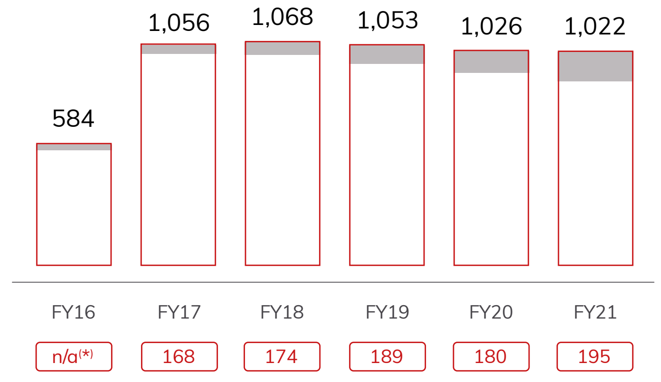
A constant growth of our EBITDA

Adjusted EBITDA in m€



A constant improvment in network efficiency

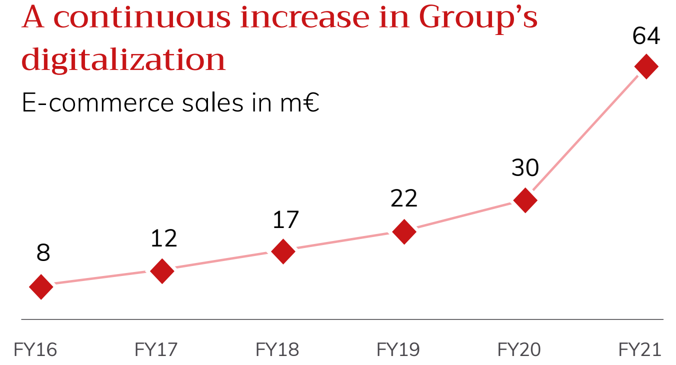
Store network (in number of POS)



(*)comparison not relevant with current perimeter

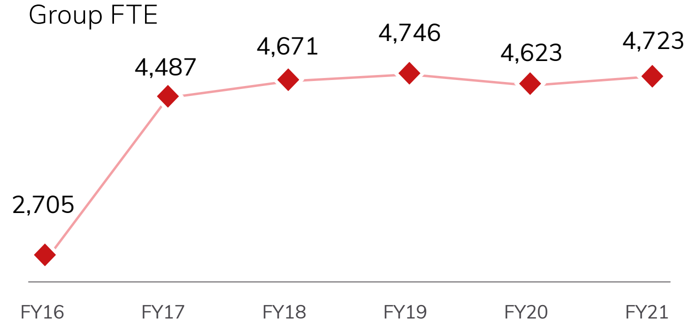
A continuous increase in Group's digitalization

E-commerce sales in m€



A continuous focus on staff efficiency

Group FTE

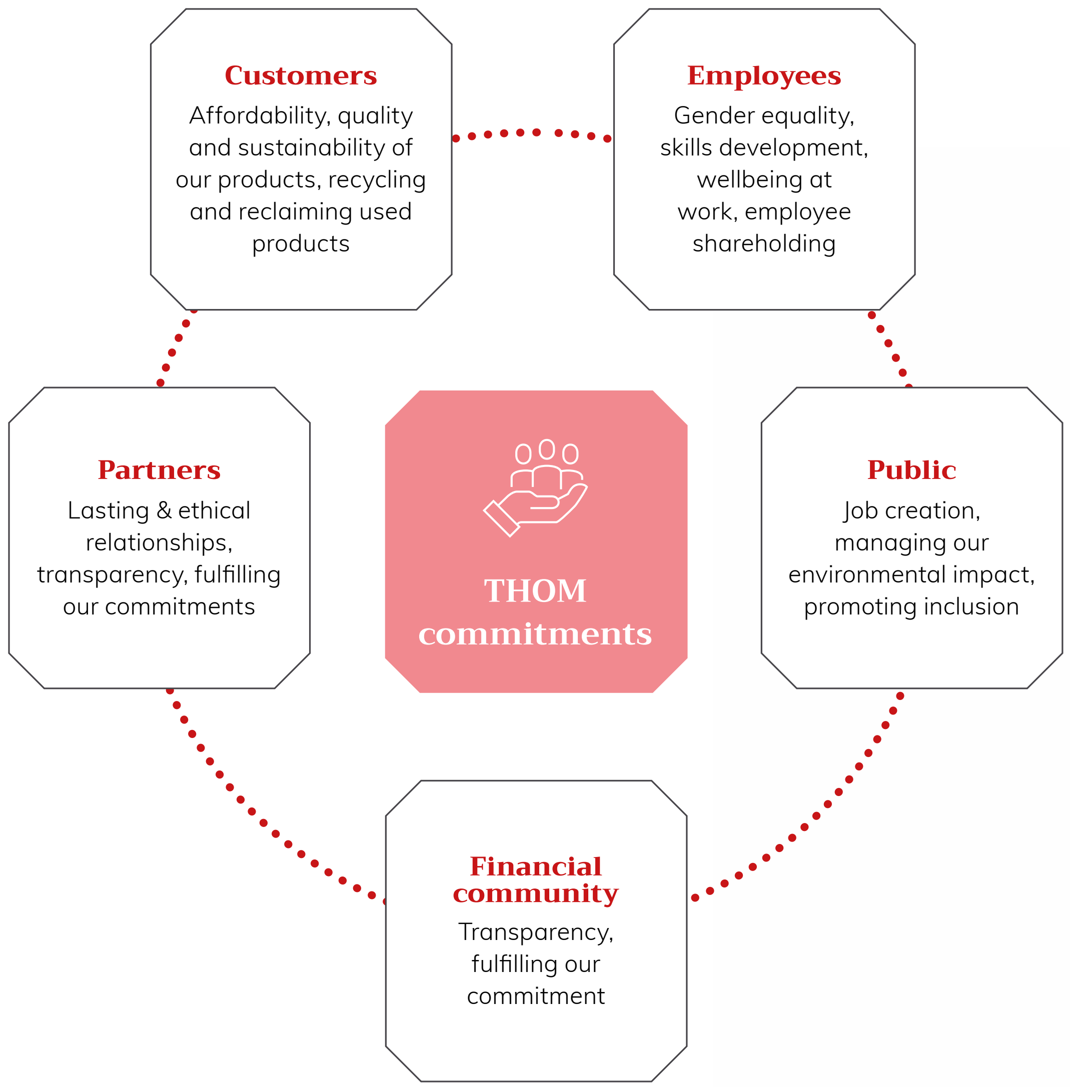


OUR VALUES

Our employees are our greatest asset. Their mindsets and skill sets are the driving force behind our growth and success. The Group's core values guide their daily decisions and actions.

- **Rigour.** We are always looking for ways to improve things right down to the smallest detail.
- **Team spirit.** Our success is collective. We work together for better performance and greater enjoyment.
- **Simplicity.** We favour direct relationships and a flexible organisation to maintain efficiency.
- **Commitment.** We are fully involved and take our responsibilities seriously.
- **Boldness.** We encourage initiative in order to drive innovation and remain competitive.

OUR COMMITMENTS



THOM SHAREHOLDING

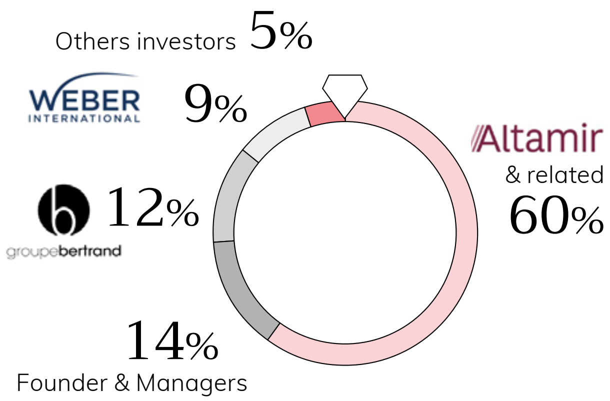
On February 26, 2021, Altamir and certain of its affiliates, certain members of management and certain co-investors have acquired, directly or indirectly, 100% of the issued and outstanding shares of THOM to Bridgepoint, amongst others.

The new shareholdering gathers experienced and solid investors fully aligned on the strategy, the values and the governance of the Group. It also gathers a strong know how of retail, branding, digital and affiliation which are the cornerstones of Group's strategy.

Altamir is a seasoned international investor with strong experience

Key facts of Altamir SCA

- Listed private equity company founded in 1995 with net asset value (NAV) of > €1 billion
- Invests primarily in or alongside funds managed or advised by Apax Partners SAS and Apax Partners LLP, two leading private equity firms with > 40 years of investing experience
- Key investment objectives:
  - Grow NAV per share and outperform the relevant indices (LPX Europe and CAC Mid&Small)
  - Maintain a sustainable, simple and attractive dividend policy: 2 to 3% of year-end NAV
- Portfolio overview as of 30 September 2020:
  - On a look-through basis: 58 companies for a market value of €1.2 billion
  - 17 of the largest investments represent > 80% of the total market value



The long history of Altamir and THOM

- As an evergreen company, Altamir does not have the limitation of a fund life
- Altamir generated proceeds of €190m p.a. on average over the last 5 years (2015-2019)
- Invested €145m p.a. of which €19m p.a. was in follow-on investments to finance build-ups and significant transaction acquisitions as well as for defensive purposes
- Long-term investment in THOM (> 18 years, from 1998 to 2006 and from 2010 to 2021)
- Grew the company from less than €20m in net sales to €637m and from a domestic player to an international firm through organic growth and transformative acquisitions
- Altamir has available unused credit lines of €80m which could be used to support THOM if necessary

Groupe Bertrand

Groupe Bertrand is a leader in the French restaurant sector, present in several market segments (large brasseries, networks, fast food restaurants, etc.). Groupe Bertrand is developing in France and internationally, both directly and through franchising, around its portfolio of brands, and now has over 850 restaurants worldwide. Groupe Bertrand also owns two flagship luxury hotels in Paris.

Weber International

Founded in 2016, Weber International is a Luxembourg-based financial investment company investing directly or through funds in European and global companies' capital to support their development.

Weber International invests exclusively with its own funds in two areas:

- Growth capital: investments in unlisted and growing European companies.
- Venture capital: investments in European start-ups.

Weber International is currently directly involved in around ten ventures and sits on the board of several of these.

Founder & Managers

The management took advantage of the opportunity of a new round of financing in February 2021 to increase its stake in the Group.

OUR SUPERVISORY BOARD

Following the Group purchase by Altamir and other sharholders in February 2021, the Supervisory Board was partially changed. The seven Board Members of Altastory S.A.S were chosen for their skills and experience in the fields of retail, affiliation, brand communication, international development, financial markets, audit, internal control and compliance, as well as CSR. The new board has met 5 times since February 2021, with a 91% participation rate, under the chairmanship of Eric Belmonte.

During the financial year ending September 31, 2021, the Board approved:

- the closing of the annual financial statements;
- the examination of the budget;
- the review and approval of the work of the Committees.

> *"Our Supervisory Board is made up of highly committed individuals who strive to provide the best of their expertise and to contribute to THOM's growth as well as that of its employees."*
>
> **Éric Belmonte**
>
> Chairman of the Supervisory Board

Éric Belmonte

Chairman of the Supervisory Board, THOM

Member of the Board since 2010

Eric Belmonte was the Chief Executive Officer of THOM from 1997 to 2015. Eric was already member of the Board before being appointed Chairman of the Supervisory Board, October 1st, 2020.

Olivier Bertrand

CEO, Groupe Bertrand

New Member of the Board since 2020

Olivier Bertrand is the founder of BH, the holding company of Groupe Bertrand, a company that indirectly owns several famous restaurants in Paris and chains of restaurants in France.

Maurice Tchenio

Vice-Chairman of the Supervisory Board
Chairman of Altamir Gérance

Member of the Board since 2010

In 1972, Maurice Tchenio co-founded Apax Partners, which is now one of the world leaders in private equity. He is also Chairman and Chief Executive Officer of Altamir management company and Chairman of the AlphaOmega Foundation.

Benoît Bassi

Senior Partner, Bridgepoint

Member of the Board since 2010

Benoît Bassi is a Partner of Bridgepoint and the Chairman of Bridgepoint's investment activities in France. He is a member of Bridgepoint's Group Board and joined the firm in 1991.

Didier Le Menestrel

Partner, Weber Investissements

New Member of the Board

Following the sale of La Financière de L'Échiquier in 2019, he co-founded in 1990, Didier Le Menestrel joined Weber Investissements where he focuses on investments in non-listed companies.

Bruno Candelier

Partner, Apax Partners

Member of the Board since 2010

Bruno Candelier joined Apax Partners in 2001. He is responsible for investments in the Retail & Consumer sector. He is a member of Apax Partners' Investment Committee and joined the firm in 2001.

Laura Burdese

CEO & President, Acqua Di Parma

New Member of the Board since 2020

Laura Burdese has been CEO & President of Acqua di Parma (LVMH) since 2016. She previously worked as Country General Manager for the Italian subsidiary of the Swatch Group and as President & CEO of CK Calvin Klein Watch & Jewelry Co.

Jean-Pierre Chantrel

Chairman of the Audit Committee, THOM

New Member of the Board

Jean-Pierre Chantrel joined THOM in 1995, as CFO and Group Deputy CEO of THOM until April 2016.

OUR SPECIALIST COMMITTEES

Audit Committee

The Audit Committee assists the Board Members with the examination and approval of the annual financial statements, and gives its opinion on any transaction, act or event that could have a significant impact on the Group, in terms of commitments or risk exposure. If necessary, it challenges the CFO on how the statements were established, it selects the statutory auditors, and discusses their vision of the statements with them. The Committee assesses the quality of all the financial reportings provided to third parties. It ensures that the Group has an effective internal control system, and that it properly applies all compliance-related laws and regulations. It accompanies the Group to build its RSE roadmap with a dedicated member with a strong experience, and challenges the Management on its actual implementation. The board is held twice a year at a minimum.

Board Members

- Jean-Pierre Chantrel - Chairman of the Committee
- Rolland Tchenio - Member
- RSE referent - Member - In process of recruitment

Remuneration Committee

The Remuneration Committee advises the Board Members to determine the annual remuneration (fixed and variable) of the members of the Executive Committee and Group Management Board, based on quantitative and qualitative criteria. The board is held once a year.

Board Members

- Laura Burdese - Chairman of the Committee
- Jean-Pierre Chantrel - Member
- Didier Lemenestrel - Member

> "Eric Belmonte asked me to join the Supervisory Board of THOM and to chair the Remuneration Committee which determines the Group's company managers' and officers' fixed remuneration and bonuses.
>
> Being part of this Supervisory Board is a very rewarding experience. With my background at Swatch Group, Calvin Klein and now Acqua di Parma, I bring extensive brand building and sales experience which works in synergy with the other Members of the Board, whose experience is rooted in the financial and retail spheres. In addition to my work on the Board, I have also been able to help Group managers with certain issues by contributing my knowledge of the Italian market and, more generally, the jewellery and watch making industries.
>
> I am impressed by the Group's proactiveness. The management team is extremely pragmatic. It is capable of reacting and making the right decisions - even sometimes particularly difficult ones - very rapidly, applying them on the ground. When the stores had to close during lockdown, THOM was able to switch immediately to digital, setting up projects with incredible speed. This made all the difference during this crisis and the results speak for themselves. It's very impressive, because THOM is already very large.
>
> I think THOM has a very clear vision of its business model. The team knows where it wants to go and step by step, makes all the decisions it needs to achieve this, all with great operational efficiency.
>
> **Laura Burdese**
>
> CEO Acqua di Parma

OUR EXECUTIVE COMMITTEE

The Executive Committee consists of five members: the Group CEO, the Group CFO, the General Manager Europe, the General Manager Italy and the General Manager Germany. Reporting to the Supervisory Board, the Executive Committee contributes to strategy and plays an essential role in the coordination between headquarters and the subsidiaries, and amongst the subsidiaries. It runs the Group's business, approves its main policies, and ensures that these policies are executed. In particular, it sets and monitors financial and operational objectives, conducts regular brand and market reviews, assesses performance, and proposes any necessary adjustments. The Executive Committee meets on a weekly basis.

Romain Peninque

Group President and CEO

Romain Peninque joined Histoire d'Or in 2004 as a salesman before rising through the ranks of the Group to his current position.

Flavien d'Audiffret

General Manager Europe

Flavien d'Audiffret joined THOM in September 2020 as General Manager Europe. He previously worked for SMCP, Coca-Cola Enterprises and Amazon.

Cyrille Palitzyne

Group CFO

Cyrille Palitzyne joined THOM in 2017 as Deputy CFO and was appointed Group CFO in 2018. He has 17 years of experience in finance and management.

Arnaud Marques

General Manager Italy

Arnaud Marques has more than 20 years of experience in retail and FMCG in France and abroad. He joined the Group in 2016 as Group Supply Chain and IT Director, before being appointed General Manager of Italy in 2021.

Noëlle Allara

General Manager Germany

Noëlle Allara joined the Group in 2000. Noëlle held different positions (purchasing, supply, sourcing) before being appointed General Manager of Germany in March 2019.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk management corresponds to the measures that the Group implements to identify the risks to which it is or could be exposed in the exercise of its current and future activities, to measure them, and to put in place both the tools to manage them and a governance adapted by identifying the bearer of responsibility for each risk.

Internal control and audit are the responsibility of the Group's finance department.

Internal control and risk management at THOM are organized around 5 main objectives.

Identification of risks

- This is the starting point of the entire risk policy. The method must take into account the constant evolution of the Group, its projects, internal changes (organization, information systems, etc.), external changes (technologies, macro-economy, markets, etc.), and regulatory changes;
- This work must take into account the specificities of each country (operating methods, regulations, etc.);
- It must aim to prevent risk.

Control, measurement and management

- Once identified, the risk must be assessed in order to be brought under control;
- IT tools and human resources are deployed to measure and manage it.

Drafting of procedures

- The procedures aim to control the risks by explaining the method for bringing them under control or avoiding them;
- Each risk is subject to a specific procedure.

Communication

- Allow effective visibility of procedures;
- Ensure that the risks are effectively reported to allow a rapid and effective reaction of the persons responsible;
- Infuse the Group with an adequate level of risk culture.

Governance

- Ensure that each risk identified has a bearer of responsibility and a detailed delegation of power in line with their skills;
- Ensure that the internal organization allows internal control and audit to fulfill their mission and in particular to have the right hierarchical level and the right relays in the Group.

Outlook 2022

For 2022, the key objectives are to continue strengthening the Group's internal control environment, through:

Reorganization of Group Internal Control management:

- To manage internal control at Group level with the already achieved recruitment of a Internal Control Officer for the Group.
- To provide operational expertise and support to the countries to formalize and harmonize all Group procedures and risk policies with a dedicated ongoing recruitment of a Risk & Compliance Officer.
- To gain agility and expertise in our management of DP risks in a context of fast changing regulations, we have decided to externalize our DP Management to a law firm.

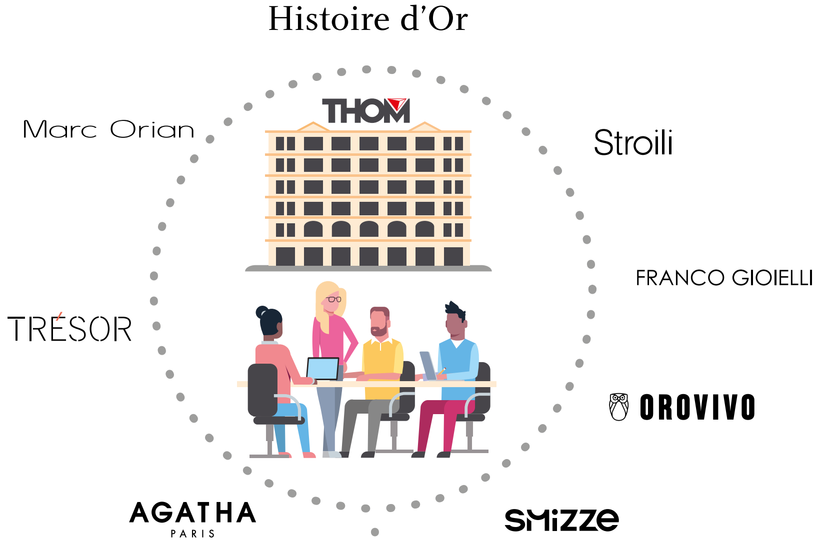
New risk mapping of risks at Group level. Historically managed at local level we have launched a new organization of risk mapping at Group level.

Implementation of a new governance with identified responsible and control for each risk identified.

Implementation of new IT tools to support internal control.

AN INTEGRATED VALUE CREATION MODEL

THOM controls the whole value creation chain for its entire portfolio of brands, from selection of products to multichannel distribution.



Selection of products
- 63,000 jewellery references
- 10,000 watch references

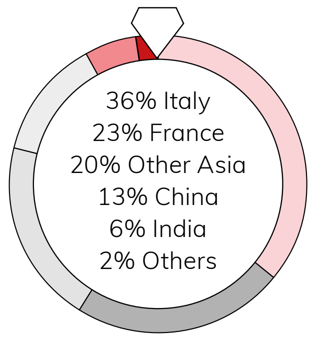
Selection of suppliers
- 5 purchasing offices (France, Italy, Hong Kong, China and India)
- Research and qualification of suppliers, negotiation, contract signing, quality control…
- > €200m of purchases
- Top 10 suppliers: 60% of purchases

Raw materials
- 1 ton of fine gold used per year
- Purchases of diamonds, rubies, sapphires, emeralds

Shipping

Storage and shipping
- 4 THOM logistics platforms: Noisy-le-Grand and Morangis (France), Amaro (Italy), Munich (Germany)
- 73,000 references

Production workshops
- 20 main workshops
- France, Italy, Hong Kong, China, India, USA…



E-commerce
- 4 e-commerce websites
- 10% of Group's network sales
- 2,600 shipments per day

Store network
- 7 brands
- 5 countries
- 88% of Group's network sales
- 1,022 stores including 28 affiliated stores
- 4,200 employees
- Our services: engraving, piercing, repair, buyback of used jewellery, etc.

Wholesale
- 1% of Group's network sales
- 3,000 third-party stores
- Iconic brands: Guess, Tommy Hilfiger, Ti Sento, Bering, Rebel & Rose PD Paola, Rosefield…

Our customers
- 22 million members in our loyalty programmes
- 11 million pieces of jewellery sold (FY21)
- 1.4 million watches sold per year
- 50% of new customers in FY21

This value creation model excludes Agatha.

OUR ECOSYSTEM

Listening to our stakeholders

The THOM Group is in continuous dialogue with its stakeholders as part of its corporate social responsibility approach and to ensure the sustainability of its business model.

The THOM Group's stakeholders

Employees

Employees and trade unions

Communication methods: Social communication bodies, Yammer internal social network, annual appraisal interviews, internal surveys

Partners

Manufacturers and suppliers of products and services

Communication methods: contractual relations, evaluation of suppliers' CSR performance, partnerships with suppliers

Consumers

Dialogue methods: Customer relations services, post-purchase surveys, external social networks, loyalty programmes

Business customers

Department stores, retail chains, independent retailers (jewellery and watches)

Dialogue methods: contractual relations, customer relations services

Financial community

Shareholders, investors, banks, analysts and rating agencies

Dialogue methods: specific presentations, interviews, conferences, publications and activity reports

Trends impacting our business model

The THOM Group's activity is being impacted by four major trends at work in today's world: changes in consumers and their habits, digital and technological transformation, the rise of social responsibility issues and the increased cost of energy and raw materials. These trends are forcing the Group to find solutions to these challenges but they also present opportunities.

Changes in consumer habits

Today's consumers can access a global offer in one click. They can compare prices, have products delivered wherever they choose in a few hours, return or exchange products and post their review on social networks...

We are convinced that, given this context, it is more vital than ever to offer attractive, multichannel brands supported by a state-of-the-art back-office platform.

The growing importance of social responsibility issues

Companies are now forced by regulations to integrate social issues into their strategies.

We are convinced that we go further than the regulations, as our customers and employees come to expect this and it will become a decisive factor for them. Our WeTHOM CSR plan emerged from this realisation.

Digital and technological transformation

New technologies are revolutionising the sector and our way of selling and working.

We are convinced that consumers now expect multichannel selling. They want to be able to choose. A customer who buys on several channels consumes more and is more loyal than a customer who only consumes on one channel. Digital technology allows our salespeople to better inform our customers and gives them more choice.

Rising energy and raw material costs

Health and economic uncertainties and increases in consumption are leading to a rise in the cost of energy and raw materials (metals, gold, silver, etc.).

We are convinced that the Group has acquired solid experience over the years in managing these issues, seeing the rise in metal prices over the last 20 years.

A GROWTH STRATEGY BASED ON BRANDS

The growth and results of THOM are based first and foremost on attractive brands.

#1 STRONG BRANDS PORTFOLIO

Leading Brand Awareness
#1 position in France and Italy

Customer centricity
(One call center, internal teams, net promoter score...)

Constant reinforcement of our value proposition: affordability
(9-carat deployment in Italy)

Permanent innovation in products and services
Live engraving in store, Lab Diamond, digitalized inventories...

#2 - SUPPORTED BY OMNICHANNEL DISTRIBUTION

Web-to-store strategies
Research online purchase offline, click-and-collect, e-reservation, speedy delivery...

Store-to-web strategies
Digitalized inventories, delivery from store to client...

Personalized and 360° customer journey
CRM one to one, omnichannel loyalty program...

All retails channels operated
Directly operated stores, franchises, department stores, wholesale...

#3 - SUPPORTED BY BACK-OFFICE PLATFORM

Integrated Group platform

- Group purchase department (synergies, best practice sharing...)
- Group supply approach (synergies, common capabilities...)
- Group IT model (synergies, best-in-class brides...)
- Critical size and market knowledge, supporting development of wholesale operations

Permanent investment in a world leading ERP

- Acceleration of growth (franchise, international expansion)
- Reinforcement of scalability and alignment of processes
- Increase productivity of administrative functions

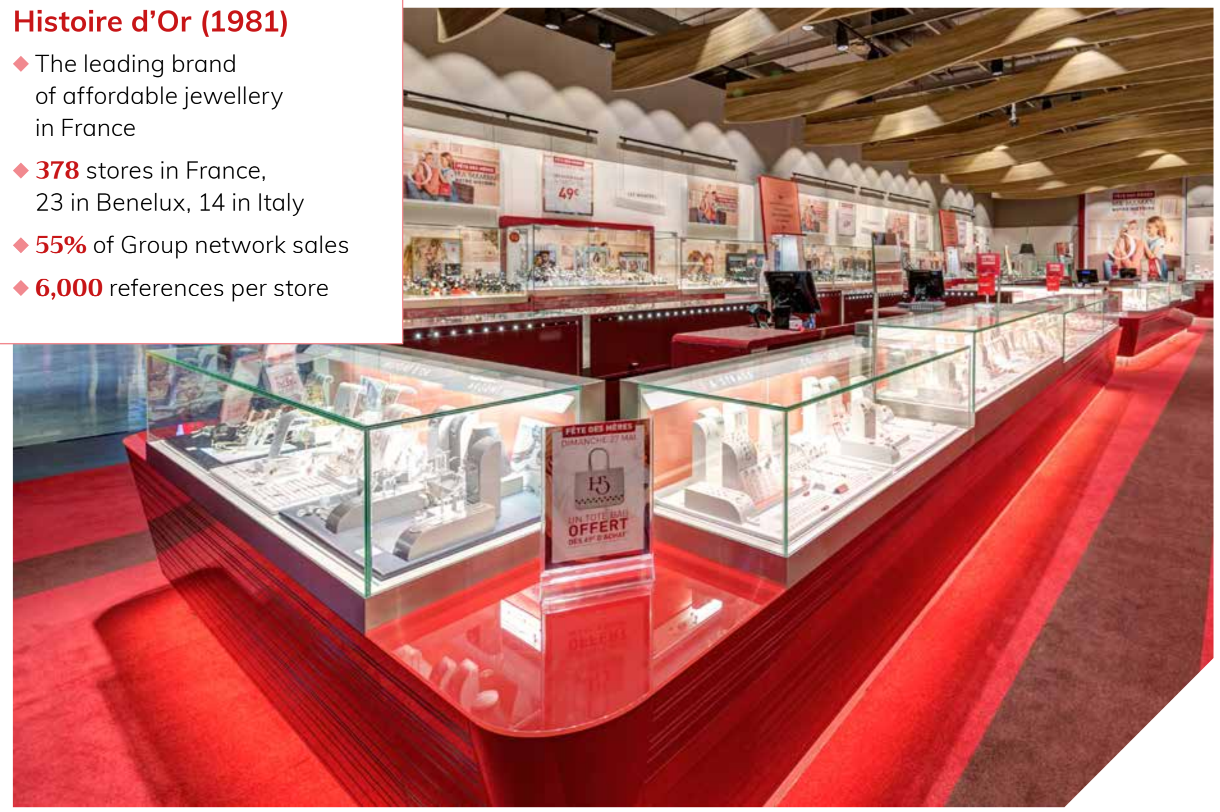
OUR BRAND PORTFOLIO

THOM has a broad portfolio of attractive brands that have won the loyalty of millions of consumers in Europe, revolutionising and democratising the world of jewellery. Powerful, modern, popular multichannel brands such as Histoire d'Or and Stroili, considered French and Italian market leaders respectively. Challenger or more targeted brands offering consumers real alternatives, Such as iconic French costume jewellery brand Agatha, which opens the Group up to exciting new territories and potential.

Histoire d'Or

Histoire d'Or (1981)

- The leading brand of affordable jewellery in France
- **378** stores in France, 23 in Benelux, 14 in Italy
- **55%** of Group network sales
- **6,000** references per store



Stroili GIOIELLI

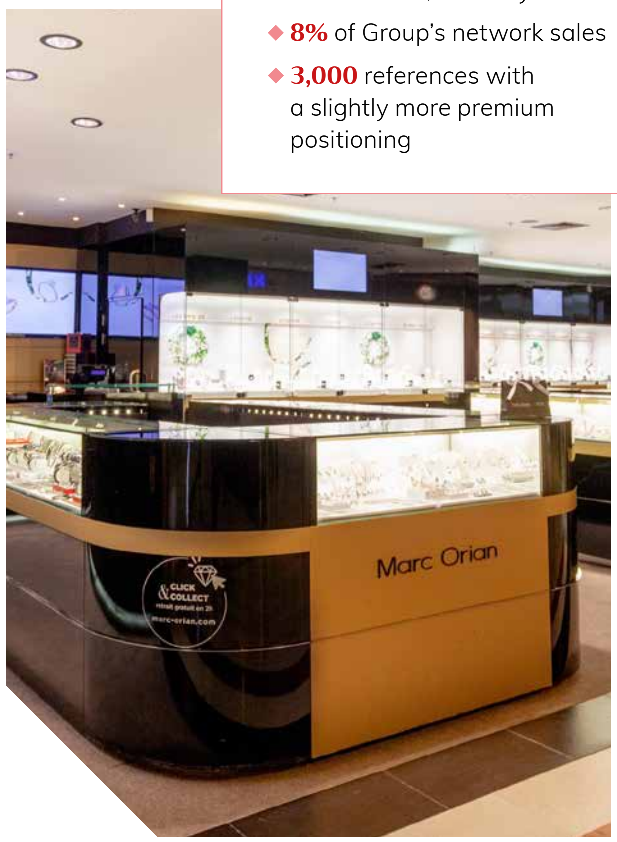
Stroili (1996)

- The leading brand of affordable jewellery in Italy
- **344** stores in Italy
- **27%** of Group's network sales
- A broad, accessible, on-trend offer

Marc Orian

Marc Orian (1986)

- The alternative generalist brand in France
- **90** stores in France, 2 in Benelux, 1 in Italy
- **8%** of Group's network sales
- **3,000** references with a slightly more premium positioning



FRANCO GIOIELLI

Franco Gioielli (1988)

- The second Group brand in Italy
- **38** stores in Italy
- Around **2%** of Group's network sales
- Broad and affordable product offer, more traditional than Stroili's

OROVIVO 1856

Orovivo (1856)

- A brand that combines modernity with tradition
- An original concept in Germany
- **51** stores in Germany
- **2%** of Group's network sales

AGATHA PARIS

Agatha (1974)

- An iconic brand of affordable costume jewellery
- **72** stores and corners in France, 26 in Spain, 2 in Belgium and 1 in Luxembourg
- Present in over **200** independent jewellers

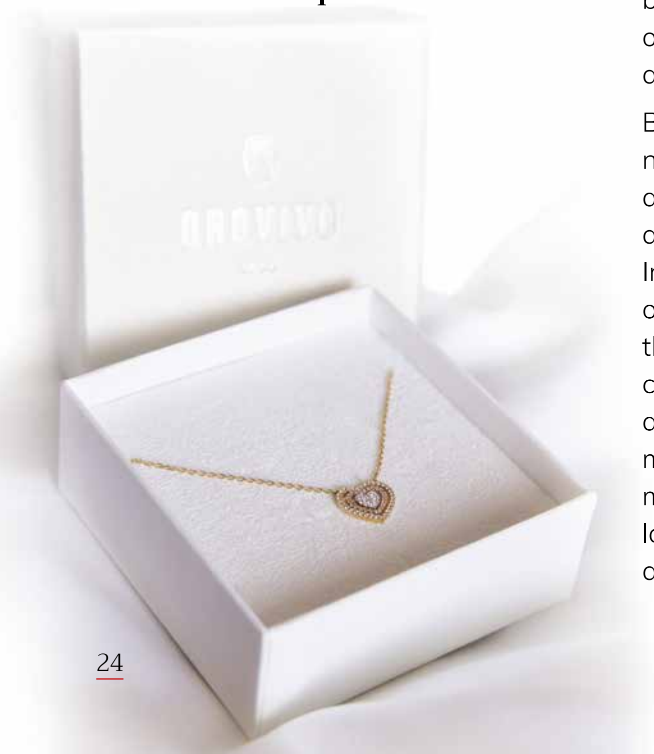
FY21, AN INTENSE YEAR, STRONGLY IMPACTED BY THE HEALTH CRISIS

“Our teams’ mobilisation and agility made it possible to limit the effects of the health crisis, to continue our projects and to achieve a high level of performance.”

Flavien d’Audiffret

General Manager Europe

Flavien d’Audiffret joined the Group in September 2020, at a time when the Covid crisis had a firm hold on the world and was monopolising the Group’s resources. He looks back on an extremely intense yet positive year for the Group.



What is your assessment of FY21?

It was a roller-coaster year with periods of closure for our 1,022 stores, which forced us to put our projects on hold and to focus our efforts on what was most important, especially on developing our online sales. Then followed extremely intense re-opening periods. It was a very unusual year with a remarkable mobilisation of our staff members.

Despite a degraded context compared to FY20, with longer periods of closure, our FY21 network sales, like-for-like, increased by 5.5%. We have been able to significantly reduce our cost structure by cutting back during periods of closure and taking advantage of government grants and subsidies, which has enabled us to achieve extremely solid financial results.

Beyond our financial performances, FY21 was remarkable in numerous ways. We opened up a new cycle of strategic acquisitions, launched an ambitious CSR project, developed our affiliation programme and digitized numerous internal processes. In Italy this year we have reaped the benefits of the work carried out over the last three years. We have succeeded in transforming the Stroili brand model (27% of the Group’s network sales) to offer a customer experience based on accessibility and fair prices, quality and service, and no longer simply on discount. This transformation is a major success for our Group. The change in Stroili management in FY21 also had a very positive impact with the launch of projects such as the store concept redesign and the acceleration of the 9-carat collection.

How has THOM been able to maintain its growth momentum during such a difficult period?

In FY21, the Group has made targeted acquisitions of assets complementary to our core business. However, strengthening our brands remains our top priority, something that is absolutely central. We are working to ensure that our leading brands - Histoire d’Or, Stroili, Orovivo - which all offer a very broad choice of quality products at affordable prices, become destination brands.

We are strengthening our brand identity and consistency, our store concepts, our e-commerce sites, plus our methods of communication... We are using all levers. Our Customer Department is currently developing a Europe-wide service strategy that will transform the customer relationship and the services we offer them. The aim is to offer a unique multichannel customer experience. The Popsell project is part of this innovation process and embodies our desire to personalise the relationship between the customer and the sales assistant in store.

Online sales have strongly increased in FY21. How far will digital go?

The store is the Group’s historical sales channel. It still represents 88% of our business and results and we will continue to develop it via the affiliation to improve coverage in our territories... but developing e-commerce is crucial. This is the distribution channel where the most investment is needed today. Its potential is considerable. The brakes on buying jewellery online are gradually being lifted. Today, almost 10% of our turnover is generated through online sales. It will probably be 20% or more 3 years from now. This is why we are investing massively in this channel. We have rolled out a new e-commerce platform, Salesforce Commerce Cloud. It was implemented in 2020 for Histoire d’Or and this year for Orovivo. It is expected to be rolled out for Stroili in 2022.

There are also real synergies between our stores and our online platforms. ROPO (Research Online - Purchase Offline) is a very strong trend. The same is true for click-and-collect, which allows customers to reserve products online and try them on in store or to benefit from additional services (piercing, engraving, etc.). THOM has no doubts about the benefits of omnichannel selling. It now forms the core of our sales strategy.

Breakdown of the FY21 turnover by brand

Histoire d’Or
55% – 415 stores

Strolli
27% – 344 stores

Marc Orian
8% – 93 stores

TrésOr
3% – 67 stores

OroVivo
2% – 51 stores

Franco Gioelli
2% – 38 stores

Others
<3% – 14 stores

Development rooted in a strong, satisfied customer base

- **22** million members in our membership programs
- **30%** active customers
- **50%** new customers every year
- **>70** Net Promoter Score on all of our brands

Constantly adapting to customer behaviours

- Average customer is **38**-years old with a stable income
- Mobile represents **76%** of online traffic and **63%** of online sales
- **1.6** million followers reached through social media

The rise of online sales

The acceleration of online sales, further increased by the health crisis, confirms the relevance of the Group's omnichannel strategy. The digital channel is now vital. First of all, it allows us to win over new customers. 66% of online sales are made with customers who have never bought in a store, so it allows us to cover territories where our store network is less dense or to offer a wider range than in stores. It is also part of the evolution in buying habits - a growing number of customers research information online before buying in store (30% of store turnover). The store network and the websites are in fact extremely complementary for the Group's brands. Finally, in terms of customer experience, the digital channel significantly improves our brands' value propositions by allowing the consumer to inform themselves and buy the way they want by finding the same product offer, services and opportunities, regardless of the channel used.

"There are no boundaries between online and offline. The two channels complement each other and contribute to a unique customer experience."

Hayat Zerouali

Director of Online Sales Group

- **4** e-commerce websites*
- **10%** Share of online sales in the Group's network sales
- **70** million unique visitors in FY21
- **66%** Share of new customers in online turnover
- **30%** Share of turnover resulting from online searches preceding a store purchase
- **14%** Share of click-and-collect in online sales**

(FY21 data)

Acquisition of Popsell, specialist in social commerce

THOM has acquired 65% of the capital of the start-up Popsell, specialist in social commerce, in order to have a digital platform enabling its sales advisors to broaden their interaction with their community of customers by offering them live chat, live shopping or podcasts. The platform, currently being rolled out, is expected to enable advisors to activate and maintain a lasting link with their customers, whether they come into the store or browse the website.

From their smartphone, via a dedicated App, advisors will be able to chat directly with their customers and help them in their search to make a successful purchase. Through posts on the brand's website and on their social networks, advisors will also be able to expand their customer base by promoting their store, its offers and its displays, generating additional online and offline traffic.

So the Group is now equipped with a new multichannel tool for recruiting, building loyalty and generating additional revenue.

"Social commerce offers a highly differentiated customer experience and will be an additional sales channel for THOM."

Alric Nicol

Chief Executive Officer of Popsell

* excluding Agatha
** FY21 rate impacted by Covid-19 restrictions. Normative rate of 30%.

"By acquiring Venson Paris, THOM is considerably expanding its range of watch brands and securing its supplies."

Florence Galloux

Managing Director of Venson Paris

THOM consolidates its distribution business

Already present in the distribution sector in Italy via its subsidiary THOM Trade Italy, launched in 2019, which distributes its own products and watch and jewellery brands (Tommy Hilfiger, Guess, Alviero Martini, etc.), the Group is consolidating this activity at European level with the acquisition of Venson Paris. The Group will now distribute a range of major jewellery and watch brands (Guess Watches, Guess Jewellery, GC, Ti Sento, Bering, Rebel & Rose PD Paola, Rosefield, etc.) to more than 3,800 stores in Europe, while managing its supply. This acquisition reflects the Group's desire to work with the world's leading watchmaking groups in order to revitalise the sector by exploiting the full potential of its own store network.

THOM and distribution, at a glance

- **€9.5m** turnover
- **3,800** stores (THOM network, department stores, retail chains and independent jewellers)
- **340,000** watches sold
- **18** brands distributed

(FY21 data)

REBEL&ROSE PDPAOLA ROSEFIELD
TOMMY HILFIGER
GUESS TI SENTO BERING

France. Histoire d'Or, the network development continues with affiliation and innovation

> *"Affiliation is an efficient tool for THOM to strenghten its network coverage."*
>
> **Virginie Vidal**
> Sales Director of Histoire d'Or

Physical retail remains very dominant in the Group's model (88% of Group turnover and 90% of its gross margin) and continues to gain market share if we exclude the periods impacted by store closures due to Covid. The Group's brands, which are mainly located in dynamic shopping centres on the outskirts of cities, continue to expand and densify their network, investing in city centres. In recent years, the Group has opened an average of thirty stores per year. Today, it favours the affiliation model to develop its network. The Group's objective in France is to eventually have around 150 affiliated stores (creation or takeover of independent jewellers) in small town centres or shopping centres.

Histoire d'Or, France's favourite brand

Thanks to its positioning, store concept and store network, Histoire d'Or has become France's favourite affordable jewellery brand.

Histoire d'Or

Constantly innovating to stay one step ahead

Innovation is in the Group's DNA. Histoire d'Or is the brand that revolutionised the traditional world of jewellery by making jewellery affordable to all and by removing... the doors of the stores. Innovation is always a priority for THOM. We are constantly striving to push the boundaries by working on new services (ship-from-store, jewellery customisation, virtual fitting, etc.), optimising the ergonomics of stores and transforming the sales advisor into a connected ambassador for the store and the brand.

A unique network in Europe

- **909** stores in shopping centers
- **85** stores in city centers
- **3,900** sales advisors

(FY21 data)

Testimony

Pierrick Chatron-Michaud

6 Histoire d'Or stores – Soissons, Auxerre, Epernay, Compiègne, Dreux and Villers-Semeuse.

"I co-founded a network competing with Histoire d'Or over twenty years ago.

In December 2020, I crossed the Rubicon and opened two Histoire d'Or stores. Success was immediate and has continued since the reopening last summer.

Right from the start, I was struck by how strong and positive the brand image and awareness was among consumers. The additional turnover generated by e-commerce has also played an active role in the success of these openings.

Our success was also made possible by the daily support we received from THOM and its employees (marketing, product offer, merchandising, performance analysis, project design, etc.). We benefited from all the achievements and experience of a tried-and-tested business model, yet one that is also capable of adapting and anticipating the radical changes we are experiencing in retail.

Lastly, the success of our physical stores also depends, and will continue to depend (in the future), on the quality and commitment of our employees to the brand and its values. I feel that my teams have a real sense of pride in belonging to Histoire d'Or, which is vital for our success.

On the basis of this achievement, I decided to open two new stores in 2021 and will, I hope, continue to expand the Histoire d'Or network with other new openings!"

- Histoire d'or: Currently **28** partner stores

Italy.
Successful repositioning of the Stroili brand

> *"The transformation of our business model in Italy fully achieved its aims in FY21."*

Arnaud Marques
General Manager Italy

In the space of 3 years, our subsidiary Stroili, leader in its market segment in Italy, has radically transformed its business model. It was originally characterised by a "fashion at low prices" positioning and discount practices. Today, it is seen as a genuine jeweller, with a strong emphasis on gold, providing advice and services and practising a fair price policy.

In the very difficult context of the Covid crisis (lockdown, store closures) and despite a drop in its activity, our Italian subsidiary achieved very satisfactory results (€30 million in EBITDA in FY21) and made the most of the time to complete various projects.

Firstly, Stroili has created a more feminine and brighter store concept, to be rolled out in each of the new openings. Most of it 397 stores are expected to benefit from this new concept by 2024. A new communication strategy, focused on digital (SEO, SEA, social networks, etc.) and no longer on media investments in television, has been drawn up and implemented.

Our subsidiary has also set out a 3-year plan to optimise its store base by seeking out the best locations in shopping centres, strengthening its presence in city centers and favouring larger shops.

THOM in Italy

- **1996** Creation of Stroili
- **€224m** consolidated turnover
- **31%** of Group's network sales
- **€8.1m** of online sales turnover
- **€8.6m** of wholesale turnover
- **397** direcly-operated stores
- **1,677** employees (FTE)
- **1,700** third-party stores (wholesale)

(FY21 data)

People

Maria Serena Pellegrini
Sales consultant and Customer Service Operator

My experiences in Stroili

I've worked at Stroili since 2006 as a Sales Consultant in store and Customer Service Operator. I believe that our products have a soul that can convey emotions that I share with customers, so everyone can live their own dream that I can help make come true, thanks to the Customer Service that allows me to consolidate satisfaction and brand loyalty towards Stroili.

My societal commitment

Always on the side of those less fortunate than myself, I support a project to build medical and educational facilities in Africa. I try, together with a local association, to distribute breakfast to the homeless of my city and spend some time with them.

In terms of product offer, whilst retaining its Italian touch, Stroili is working in synergy with the French product teams to market the Group's bestsellers. In particular, Stroili successfully launched its 9-carat gold products.

Finally, in terms of human resources, Stroili has strived to unite its teams by aligning the company's identity with the Group's values and by introducing a new management style. Training programmes have been introduced to professionalise methods and processes. A clear remuneration system for all employees has been introduced. Stroili has a fresh new image, but has not lost its identity.

Germany.
Orovivo, a challenger in the making

> *"Despite the Covid crisis and long periods of closure due to lockdown, we have made progress in many of our projects in FY21."*

Noëlle Allara

General Manager Germany

THOM in Germany

- **1856** Creation of Orovivo
- **€16.2m** turnover
- **5.5%** share of online sales turnover
- **236** employees (FTE)
- **51** directly-operated stores

(FY21 data)

A challenger in Germany, Orovivo has positioned itself since its takeover by THOM in 2016 at the intersection of tradition and modernity by affirming its very long heritage (the company was created in 1856) and by rolling out an open store concept and a multichannel strategy.

Its activity in FY21, severely hampered by the health crisis with almost 6 months of store closures, nevertheless gave Orovivo the opportunity to continue to transform its organisation and pursue its strategic projects. This included the implementation of new business tools and Group solutions (new ERP, new e-commerce platform, implementation of new product and logistics management software packages, etc.), new sales processes and a training programme for managers and sales advisors, overhaul of HR policies, launch of an internal social network, etc.

Orovivo is now ready to resume its growth and roll out its strategy of conquest. This is expected to be based on the development of the store network in major cities and shopping centres as well as on the rise of online sales, which already accounts for 5% of its activity only 2 years after launch. Orovivo will draw on a new advertising concept and significant investment in digital communication.

Agatha,
an emblematic brand that completes the Group's offer

Agatha at a glance

- **1974** Creation of the brand
- **101** stores in France and Europe
- **€9m** turnover in 2021*
- **200** staff members

(FY21 data)

> *"The arrival of Agatha in THOM is a real challenge and a rare opportunity."*

Sophie Pradon Naillot

Agatha Managing Director

In February 2021, THOM and Renaissance Luxury jointly acquired Agatha, a French heritage brand created in 1974. The brand has democratised chic and embodies the world of costume jewellery. The takeover covers the brand itself, 36 stores and 65 corners in France, Spain, Belgium and Luxembourg as well as the brand's back-office.

The objective of THOM and Renaissance Luxury Group is to reawaken the dormant Agatha brand by building on its tremendous appeal and assets: its logo, mascot (its Scottie dog), colour (navy blue), store concept featuring products pinned to the walls and iconic products. Agatha is an asset that complements those already held by the Group: it is a brand in its own right, with a costume jewellery positioning in the best sense of the term, with a powerful multi-country (France, Spain) and multichannel (own stores and corners) network, opening up new horizons for the Group.

*only 50% can be considered as THOM turnover (JV with Renaissance Luxury Group)

WETHOM, OUR CSR ACTION PLAN

“Like all of the members of our Supervisory Board, I am convinced that each staff member should be able to become a shareholder of the Group that they have committed to working for. This is why this year we have created the THOMtogether employee investment fund (FCPE), invested in company shares. This operation has already enabled hundreds of the Group’s employees to access shareholder status indirectly. We are very proud to now be able to offer the possibility of Group shareholding to our staff members!”

Eric Belmonte
Group founder

The Group has been committed to developing its corporate social responsibility for many years and decided to launch the WeTHOM plan in 2021, bringing together all of the CSR initiatives into one single ambitious approach.

A survey of all of our employees was conducted to determine which initiatives they deemed most important. These results form the roadmap of our Group’s CSR policy for the coming 3 years. The WeTHOM plan comprises 5 themes covering the various social, environmental and governance issues at stake.

WeTHOM

WeTHOM Governance

Roll-out of a new governance plan with new managerial commitments.

WeTHOM Ethics

Reach the highest business standards with RJC Group certification.

WeTHOM Charity

Stakeholding of AlphaOmega Foundation (Altamir) and support associations.

WeTHOM Green

Reduce our carbon footprint (energy, lightening, transport...), our packaging and reduce & recycle our waste.

WeTHOM People

Safety & well-being at work

- *Reinvent our working approach:* adopting new policies aiming to introduce remote working for employees at our Headquarters.
- Set up regular internal communication (in-house magazine).

Disability plan

Recruit a Disability Advisor to draw up and implement an integration plan for people with disabilities.

Gender equality

Achieve a gender equality index score of over 90/100 in France in 2021.

Training

Roll-out training plans for all Group’s employees, similar to the diploma courses offered in France.

Profit sharing

Creation of THOMtogether, an employee investment fund (FCPE) invested in company shares.

GENESIS OF THE WETHOM PLAN

The Group has decided to set up a specific system of governance to manage its corporate responsibility approach and strategy. It will be a three-pronged approach.

Identify the areas of focus and projects to be implemented

A questionnaire was sent to all of the Group's employees to target areas of focus and possible projects. This study enabled COMEX to draw up the WeTHOM plan objectives.

A brainstorming session was held about our working methods in summer 2021. All the Group's staff members were involved in considering various issues: our DNA, our work organisation, our collaborative tools, our staff cohesion, our commitments, our workspaces.

A road map was drawn up from this brainstorming analysis. It sets out the various projects to be led and their priorities. Roll-out began at the end of 2021 (remote working) and is due to continue during the first quarter of 2022 (collaborative tools & restructuring of workspaces).

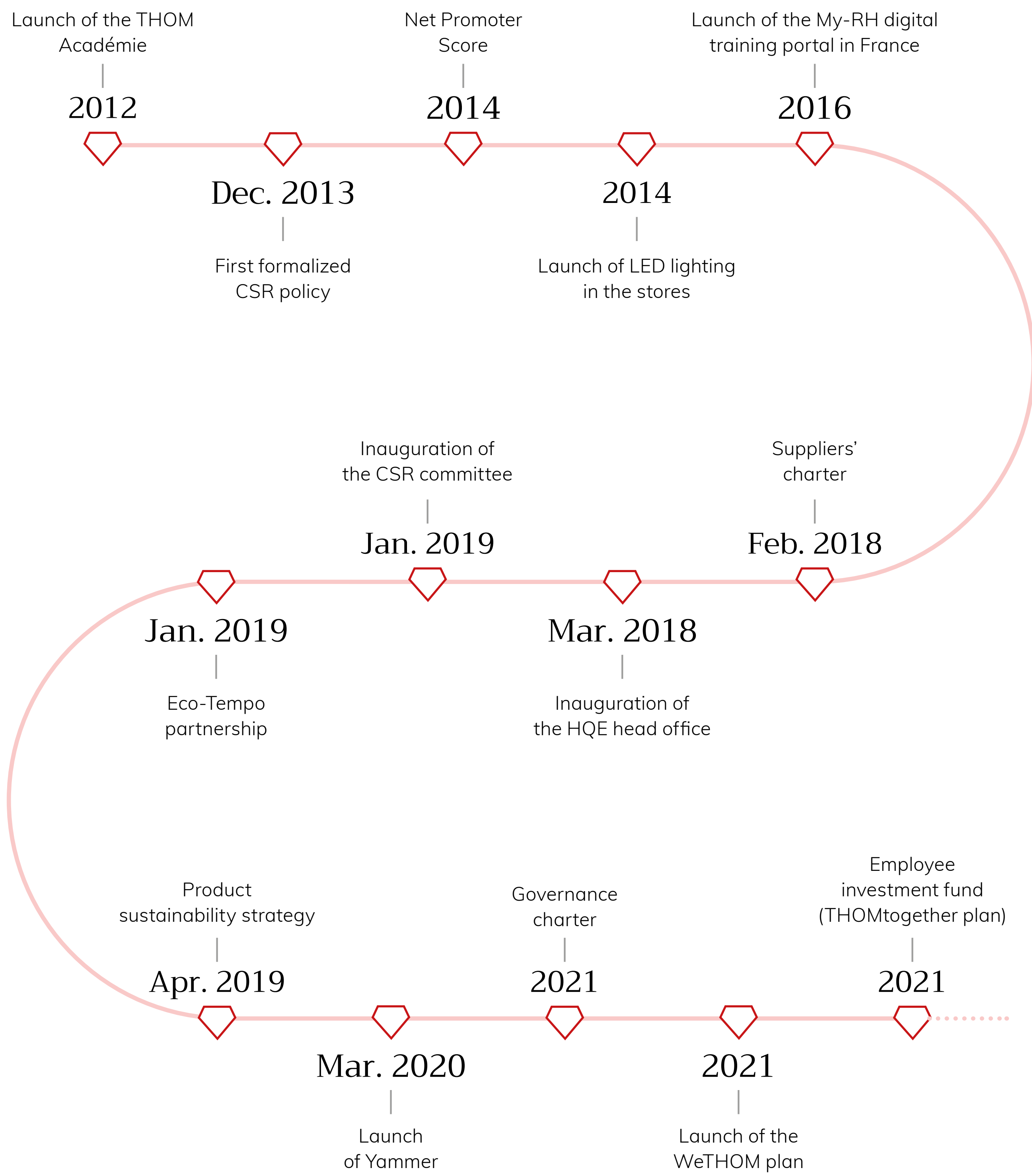
Display solid commitment to projects

A Group CSR management team will be nominated with a specific Operational Committee. Now, the CSR Committee reports to the Finance Group. As part of WeTHOM plan, a new dedicated Governance will be established. The Group's Supervisory Board has decided to expand the powers of the Group's Audit Committee to include a monitoring of the Group's CSR commitments.

Supervise roll-out

The Group will appoint an independent member of the Audit Committee with a strong background in CSR to oversee the roll-out of the projects and provide an external perspective. He will report to the Supervisory Board.

The key dates of our social commitment



EMPLOYEES' SAFETY AND WELL-BEING

THOM cares about their employees

Safe workplace for employees. Our stores are located in areas which ensure our employees' safety. This proactive strategy has frequently led THOM to close stores in which a deteriorated environment might have jeopardized our employees' safety. Moreover, all the Group's newly hired employees benefit from a training course on risks and safety good practices.

Preventing psycho-social risks. A support plan was put in place around twenty years ago in France. It will be deployed in the other countries of the Group. THOM has teamed up with a specialist for harassment prevention, crisis management and dealing with situations of suffering and traumatic events.

Prevention of accidents at work. All of THOM's employees attend a training course on recruitment by the Group. The internal Control department — in partnership with all the Group's and partners' services — has built a risk map (falls, fires, manipulations, etc.) in order to cope with risk management and implement measures.

In this context, WeTHOM project has demonstrated its intention to go above and beyond for well-being and efficiency of our employees.

THOM, women to the fore

92%
Percentage of women in the Group's workforce

52%
Percentage of women in management committees

71% Germany
58% France
58% Benelux
33% Italy

People

Florian Forthomme
HRIS Project Manager

My career at THOM

Part of the THOM team since January 2020, I am in charge of all Human Resources information systems management, whether for personnel management (time management, payroll, disability, expense accounts, etc.) or HR development management (internal mobility, training, recruitment, etc.).

My personal commitment

I have been a volunteer in the French rowing world for about twenty years and I am currently president of the Val d'Oise departmental rowing committee. I was approached by the French Rowing Federation to take the lead to participate to the 2023 World Junior Championship and to take the lead on one of the sub-groups...

THOM, a team spirit

The launch of the Yammer social network within the Group in March 2020 allowed everyone to share their professional and personal news, their initiatives and results. Yammer has helped implement measures to manage health crisis (enhancement of digital activities, support from the teams in stores for the development of e-commerce, solidarity initiatives, preparing for reopening the stores, remote training, contests, challenges, quizzes, etc.).

- **More than 50%** Percentage of employees who have subscribed to the Yammer network (2,400 members)
- **1,900** active members*
- **1,700** posts by members
- **More than 300,000** comments and interactions between Yammers*

* FY21 data (over the 12 months)

Launch of employee investment fund

The Group wants to offer employees the opportunity to become shareholders in order to further engage them in the company's perfomance (THOMtogether Plan). Subscriptions to the employee investment fund (FCPE) were opened during the first quarter of 2022.

- Almost 400 staff members subscribed for an average amount of over €2,200.
- 8% of the Group's employees became shareholders through this transaction.

Reinvent our working approach

In the Group's Headquarters, *Reinvent our working approach*: ambitious new agreements were laid out with the aim to introduce remote working:

- restructuring our offices and working practices to improve efficiency, whilst maintaining strong social relationship between employees;
- favorising work for home by signing an agreement for a 2 days work from home policy for HQ employees (signed end of 2021);
- giving employees financial resources to work from home in the best possible conditions.

PROMOTING OUR EMPLOYEES' DEVELOPMENT THROUGHOUT THEIR CAREER

THOM ensures all their employees working in the stores, head offices and logistics departments can benefit from training programs and constant support to enable them to fulfil their potential, from the time of their recruitment onward and throughout their career.

- Every employee benefits from a customised on-boarding program.
- Regular training courses are provided to help them enhance their skills, stay up to date with job evolution and work their way up to management roles.
- Professional mobility is encouraged.

"Our Training policy is based on a firm belief: our employees are the key to success."

This kind of support promotes the employees' operational excellence, which is part of THOM's DNA.

Training programs which are easily accessible, regularly updated and adapted to everyone.

THOM Académie, a school within the Group, which was created in 2012, demonstrates the Group's commitment to employee training. With over 700 sqm dedicated to learning, THOM Académie organizes in-person training programs for more than 2,000 employees every year.

For network employees

The Group's skills development plan provides support for all the jobs, from Sales Consultant to Store Manager, and relies on several training tools. Initially developed in France, it has been gradually deployed to all the Group's staff. Employees can pick a training theme: job, management or personal development. Overall, they can choose from around fifteen themes.

Since 2020, in the context of Covid-19, specific courses were added to the training catalogue, most of them through e-learning:

- Safety procedures;
- Disseminating health regulations;
- New services connected with digital transformation;
- New business tools.

For head office employees

A skills development plan is offered to all head office employees. It includes job, office equipment, linguistic, management and personal development training courses. All our managers benefit from a management training program. To anticipate and respond to the evolution of jobs in the support services, a specific budget has been allotted to train employees affected by the adoption of new business tools (SAP, WMS, Teams, OneNote, etc.).

Among THOM, internal mobility and promotion offer a full range of opportunities

Internal mobility is limitless at THOM. Our CEO, Romain Peninque, began his career within the Group... working in a store. Everything has been put in place to allow anyone to progress in their career or change jobs.

The Group has mapped all its jobs, career paths and opportunities for mobility. A new digital portal dedicated to mobility was presented to employees in 2020.

Several specific training programs have been implemented to make internal promotion easier. For instance, the sales assistant training program, which lasts 2 years, combines digital and in-person learning in the THOM Académie and practical training in stores. The aim is to offer structured and gradual skills development.

Every year, around 15% of THOM's employees benefit from functional mobility within the Group. All positions are concerned.

Training in the Group

(except for safety training)

The decrease in the number of trained employees is a direct consequence of the health crisis and the temporary lockdowns of points of sale.

21,185 Percentage number of training hours provided in FY21

100% of our staff benefit from our safety training

Percentage of trained employees with a permanent contract (FTE)		
	FY 20	FY 21
France	38%	59%
Benelux	48%	11%
Italy	77%	81%
Germany	53%	36%

THOM helps young people have access to the job market and supports elderly employees

The Group strives to make access to the job market easier for young people and offers them support and development programs (Sales Assistant program, for instance).

The Group has implemented an action plan for employment of elderly employees (+50).This action plan aims to retain elderly employees by developing their employability and securing their careers:

- Prevention of occupational work risks;
- End-of-career planning;
- Know-how promotion through transmission of knowledge and skills to junior employees.

18% Percentage of employees under 25*

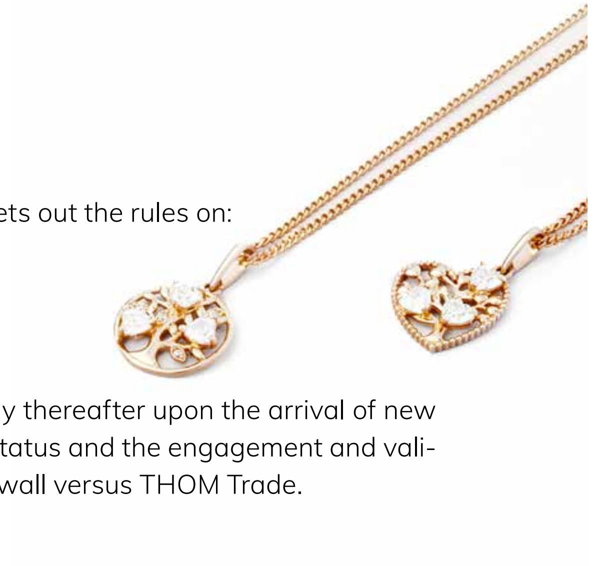
500 Trainees on average each year*

120 People attending work-study training programs hired each year on average*

13% Percentage of employees over 50*

Group perimeter data

OUR GOVERNANCE CHARTER



Our governance charter signed by all the managers of the Group sets out the rules on:
- spending,
- transparency, equity and loyalty in relations with third parties,
- knowledge of current procedures and regulations in force,
- awareness of social and environmental stakes.

A Group procedural note signed by all managers (and automatically thereafter upon the arrival of new managers) gives them full knowledge of the rules implied by their status and the engagement and validation thresholds. A specific statement is included for the Chinese wall versus THOM Trade.

Only a Manager can be a signatory of a contract, it is forbidden to delegate this responsibility. It is the Managers' responsibility to put in place suitable tools (dashboards, indicators) in order to control the practice of regular competition between suppliers and subcontractors.

3 principles apply for relationships with third parties:

- **Transparency, fairness and loyalty with third parties:** Managers are required to be constantly vigilant on sensitive subjects such as respect for the principles of competition (regular practice of calls for tenders, fair distribution of markets), conflict of interest and the gift policy. They are in charge of monitoring their team and have the obligation to intervene in the event of a proven breach.
- **Knowledge of existing procedures and regulations in force:** In their area of expertise, and by providing the necessary relays within their team, Managers must do everything possible to strictly comply with the applicable laws. It is their responsibility to seek internal or external assistance once they have identified a non-compliance or a risk of sanction.
- **Taking into account social and environmental issues:** Managers must be part of a collective process intended to integrate our concerns in social, environmental, ethical, human rights and respect for consumers. They will adopt proactive behaviors in terms of corporate social responsibility.

“The new CSR governance sets a corner stone of our relationships with our customers, suppliers and employees. It aims at responsabilising each manager in its relationships with third parties and within the Group and promote Group values.”

Cyrille Palitzyne
Group CFO

OUR COMMITMENT TO CHARITY

In 2021, in line with its CSR approach, THOM supported social organisations and the international network of AD schools.

FACE SPORT DANS LA VILLE AD EDUCATION

Combat exclusion: The aim is to mobilise companies to act against exclusion, encourage social innovation and to actively support local initiatives that combat all forms of exclusion.

Sport for all: To help guide young people from priority neighbourhoods on the path to success. The aim is to instil in them key values for personal and professional development through sport.

AD EDUCATION: An international network of schools united around key values, sharing the same ambition of creativity and innovation. The aim is to provide schools with academic, managerial and material resources that allow them to pursue major academic projects in their respective fields of study.

“My dearest wish is to help the charitable sector structure itself to multiply its social impact.”

Maurice Tchenio
CEO of Altamir, THOM's reference shareholder

Fondation AlphaOmega

AlphaOmega Foundation

Created by Maurice Tchenio in 2010, the AlphaOmega Foundation aims to boost social mobility in France by providing the country's leading educational associations with the financial, strategic and operational support they need to scale up.

AlphaOmega currently owns a 4% stake in THOM. The Group's growth helps to finance its actions and tackle the social issues facing us today.

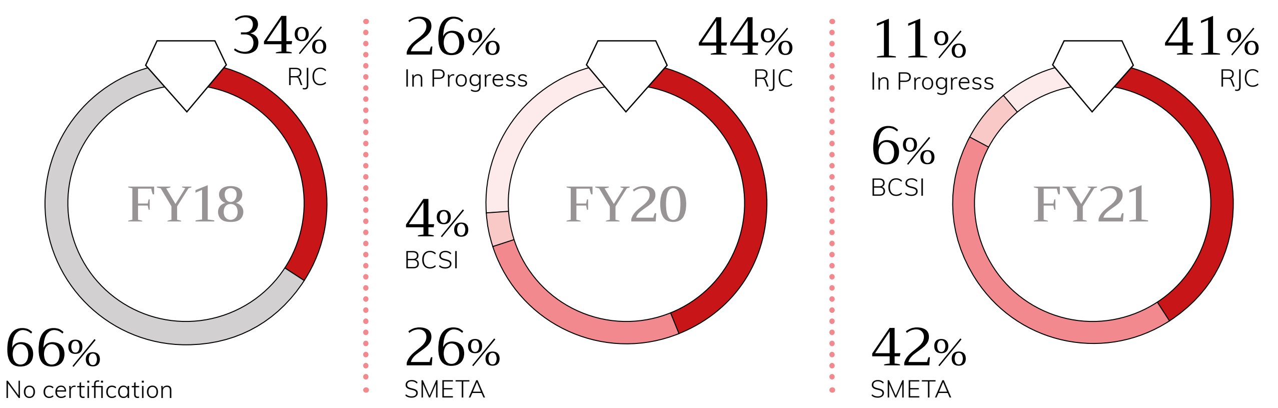
GUARANTEEING A RESPONSIBLE SUPPLY CHAIN

In FY21, 89% of our purchases were made from suppliers that are certified according to the world class international standards: RJC, SMETA, BSCI.

Since 2019, THOM has adopted a policy of ensuring that all of its suppliers are certified.

Our suppliers are audited before we start working with them by independent and recognized auditors (Bureau Veritas, QIMA). These bodies evaluate all of our suppliers at least once every two years. In addition, THOM teams are free to audit suppliers themselves on a regular basis and without prior warning.

> *“**89%** of our purchases are world-class certified.”*



Since 2018, all of our suppliers sign a charter in which they undertake to:

- Comply with local and international law.
- Respect people – in line with the principles of the UN Global Compact, 8 Fundamental Conventions of the International Labour Organization (ILO), and the ILO Declaration on Fundamental Principles and Rights at Work.
- Respect the environment – by complying with national and international regulations aimed at protecting the environment (to limit negative effects on ecosystems, conservation areas, and natural flora and fauna).
- Fight against corruption.

We take care to ensure the traceability of our raw materials

Our diamond suppliers comply with the Kimberley Process, the only recognised international stone traceability scheme. Our suppliers guarantee the accuracy of the information provided concerning the diamonds used in products as well as the authenticity of the accompanying certificates. Any problems identified in relation to a diamond over a period of 10 years (characteristics, origin, authenticity, or the existence of defects or flaws) will be presumed to arise from non-compliance and will be the sole responsibility of the supplier.

REDUCING OUR ENVIRONMENTAL IMPACT

Offering sustainable products

In 2019 THOM developed a strategy to improve the sustainability of its products so as to encourage more responsible consumption and reduce its environmental footprint. This strategy is based on 4 cornerstones:

- Suppliers' qualification according to technical and environmental criteria ensuring their capacity to manufacture sustainable products.
- Definition of technical specifications aiming to ensure the solidity and therefore the durability of products, for instance: solidity of chains and clasps, quality of the setting, metal finish, etc. Product returns due to quality issues is steady in FY21 versus FY20.
- Quality control on site at the end of production. In FY21, 100% of production was subject to quality control by suppliers and around 2% of products were subject to additional inspections carried out by THOM and their clients (This KPI has been adversely impacted by Covid context. In late FY21, we were back to the level of inspections carried out in FY20: around 5%). Our target is to reach 10% of additional inspections in 2022/2023.
- In-depth and regular analysis of flaws or weaknesses observed in real situations by our teams and clients, with resulting quality production improvements.

Reusing faulty or unsold products

THOM has developed a network for reclaiming faulty or unsold products which relies on:

- their suppliers: reuse of metals and stones in new productions;
- their stores: fixing of faulty products returned by our clients; recovery of damaged products (gold watches and jewels);
- A network of partners who collect and recycle used watches and jewels. In 2019 THOM entered a partnership with Eco-Tempo, a key player committed to the social and solidarity economy. THOM thus wishes to promote sustainable development through the preservation of resources and the reuse of raw materials. Through this partnership, THOM will benefit from a specific network for the reprocessing of used watches and jewels.

Reducing the energy consumption of points of sale

THOM has initiated a process to reduce the energy consumption of its points of sale. Switching to energy-efficient lighting has been the main measure implemented over recent years. The first LED lights were installed in France in 2014. Eight years later, we have managed to reduce lighting energy consumption by 30%, while increasing spotlights' lifespan by several years. Today, 60% of our stores in France and the Benelux are equipped with energy-efficient lighting. This also applies to almost all the stores in Italy and over half of them in Germany.

FINANCIAL REVIEW FY21

"THOM has achieved a very good financial performance in FY21, with high profitability and cash generation, benefitting from its ability to adapt its business model during lockdowns and from a strong embedded growth when stores are opened."

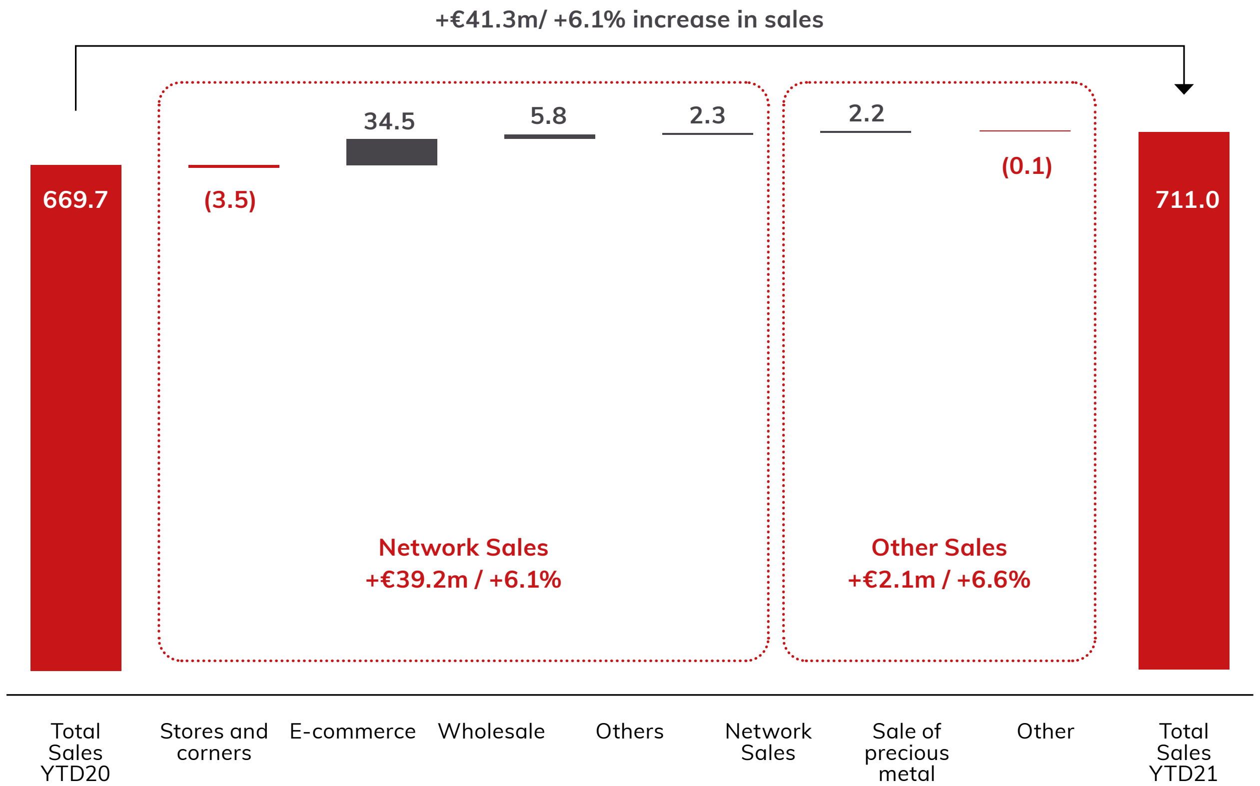
Cyrille Palitzyne
Group CFO

SALES

The consolidated sales for the financial year ended September 30, 2021 amounted to €711.0 million, an increase of €41.3 million from €669.7 million in the financial year ended September 30, 2020.

Total Sales bridge

In millions of euros, YTD21 vs. YTD20



Our Network sales increased by €39.2 million or 6.1% to €676.5 million in the financial year ended September 30, 2021 from €637.3 million in the financial year ended September 30, 2020 despite tougher sanitary conditions as our stores have been closed for Covid-19 related restrictions 29% of the time in the financial year ended September 2021 compared to 17% of the time in financial year ended September 2020. This very good performance achieved by the Group was due to:

- The agility of our business model and our ability to switch from offline to online sales during lock-downs with similar level of profitability. E-commerce during the financial year ended September 2021 reached 9.5% of our Network sales to €64.0m, i.e. an increase of 4.8% as a percentage of Network sales and +€34.4 million as compared to the financial year ended September 2020;
- A faster recovery after lockdown periods with a very strong desire from our consumers to find our stores very quickly after the lockdown periods;
- A strong embedded sales growth of stores outside of lockdown periods enhanced by sales synergies which benefited to Stroili in Italy, acquired in FY17.

The other sales have increased by +€2.1 million between financial year ended September 30, 2021 and financial year ended September 30, 2020. They mainly consist in the sales of precious metals, increasing by €2.2 million, which is piloted for hedging reasons. We have limited the sales of precious metals during the Covid-19 period since March 2020 to build a physical Gold inventory for hedging purposes.

Network Sales performance, on a like-for-like basis

Each period vs. same period last year

	Geographies		Distribution channels			
	France	International	France	E-commerce	Wholesale	Total
4Q21	9.2%	18.9%	11.9%	43.0%	(7.5)%	12.9%
4Q20	17.2%	16.6%	17.8%	29.3%	(59.5)%	17.0%
FY21	3.2%	9.7%	(0.1)%	116.0%	7.1%	5.5%
FY20	(4.6)%	(16.6)%	(10.3)%	35.2%	(43.4)%	(9.1)%

EBIDTA

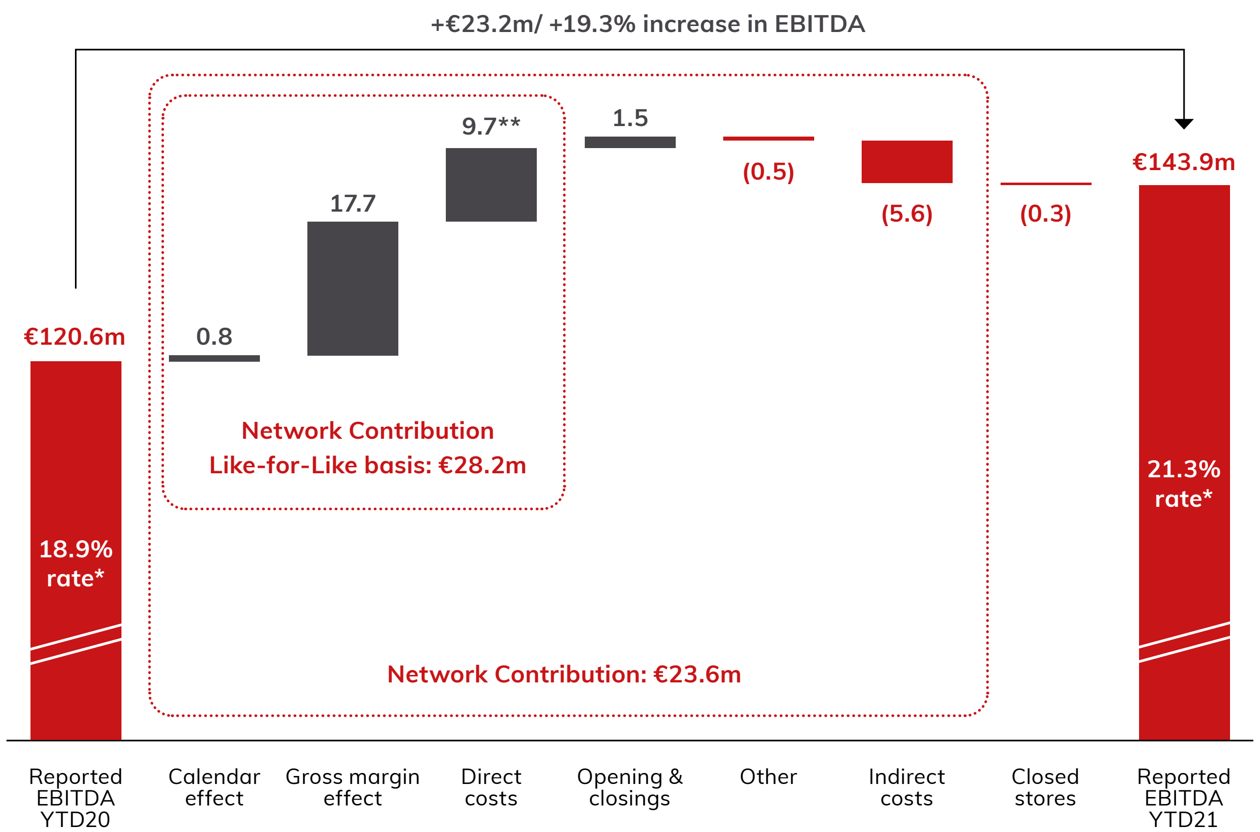
The Group generated a Reported EBITDA of €143.9 million in the financial year ended September, 30, 2021 compared to €120.6 million in the financial year ended September, 30, 2020, representing an increase of €23.3 million or +19.3%. This performance was due to:

- The sales development despite tougher sanitary constraints;
- A strong resilience of Gross Margin despite unfavorable mix effect with the decrease in impulse purchases in covid context (impulse purchases are oriented toward fashion products with higher margins) and the increase in gold fixings mitigated by an efficient hedging policy combined with repricing initiatives;
- Strong focus on cost efficiency: productivity of staff, consumption of overheads, negotiations with landlords…
- More support for the government with €10.6 million Fixed Cost Coverage Plan and French solidarity fund, compared to none last year;
- Not offset by the investment in the indirect costs structure: logistic in respect of e-commerce and employees' profit-sharing notably.

This very good performance shows the resilience of our Group with a continuous focus on profitability which allowed the Group to reach a 21% EBITDA rate as a percentage of Total Sales in financial year ended September 30, 2021.

Reported EBITDA bridge

In millions of euros, YTD21 vs. YTD20, with EBITDA margin rate

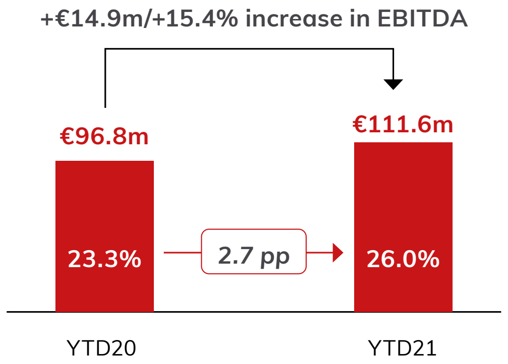


* Reported EBITDA as a percentage of Total Sales
** of which +€10.4m French subsidy

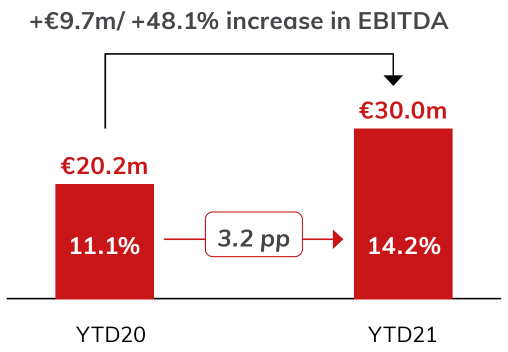
Reported EBITDA bridge by country

In millions of euros, YTD21 vs. YTD20, with EBITDA margin rate

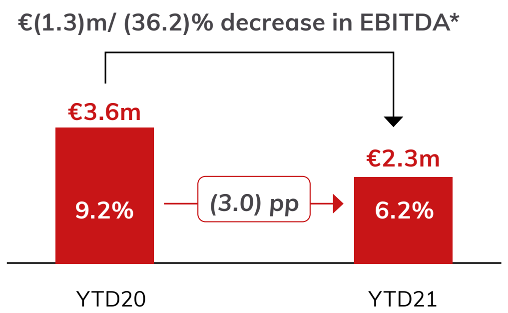
France

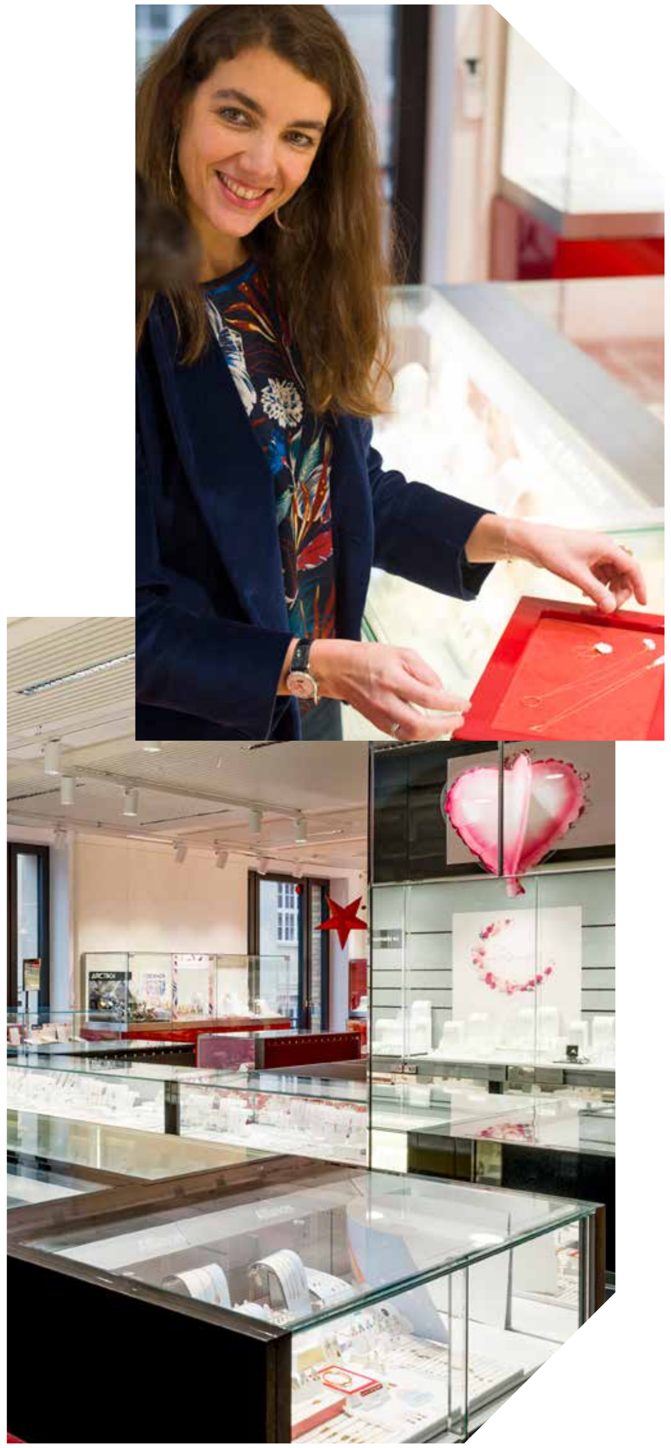


Italy



RoE





* Germany was particularly affected by a network closure average ratio of 37% in FY21, vs. 10% in FY20.

Free Cash-Flow pro forma Goldstory

At Goldstory level, our free Cash-Flow pro forma totalled €123.1 million in the fiscal year ended September 30, 2021, an increase of €54.7 million, or 80.0%, from €68.4 million in the fiscal year ended September 30, 2020. The rate of EBITDA conversion into Free Cash Flow reached 85.6%.

Working capital positive impact of €28.9 million is mainly explained by:

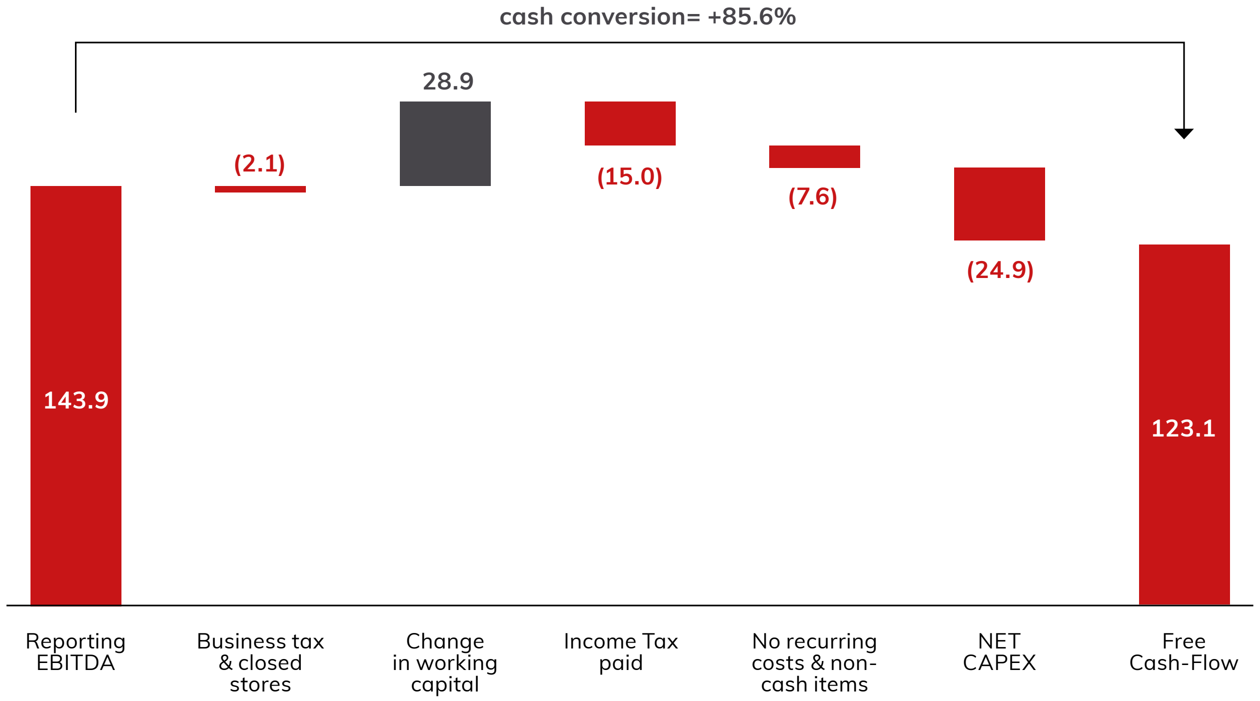
- €12.9 million positive impact not related to Covid-19 with two main effects, a €22.9 million increase in payables due to the return to a normative supply pattern as September 30, 2020 closing was adversly impacted by delays in order intake, not offset by the increase in trade receivables due to the development of the wholesale activity of €10.0 million.
- €16 million positive impact of Covid-19 related items with outstanding rents in respect of Covid-19 for €26.0 million and the increase in social liabilities (postponement in respect of COVID-19) for €16.0 million almost fully offset by, the voluntary build-up of a physical stock for €16.0 million and the €10.0 million receivables in respect of French subsidy.

The impact of Covid-19 related items on working capital is very limited at September 30, 2021 as the outstanding liabilities are fully offset by the building of gold inventory and outstanding receivables of Fixed Coverage Plan.

Capital expenditure for €24.9 million correspond mainly to store capital expenditure for €13.0 million for maintenance, refurbishment and expansion of our store network, as well as to our IT project Shine 2020 for €8.1 million and to other corporate capital expenditure for €6.5 million, partially compensated by disposal and change in capex working capital for €2.8 million.

2021 Free Cash-Flow

In millions of euros



Net Debt, Refinancing and Change of Lead Investor

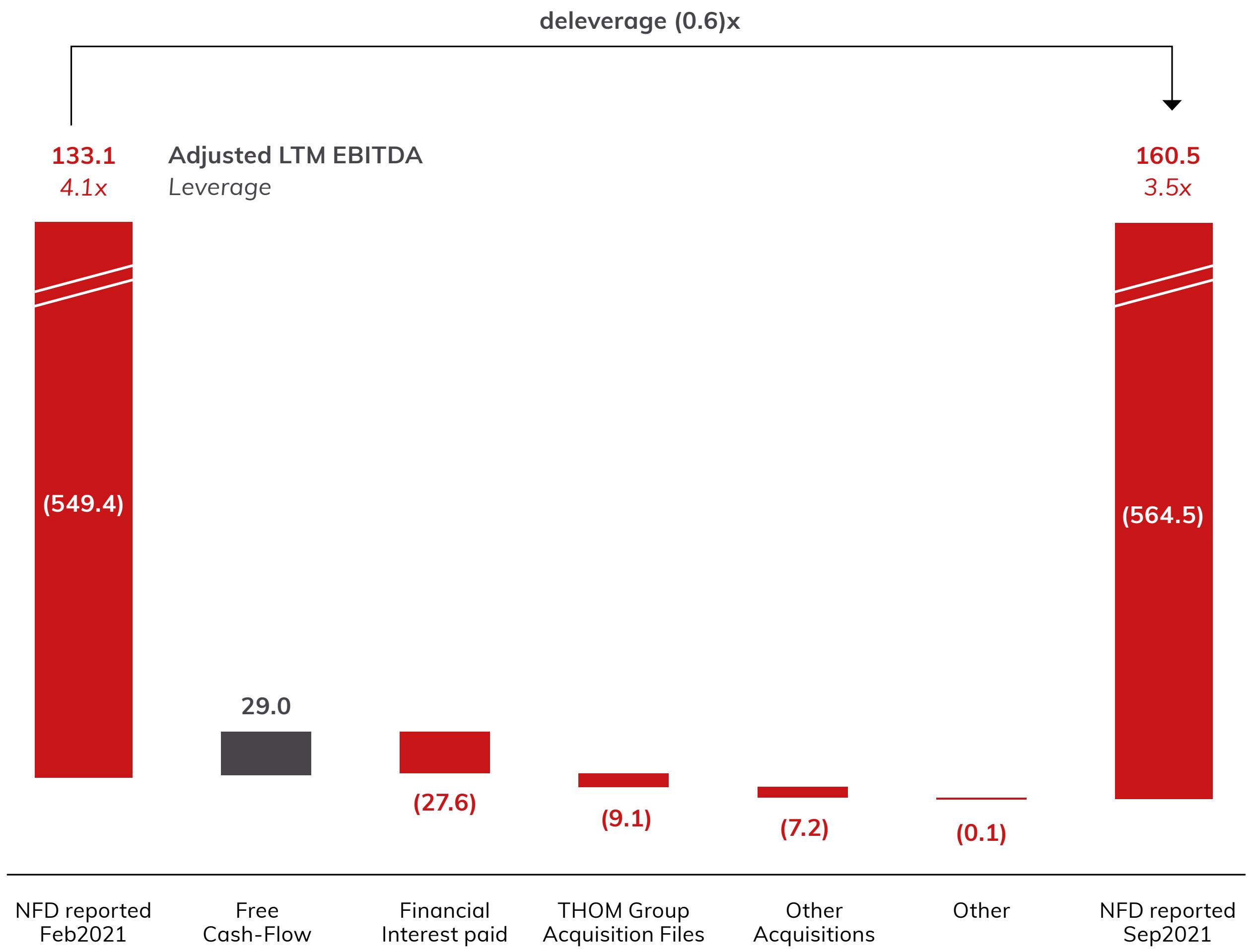
A significant deleverage in only 7 months

THOM Group's TLB was refinanced on February 4, 2021 with a total of €620 million of notes in part with the issuance of (i) €370m aggregate principal amount of fixed rate 5.375% senior secured notes due 2026 and (ii) €250m aggregate principal amount of floating rate notes due 2026 (with a margin of EURIBOR plus 550bps). A portion of the proceeds from the offering was on-lent to THOM Group under proceeds loans to repay amounts outstanding under the TLB by THOM Group. On February 26, 2021, THOM Group was purchased by Altamir & certain of its affiliates, certain members of management and certain co-investors for € 514.7 million, via the company Goldstory SAS ("The Issuer").

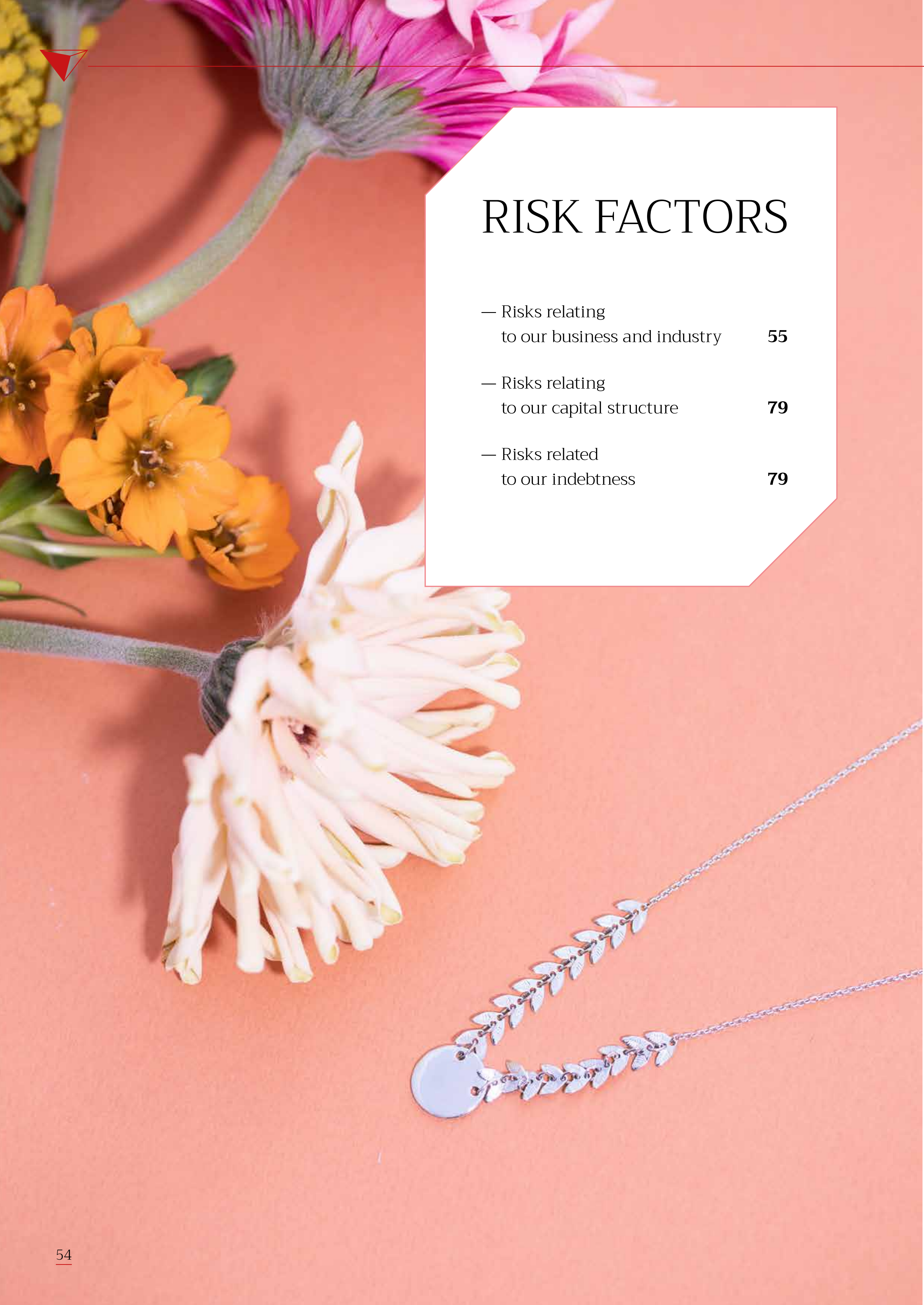
Net financial debt, excluding financial interests, as of September 30, 2021 was €564.5 million, representing a leverage of 3.5x adjusted EBITDA, compared to 4.1x at February 28, 2020, just after the refinancing of the group.

Pro forma Net Financial Debt Bridge at Goldstory level since refinancing (Feb 2021)

In millions of euros, Sep21 vs. Feb21



x Net leverage ratio on adjusted EBITDA



RISK FACTORS

RISK FACTORS

This annual report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this annual report.

Risks relating to our business and industry

Macro-economic factors: The current COVID-19 pandemic has materially adversely impacted and disrupted and may continue to materially adversely impact and cause disruption to our business, financial performance and condition, operating results, liquidity, and cash flows. The spread of the COVID-19 pandemic has caused significant disruptions in France, *Italy*, and the other European markets in which we operate, as well as in the wider global economy, the extent of the impact and duration of which is not yet known. Any future outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.

In late 2019, a new strain of coronavirus (severe acute respiratory syndrome coronavirus 2 or SARS-CoV-2 also known as COVID-19) was detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic. Governmental authorities around the world, including in countries where THOM is operating, implemented temporary measures to reduce the spread of COVID-19 ranging from mandatory face coverings, gauges, mandatory sanitary pass, curfew or lockdown. Lockdown measures and other similar restrictions have resulted in temporary store closures, modified store operating hours, a decrease in customer traffic, work stoppages, slowdowns and delays, travel restrictions, cancellation of events and disruptions to our supply chain, among other effects, thereby negatively impacting our operations.

In case of lockdown to face the spread of COVID-19, impacts on our stores and therefore on our sales, growth, and profitability could be material. For example, in 2020, the restrictions resulted, in 2020, in a decrease in turnover by €67.4 million to €669.7 million, from €737.1 million in 2019.

During the different waves of COVID-19 and the accompanying lockdown periods, we relied on various governmental assistance programs, including furlough schemes for our employees, social security charges deferral, tax deferral and, in Germany, the lowering of the VAT rate from 19% to 16%. However, we cannot provide any assurance that during subsequent waves of COVID-19 such governmental assistance programs, negotiations with landlords or other protective legislation will be available to the same extent as in the past or at all. If such governmental assistance programs negotiations or protection were not possible or available, our cash outflows to meet ongoing additional COVID-19-related costs would be significantly higher during such subsequent waves than they were during preceding waves.

Were government support not to be available, or to be available on a more limited basis, we would only be able to rely on our ability:

- To suspend capital expenditures, implement cost reductions and defer payments,
- to obtain rent abatements or enter into deferral arrangements with our landlords.
- to react to changes in anticipated customer demand and manage inventories, which may result in either insufficient or excess inventories.
- to rely on our distribution centers to manage the receipt, storage, sorting, packing and distribution of our merchandise due to local and regional factors (e.g. scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas).

In this context, we may also be required to monetize our assets, extend employee furloughs, forgo capital expenditures and discretionary expenses, or take other measures to improve our cash position.

Even when our stores are opened, COVID-19 could pose a risk to our employees, our customers, our suppliers, our wholesale business customer, and the communities in which we operate, and that had or could require specific actions:

- Certain of our employees have tested positive for COVID-19. We have been, and may in the future be, required to temporarily close certain of our stores, offices, or other facilities for cleaning or to take other responsive or precautionary measures. Likewise, planned construction, renovation, and maintenance, as well as the opening of new stores, have been and may continue to be delayed, or suspended

- Where appropriate and possible, we have transitioned a significant number of our employees, other than our shop floor employees and employees in the personnel and treasury departments, to a remote work environment, which may exacerbate our vulnerability to certain risks, including, for example, cybersecurity attacks and phishing emails, which we believe is an increased risk to our business in a remote work environment
- We may be subject to potential litigation because of customers or employees who claim they have contracted COVID-19 at our stores or other facilities, which may cause us to incur significant costs, and which may have a negative impact on our brand and reputation. We may also be subject to potential litigation initiated by employees alleging that we have facilitated an unsafe working environment or have increased their exposure to COVID-19.

Our business is sensitive to reductions in discretionary spending by customers and other factors described elsewhere in this *"Risk Factors"* section. To date, the COVID-19 pandemic has caused, and is continuing to cause, significant disruption in economic activity globally, which is expected to lead to a decline in discretionary spending. Our sales have been and may continue to be negatively impacted by adverse changes in the perceived or actual economic climate. Furthermore, since people spend more time at home and not socializing, the demand for jewelry may also decrease since people are not dressing up to go out or meet others.

Further resurgences (or "waves") of COVID-19 due to new variants such as Omicron, are likely to occur and other restrictive measures are foreseeable. We cannot predict when or where these waves may occur, the duration of such waves, how far into the future such waves may continue to occur, nor can we predict with any certainty the duration, the parameters and therefore the impact of the subsequent measures taken by local or national authorities to limit the spread of the virus. Although the governments in France and Italy have increasingly employed sophisticated strategies for combatting the virus to avoid costly and extensive lockdown measures, the magnitude of possible virus resurgences and the resulting impacts on the economy may materially negatively impact our business, financial condition, and results of operations. There are no comparable recent events that provide us with guidance, and so we cannot yet know the full impact of COVID-19 on our business with any certainty (directly or by exacerbating and magnifying certain of the other risks we face and described hereafter).

Macro-economic factors: We are exposed to economic weakness, political uncertainty, unforeseen catastrophic events, such as terrorist attacks or natural disasters as well as protest movements and other trends that may adversely affect consumer spending levels.

Our business depends on consumer demand for our products and, consequently, is sensitive to a number of factors that influence consumer spending in the jewelry and watches market. Such factors include levels of **employment, inflation, growth in gross domestic product, real disposable income, consumer confidence and consumer willingness to spend**. Indeed, consumers tend to lower their non-essential spending in times of ongoing economic uncertainty, deteriorations in economic conditions, rising unemployment levels, growing inflation and high tax rates, all of which are factors outside our control and all of which are significantly exacerbated by COVID-19. Adverse national or international political or economic trends or developments that reduce customers' willingness to spend may adversely therefore affect our growth, sales, and profitability. Especially, effect of a decline in consumption is felt more strongly in shopping centers where the Group has a large footprint, which attract lower-to-mid income consumers who tend to be more price sensitive.

We are particularly exposed to economic trends in France and Italy, where our network sales together amounted to €639.4 million, or 94.5% of our network sales, in the financial year ended September 30, 2021. Our sales have historically been sensitive to the French GDP fluctuations except for the financial years ended September 30, 2011, to 2013 when our Histoire d'Or sales decreased by 2.7%. We are also exposed to economic trends in Italy, which has experienced weak GDP growth and stagnant economic conditions in recent years. Furthermore, in connection with the COVID-19 pandemic, both France and Italy recorded significant contractions in quarterly GDP in the first, second and fourth quarters of 2020, though both economies rebounded in the third quarter of 2021. It is expected that economic uncertainty will continue in 2022 given the spread of new COVID-19' variants, and despite the vaccine rollouts in both countries.

In addition to economic conditions, **political uncertainty, unforeseen catastrophic events, such as terrorist attacks or natural disasters as well as protest movements** could also adversely impact our growth, sales, and profitability. Western countries, including France, have recently been, and could again in the future be, hit by terrorist attacks. Such attacks, and possible future attacks targeting shopping centers, could lead to a decrease in consumer spending and to a decrease in footfall in shopping centers. Other unforeseen catastrophic events such as government-imposed lockdowns, floods, fires, earthquakes, sustained episodes of inclement weather, pandemics or epidemics could lead to similar effects. Other social developments, such as local strikes (for instance as recently in France with the 'Yellow vest' protests or the 'strike in Transportation Services'), demonstrations, boycotts, social instability, or similar events, could also have an adverse effect on our operations. The occurrence of any of these events may impact customer morale or have a detrimental impact on tourism, which may in turn adversely affect our business, financial condition, results of operations and prospects.

Macro-economic factors: Our ability to attract customers to our stores depends heavily on the success of shopping centers, in which our stores are primarily located, and any decrease in footfall at those shopping centers could adversely impact our revenues.

As of September 30, 2021, approximately 90% of the Group's stores were in shopping centers. Therefore, our sales are, to a significant degree, subject to the volume of customer traffic in shopping centers. Over time, our results of operations may suffer from structural changes in consumer shopping habits.

For instance, **shopping centers may become less popular** among customers who may demonstrate an increasing preference for alternative shopping environments, such as individual retail stores or online shopping. Cyclical macroeconomic factors may impact traffic to shopping centers and consequently to our stores. For instance, the COVID-19 pandemic could adversely influence consumers' decision to visit shopping centers, where it may be more difficult to implement social distancing protocols. External factors such as weather conditions can also affect traffic to shopping centers and our stores. For example, warm temperatures can act as a disincentive and drive potential customers away from shopping centers, insofar as they prefer to be outdoors. Conversely, heavy wintry conditions may prevent customers from travelling to shopping centers to make purchases, including during peak periods such as the December holiday season. Additionally, the development of our e-commerce platforms could divert sales away from our physical stores.

Traffic to our stores may also be negatively impacted by the **decline in popularity, or the closing, of the anchor stores in selected or specific shopping centers** in which our stores are located or by the emergence of competing retail destinations nearby. When we are located near other retail stores, we benefit from the latter's ability to generate consumer traffic in the vicinity of our stores. As a result, a shopping center's failure to attract popular retail brands could lead to low traffic into the center and consequently to our stores. Similarly, vacancies in shopping centers or store closures by other retailers may also decrease customers' interest in visiting particular shopping centers.

Finally, we may not be able to continue to **secure strategic locations for our stores in shopping centers**. We aim to continue to increase our footprint by opening stores in shopping centers in Italy and Germany, and to a lesser extent in France. As such, the performance of our stores depends upon the location of such shopping centers and the customer traffic they generate. We cannot control the availability of appropriate locations within shopping centers (which, in line with our accessibility criteria, are necessarily limited) or their cost. To generate customer traffic, we place many of our stores in prominent locations within shopping centers, favoring locations that are positioned strategically to best capture customer flows, near entrances and at the intersection of major avenues in central areas of the shopping centers, enhancing our stores' visibility and accessibility for customers. We also face competition for prominent locations from other retailers who may be preferred by shopping center operators. Furthermore, if our financial condition deteriorates or if our relationship with key shopping center operators is adversely affected, we may not have the opportunity, or be able, to obtain new key locations and continue to maintain existing ones. With respect to our leases in Italy and Germany, which generally do not benefit from contractual or statutory renewal protection, we may be unable to renew our lease agreements on favorable terms or at all in the future.

All these factors (reduction of footfall in shopping center, impact of COVID-19 on shopping centre attractiveness, ability to secure high-quality locations) could have a material adverse effect on our business, financial condition, results of operations and prospects.

Brand & Offer: We operate in a competitive sector, and our business and financial results may be adversely affected by actions of our competitors and our failure to respond to competitive pressures.

We conduct our operations principally in the affordable segment of the French and Italian jewelry and watches markets, which are fragmented and competitive. We compete with a large number of independent jewelers, retail chains, hypermarkets and department stores with a dedicated jewelry section or corner, and online retailers. Such competition places pressure on our sales revenue, pricing strategy and profit margins.

We face a variety of competitive challenges:

- anticipating and responding to changing trends and consumer demands, as well as developing and maintaining diversified ranges of innovative and fashionable products, in designs and styles that appeal to consumers of varying age groups and tastes
- securing the most appropriate store network portfolio, including choosing the right store locations and store layouts to attract customers and enhance their shopping experience
- diversifying sales channels, including improving our online presence
- offering a high and consistent quality of products
- sourcing merchandise efficiently
- pricing our products competitively to achieve customer perception of value without sacrificing quality
- devising effective fidelity programs to foster customer loyalty
- developing a strong brand image by creating distinctive advertising and providing consistent product offerings across our stores.
- responding to negative publicity relating to the quality or sourcing of our product range
- undertaking effective and appropriate in-store promotional activities and responding to discounting promotional activities of our competitors
- attracting and retaining the most talented people.

We are a "generalist" jewelry retailer, offering a broad range of precious jewelry from the more traditional jewelry items from our traditional base collection to those with a more contemporary design and style which are renewed on a more regular basis. Some of our competitors are also **Generalists**. Others are **Specialist Jewelry retailers** competing with us only in specific product categories or with only one of our main banners (for instance, value retailers compete more directly with our TrésOr banner). In each case, our competitors may have greater name recognition and stronger brands than we do or may be perceived as offering products of superior quality or greater value for money than we can offer. Their products may also be perceived to be trendier and more fashionable than ours. Costume jewelry accounted for approximately 32% of the Group's network sales at its directly operated stores in the financial year ended September 30, 2021, and thus changing customer perceptions of the trendiness of competing products may adversely affect our business and financial results.

There can be no assurances that the affordable jewelry retail market will not become more consolidated. **Consolidation among our competitors** could enhance their market share and financial position, provide them with the ability to achieve better purchasing terms and provide more competitive prices to customers for whom we compete, and allow them to utilize merger synergies and cost savings to increase advertising and marketing budgets to compete for customers more effectively. These consolidated competitors could cause us to change our pricing with a negative impact on our margins or could cause us to spend more money to maintain customers or seek new customers, all of which could negatively impact our business.

Hypermarkets that have sections offering jewelry are also considered as direct competitors. These may have greater financial resources, be able to achieve better economies of scale and have lower cost bases than we do. Consequently, some of them may be able to spend more on marketing and advertising campaigns, or offer more attractive promotions, thereby capturing market share to our detriment. Further, competitors with greater resources may be better positioned to consolidate their presence in the market, to acquire the best store locations, to negotiate lower rents and to steer suppliers' product designs. This may also enable them to react more swiftly to changes in market conditions or to jewelry fashion trends.

We also face competition from **low-cost costume or non-precious jewelry retailers**, particularly in times of economic downturns when consumers show greater price sensitivity. Costume jewelry also tends to be more appealing to customers when the price of precious metals such as gold increases. In addition, structural factors, such as consumers' increasing focus on designs rather than on the materials used in their manufacture, contribute to driving demand for costume jewelry. Since the Group's costume jewelry offering is limited, we may not be able to fully capitalize on growing customer enthusiasm and demand for costume jewelry and could lose customers and market share to low-cost jewelry retailers who are better positioned to respond to this trend.

Competition from **e-commerce platforms** is also expected to intensify in the future. Barriers to entry for e-commerce providers are minimal, and current and new competitors can launch new e-commerce platforms at a relatively low cost. E-commerce providers can use the internet as a marketing medium to reach significant numbers of potential customers. We may not be able to move sufficiently quickly to fully take advantage of the increasing customer preference for online jewelry shopping, particularly in the affordable precious segment. If we are unable to compete effectively with this more convenient shopping method, we may lose potential customers, which would significantly adversely affect our business, financial condition, results of operations and prospects.

As a result of these various sources of competition, we may experience pricing pressures and loss of market share, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Brand & Offer: Our sales may be adversely affected by the rise in popularity of costume jewelry and other changes in attitudes of customers towards precious jewelry.

Customers typically buy jewelry for special occasions such as Christmas, Mother's Day, Valentine's Day, and birthdays. Such purchases are most often intended as gifts. In recent years, **more traditional gift options such as jewelry, flowers and chocolates have had to increasingly compete with newcomer alternatives**, such as technological products. Because the budgets that individuals set for gift purposes tend to be capped, the rise of alternative gift options is more likely to lead to substitutions than to co-existence. Therefore, if the trend favoring technological gifts continues and a fundamental shift in customer preferences occurs, demand for jewelry, including our products, may be eroded.

Even if jewelry remains a popular gift option, **technological advances may have an adverse impact on certain categories of products** or on the demand for the products we offer. For example, demand for affordable watches has waned in recent years as people have become accustomed to reading the time on their mobile phones. Furthermore, with the rising popularity and affordability of three-dimensional printing, we could see a shift in consumer preferences towards homemade, bespoke jewelry. If we are unable to adjust our product range to match shifting customer preferences, such technological progress and other factors could cause a sharp decrease in sales and have a material adverse effect on results of operations, financial condition, and prospects.

Within the Jewelry segment, **the popularity of costume jewelry** may increase over time as customers may see it as an affordable and fashionable alternative to precious jewelry. Customer tastes may also become less driven by the materials used in the manufacture of jewelry and be more focused on their design and style, which could also prompt a shift away from gold and other precious jewelry in favor of costume jewelry. A rise in popularity of costume jewelry could thus result in a decrease in our sales of precious jewelry, which accounted for approximately 53% of the Group's network sales in the financial year ended September 30, 2021.

In addition, **customers' attitudes toward gold, silver, other precious metals, and gemstones** also influence our sales. Attitudes could be affected by a variety of factors including concern over the source of raw materials, the impact of mining and refining of minerals on the environment, labor (including health and safety) conditions in the supply chain and the availability of and consumer attitudes towards substitute products such as cubic zirconia or laboratory-created gemstones. Any of these factors could adversely affect customers' perceptions of and preferences for precious jewelry and hence have a material adverse effect on our business, financial condition, results of operations and prospects.

Brand & Offer: If we are unable to anticipate, identify and respond to changing consumer preferences in a timely manner, and manage our inventory in line with customer demand, our sales levels and profitability may decline.

Jewelry is subject to **changing consumer tastes and preferences**. Our success depends in large part on our ability to gauge, react and adapt to changing consumer demands in a timely manner. Our products must appeal to a broad range of customers whose preferences cannot always be predicted with certainty. While many of our pieces are timeless such as engagement and wedding rings, there can be no assurances that we will be able to continue to market products that are attractive to customers or that we will successfully meet consumer demands in the future. For instance, we may fail to devise an optimal product mix between the more traditional jewelry from our traditional base collection, and the products with a more contemporary flavor that we renew on a regular basis. If customer preferences shift materially towards contemporary styles, we may lose market share due to the traditional bias of our base collection. Costume jewelry, which represented approximately 30% of the Group's network sales at its directly operated stores in the financial year ended September 30, 2021, may be particularly susceptible to changes in fashion trends and customer preferences as compared to precious jewelry and such changes could adversely impact the Group's business and financial results. Alternatively, we may underestimate the popularity of one precious metal as compared to another and stock our stores inadequately as a result. Any failure on our part to anticipate, identify or respond effectively and swiftly to changes in consumer preferences and demand in any of our markets could adversely affect our sales and results of operations.

To be responsive to shifting customer tastes, we must manage our product selection and inventory levels closely. However, we often place orders with our suppliers several months prior to delivery and frequently before market factors are known. If we misjudge, fail to identify, or fail to react swiftly to changes in consumer preferences, our sales could decrease, and we could see a significant increase in our inventories. The Group has tended to maintain relatively slow-moving inventories in Italy. While we have a contractual right to return a small percentage of our unsold stock to suppliers at the end of the period, this may not provide sufficient protection if our sales decrease materially. Conversely, if we underestimate consumer interest in our products, we may experience inventory shortages, unfulfilled orders, increased distribution costs and lower revenue and profitability than we could otherwise have achieved. Inventory shortages and unfulfilled orders could lead to customer dissatisfaction and adversely impact our reputation and brand image.

Customers' tastes are also linked to their shopping habits, including their preferences as to how and where they buy jewelry. We may not be able to manage our store network and make strategic decisions relating to store openings, closings, and refurbishments quickly enough or in a way that is optimally responsive to changing customer shopping habits and preferences. Additionally, our store concepts and layouts may not correspond to customers' needs and tastes. For example, while we attempted to extend the Group's successful 'red' (Histoire d'Or) and 'black' (Marc Orian) layouts by creating a more minimalist, neutral, contemporary chic 'fashion concept' for TrésOr, this concept did not match customer tastes and we suffered losses before we were able to reframe the TrésOr brand. While concept would only be launched full-scale if results from the testing stage are satisfactory, success at the testing stage does not guarantee success after a full-scale launch, and the launch could involve a significant amount of capital expenditures and may also divert management's attention for a prolonged period of time.

In addition, customers desirous of treating themselves to jewelry in spite of poor economic conditions are more likely to seek low-end, affordable products. As a result, we believe that jewelry retailers with the flexibility to shift their offerings to match customers' spending power fare best. We have developed a number of measures to ensure that we can offer gold jewelry at attractive prices. For instance, starting in 2012, we have asked our suppliers to shift from 18-carat to 9-carat gold in their production and have redesigned parts of our collections to reduce the proportion of precious metals used in the manufacture of our jewelry to continue to offer precious jewelry at attractive prices. We may not be able to implement similar measures in the future successfully or at all. Moreover, the success of this approach remains vulnerable to significant rises in gold prices. An inability to offer jewelry that our customers can afford in difficult economic times could have a material adverse effect on our business, financial condition, and results of operations.

Brand & Offer: Our operating results are subject to seasonal fluctuations, and results for any quarter may not necessarily be indicative of the results that may be achieved for the full financial year.

We have historically realized, and expect to realize, higher sales and profitability in the fourth quarter of the calendar year due to the end-of-year holiday season. Other important trading periods include Valentine's Day in February and Mother's Day in May or June. For example, the network sales that we generated in France during the months of December 2020, February 2021 and June 2021 represented 41% of our total French annual network sales in the financial year ended September 30, 2021, which was more pronounced due to the impact of the COVID-19 pandemic as compared to 38% in the year ended September 30, 2019. These peak selling periods in turn impact our working capital, liquidity, and inventory levels. If we experience lower-than-average results during our usual peak periods, for example due to inclement weather discouraging or preventing customers from visiting our stores or other effects beyond our control, such as the COVID-19 pandemic, the adverse impact on our full-year results may be material.

Seasonal fluctuations also impact our liquidity position. Under French law, the Group has 30 days following the receipt of the merchandise or performance of the service to pay suppliers. French law also provides that the parties may agree on other payment terms if the date for the payment does not exceed 60 days after the date of issuance of the invoice to pay suppliers, or, if expressly provided for in the supplier contract and to the extent it does not constitute a manifest abuse against the creditor, 45 days after the end of the month in which the invoice is issued. However, a special regime applies to our industry, pursuant to which the Group may agree on other payment terms as long as the date for the payment does not exceed the later of (i) 59 days after the end of the month in which the invoice is issued and (ii) 74 days after the date of issuance of the invoice to pay suppliers. Under Italian law, the Group has 30 days following the receipt of the goods or performance of the services or receipt of the invoice to pay suppliers (as agreed by the parties), though the parties may agree on other payment terms and may extend the payment term beyond 30 days. Italian law provides that if the parties agree on a payment term longer than 60 days after the date of the receipt of the goods or performance of the services or receipt of the invoice, such agreement may not be excessively unfair to the creditor.

Hence, historical period-on-period comparisons of our results of operations are not necessarily indicative of future performance.

Brand & Offer: Our success depends on our ability to protect our trade names and other intellectual property rights.

We believe that our Histoire d'Or, Marc Orian, TrésOr, Stroili, Franco Gioielli and OROVIVO banners and other intellectual property rights that cover the products and services we offer, including trademarks and domain names, are key assets that are fundamental to our success and position. We are therefore dependent on our ability to protect and promote our brands and other intellectual property rights. We cannot guarantee that we are aware of all intellectual property rights of third parties that our products and services may infringe upon, and that our intellectual property rights may not in the future be challenged by third parties, including our competitors. We may, for instance, be subject to intellectual property claims with respect to products that resemble some of our competitors' designs and models. If a court were to determine that one or more of our products or services infringe upon intellectual property rights held by others, we could be required to cease providing these products or services or pay damages or royalties to holders of such intellectual property rights. We also cannot guarantee that third parties will not infringe upon our intellectual property rights, for instance by using our trade names. In addition, we may be unable to adequately register and protect our intellectual property rights as we enter into new markets. Should our intellectual property rights be challenged or infringed upon, or should we infringe upon intellectual property rights of others, this may have an adverse effect on our business, results of operations, financial condition, and prospects.

Brand & Offer: Our marketing and communications strategy may prove insufficient or ineffective. While supporting our Marketing Strategy, social media and influencers may also adversely impact our reputation.

Historically, we made limited investments in marketing and media communications. For instance, we implemented our first major television advertising campaign in December 2013. Stroili has historically engaged in more significant advertising and discounts in order to further drive sales growth and increase market share. With the advent of a new social media ecosystem, **our marketing and communication strategy aims at strengthening our brand awareness and image by shifting our marketing from its focus on traditional media such as television campaigns and local newspapers, to social media platforms such as Instagram and Facebook, by collaborating with influencers and by targeted advertising to target audiences on those platforms**. We plan to rely on Stroili's experience in utilizing social media as an advertising tool in order to improve and modernize our marketing and communications strategy. For example, we maintain official Instagram accounts for our banners, with Stroili having over 290,000 followers while Histoire d'Or has approximately 120,000 followers. In addition, we have Facebook pages for our banners and use both Instagram and Facebook to advertise to specific target groups. We also maintain relationships with social media influencers by gifting them products to showcase and compensating them with gift cards and other free products. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our business or subject us to reputational damage, fines, or other penalties.

We also intend to continue to update our CRM program to enable us to better assess customers' tastes and preferences and in-store experiences, allowing us to continuously improve our product offerings and customer service. Our failure to implement our marketing initiatives or CRM systems successfully, or their failure to result in improved profitability, could have an adverse effect on our liquidity, results of operations, financial condition, and the implementation of our growth strategy.

While we believe social media could efficiently support our brand, the related platform could also have an adverse impact. There has been a marked increase in use of social media platforms and similar devices or other forms of internet-based communications which allow individual access to a broad audience of consumers and other interested persons. Consumers value readily available information concerning retailers, manufacturers and their goods and services and often act on such information without further investigation, authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is significant. Information concerning or affecting us may be posted on such platforms and devices at any time. Such information posted may be inaccurate and adverse to us, and it may harm our business. The harm may be immediate without affording us an opportunity for redress or correction. Such platforms could be used also for the dissemination of trade secret information or compromise of other valuable company assets, any of which could harm our business. In addition, negative commentary regarding the social media influencers with whom we have worked, regardless of whether it is connected to their sponsorship of our products, may negatively impact our reputation or the perception of our brand.

Brand & Offer: We face certain risks in relation to our e-commerce business. Especially, Internet search engines drive traffic to our e-commerce platform and our new consumer growth could decline and our business, financial condition, and results of operations would be adversely affected if we fail to appear prominently in search results.

We sell four of our banners over the internet via our e-commerce platforms. Our e-commerce operations are subject to numerous risks, including:

- Reliance on third parties for computer hardware and software, the need to keep up with rapid technological change and the implementation of new systems and platforms.
- Risk that our e-commerce platform may become unstable or unavailable due to necessary upgrades or the failure of our computer systems or the related IT support systems as a result of computer viruses, telecommunication failures, electronic break-ins and similar disruptions, or disruption of internet service, whether for technical reasons or for other causes.
- Customers finding our e-commerce websites difficult to use, being less willing to use our e-commerce websites than we expect or not being confident that they are secure.
- Incurrence of unexpected costs in connection with the development of our e-commerce platform.
- Difficulty in further integrating our e-commerce platform and our store networks, which may result in complications for our e-commerce customers.
- Liability for online content, security breaches and consumer privacy concerns.
- Liability for online credit card fraud and problems adequately securing our payment systems; and
- Increased competition from other e-commerce providers.

For example, in 2019, our Stroili e-commerce website in Italy was unable to support increased traffic to the website, resulting in a prolonged interruption of service during most of 2019, which had a negative impact on our sales, until such point as we transitioned to a new platform. Our failure to respond appropriately to these risks and uncertainties could reduce our e-commerce revenue as well as damage our brands, reputation, and prospects.

In addition, our success depends in part on our **ability to attract consumers through Internet search results on search engines like Google, Yahoo!, and Bing**. The number of consumers we attract to our platform from search engines is due in large part to how and where our website ranks in search results. While we purchase ad words to increase our ranking on these search engines, we try to increase our ranking organically through hits generated by customers clicking on the links to our websites. These rankings can be affected by a number of factors, many of which are not under our direct control and may change frequently. In some instances, search engine companies may change these rankings in a way that promotes their own competing products or services or the products or services of one or more of our competitors. Search engines may also adopt a more aggressive auction-pricing system for keywords that would cause us to incur higher advertising costs or reduce our market visibility to prospective consumers. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Such issues may negatively impact our e-commerce platforms as we switch over to other platforms as we upgrade the online experience for our customers. Any reduction in the number of consumers directed to our platform could adversely affect our business, financial condition, and results of operations.

Growth model: We may be unable to manage our growing business activities.

We expect that the complexity of our operations will increase as we continue to implement our growth strategy. Such increased complexity will require that we further expand and develop our operational capabilities and grow, train, and manage our new employee base. Developing and refining the internal management systems, compliance tools, risk monitoring structures and financial controls required to manage our future growth and an increasingly complex group structure could place high demands on our Group and strain our resources. We expect that we will require more staffing in these areas and may also require improvements in existing procedures. Delays in improving these systems and in reaching an appropriate level of staffing may result in business and administrative oversights and errors, which may also lead to higher operating expenses. The delays may also make it more difficult to identify and manage risks, trends, and errors on a timely basis and to ensure compliance with applicable laws, regulations, and standards on a Group-wide basis.

Moreover, our future expansion is likely to place increased demands on our existing logistics, warehousing, and procurement resources. For instance, a considerable increase in the Group's jewelry orders from suppliers could strain the capabilities of its "product-by-product" tracking system. Poorer tracking and monitoring could also increase our inventory levels (in particular when we expand by acquiring businesses, including their inventory), which could in turn increase the risk that we may be left with large quantities of unsold and undesirable products. Such increased demands could cause our business to operate less effectively, which in turn could cause deterioration in the financial performance of our individual stores or our overall business.

Future growth could make it difficult for us to adequately predict the expenditures we will need to make in the future. Any such growth may also place increased burdens on our suppliers, as we will likely increase the size of our orders. Similarly, it could impact the operational flexibility and reactivity of our supply chain and make us unable to respond as promptly to changing customer demands and new market trends as we have been able to historically. If we do not make the necessary capital or other expenditures necessary to accommodate our future growth, we may not be successful in our growth strategy. We may not be able to anticipate all of the demands that our expanding operations will impose on our business, personnel, systems and controls and procedures, and our failure to appropriately address such demands could have a material adverse effect on our business.

Growth model: Our strategy to expand our network and develop our existing international markets may fail or advance at a slower pace than planned.

As of September 30, 2021, the Group operated 1,022 (of which 28 through Affiliation) stores, following the gradual expansion of its network in France and internationally, including in Italy, Belgium, Germany, and Luxembourg. **We intend to expand our operations by focusing on our affiliated partner stores, which tend to operate smaller stores, and by selectively increasing our own stores, mainly in France, Italy, and Germany**. We have been developing our current affiliated partner model for the past four years and are planning to transition from our current affiliated partner model to a new model starting in FY23. However, adverse macroeconomic conditions could impair our ability to obtain financing in the future to support our business model and store expansion. Our business model is premised on store expansion either through the opening of new stores or the acquisition of existing stores or establishing relationships with affiliated partner stores and therefore relies to a significant extent on access to financing and our ability to develop and maintain our relationships with our affiliated partner stores. Our ability to implement our store refurbishment and acquisition strategies could be materially impaired if we were unable to obtain third-party financing on reasonable terms or at all. This could delay our growth and have a material adverse effect on our business and reputation.

Furthermore, **we compete with other global and regional retailers for store locations. As a result, we may not be able to secure attractive sites for new stores**. If we fail to identify and lease attractive store locations, attract, and hire skilled sales staff or implement the required infrastructure, our expansion plans may slow down, and the intended increase of our market share may fail to materialize. The success of new stores may also be adversely affected if we fail to correctly estimate customer demand in local markets or are unable to successfully establish our brands. This risk is relatively higher in new markets for the Group such as Belgium, Luxembourg, and Germany as we may not be able to adapt the Group's business model to consumer preferences outside our core markets of France and Italy or we may face a lack of local business experience and exposure to economic conditions in these new markets. Our less-established position in these markets also makes it more difficult for us to assess customer demand and the appeal of our product offerings in these markets. As a result, we cannot guarantee that future efforts at expansion, including into new international markets, will be successful. For instance, while the Group entered the Spanish market in 1999, it closed its first store in 2003 and completely exited the Spanish market by 2009. In that instance, its primary sales channel, stores located in shopping centers, did not fully resonate with Spanish customers, who had a cultural preference for purchasing jewelry in stores located in city centers. The Group also discontinued its business in Portugal in September 2014, while Stroili disposed of its businesses in China in March 2013 and in Russia during the course of 2014 and terminated previously established franchising agreements in China, Russia and the Middle East in September 2014, April 2016 and May 2016, respectively.

In unfamiliar markets, our capital and other expenditures may also be higher than expected due to cost overruns, unexpected delays, or other unforeseen factors. Furthermore, depending on customers' shopping habits, new stores could unexpectedly compete with existing ones (for instance, two stores of the same banner located in two different shopping centers relatively close to each other could end up being direct competitors), causing the number of customers who visit our existing stores to decline and resulting in lower like-for-like sales growth. Based on these risks, we may not achieve results in new countries that are comparable to those achieved in France, Italy, or our other international markets, which may subsequently negatively impact our business, financial condition, results of operations and prospects.

If our expansion strategy is not successful or advances at a slower pace than planned, our competitive position and our profitability and growth may be negatively affected, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

<u>Growth model</u>: Our affiliated partner stores are independent operators, and we have limited influence over their operations.

As of September 30, 2021, we had 28 affiliated partner stores. We plan to convert our current affiliated partner model to a new model starting in 2022 and to further develop our network of such affiliated partner stores under the new model.

Our affiliated partners are independent operators and many factors that impact the performance of affiliated partner stores are beyond our control. Under our current affiliated partner model, we do not control how much stock is purchased from the Group or pricing decisions (including with respect to promotional sales). Our branding is heavily focused on making jewelry affordable and accessible, and our pricing policy for our directly operated stores aims to maintain constant and predictable prices with very limited, occasional promotions. However, our affiliated partners may make decisions that are inconsistent with our branding or pricing policy, which may negatively impact our brand image and operations across our network. Under the new affiliated partner model, which we intend to utilize starting in 2022, while we will have more control over how much stock is purchased from the Group and pricing decisions, we will have less control over the manner in which our affiliated partners operate their stores than we do with respect to our current affiliated partners. Therefore, we may be unable to help ensure that the performance of our affiliated partner stores is maximized and consistent with the directly operated stores in our network. For example, our affiliation agreements require affiliated partners to regularly update their store layout to reflect our latest store concept, but affiliated partners are responsible for financing the refurbishment and may delay the process. If our affiliated partners fail to operate their stores efficiently and, in a manner, consistent with the Group's branding and pricing policies, this may harm our brand image, reputation or otherwise negatively impact our operations across our network.

We also face the risk that affiliated partners may, intentionally or unintentionally, work against our interests. For example, our affiliated partners may share our confidential information or know-how with persons outside the Group. In addition, our current affiliation contracts do not, and our affiliation contracts will not, include a non-compete clause. Therefore, in the event of non-renewal or termination of a franchise or affiliation agreement, we may face competition from our former affiliated partner stores. Furthermore, affiliated partners may inaccurately report sales figures, which we use to evaluate the performance of affiliated partner stores and to calculate the commission owed by us to the affiliated partners. While such behavior might violate the terms of the current and new affiliation agreement, it could also have a material adverse effect on our business, results of operations, financial conditions, and prospects.

<u>Growth model</u>: Our expanding wholesale business could be adversely affected if we are not able to manage our inventory, successfully negotiate supply agreements with third-party brands or cultivate relationships with our wholesale customers.

We operate a wholesale business, reselling third-party brand watches to independent retailers located mainly in Italy through two wholly owned subsidiaries in France and Italy (together, "THOM Trade"), which operate independently from our retail business, in order to further develop our wholesale business in European markets.

With respect to suppliers, **our distribution activities of third-party brand watches are mainly governed by exclusive multi-year supply agreements with third-party suppliers such as MOVADO Group or Timex Group**. Under those supply agreements, THOM Trade must meet a minimum volume of purchases that requires us to buy a certain amount of stock each financial year and which may be renegotiated on a yearly basis, except for the agreement with Alviero Martini which does not have any minimum volume of purchases.

The products purchased by our wholesale business are then sold to department stores, integrated retail chains and independent jewelers. There can be no guarantee that we will be successful in reselling the purchased stock on satisfactory terms, or at all. In addition, our contractual relationships with the customers of THOM Trade do not require them to meet any minimum purchase requirement, as customers make orders on an ad hoc basis. If we are left with high levels of unsold stock, we could be required to sell some of our products at lower prices, which could negatively affect our operating profits and have a materially adverse impact on our business, financial condition, results of operations and prospects.

Our wholesale business relies on cultivating relationships with third-party suppliers, key accounts of wholesale customers such as department stores, retail chains and independent jewelers. Given our status as a relatively new entrant in the wholesale business, we may not be able to develop strong and durable relationships with suppliers or customers who may already have long-standing relationships with other wholesale businesses. THOM Trade is still at an early development stage, and we do not have a similar experience and expertise as other established wholesalers. As a result, we may be unable to keep growing the wholesale business and secure key accounts of suppliers or customers. If we are unable to secure exclusive supply agreements or if we are unable to do so on favorable terms, with the right third-party brands or if we are not able to attract customers or negotiate satisfactory terms with them, this may lead to a materially adverse effect on our business, prospects, results of operations and financial condition.

Our success also depends in part on our ability to attract new customers as the retail watches market remains highly fragmented and led by specialist watches retailers. The inability to attract new customers or the loss of existing customers to a competing wholesaler may negatively impact our sales and operating margins. In addition, any deterioration in the reputation of the Group and its brands could indirectly impact THOM Trade's reputation and lead to reduced sales. Similarly, the potential association between THOM Trade and Stroili in Italy may lead certain of our potential customers or suppliers to turn to other wholesalers rather than doing business with an entity that is part of the Group and that may be perceived as one of their competitors.

As a result of the current COVID-19 pandemic, challenging macroeconomic conditions may also lead to increased exposure of our wholesale business to credit risk represented by our customers. Other market factors such as vertical integration by an existing supplier converting to self-distribution or industry consolidation may lead to further downward pressure on margins and reduced sales. Our limited experience in the wholesale business may also negatively impact our growth if we are not able to react as quickly as more experienced and established wholesalers and take advantage of opportunities relating to market consolidation. Our wholesale business could be negatively impacted if any of those broader market risks were to materialize.

Growth model: Future acquisitions or investments may disrupt our ongoing business, distract management and employees, increase our expenses, and adversely affect our business. In addition, we may not be able to identify suitable acquisitions.

In addition to opening new stores, our expansion strategy is also premised on selective acquisitions of jewelry chains, either in France or in other countries and territories that we believe will contribute meaningfully to our growth and future performance. For example, in 2016, we acquired 374 stores from Stroili Oro S.p.A. in Italy and 38 stores from Oro Vivo A.G. in Germany. In 2021, through a Joint-Venture, we acquired the AGATHA Brands and distribution network. The quality of our performance following significant acquisitions depends in part on whether the businesses we acquire successfully add to our revenue and whether we are able to successfully integrate the acquired businesses and their existing operations in an efficient manner. Such integrations are complex, time- consuming and expensive processes that involve a number of risks, including the possibility of incurring unexpected liabilities in connection with such acquisitions as well as facing unexpected difficulties, diverting management's attention from our daily business, imposing additional demands on management related to the increase in the size and scope of our operations and managing clashes of corporate cultures between the merged entities at the management and staff levels. Acquisitions may also have unanticipated tax and accounting ramifications.

The completion of acquisitions can also introduce a certain amount of uncertainty in our business plans, particularly if such acquisitions provide for the satisfaction of certain conditions prior to closing or are subject to pre-emption or withdrawal rights by one or both parties. We may not get the full benefit we expect from future acquisitions, including if pre-emption or withdrawal rights are exercised, which could have a material adverse effect on our prospects.

Operation & Organization: We risk the theft or the misappropriation of funds and products in our stores.

In the ordinary course of our business, we are exposed to risks of theft of products in our stores and at our warehouses and distribution centers. For example, in the financial year ended September 30, 2021, the Group incurred a loss of approximately €0.8 million due to unknown markdowns, including theft of products in our stores. Products may also be misappropriated during transportation. If a hold-up, burglary, or other theft incident takes a violent turn, we may suffer reputational damage and our customers may become less inclined to visit our stores, which could have an adverse impact on our business and prospects. Furthermore, our insurance coverage may not be sufficient to cover all losses associated with theft incidents.

In addition, we may from time-to-time experience misappropriation of funds in our stores or at other levels of our business, including by our employees. We may fail to put in place the requisite level of monitoring and systems of internal control to enable us to detect any such theft or misappropriation. This could have a material adverse effect on our business, financial condition, and results of operations, reputation, and prospects.

Operation & Organization: Our results may be adversely affected by fluctuations in the price of gold and other precious metals, rises in energy costs and wage inflation.

The precious jewelry industry is subject to fluctuations in the prices of gold, silver, and diamonds and, to a lesser extent, other precious and semi-precious stones. Even if we do not generally directly purchase the metals and other components of the jewelry we sell, price increases and availability of gold, silver, diamonds, and other precious metals are reflected in the manufacturing and assembling prices that we pay to our suppliers and could have a material adverse effect on our business, financial condition, and results of operations.

We are conscious of maintaining our reputation as a jewelry retailer that combines quality and value despite being constrained by competitive pressures and aim to avoid pricing our customers out of our markets. If we were unable to pass increases in the prices of gold and other precious metals on to our customers, our costs could increase significantly, and our results of operations could be adversely affected. The degree of impact of increases in the prices of precious metals depends upon their respective importance in our product portfolio. Variations in gold prices have a greater impact, as the proportion of the price of gold in the total price that we pay for a given piece of jewelry is much higher than the proportion of the price of silver and other precious metals. The Group enters into certain hedging arrangements relating to the price of gold, which typically have a one-year duration, and, therefore, do not protect against long-term fluctuations in the price of gold. Our competitors, by contrast, may have hedged against such price increases or otherwise put in place more effective measures than we have. Also, due to the uncertainties resulting from COVID-19, the price of gold has increased significantly during 2020, starting from an average price of gold at $1.560.6 per ounce in January 2020 and rising to $1,869.5 per ounce by November 2020. As of January 4, 2022, the spot price of gold was $1,801.8 per ounce.

In addition, increases in the prices of precious metals could threaten to price some of our customers out of the precious jewelry market segment. These customers may decide to switch to the more accessible costume or non-precious segment at a lower price point. Since precious jewelry accounted for approximately 50% of the Group's network sales in the financial year ended September 30, 2021, we may be significantly affected by such a change in customers' shopping preferences. We may also be unable to continue to find new ways to produce affordable precious jewelry (such as our switch to using 9-carat gold instead of 18-carat gold for certain portions of our gold collection). Even if we find alternative products that meet customers' focus on affordability, alterations to our product mix could result in lower sales and profit margins. For instance, 9-carat gold jewelry is significantly cheaper than equivalent 18-carat gold jewelry, so more sales are required to achieve similar results from a 9-carat collection.

Our gold repurchases and exchange programs are also subject to fluctuations in the price of gold, which could impact the prices and availability of the gold that we buy or exchange from our customers. While we enter into certain hedging arrangements relating to the price of gold, such hedging strategies may not be sufficient to insulate us from fluctuations in the price of gold. As a result, the Group could be affected by such fluctuations as its exchange transactions related to resales of gold to foundries accounted for €32.5 million, or 4.6%, of total sales in the financial year ended September 30, 2021.

Similarly, energy costs have also fluctuated considerably in the past. Such fluctuations may result in increases in utility costs for our stores and overall purchase prices of jewelry from our suppliers. Our supplier base is concentrated in Italy, meeting approximately 36% of our supply requirements for jewelry by value in the financial year ended September 30, 2021. As a result, our results of operation may be affected by inflationary pressures affecting Italy. In addition, increasing minimum wages and inflationary pressures have been experienced recently in China and certain other Asian countries, where approximately 38% of the Group's jewelry by value was manufactured in the financial year ended September 30, 2021. Such trends are expected to continue and may adversely affect our profit margins. The Group has recently sought to consolidate its supplier base by reducing the number of suppliers across various regions and geographies, which may increase our exposure to the risk of increases in labor costs in certain countries; however, it may not be able to do so for all products or categories and there is no assurance that increases in minimum wage or inflationary pressures will not affect these other regions or geographies. For example, in the financial year ended September 30, 2019, we paid €2.2 million of wages relating to the "*Dimanches du Maire*"—which are a limited number of Sundays (maximum of 12) on which stores are permitted to open subject to authorization from local authorities—at 200% of regular wages and relating to prior periods beginning from February 2016, given the three-year limitation period for remuneration claims under Article L 3245-1 of the Labour Act in France.

Our inability to pass on to our customers, in part or at all, such increases in the prices of gold and other precious metals, energy costs, as well as wage increases could reduce our profit margins and have an adverse effect on our business, financial condition and prospects.

Operation & Organization: Our business is subject to the risks and costs associated with our predominantly leasehold property portfolio.

As of September 30, 2021, we had 546 stores in France (of which 518 Owned & Operated), 397 stores in Italy, 51 stores in Germany, 26 stores in Belgium and one store in Luxembourg, and we leased the premises for almost all of these stores. In France, nearly all of the Group's leases are subject to deposit requirements, periodic rent reviews (subject to the national cost of construction index (*Indice national du coût de la construction* ("ICC")) or the commercial rent index (*Indice trimestriel des loyers commerciaux* ("ILC")) and lease expiries and renegotiations. **As a result, we are susceptible to changes in the property rental market and increases in our rental costs**. In particular, the portion of the Group's leases that is subject to the ICC is at greater risk of experiencing unforeseen increases in rental costs due notably to the fact that the ICC is tied to the price of fuel and energy, the variations of which may be largely divorced from movements in consumer markets. In Italy, the Group's stores are leased under a combination of business lease agreements and commercial lease agreements. The annual rent under both types of agreement is usually determined based on a percentage of the relevant store's net turnover, subject to a guaranteed minimum annual rent adjusted in accordance with the National Institute of Statistics (*Istituto nazionale di statistica* ("ISTAT")) consumer price index. Most of these lease agreements are subject to bank guarantee or deposit requirements. The business lease agreements are typically based on standard contract forms of the lessors and, as a result, are more favorable to such lessors. Such business lease agreements also do not benefit from certain statutory protections under Italian law afforded to lessees under commercial lease agreements. Most business lease agreements and certain commercial lease agreements contain non-competition undertakings prohibiting us from opening similar stores within a certain number of kilometers, typically ranging from two to five kilometers, during the term of the agreement and sometimes for a certain period of time following termination. Such non-competition undertakings may restrict our ability to open new stores in locations where we would otherwise do so.

Our ability to effectively renew our existing store leases or to obtain store leases for new stores on suitable terms depends on the availability of store locations that meet our criteria for traffic (specifically, near entry points or at the intersection of avenues in central areas of shopping centers, square footage, lease economics, demographics, and other factors). With respect to the small proportion of our leases in France, and the larger proportion of our leases in Italy, that do not benefit from contractual or statutory renewal protection, we may be unable to renew our lease agreements on favorable terms or at all in the future.

Operation & Organization: We are dependent on the reliability and availability of our supply chain, including in particular our top suppliers, who manufacture and assemble a large proportion of our products.

Our supply chain is integral to our operating model. Our business model depends on timeliness of product design and development, manufacture, and delivery. We do not manufacture our products, but instead source them from various third-party manufacturers, mainly in Italy and Asia, which produce the merchandise according to our specifications. Any disruption to our supply chain caused by issues with our suppliers is likely to have a material adverse effect on our revenues as well as a negative impact on our competitive position.

In the financial year ended September 30, 2021, approximately 69% of the Group's supply requirements by value were catered for by 20 suppliers. The Group's largest jewelry supplier in the financial year ended September 30, 2021, supplied approximately 7% of our total purchases by value while our largest watches supplier supplied approximately 5.0% of our total purchases by value over the same period. Since our top suppliers manufacture a considerable proportion of our merchandise, **we may suffer significant disruption to our supply chain if those suppliers were to fail to meet their supply obligations to us for whatever reason, including unexpected closure or damage to a supplier's factory due to fire, employee strikes, financial difficulties, bankruptcy, political unrest, natural disasters or epidemics, pandemics, or public health crises such as COVID-19**. Supplier risks, in turn, could have a material adverse effect on our business, results of operations, financial condition or prospects.

Even if we have exclusivity agreements for limited periods with many of our suppliers relating to specific products, it cannot be excluded that these suppliers may sell similar products to certain of our competitors. The singularity of designs and ability of customers to associate designs and styles to a banner foster loyalty; hence, if our suppliers were to manufacture similar pieces of jewelry for other retailers, it could have a material adverse effect on our image, reputation and customer loyalty while eroding our competitive edge. Alternatively, our competitors may enter into arrangements with suppliers that could impair our ability to procure products from those suppliers, including by requiring suppliers to enter into exclusive arrangements, or suppliers could seek reciprocal exclusivity from us, thereby limiting our flexibility to source our products from alternative suppliers (as is the case under a number of the Group's supply agreements in Italy that prohibit the Group from purchasing the relevant products from another supplier). Any of these risks, in isolation or in combination, could adversely affect our business, financial condition and results of operations.

Moreover, our suppliers could respond to any decrease in or any concern with respect to our liquidity or financial results by requiring more stringent payment terms. One or more of our suppliers may slow down or cease shipments or require or condition their sale or shipment of products to us on more stringent payment terms. If these events were to occur and we did not, or were not able to, adequately respond, our business could be materially disrupted. Any such developments could increase our costs of sales and adversely affect our profit margins.

If we experience significant increases in demand or need to replace an existing supplier, additional manufacturing capacity may not be available when required on terms that are acceptable to us and suppliers may not allocate sufficient capacity to us in order to meet our requirements. For any new manufacturing source, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers in our methods, products, quality control standards, and environmental, labor, health, and safety standards. Moreover, in the event of a significant disruption in the supply of gold, silver or other precious metals used by our suppliers in the manufacture of our jewelry, our suppliers might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption, or increased costs in the manufacture of our products could result in lower sales and operating results for our business.

Certain of our suppliers in the normal course of business require us to provide letters of credit, supplier financing or letters of guarantee in connection with our purchases of products. We currently have guarantees in place to provide letters of credit to our suppliers. If an event, such as a default or an economic downturn, occurred that impaired our ability to receive letters of credit, we may be unable to source certain lines of products, which will adversely affect our revenues, or the supplier may insist on more stringent terms. This risk may be exacerbated by the expansion of our business and the resulting need for more purchasing capacity. If we are unable to provide sufficient letters of credit, a significant portion of our suppliers may be unwilling to continue supplying products to us or may require more stringent terms from us.

In addition, if our suppliers are unable to obtain credit insurance with respect to the products they supply to us, they may be unable to fund the production of orders we place with them, which could limit the range of suppliers from which we could source our products. If our suppliers are unable to obtain sufficient credit insurance in the future, they may demand earlier payment from us than would otherwise be the case, which could adversely impact our operating cash flow and harm our business and prospects.

Operation & Organization: We rely on suppliers located in Asia and the availability of our products and our supply chain costs may be adversely affected by delays or other problems encountered in the sourcing, manufacturing, and distribution of products over long distances, especially due to COVID-19 crisis.

The majority of the Group's products are manufactured by independent suppliers in Asia, particularly in China and India, and in France and Italy. Accordingly, we rely on third parties to transport our products over large geographical distances. Delays in the manufacturing of our products or in the shipment or interruption of delivery of our products due to the unavailability of gold and other precious metals, personnel, factory capacity or transportation, work stoppages, port strikes, infrastructure congestion, adverse weather conditions, natural disasters, attacks by pirates or terrorists, delays in customs inspections, political instability, security requirements, epidemics, pandemics and other public health crises (such as COVID-19) or other factors beyond our control, and costs and delays associated with transitioning between suppliers, could adversely impact our ability to meet consumer demand and may result in fewer sales. We may not be able to recover such losses under our contracts with our suppliers or shipping service providers.

Our delivery expenses may increase due to increasing oil and gasoline prices or rising toll fees or wage levels for employees of our distribution service providers, all of which are beyond our control. Since the Group in France has distribution centers rather than warehouses where it can stock its products, it is particularly vulnerable to disruptions in its supply chain, particularly in the lead-up to peak periods, which could result in a material adverse effect on our business, financial condition, and results of operations, reputation, and prospects.

In addition, we are subject to the general risks associated with conducting business in foreign countries, including:

- failure to maintain quality standards and to adhere to ethical business practices.
- compliance with, and changes to, import and export restrictions and regulations.
- exposure to different legal standards and the burden of complying with a variety of foreign laws and regulations and changing foreign government policies as well as immature and rapidly evolving legal, regulatory, and judicial systems that are characterized by gaps, conflicts and ambiguities.
- the imposition of taxes, duties, or other charges on imports or exports.
- expropriation or nationalization of assets or properties.
- lack of protection against unauthorized sales of jewelry or other infringements of intellectual property rights.
- political instability, corruption and unrest, international hostilities and disruption caused by terrorism, among other things; and
- changes to foreign government regulation, embargoes, strikes, work stoppages or slowdowns and shipment disruptions or delays.

Operation & Organization: We are exposed to fluctuations in currency exchange rates, which could negatively impact our financial condition and results of operations.

We are subject to foreign exchange risk as most of our sales are in euro, but part of our cost base is incurred in U.S. dollars (or otherwise affected by the value of the U.S. dollar) **in connection with sourcing and production costs from suppliers in Asia**. We purchase certain of our products in euro from suppliers who operate in U.S. dollars and may be affected by fluctuations in the value of the U.S. dollar if the effects are passed on to us by our suppliers. The exchange rate between the U.S. dollar and the euro is subject to significant fluctuations, and if the U.S. dollar appreciates relative to the euro, our sourcing costs may rise. If the increase in sourcing costs cannot be passed on to customers in a timely manner, this could reduce our profit margins and could have a material adverse effect on our business, financial condition, and results of operations. We employ from time-to-time various hedging strategies to offset the impact of fluctuations in the value of the U.S. dollar on our cash flows and earnings. The Group's hedging arrangements for purchase in U.S. dollars typically have a one-year duration, and therefore do not protect against long-term fluctuations in the exchange rate between the U.S. dollar and the euro. As a result, our hedging practices may not insulate us from currency exchange risks and may involve costs and risks of their own since hedging involves speculation and significant judgment. Our hedging activities therefore could also have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

Operation & Organization: Our brand image may be undermined by breaches of applicable labor, social welfare and environmental, health and safety laws or of recognized ethical standards relating to the sourcing of precious metals by our suppliers.

We believe that the brand image of our banners has contributed significantly to the success of our business to date by driving footfall to our stores and generating visits to our e-commerce platform. We also believe that maintaining and enhancing our brands is integral to the success of our business and to the implementation of our expansion strategies. This will require us to make further investments in areas such as marketing and advertising, as well as the day-to-day investments required for store operations, website operations and employee training. Maintaining, promoting and positioning our banners will depend largely on the success of our design, marketing and merchandising efforts, and our ability to provide a good customer experience and identify products and fashion trends that meet our target customers' expectations. Our brands could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity.

We do not manufacture our products ourselves, but instead source our products from various third-party manufacturers. While we conduct controlled quality tests in our sourcing offices in Italy and Asia and conduct product inspections after delivery of products to Italy and France, we depend on third-party manufacturers to ensure that our products comply with relevant environmental, health and safety, social and ethical specifications. If an imperfection or any noncompliance is identified during quality controls, we do not accept delivery of the relevant product. However, we may be unable to replace the rejected product in a timely manner, which may result in supply shortages and a decline in our sales. In addition, there is a risk that our quality control procedures may not detect all imperfections or such noncompliance. If our products fail to meet our customers' standards, our reputation could be harmed, which would adversely affect our marketing and sales efforts. We cannot assure you that our customers will not experience quality problems with our products. Quality problems with our products could harm our reputation, erode our competitive position, and significantly negatively affect our business, financial condition, and results of operations.

Similarly, our brand image may be impaired if we or our suppliers fail to maintain high ethical, social, and environmental, health and safety standards for all operations and activities related to our business or products, if we or our suppliers fail to comply with local laws and regulations or if we experience other negative events or adverse publicity that affect our image or reputation (including third-party claims). While we take various steps to intended to ensure that our suppliers of products and manufacturers comply with applicable labor, social welfare and environmental, health and safety laws, as well as recognized ethical standards pertaining to the sourcing of precious materials and gemstones such as gold and diamonds, nonetheless, from time to time our suppliers or manufacturers may not be in compliance with local labor law (including health and safety standards) or recognized ethical or environmental standards. If it emerges that the suppliers of our products have not complied with such laws and standards, we may be subject to legal proceedings seeking refunds or other damages and the public perception of our business and the reputation of our brands could suffer, possibly damaging our brands and causing a considerable decrease in sales. In addition, an environmental, safety or other incident associated with a supplier, or changing a supplier following the discovery of a violation, could result in additional costs and supply shortages or disruptions. Our brand image or reputation could also be impaired, for example, if in connection with our second-hand gold repurchasing activities, we are accused of, or found to have, accepted stolen goods for repurchase or exchange. Any failure to maintain a strong brand image could have a significant adverse effect on our business, financial condition, results of operations and prospects.

Operation & Organization: We depend on key personnel to manage our business and the departure of such personnel, or the failure to recruit and retain additional personnel, could adversely affect our business.

Our success depends, in part, upon the continued services of key senior management personnel who have extensive experience and knowledge of our business and the jewelry retail industry and in finance and management. For example, Romain Peninque, our Chief Executive Officer, has been with the Group since 2004, when he joined as a sales assistant, and has been our Chief Executive Officer since 2015 and, in addition, Cyrille Palitzyne, our Chief Financial Officer, has over 15 years of experience in finance and management and has been at the Group since 2017. Retention of senior management is important in our business due to the limited availability of experienced and talented retail executives. If we were to lose the services of members of our senior management team and were unable to employ suitable replacements in a timely manner, our business, results of operations, financial condition and prospects could be materially and adversely affected. Our ability to anticipate and effectively respond to changing customer preferences and tastes depends, in part, on our ability to attract and retain key personnel in our buying, design, IT, marketing and other functions. Competition for such personnel is intense, and we may not be able to attract and retain a sufficient number of qualified personnel in the future which could significantly adversely affect our business and prospects.

Operation & Organization: A deterioration in the relationships with our employees or trade unions or a failure to extend, renew or renegotiate our collective bargaining agreements on favorable terms could have an adverse impact on our business.

As of September 30, 2021, the Group had 4,723 full-time equivalent employees, 2,684 of whom were in France, 1,677 in Italy, 236 in Germany, 126 in Belgium. Our business is labor intensive, so maintaining good relationships with our employees, unions and other employee representatives is crucial to our operations.

Our employees in France and Italy are covered by national collective bargaining agreements. These agreements typically complement applicable statutory provisions in respect of, among other things, the general working conditions of our employees such as maximum working hours, holidays, termination, retirement, welfare, and incentives. National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations and facilities or terminate employees. We may not be able to extend existing company- specific agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions. We may also become subject to additional company-specific agreements, or our existing national collective bargaining agreements may be amended. In France, the average salary has generally increased in line with inflation due to compulsory salary negotiations. In Italy, there has been no such negotiation since 2018 and, when negotiated, we may see additional increases in salary. Any amendments to national collective bargaining agreements, or additional company-specific agreements, may increase our operating costs and have an adverse effect on our business, results of operations and financial condition.

Due to lockdown measures in response to the COVID-19 pandemic resulting in temporary store closures, **almost all in-store employees have been furloughed during the period of store closures, and this development or similar such developments could negatively impact our relationship with employees or trade unions**. Any deterioration of the relationships with our employees, unions and other employee representatives could have an adverse effect on our business, results of operations and financial condition.

Operation & Organization: Our operations may be interrupted or otherwise adversely affected as a result of a failure in our IT systems.

We depend upon our IT systems in the conduct of all aspects of our operations, including processing customer transactions, managing purchases (including tracking individual products), monitoring the performance of our stores, managing our internal financial operations, and administrating our online platforms.

Especially, we are currently in the process of migrating our e-commerce websites to a new Salesforce platform and have successfully implemented the migration for our French brands Histoire d'Or and Marc Orian and our German brand OROVIVO. The project team is continuing to work on the migration of our Italian platform, which is scheduled to launch in the financial year ending 2023. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, software errors, computer viruses, security breaches, natural disasters and the delayed or failed implementation of new computer systems. Damage or interruption to our information systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim. Failures in our management information systems, including our failure to generate reports to monitor the business, or telecommunications system problems may disrupt our operations. Any material disruption or slowdown of our systems could cause information, including data related to store orders, to be lost or delayed, which could result in delays in the delivery of products to our stores and lost customer sales.

In 2018, we began migrating our enterprise resource planning (ERP) to Systems Applications and Products (SAP). The migration was successfully completed in Germany as of October 1, 2020, and we are finalizing the stabilization phase in Germany, slightly delayed by the almost 6-month closing of German stores in 2021 related to Covid-restrictions and are continuing to work on the migration of our France, Italy and Rest of Europe perimeter, with completion expected in 2024. **However, we cannot guarantee the success of these migrations nor that our current safety systems, data backup, access protection, user management and emergency planning will be sufficient to prevent information loss or disruptions to our information systems**. Accordingly, if changes in technology cause our information systems to become obsolete, or if our information systems are inadequate to handle our growth, we could lose customers. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology, with the integration of existing systems in connection with business acquisitions or with the maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Furthermore, while we carry insurance with respect to cyberattacks on our IT systems, it does not cover all possible disruptions to our IT systems. Any material interruptions or failures in our systems may have a material adverse effect on our business, financial condition and results of operations and harm our reputation.

In response to additional risks due to the COVID-19 pandemic, we have changed our VPN, set up a new firewall and trained employees in identifying fraudulent email. Also, we have recently implemented a Security Operations Center ("SOC"), which is a monitoring service for the Group's information systems operating 24/7, every day of the week by external agents. The monitoring aims to detect attacks against users or information systems in order to provide an appropriate technological response. However, such attacks are increasingly sophisticated, and we cannot guarantee that the additional measures we have taken will be sufficient or that there will not be a security breach and any such breach may have a material adverse effect on our business, financial condition, and results of operations.

Legal & Risks: Compliance with data protection laws and requirements could be costly, and a breach of information security or privacy could adversely affect our business.

A significant number of purchases across all our channels are made using credit cards and involve the Processing of customer Personal Data. Additionally, some of our customers' orders are placed through our e-commerce platform. We also have loyalty programs and currently implement CRM platforms as part of our marketing strategy, which will allow us to gather additional information about our customer base. For our business to function successfully, we and other market participants need to handle and transmit confidential information, including credit card information, and other categories of Personal Data. We also Process Personal Data of other type of individuals such as our employees and our suppliers. **We are therefore subject to data protection and privacy legislation, including the EU General Data Protection Regulation 2016/679 (the "GDPR"), which came into effect on May 25, 2018, and was immediately binding across all Member States of the European Union**. The GDPR obligates European Union-based companies and companies that Process Personal Data about individuals who are in the European Union (either as "Controllers" or as "Processors") to comply with a large number of obligations, including, for example (i) the compliance with a certain number of principles when Processing Personal Data, including transparency, purpose limitation, data minimization, accuracy, storage limitation, security and confidentiality, (ii) the ability of the controller to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the Processing and (iv) the rights of data subjects, such as, among others, transparency, the right of access, the right to rectification and the right to erasure. The GDPR obligates companies to implement several formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies or types of data. Non-compliance with the GDPR may result in significant penalties, including fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease the Processing).

In addition, in France, in connection with the Processing of Personal Data, the Group is also subject to French law No. 78-17 of January 6, 1978, on information technology, data files and civil liberties as amended, which incorporates the provisions of the GDPR (the "French Data Protection Act"). The French Data Protection Act also implements certain provisions of the Privacy and Electronic Communications Directive 2002/58/EC in France and governs the use of cookies on our websites in France. A public authority, the French Data Protection Authority (*Commission Nationale de l'informatique et des Libertés*) ("CNIL"), is responsible for ensuring compliance with data protection regulations in France. Specific provisions of the French Postal and Electronic Communications Code (*Code des Postes et des Communications Electroniques*) which implement certain provisions of the Privacy and Electronic Communications Directive 2002/58/EC in France, are also applicable to certain marketing operations (notably marketing by email) and provide that, in certain circumstances, marketing operations are subject to the prior consent of the targeted individual.

In Italy, in addition to the GDPR, Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018 for adequacy and consistency with the GDPR (the "Italian Privacy Code"), provides that the processing of personal data must be conducted according to the fundamental rights of the interested persons (referred to as "Subjects") and must comply with specific measures and certain mandatory requirements. A public authority, the Privacy Authority (*Autorità Garante per la protezione dei dati personali*) is specifically responsible for protecting Subjects. According to the Italian Privacy Code, the seller must inform the Subject on the scope of the processing and its modalities and when required by the Italian Privacy Code (for example, in connection with marketing or profiling activities), the seller must obtain the express consent of the Subject. The Subject also has the right to access its Personal Data and the right to rectify or have its personal information erased. The Personal Data must be processed and used in accordance with the law. In respect of sensitive data (such as data concerning health conditions, religion, politics, or sexual orientation), the consent of the Subject is required to be obtained in the absence of the other legal basis provided for by the GDPR and the Privacy Code (e.g., legal obligation, necessity to comply with obligations and duties connected to the employment relationship, safety at work, etc.). The seller must also preserve the Personal Data with adequate security measures so that the risk of loss or disclosure of such data is minimized.

Data protection laws and requirements change frequently, and compliance with them may require us to incur costs to make necessary systems changes and implement new administrative processes. Such laws and regulations also restrict our ability to collect, process and use Personal Data relating to customers, potential customers, business partners and employees, including for marketing purposes. With the consent of our clients, we have amended our data retention policies regarding client data retention for marketing and profiling purposes to five years after the initial obtainment of the information and have explained the underlying reasons for this retention period in our GDPR assessment report. Also, in accordance with GDPR, clients can revoke this consent. As of September 30, 2021, we are not aware of any non-compliance or investigations in relation to our data retention activities. However, even if we are making extensive efforts to comply with data protection laws and requirements, we cannot ensure that we will not be subject to regulatory and/or private action nor that no security breaches involving for instance customer transaction data will occur. Any breach could cause consumers to lose confidence in the security of our websites and deter future purchases. In addition, such laws and regulations restrict our ability to collect, process and use Personal Data relating to customers, potential customers, business partners and employees, including for marketing purposes. In all cases, our reputation could be damaged, and we could experience lost sales, fines or lawsuits that may individually or in the aggregate have a material adverse effect on our business, financial condition, and results of operations.

Legal & Risks: Compliance with and liability under various laws and regulations may be costly, and changes in laws could make conducting our business more expensive or otherwise change the way we do business and non-compliance with relevant laws may also expose us to sanctions and other adverse effects.

We are subject to numerous national and EU laws and regulations that regulate retailers generally or govern the industry in which we operate. Our ability to predict and adapt to changing regulatory trends is important to our success. Any uncertainty as to regulatory trends or changes in policies in relation to our industry may delay or prevent the achievement of our strategic plans or increase the cost of implementing such plans. The sale of our products and the provision of our services are subject to the high level of regulation and oversight applicable to the consumer sector. We are also subject to antitrust, labor, health and safety, tax, environmental and other regulations. Regulatory requirements differ across the jurisdictions in which we operate and are subject to change. Also, new regulations may be introduced in the future, and existing regulations and regulatory bodies may be amended or replaced.

In parallel, the Group's gold repurchases and exchange activities, which accounted for approximately 5% of sales at Group level in the financial year ended September 30, **2020 are heavily regulated. If we fail to comply with laws and regulations applicable to our gold repurchase and exchange activities, we may face adverse consequences such as penalties, administrative fines, or other sanctions**. For example, in December 2020, we were the subject of an investigation in Italy in connection with our gold repurchase activities; such investigation is still ongoing. In addition, if the rules applicable to the Group's repurchase and exchange activities are tightened, we may no longer be able to provide this service to our customers, resulting in a decline in our sales, which could adversely impact our results of operations.

In addition to France and Italy, we source certain of our products from China and certain other Asian countries. **Within the European internal market, the principle of free movement of goods applies. However, with respect to the import of goods from countries that are not members of the European Union, we must comply with national and European foreign trade and customs regulations and, inter alia, pay statutory custom duties when our products enter EU territory**. At the national level, we may also pay specific custom duties. Such taxes could increase in the future and could have a material adverse effect on our business, financial condition, and results of operations. Our products, and the third-party manufacturers who supply them, are subject to numerous supranational, national, and local environmental, health and safety laws and regulations. While we believe that we are currently in substantial compliance with all applicable environmental, health and safety laws and regulations, we could incur fines or penalties or face other claims, or suffer impacts to our reputation, in the event of a future non-compliance with such requirements or an environmental or safety incident associated with our operations or those of our suppliers. Additional, or stricter, environmental, health and safety laws and regulations also may be in force in the future, and compliance with these laws and regulations could entail significant expenditures. In addition, in the event environmental conditions relating to any of our prior, existing, or future properties requiring costly investigation or remedial measures are identified in the future (including, for example, removal of asbestos or lead-based paint from new or existing properties, particularly in city centers and in older buildings), we could incur material additional costs or liabilities.

Although we monitor changes in the law applicable to our industry, we may not be able to predict the content of new legislation and regulations and their effect on our business and we may not adapt to regulations sufficiently quickly, or in a cost-efficient manner. There can be no assurance that our operations will not be adversely affected by regulatory developments or that the cost of compliance with new regulations will not be material. Any failure to comply with applicable regulations may have an adverse effect on our business, results of operations, financial condition, and prospects. Non-compliance with relevant laws may also expose us to sanctions and other adverse effects.

In particular, in Italy, LD 231/2001 sets forth the liability of legal entities, including companies, for certain types of criminal conduct, such as fraud against public entities, bribery, corruption (including among private individuals), money-laundering, tax crimes, etc., if committed in their interest or to their advantage by individuals having a functional relationship with them, including third-party agents, partners or intermediaries, unless, in certain instances, companies are able to prove that such individuals fraudulently violated internal management and control policies. This can lead to the application to companies of disqualification sanctions (e.g., prohibition from running businesses, revocation of authorizations, prohibition from contracting with public authorities, exclusion from subsidies), fines, confiscation of the proceeds of crime, etc., as well as of interim measures during investigations, such as seizures. Pursuant to LD 231/2001, companies may avoid sanctions or be subject to less severe sanctions if they adopt and effectively implement models of organization, management, and control suitable to prevent and contrast wrongdoing. Our monitoring systems (including our internal whistleblowing procedures, our internal policies, our model of organization, management, and control pursuant to LD 231/2001 and our risk management system) may not be sufficient to prevent, detect and identify inadequate practices, and violations of law by the mentioned individuals, especially given our profile and size. Any of the foregoing circumstances (including our failure to adequately implement such monitoring systems) may expose us to sanctions under LD 231/2001, civil and administrative penalties as well as reputational damage because of such occurrences.

Legal & Risks: Credit risks, changes in debit card provider requirements or applicable regulations could adversely affect our business.

Since a substantial portion of our sales are made to customers who pay for their purchases with debit cards rather than cash, we are exposed to a variety of risks associated with debit cards. For debit card payments, we pay interchange and other fees. These fees may increase over time and therefore increase our operating expenses and adversely affect our results of operations. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. Any failure to comply with applicable requirements or regulations may subject us to fines and higher transaction fees, the loss of our ability to accept credit and debit card payments from our customers or the cessation of payments from credit and debit card providers to us for purchases already made. Alternatively, customers in France and, to a lesser extent, in Italy, may pay for their purchases by check, exposing us to the possibility that they may not be honored on time or at all. Checks accounted for the payment of approximately 1% of the Group's network sales in the financial year ended September 30, 2021. In addition, we have put in place deferred payment plans for our customers in France (and recently in Italy), which enable them to purchase jewelry and pay for it in three or four equal installments, each spread over two or three months, respectively. Any of the above factors could have a material adverse effect on our business, financial condition, and results of operations.

Legal & Risks: We may incur liabilities that are not covered by insurance.

We carry insurance of various types, including general third-party liability, theft of merchandise, destruction of goods, property damage, business interruption, directors' and officers' liability, and workers' compensation. While we carry insurance with respect to cyberattacks on our IT system, it does not cover all possible disruptions to our IT system. We may not always be able to accurately foresee all activities and situations to ensure that they are fully covered by the terms of our insurance policies and, as a result, we may not be covered by insurance in specific instances. While we seek to maintain appropriate levels of insurance, not all claims are insurable, and we may experience major incidents of a nature that are not covered by insurance. Furthermore, the occurrence of several events resulting in substantial claims for damages within a given year may have an adverse effect on our insurance premiums. In addition, our insurance costs may increase over time in response to any negative development in our claim's history or due to material price increases in the insurance market in general. We may not be able to maintain our current insurance coverage or do so at a reasonable cost, which may have an adverse effect on our business, results of operations, financial condition, and prospects.

Legal & Risks: We are subject to risks from legal and arbitration proceedings, which may adversely affect our financial results and position.

In the ordinary course of our business, we may become involved in various claims, lawsuits, investigations, arbitration, and administrative proceedings, such as, for instance, labor, antitrust, landlord and tenant, intellectual property, or tax proceedings, some of which may involve substantial claims for damages or other payments. Adverse judgments or determinations in one or more of these proceedings may require us to change the way we do business or use substantial resources in adhering to settlements or pay fines or other penalties. The costs related to such proceedings may individually or in the aggregate basis be significant and even if there is a positive outcome to a particular proceeding, we may still have to bear part or all our advisory and other costs to the extent they are not reimbursable by other litigants, insurance or otherwise. In addition, provisions made by us when threatened by actual or potential litigation may prove insufficient. This may undermine our brand and reputation and have an adverse effect on our business, results of operations, financial condition, and prospects.

Legal & Tax: The social security contributions we are required to make for our employees may increase, changes in labor laws could make conducting our business more expensive or otherwise change the way we do business and the tax credits we benefit from may decrease.

Pursuant to Articles L.241-13 et seq. of the French Social Security Code (*Code de la sécurité sociale*), the social security contributions that the Group is required to make in respect of the compensation paid to a large number of its employees are subject to a formula-based reduction. Beginning January 1, 2011, these reductions have been calculated on the basis of annual compensation instead of monthly compensation as in the past. This change has had a negative impact on the Group's profitability, and an additional change in the provisions applicable to this reduction, particularly with respect to the reduction rate or the calculation basis, could result in a further increase in its wage and salary expenses. Furthermore, errors in calculating the applicable rate could be identified during social security audits and result in subsequent contribution reassessments.

In December 2012, the CICE was adopted as part of an overall French government policy to improve the competitive position of companies in France by allocating a tax credit calculated on the basis of gross salaries paid in the course of the calendar year to employees whose wages are below a specified threshold, corresponding to 2.5 times the French statutory minimum wage ("SMIC"). In 2019, the CICE was converted into a reduction of 6% of employers' social security contributions on remuneration paid to employees whose wages are below 2.5 times the SMIC. Within the context of the COVID-19 special measures, companies facing difficulties have been able to request the deferral of payment of their social security contributions by applying to the French social security authorities (URSSAF) without any penalties for late payment for the specified periods. As of September 30, 2021, social charges outstanding amounted to €14.0 million in respect of the first lockdown. Changes to the social security contribution levels or to COVID-19 special measures, including changes in the conditions or requirements thereunder or the accounting or tax treatment thereunder, may result in the decrease or elimination of the positive impact of the current reductions and COVID-19 special measures on our results of operations.

On February 20, 2015, the Italian Council of Ministers approved two legislative decrees (Legislative Decrees No. 23 dated March 4, 2015 and No. 81 dated June 15, 2015, the "**Legislative Decrees**") implementing the statutory law No. 183/2014 (the "**Jobs Act**"). The Jobs Act (which has since been amended by other Italian employment laws) has introduced significant changes to the rules and regulations concerning the termination of ordinary open-ended employment contracts of non-executive employees hired on or after March 7, 2015, when the new regulations came into effect. In particular, reinstatement in the employee's previous job position has been limited to exceptional cases (e.g., discrimination or disciplinary dismissal based on non-existing facts), whereas economic compensation (in the range of 6-36 months of global salaries for employers with more than 15 employees) is the general sanction with respect to cases of unlawful or unfair dismissal. The Jobs Act also applies to employees on fixed-term or apprenticeship contracts converted into open-term contracts after March 7, 2015. All other employees will remain subject to the previous labor regulations.

Different termination rules apply to executives, since their employment may be terminated at will and reinstatement is granted only in case of discriminatory dismissal. However, national collective bargaining agreements provide for economic compensation rights of executives in cases of unlawful dismissal, based on seniority.

The Legislative Decrees implementing the Jobs Act also contain a number of provisions concerning the hiring of disabled employees, health and safety at work, simplification and computerization of certain administrative procedures, simplification of inspection activities and intensification of public actions and initiatives aimed at supporting unemployed people in finding new jobs. The Jobs Act has also considerably modified the regulation of agency work (*somministrazione di lavoro*) and fixed-term contracts in order to allow for greater flexibility in the use of such contracts and of self-employment contracts (*collaborazioni coordinate e continuative*).

In addition, an Italian Decree No. 148 dated September 14, 2015 sets out the framework of recently implemented reforms, and now governs social programs available when business difficulties result in the suspension of working activities or the reduction of working time (such as *CIGO, Cassa Integrazione Guadagni Ordinaria*; *CIGS, Cassa Integrazione Guadagni Straordinaria*; *Solidarity Contracts, Contratti di Solidarietà*; and *Solidarity Funds, Fondi di Solidarietà*). In addition to simplifying the authorization and trade union consultation procedures required of employers prior to the use of such social programs, the reform maintained the previous scope of application (i.e., the categories of employers entitled to participate in such programs) and widened the categories of beneficiaries, among other things. Generally, the overall duration of such programs cannot exceed 24 months in five years (or 36 months in five years in the case of solidarity contracts).

In Italy, dismissals for economic reasons were prohibited until March 31, 2021 due to the COVID-19 pandemic, pursuant to Law No. 178/2020 (*Legge di Bilancio 2021*). The only exceptions are dismissals due to liquidation of the legal entity or termination by mutual consent agreed with the employees and the trade unions. Dismissals for disciplinary reasons are still permitted, according to applicable rules and regulations. Employers affected by the COVID-19 pandemic may suspend their workers and apply for a special social program similar to Cassa Integrazione, but specifically tailored to the COVID-19 pandemic.

In Italy, all workers performing their activity in Italian territory are covered by mandatory social security insurance. This system is financed by contributions from employees and employers, calculated as a percentage of the employee's gross remuneration. These contributions represent a relatively high surcharge on labor costs.

Generally, employers' social security contributions range from 29 to 32% of the gross salary, whereas the employees contribute approximately 9 to 10%. Similar rates apply for executives of the Trade Sector, although contributions can be made through different types of specialized funds. Also, in Italy, national insurance contributions to INAIL (the National Institute for Accidents at Work), which covers all professional risks, are mandatory.

In addition to these social security measures, employers must set aside in their financial statements (or pay into supplementary pension funds) a mandatory severance payment (the "**TFR**"), which is deferred remuneration equal to 1/13.5 of any remuneration paid to the employees in connection with the employment relationship, with the only exception being una tantum payments and reimbursement of expenses.

Further changes in any of the above-mentioned laws or regulations or the coming into force of any new laws or regulations could substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, financial condition and results of operations.

Legal & Tax: Our tax burden could increase due to changes in tax law or their application or interpretation, or as a result of current or future tax audits.

Our tax burden is dependent on certain aspects of tax laws in France and Italy and other countries in which we operate and their application and interpretation. See "*Regulatory Environment*." Changes in tax laws or their interpretation or application could increase the Group's tax burden. As a result of future tax audits or other review actions of the relevant financial or tax authorities, additional taxes could be identified, which could lead to an increase in our tax obligations, either as a result of the relevant tax payment being levied directly on us or as a result of our becoming liable for tax as a secondary obligor due to a primary obligor's (such as, for example, an employee's) failure to pay.

VAT rates could increase in the future in France, Italy and other countries in which we operate. If we do not increase the prices of our products to match the increase in VAT, our profit margins will be negatively impacted. If we pass the increase in VAT on to our customers by raising the prices of our products, the demand for our products may decline, materially and adversely affecting our business, financial condition and results of operations. Furthermore, we have VAT risks arising out of our operating activities in the normal course of business and typical acquisition-related VAT risks relating to prior acquisitions and reorganizations.

The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

Finance: We have recorded a significant amount of goodwill and we may never realize the full value thereof.

We have recorded a significant amount of goodwill. The total net value of goodwill recorded by the Group, which represents the excess of cost over the fair value of the net assets of the business acquired, was €367.6 million, or 33.6% of the Group's total assets, as of September 30, 2021.

Goodwill is recorded by the Group on the date of acquisition and, in accordance with French GAAP, may be reviewed for impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to the income statement. The Group did not record any charges for goodwill impairment during the financial year ended September 30, 2021. Any future impairment of goodwill may, however, result in material reductions of our income and equity under French GAAP.

Finance: We may not have the resources to meet our financial and other reporting requirements or implement effective internal control and other standards, which may adversely affect our business.

The Issuer, a newly formed holding company, is required to provide periodic reports within specified timeframes in accordance with the Indenture. The Issuer is subject to extensive reporting requirements under the Indenture. If we do not adequately manage the growing demands on our internal accounting or finance systems, we may be unable to comply with our financial reporting obligations or implement effective internal controls, which may result in errors and disruptions, in a default under the Indenture, or corrections or a restatement of our financial statements. The occurrence of any such event may have an adverse effect on our business, results of operations, financial condition and prospects.

Risks related to our capital structure

The Issuer and certain Guarantors are holding companies that have no revenue-generating operations of their own and will depend on cash from the operating companies of the Group to be able to make payments on the Notes or the Guarantees.

The Issuer, Midco and the Company are holding companies with limited business operations other than the equity interests and intercompany receivables they hold in their subsidiaries. The Issuer and the Guarantors are dependent upon the cash flow from operating subsidiaries in the form of dividends, interest payments on intercompany loans or other distributions to meet their obligations, including their obligations under the Notes and their respective Guarantees, as applicable.

If the subsidiaries of the Issuer or such Guarantors do not fulfill their obligations under any intercompany loans or otherwise make payments or distributions to the Issuer or such Guarantors to make scheduled payments on the Notes or the Guarantees, the Issuer and such Guarantors may not have any other source of funds that would allow them to make payments to the holders of the Notes. The amounts of such payments, dividends and other distributions available to the Issuer and such Guarantors will depend on the profitability and cash flows of their subsidiaries, as well as the ability of those subsidiaries to declare dividends under applicable law. The subsidiaries of the Issuer and such Guarantors, however, may not be able to, or may not be permitted under applicable law to, make distributions, make interest payments on, or otherwise advance upstream loans to the Issuer or such Guarantors to make payments in respect of their debt, including the Notes and the Guarantees. While the Indenture will limit the ability of the subsidiaries of the Issuer to incur consensual restrictions on their ability to pay dividends or make other intercompany payments, these limitations are subject to significant qualifications and exceptions, including exceptions for restrictions imposed by applicable law.

The interests of our ultimate principal shareholders may be inconsistent with your interests.

As of September 30, 2021, our principal shareholders, funds owned or advised by Altamir, the Co-investors and members of senior management, directly and indirectly owned approximately 60%, 26% and 14%, respectively, of Topco's equity capital. Collectively, the Co-investors and management hold at least 60% of the voting rights in Topco. Furthermore, Altamir and its affiliates hold convertible single voting shares that allow them to increase their voting rights at any time in orders to gain a majority of the voting rights in Topco. The interests of our principal shareholders could conflict with the interests of investors in the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholders could cause us to pursue acquisitions or divestitures and other transactions or to make large dividend payments (subject to limitations in the Indenture) or other distributions or payments to them as the shareholders, even though such transactions may involve increased risk for the holders of the Notes. In addition, Altamir, through its investments or other financial holdings, may also invest in or acquire a competing business. Furthermore, no assurance can be given that any of our principal shareholders will not sell all or any part of its respective shareholding at any time nor that any such principal shareholder will not look to reduce its holding by means of a sale to a strategic investor, an equity offering or otherwise.

Risks related to our indebtness

Our significant leverage may make it difficult to operate our business.

We are highly leveraged. As of September 30, 2021, we had total third-party debt, excluding finance leases, of €620.0 million, all of which is represented by the Notes. See "*Capitalization.*" in the MD&A Section

Our significant leverage could result in negative consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations.

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

Despite our significant leverage, we may incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. Although the Revolving Credit Facility Agreement and the Indenture contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. For example, the terms of the Indenture permit us to incur substantial additional indebtedness, including in respect of certain other secured debt that shares in the Collateral on a first-priority basis, including, with respect to the Revolving Credit Facility and certain hedging obligations, on a super-senior basis. Furthermore, the Indenture allows our subsidiaries to incur additional debt that would be structurally senior to the Notes, as well as debt that is secured by collateral that does not secure the Notes, and the Indenture does not prevent us from incurring liabilities that do not constitute "Indebtedness" as defined under the Indenture. If new debt is added to our current debt levels, the risks that we now face could intensify.

Certain of our indebtedness bears interest at a variable rate, which could rise significantly, increasing our costs and reducing our cash flow, or could otherwise be adverse to the interests of the holders of the Notes.

We are exposed to the risks of fluctuations in interest rates. A significant portion of our debt, including under the Revolving Credit Facility and the Floating Rate Notes, is subject to variable interest rates indexed to EURIBOR. We may also enter into additional indebtedness bearing floating rates of interest in the future, including by issuing additional Floating Rate Notes. EURIBOR and/or any other floating interest rate index applicable to such indebtedness could rise significantly in the future. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase to the extent of the drawings under, or issuances of, such debt bearing floating rates of interest, thereby reducing our cash flow. We may enter into certain interest rate hedging obligations designed to fix a portion of these rates but are not required to do so. In addition, there can be no assurance that hedging will continue to be available on commercially reasonable terms or, if available, will be successful in mitigating the risks related to increasing interest rates. See "*Description of Certain Indebtedness*."

Following allegations of manipulation of LIBOR, a measure of interbank lending rates, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of EURIBOR or LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. As a result, EURIBOR, LIBOR and other interest rates are indices which are deemed to be "benchmarks" are the subject of recent and ongoing national, international and other regulatory guidance and proposals for reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") which was published in the Official Journal of the EU on June 29, 2016, and applies since January 1, 2018 and the transitioning of panel banks from a quote-based EURIBOR methodology to a hybrid methodology by the European Money Markets Institute in November 2019. Some of these reforms are already effective while others are still to be implemented. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things (i) require benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorized or registered (or, if non-EU based, not deemed equivalent or recognized or endorsed).

These reforms, including the Benchmarks Regulation, may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on our debt linked to such a benchmark, including our Revolving Credit Facility and Floating Rate Notes, in particular, if the methodology or other terms of the EURIBOR benchmark are changed again in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the EURIBOR benchmark. In addition, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark, including EURIBOR, and complying with any such regulations or requirements.

Such factors may have the following effects on certain benchmarks such as EURIBOR:

(i) discourage market participants from continuing to administer or contribute to such benchmark;

(ii) trigger changes in the rules or methodologies used in the benchmarks, or

(iii) lead to the disappearance of the benchmark.

For example, on July 27, 2017, and in subsequent speeches (including the speech by its chief executive on July 12, 2018) the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "FCA Announcements"), with specific dates (starting from December 31, 2021 in some cases) on which panel bank submissions for each LIBOR setting will cease, and after which representative LIBOR rates will no longer be available, having been announced on March 5, 2021. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, as well as manipulative practices or the cessation thereof, could have a material adverse effect on our ability to service debt that bears interest at floating rates of interest.

Any elimination of the EURIBOR benchmark, or changes in the manner of administration of EURIBOR, could require an adjustment to the terms and conditions of our floating rate debt (including our Revolving Credit Facility and the Floating Rate Notes) or hedging. Any such consequence could have a material adverse impact on the value of and return on our floating rate debt (including our Revolving Credit Facility and the Floating Rate Notes). In addition, the development of alternatives to EURIBOR or LIBOR may result in our floating rate debt (including our Revolving Credit Facility and the Floating Rate Notes) performing differently than would otherwise have been the case if the alternatives to EURIBOR or LIBOR had not developed.

The Indenture provides a mechanism whereby, if (1) there has been a material disruption to EURIBOR, (2) EURIBOR is not available for use temporarily, indefinitely or permanently, (3) there are restrictions or prohibitions on the use of EURIBOR, (4) an alternative rate has replaced EURIBOR in customary market practice in the international capital markets applicable generally to floating rate notes or (5) it has become unlawful for the Calculation Agent, the Issuer or a third-party agent of the Issuer to calculate any payments due to holders of the Floating Rate Notes using EURIBOR, (a) an independent financial institution of international standing or an independent financial adviser of recognized standing (that is not an affiliate of the Issuer) as appointed by the Issuer at the expense of the Issuer or (b) if it is not reasonably practicable to appoint a party as referred to under (a), the Issuer, acting in good faith and in a commercially reasonable manner, shall select a successor rate to EURIBOR that is substantially comparable to EURIBOR or that has been recommended or selected by the relevant monetary authority or similar authority (or working group thereof) or by a widely recognized industry association or body or that is expected to develop as an industry accepted rate for debt market instruments such as or comparable to the Floating Rate Notes (and any applicable adjustment spread required to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to holders of the Floating Rate Notes as a result of the replacement of EURIBOR for use in calculating the appropriate successor rate, which upon certification (by way of an Officer's Certificate) by the Issuer of such rate to each of the Trustee, the Calculation Agent and the Paying Agent will be used to calculate the interest rate in relation to the Floating Rate Notes (upon which each of the Trustee, the Calculation Agent and the Paying Agent shall be entitled to rely conclusively and absolutely without further enquiry, investigation, verification or liability of any kind whatsoever) without any further action or consent by the noteholders or the Trustee. This means that interest on the Floating Rate Notes would be determined on the basis of a benchmark rate, together with adjustments, that was not contemplated at the time you purchased the Floating Rate Notes issued on the Issue Date. The Indenture may require the exercise of discretion by the Issuer and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the Indenture) without the consent of the holders of the Notes. The interests of the Issuer in making such determinations or amendments may be adverse to the interests of the holders of the Notes.

In addition, due to the uncertainty concerning the availability of an appropriate successor rate and the involvement of an independent financial institution, the Indenture's successor rate mechanism may not operate as intended at the relevant time. If EURIBOR were discontinued or otherwise unavailable, the rate of interest on our floating rate debt (including our Revolving Credit Facility and the Floating Rate Notes) will be determined for the relevant period by the fallback provisions applicable to such debt.

We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Notes and the Guarantees. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund our planned capital expenditures. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We can provide no assurance that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

Our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the Revolving Credit Facility Agreement and the Indenture, may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any or a portion of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In such an event, borrowings under other debt agreements or instruments that contain cross-default or cross- acceleration provisions, including the Revolving Credit Facility Agreement and the Indenture, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit ratings, which could harm our ability to incur additional indebtedness. As a result, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Revolving Credit Facility Agreement and the Indenture, restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

We are subject to covenants which limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.

The Revolving Credit Facility Agreement and the Indenture contain covenants that impose significant restrictions on the way the Issuer and the Group operate, including restrictions on our ability to:

- incur or guarantee additional debt and the ability of our restricted subsidiaries to issue preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to shares of the Issuer;
- prepay or redeem subordinated debt or equity;
- make certain investments or acquisitions, including participating in joint ventures;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Issuer or any restricted subsidiary;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all our assets or those of our subsidiaries on a consolidated basis;
- impair security interests for the benefit of the holders of the Notes;
- issue or sell share capital of certain subsidiaries;
- take certain actions with regard to the Proceeds Loans; and
- in the case of Midco and the Issuer, own certain debt and equity of their indirect subsidiaries.

All of these limitations are subject to significant exceptions and qualifications.

These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, in addition to being in default under the Indenture and the Notes, we could be in default under the terms of the Revolving Credit Facility Agreement, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. If the debt under the Revolving Credit Facility Agreement, the Notes or the Guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other debt.

The Revolving Credit Facility Agreement also requires our subsidiaries to maintain a minimum amount of EBITDA (as defined therein). The Revolving Credit Facility Agreement includes certain affirmative covenants, as well as negative covenants similar to those under the Indenture. A breach of any of those covenants or restrictions could result in an event of default under the Revolving Credit Facility Agreement. If our creditors, including the creditors under the Revolving Credit Facility Agreement, accelerate the payment of amounts due under our various debt obligations, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any Collateral granted to them to secure repayment of those amounts. See "Description of Certain Other Indebtedness—Revolving Credit Facility Agreement."

The Floating Rate Notes and the loans under our Revolving Credit Facility Agreement bear interest at floating rates that could rise significantly, increasing our costs and reducing our cash flow.

The Floating Rate Notes and the loans under our Revolving Credit Facility Agreement bear interest at floating rates of interest per annum equal to EURIBOR, as adjusted periodically, plus a margin.

We may also enter into additional indebtedness bearing floating rates of interest in the future. These interest rates could rise significantly in the future. We may enter into certain interest rate hedging arrangements designed to fix a portion of these rates but are not required to do so. In addition, there can be no assurance that hedging will continue to be available on commercially reasonable terms. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase to the extent of the outstanding Floating Rate Notes and drawings under the Revolving Credit Facility or other debt bearing floating rates of interest, reducing our cash flow.

Changes in tax laws or challenges to our tax position could adversely affect our results of operations and financial condition, including our effective tax rate or tax payments, possibly with a retroactive effect.

In particular, European and French tax laws and regulations are extremely complex and are subject to varying interpretations. In this respect, the current incorporation into European and French tax law of the Organization for Economic Cooperation and Development's (the "**OECD**") principles related to base erosions and profit shifting ("**BEPS**") included in the final reports released by the OECD as well as the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS signed in Paris on June 7, 2017 and ratified by France on September 26, 2018, may increase the administrative efforts within our business and impact existing structures.

The European Union is itself pursuing its work on the harmonization of the tax legislation of the Member States. In this respect, the Council of the European Union adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "**ATAD**"). The ATAD was later amended on May 29, 2017 (Council Directive 2017/952) (the "**ATAD 2**"), which, *inter alia*, extends the scope of the ATAD to hybrid mismatches involving third countries and provides that its provisions apply (subject to certain exceptions) since January 1, 2020. Amongst the set of measures, the ATAD provides for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer's tax adjusted EBITDA or to a maximum amount of €3 million, per financial year, whichever is higher (subject to several exceptions, notably in certain cases of thin capitalization). Such rules apply as from January 1, 2019 further to the transposition into French tax law by Article 34 of the French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) of the general interest limitation rule provided for by the ATAD. The French Finance Law for 2020 (Law 2019-1479 of December 28, 2019) also introduced under French tax law the provisions of the ATAD 2 and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the French Tax Code (*code général des impôts*) (the "**FTC**").

Furthermore, Article 108 of the French Finance Law for 2019 introduced under French tax law as from January 1, 2019, the anti-abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to Article 205 A of the FTC, the French tax authorities might ignore, for the determination of corporate income tax, an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuine taking into account all relevant facts and circumstances. The condition relating to the absence of genuineness of the arrangement or series of arrangements would be met if such arrangement or series of arrangements were established for invalid commercial reasons. This reinforces the arsenal of the French tax authorities in the fight against abusive arrangements (without providing for specific penalties), other provisions being primarily focused on solely tax-driven schemes.

The European Commission has also published a corporate reform package proposal on October 25, 2016 including three new proposals that aim at (i) re-launching the Common Consolidated Corporate Tax Base ("CCCTB") which is a single set of rules to compute companies' taxable profits in the EU, (ii) avoiding loopholes associated with profit-shifting for tax between EU countries and non-EU countries, and (iii) providing new dispute resolution rules to relieve problems with double taxation for businesses. The directive proposal on the CCCTB requires unanimity in the Council of the European Union for its adoption following consultation of the European Parliament (special legislative procedure), which gave its favorable vote on March 15, 2018. It should be implemented in two steps, with the common base being implemented as a first step and consolidation being put in place swiftly afterwards. In this respect, the European Commission has published its work program for 2020, which indicates that the CCCTB should receive priority attention this year. Furthermore, additional rules on tax dispute resolution apply since January 1, 2019 following the transposition of Council Directive 2017/1852 of October 10, 2017 into French tax law as part of the French Finance Law for 2019. These regulations could impact our tax position in the future.

Another area of uncertainty concerns the progressive decrease of the French statutory corporate income tax rate provided for by Article 219 of the FTC to 25% (or from 34.43% to 25.83% by taking into account the 3.3% social contribution provided for by Article 235 ter ZC of the FTC which applies in addition to the French statutory corporate income tax rate) for companies whose corporate income tax charge exceeds €763,000) over a period of four years starting in 2019. Indeed, the pace of such decrease has been amended several times to address budget constraints of the French State since its first enactment by the end of 2018. Currently, for companies generating a French turnover of less than €250 million, the French corporate income tax rate is reduced to 26.5% (or 27.37%, including the above-mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2021. In addition, companies generating a French turnover exceeding €250 million pay French corporate income tax at the rate of 27.5% (or 28.41%, including the above-mentioned additional 3.3% social contribution) for fiscal years beginning on or after January 1, 2021. For fiscal years beginning on or after January 1, 2022, the French statutory corporate income tax rate will in principle be reduced to 25% (or 25.83%, including the above-mentioned additional 3.3% social contribution) for all companies. In recent years, fiscal policy has also focused on the tax treatment of internet businesses, and the ways in which tax laws can be adapted to tax e-commerce. This area is still unsettled and there is a risk that any of the taxing jurisdictions in which we do business could alter their tax laws in a way that would materially increase the tax rate applicable to our e-commerce business. In this respect, the French tax bill, released by the French government on March 6, 2019 and enacted by the French Parliament on July 24, 2019, contains provisions on the taxation of numerical businesses which are now subject to a 3% tax on the turnover realized in France by companies whose portion of their turnover associated to numerical activities exceeds €750 million worldwide out of which €25 million may be attributed to French users. In the context of the negotiations within the OECD, the French tax authorities had suspended the payment of this tax for fiscal year 2020 to take into account the potential adoption of a similar tax at the international level. However, these negotiations being at a standstill, the French tax authorities have later announced in October 2020 that the above-mentioned tax would effectively be collected in December 2020.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "Council Conclusions") which is composed of two sub-lists (respectively, the "**Black List**" and the "**Grey List**," together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third country jurisdictions to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as EU Member States. The Black List, which shall be updated at least once a year, is currently (according to the list as of October 6, 2020) composed of 12 jurisdictions (American Samoa, Anguilla, Barbados, Fiji, Guam, Palau, Panama, Samoa, Seychelles, Trinidad and Tobago, U.S. Virgin Islands and Vanuatu).Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, EU Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions.

A French law that aims at fighting fraud was published on October 24, 2018 (Law 2018-898 of October 23, 2018) and expands under certain conditions the French tax regime regarding the non-cooperative States and jurisdictions as defined under Article 238-0 A of the FTC ("**Non-Cooperative States**") to certain States and jurisdictions included into the Black List. In this respect, Article 238 0 A, 2 bis of the FTC distinguishes between (i) the States or jurisdictions included in the Black List on the grounds that they facilitate the creation of offshore structures designed to attract profits that do not reflect a real economic activity, and (ii) States or jurisdictions included in the Black List because they do not meet at least one of the other criteria defined under Annex V of the Council Conclusions on the EU List (i.e., tax transparency, absence of damaging preferential tax measures, implementation of BEPS measures). The application of the French anti-abuse measures varies depending on whether the States or jurisdictions are included in the Black List under the offshore structures criterion or under the other criteria. When States or jurisdictions are included in the Black List on the basis of the offshore structures criterion, all the anti-abuse measures related to Non-Cooperative States provided for by the FTC are applicable. As a result, interest paid or accrued to persons domiciled or established in certain States and jurisdictions included into the Black List or paid on an account opened in a financial institution located in such States and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. In practice, the French list of Non-Cooperative States should be updated once a year, taking into account, notably, the States and jurisdictions added to the Black List. The anti- abuse measures apply in principle to states and jurisdictions newly added to the list as from the first day of the third month following the month during which the addition is made (although the Administrative Guidelines (as defined hereinafter) still continue to refer to January 1 of the following year (BOI-INT-DG-20-50-11/02/2014). It should be noted that the French list has been updated in early 2020 and includes the states and jurisdictions contained in the former version of the Black List dated November 7, 2019 (Ministerial Order dated January 6, 2020 amending the ministerial order dated February 12, 2010), but do not take into account the last version of the Black List that was amended on October 6, 2020. Such French list of Non-Cooperative States currently includes, in addition to Panama which was already included in the former version of this list, the following states and territories: the American Samoa, Anguilla, Bahamas, the British Virgin Islands, Fiji, Guam, Oman, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest on our indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

The French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) includes specific provisions which introduce into French tax legislation the provisions of the ATAD regarding interest deductibility limitations in respect of fiscal years opened as from January 1, 2019.

In relation to such introduction, (i) the provisions of (x) Articles 212 bis and 223 B bis of the FTC (i.e., the former 25% general limitation of deductibility of financial expenses ("***rabot fiscal***")) and (y) Article 209-IX of the FTC (the "***Amendement Carrez***" limitation) have been repealed and (ii) the provisions of Article 212-II of the FTC (i.e., existing thin-capitalization rules) have been substantially amended, as developed in more detail below.

The other rules relating to the maximum rate for interest paid to direct minority shareholders or to related parties (Articles 39.1.3° and 212-I-(a) of the FTC) have remained unchanged.

Under Article 39.1.3° of the FTC, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the FTC, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (1.19% for 12-month financial years ended from November 30, 2020 to December 30, 2020). Non-deductible interest pursuant to such limitation will be treated as deemed dividend under French tax law and may in particular be subject to withholding tax, subject to applicable tax treaties. By exception, Article 212, I-(a) of the FTC provides that, in respect of a given tax year, interest incurred on loans granted by a related party within the meaning of Article 39.12 of the FTC is deductible up to the rate referred to in Article 39.1.3° of the FTC or, if higher, up to the rate that the borrowing entity could have obtained from independent financial credit institutions in similar circumstances.

Pursuant to Article 34 of the French Finance Law for 2019 (codified under Article 212 bis of the FTC), the deductibility of net financial expenses incurred by an entity in respect of a given fiscal year is now limited to the higher of (i) €3 million and (ii) 30% of its tax adjusted EBITDA in the same fiscal year (corresponding to its taxable income before offset of carry forward tax losses and without taking into consideration net financial expenses and, to some extent, depreciation, provisions and capital gains/losses) generated by such entity (the "30% Limitation"). Such limitation applies to both related- party and third-party financings regardless of the purpose of these financings, subject to certain limited exceptions.

Furthermore, for entities being part of a group that establishes eligible consolidated financial statements for accounting purposes, a safeguard clause has been implemented in order to allow additional deduction of net financial expenses for companies that are able to demonstrate that the ratio of their equity (fonds propres) over their total assets is equal to or higher than the same ratio computed at the level of the accounting consolidated group to which they belong for accounting purposes (although a margin of 2 percentage points is allowed). In this specific case, net financial expenses exceeding the 30% Limitation are deductible up to 75% of their amount.

French thin-capitalization rules have also been amended and apply cumulatively to the 30% Limitation, but only to loans granted by related parties within the meaning of Article 39-12 of the FTC and no longer to third-party debts guaranteed by such related parties. In this respect, where the amount of the related party debt of a company exceeds a ratio equal to 1.5x the company's equity (fonds propres), the deduction of net financial expenses borne by such entity will be deductible for a portion of their amount up to the higher of (i) 30% of its tax adjusted EBITDA and (ii) €3 million per fiscal year multiplied by a ratio equal to (A) the average amount of sums borrowed from or made available by non-related parties within the meaning of Article 39-12 of the FTC increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses will be deductible for a portion of their amount up to the higher of (i) 10% of the entity's tax adjusted EBITDA and (ii) €1 million per fiscal year multiplied by a ratio equal to

(A) the average amount of sums borrowed from or made available by related parties within the meaning of Article 39-12 of the FTC exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year. Nevertheless, the interest deductibility restriction provided for by these amended thin-capitalization rules is not applicable if the borrowing company is able to demonstrate that the overall debt-to-equity ratio of the accounting group (as determined under accounting consolidation rules) to which it belongs is higher than its own debt-to-equity ratio, assessed either at the beginning or at the closing date of the fiscal year (although a margin of 2 percentage points is allowed).

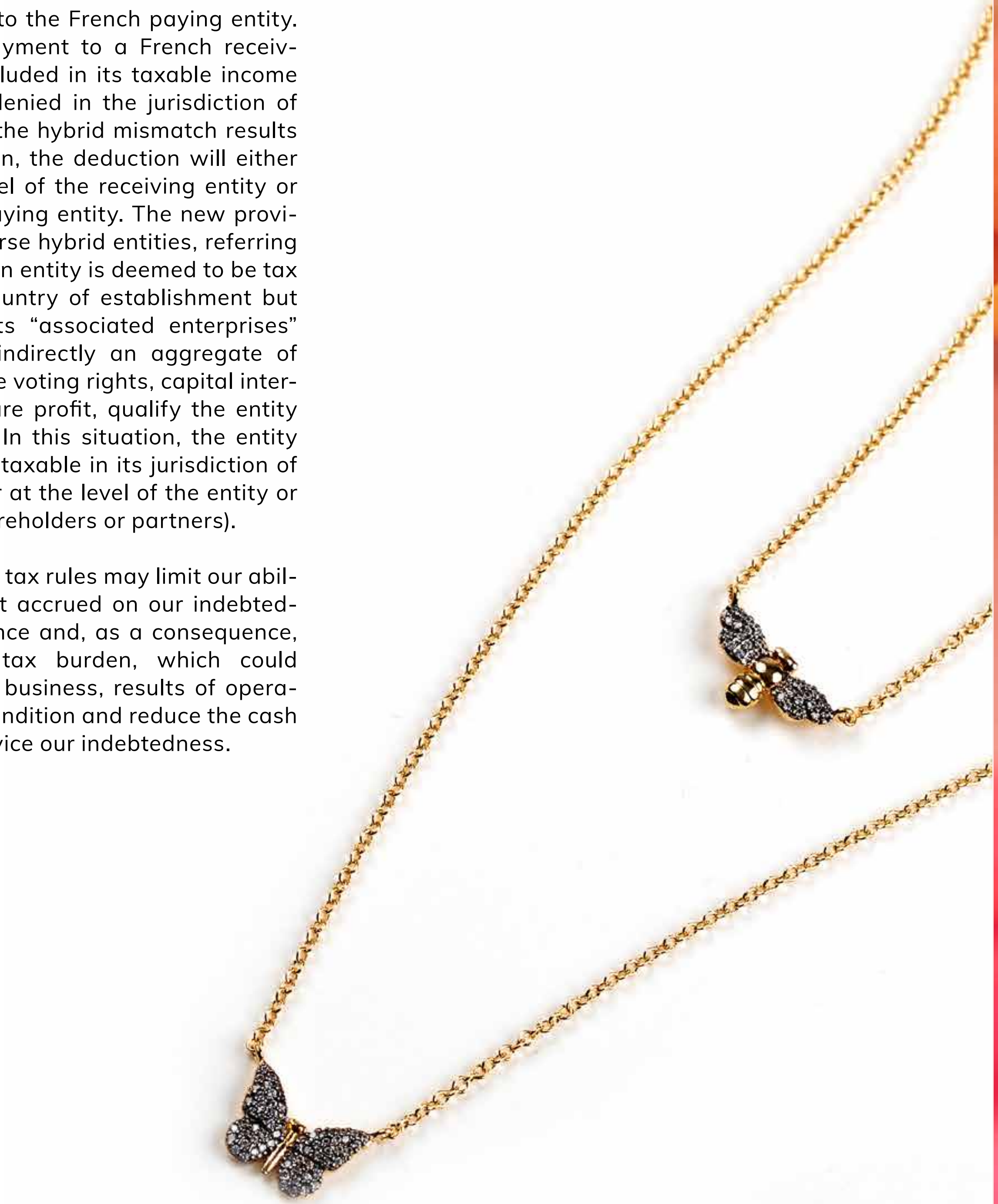
Financial expenses that are disallowed by virtue of the application of the 30% Limitation can be carried forward indefinitely and deducted in the future under the same conditions. On the other hand, the portion disallowed as a result of the application of the 10% limitation will only be eligible for carryforward for one-third of its amount.

The unused interest deduction capacity of a current fiscal year might also be used over the following five tax years, but only against financial expenses incurred in those fiscal years, it being noted that this measure is not available to thinly capitalized entities. Specific rules apply to companies that belong to French tax-consolidated groups.

In addition, the new anti-hybrid limitation resulting from the ATAD 2 has been implemented into French tax law by the French Finance Law for 2020 under Articles 205 B, 205 C and 205 D of the FTC and, in counterpart, the existing French anti-hybrid rules, as set forth in Article 212-I-b of the FTC, have been repealed. The relevant mismatches are those arising, inter alia, from (i) hybrid instruments and entities (including permanent establishments), (ii) reverse hybrid entities and (iii) situations of dual residency. Such new provisions are applicable as from January 1, 2020, it being noted that the application of provisions relating to reverse hybrid entities (Article 205 C of the FTC) are deferred to January 1, 2022.

Articles 205 B, et seq. of the FTC implementing ATAD 2 provide limitations on interest deductions in the event of (i) a deduction of a payment at the level of a paying entity without a corresponding inclusion of such payment in the taxable income of the receiving entity (referred to as a "***deduction without inclusion***") or (ii) a deduction of the same payment, operational expenses or losses in the taxable income of both the paying and receiving entity (referred to as a "***double deduction***"). Such limitations only apply to payments taking place between "associated enterprises" as defined under 205 B of the FTC, except for the so-called "structured arrangements" (i.e., an arrangement pricing the relevant mismatch or an arrangement designed to produce the mismatch, subject to certain conditions). If the hybrid mismatch results in a deduction without inclusion, the deduction from taxable income will generally be denied to the French paying entity. Alternatively, the payment to a French receiving entity will be included in its taxable income if deduction is not denied in the jurisdiction of the paying entity. If the hybrid mismatch results in a double deduction, the deduction will either be denied at the level of the receiving entity or at the level of the paying entity. The new provisions also cover reverse hybrid entities, referring to situations where an entity is deemed to be tax transparent in its country of establishment but the jurisdiction of its "associated enterprises" holding directly or indirectly an aggregate of more than 50% of the voting rights, capital interests or rights to share profit, qualify the entity as non-transparent. In this situation, the entity would be treated as taxable in its jurisdiction of establishment (either at the level of the entity or at the level of its shareholders or partners).

The abovementioned tax rules may limit our ability to deduct interest accrued on our indebtedness incurred in France and, as a consequence, may increase our tax burden, which could adversely affect our business, results of operations and financial condition and reduce the cash flow available to service our indebtedness.



FINANCIAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FISCAL YEAR ENDED AS AT SEPTEMBER 30, 2021

The following discussion and analysis of the financial condition and results of operations of THOM Group S.A.S. (the "Company") and its subsidiaries (collectively, the "Group") is based upon the consolidated financial information of the Company and its subsidiaries and should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto for the fiscal year ended September 30, 2021. The consolidated financial information of the Company, included herein, has been prepared in accordance with French GAAP.

All references to "we," "us," "our" or the "Group" in the following discussion and analysis of the Group's financial condition and results of operations are to the Company and its subsidiaries on a consolidated basis unless otherwise indicated.

The following discussion and analysis includes forward-looking statements that reflect our plans, estimates and beliefs, which are based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements.

About THOM GROUP

We are a leading European jewelry retailer by number of stores, with a strong position in Europe in the affordable jewelry sector. Our product offering comprises primarily precious jewelry, complemented by watches and costume jewelry. We are active primarily in France and Italy, where we hold a leading market position in each national market. Our products are available through our network of 994 directly operated stores, including 519 stores and wedding fairs in France (including one store in Monaco), 397 stores in Italy, 51 stores in Germany, 26 stores and wedding fairs in Belgium and one store in Luxembourg as of September 30, 2021, as well as through eight websites, including four e-commerce platforms in France and Belgium (histoiredor.com and marc-orian.com), Italy (stroilioro.com) and Germany (orovivo.de). We also have 28 affiliated partner stores in France.

We sell our products under our six complementary main banners: Histoire d'Or (390 stores), Stroili (344 stores), Marc Orian (92 stores), TrésOr (67 stores), OROVIVO (51 stores) and Franco Gioielli (38 stores). We also operate, in France, seven additional stores under the Smizze banner, as well as two stores under the generalist J'M banner.

1. Financial Information

a. Reporting

This discussion and analysis is part of the report required under the indenture dated as of February 4, 2021, governing €370 million aggregate principal amount of Goldstory S.A.S's 5.375% Fixed Rate Senior Secured Notes (the "Fixed Rate Notes") and €250 million aggregate principal amount of its Floating Rate Senior Secured Notes (the "Floating Rate Notes" and, together with the Fixed Rate Notes, the "Senior Secured Notes") for the fiscal year ended September 30, 2021.

b. Accounting principles

We have prepared our historical financial statements in accordance with French GAAP.

c. Key performance indicators

In evaluating our results of operations, we consider certain key financial and non-financial measures relating to the performance of our business. In addition to the key line items of our consolidated income statement, the principal measures used to evaluate our performance include network sales by perimeter, gross margin, like-for-like network sales and gross margin growth (i.e., excluding the perimeter effect), network contribution, Reported EBITDA, and free cash flow conversion rate.

- **Network sales by perimeter.** Network sales by perimeter represents the apportionment of our network sales among France, Italy and Rest of Europe through all sales channels operated by the Group (i.e., our stores, e-commerce platforms, sales to our affiliated partners and wholesale business).
- **Gross margin.** Gross margin represents the sum of our network sales, revenue from the sale of precious metals, proceeds from insurance for theft and rebates re-invoiced to our suppliers, net of our total cost of goods sold. As we do not operate or own any manufacturing facilities, we rely on independent third parties for the manufacturing of our products. We also consider our gross margin performance by perimeter, consistent with our network sales, and allocate certain income and expenses among perimeters such as rebates received from suppliers and packaging and transportation costs based on business assumptions.
- **Like-for-like network sales growth and gross margin growth**. Like-for-like network sales growth consists of network sales from like-for-like perimeters in any given period compared with the corresponding financial period of the prior financial year, expressed as a percentage change between the two periods. Like-for-like gross margin growth represents gross margin from like-for-like perimeters in any given period compared with the corresponding period of the prior financial year, expressed as a percentage change between the two periods. Like-for-like perimeters includes our stores, e-commerce platforms, sales to our affiliated partners and historical Stroili wholesale business for its own house brands, including only stores that were open for the entire duration of the two periods being compared and excluding stores opened or closed during those periods. To improve the clarity of the presentation, when a change of perimeter takes place due to a conversion among banners, the perimeter reported for such store in a conversion year is also used as the perimeter reported for such store for the preceding year (regardless of what its banner was in the prior year).
- **Network contribution.** Network contribution represents the sum of our gross margin and our total network direct costs.
- **Reported EBITDA.** Reported EBITDA is defined as net income (loss) attributable to owners of the Company excluding (i) net income (loss) attributable to non-controlling interests, (ii) goodwill amortization, (iii) income tax, (iv) financial income and expense, (v) the change in depreciation, amortization and provisions net of provision reversals, (vi) the contribution of the stores closed during the period, (vii) the *cotisation sur la valeur ajoutée des entreprises* ("**CVAE**"), and (viii) non-recurring income and expenses, corresponding to all items that are not directly related to our operations or core businesses and that are deemed by management to be non-recurring by their nature, including rental or personnel expenses incurred by stores prior to their opening or during renovation works (if such renovation work results in the long-term closure of the store during the renovation). Reported EBITDA is presented in Note 1(d) of our Audited Consolidated Financial Statements.
- **Free cash flow conversion rate.** Free cash flow conversion rate represents free cash flow divided by Reported EBITDA generated during the relevant period.

These measures (the "Non-GAAP Metrics") are not defined or presented in accordance with French GAAP or any other internationally accepted accounting principles and may not be comparable to similarly titled measures used by other companies. We present these Non-GAAP Metrics for information purposes only because we believe that they are widely used by certain investors as supplemental measures of performance and liquidity.

d. Description of Key Income Statement Line Items

Below is a brief description of the composition of the key line items of our income statement.

- **Total sales.** Total sales represent total network sales and other sales.
- **Total network sales** represent total revenue recognized in stores located in France, Italy, and Rest of Europe. It also includes revenue generated by our e-commerce platforms, wholesale activities and sales to our affiliated partners. Total network sales are reported net of VAT and discounts granted.
- **Other sales** include primarily sales of precious metals and invoicing to suppliers. Sale of precious metals to foundries consists of revenue recognized either from the gold bought through our gold repurchase and exchange program, which we resell at market prices, or from the gold products that cannot be sold and that are melted down and which we subsequently resell at market prices.
- **Cost of goods sold.** Cost of goods sold is our single largest cost item. It comprises the purchase of finished goods, the purchase of gold bought from individuals (including gift vouchers), changes in inventories, rebates and discounts, customs, breakages, and packaging costs.
- **Direct and indirect operating costs.** Direct and indirect operating costs represent our "other operating expenses" as reported in our financial statements. Our "other operating expenses" represents mainly our rental and rental-related expenses, maintenance costs, marketing and advertising costs, transport costs, professional fees, communication costs, energy related expenses and bank fees mainly associated with payments from customers.
- **Taxes and duties.** Taxes and duties primarily represent regional levies on French companies (*Contribution Economique Territoriale*) that includes CVAE and payroll-related taxes.
- **Personnel expenses.** Personnel expenses represents the wages and salaries of the employees located in our stores and in our headquarters and logistics centers. It includes the gross fixed amount due to our employees and the social contributions that must be paid by employers, and reductions in social security contributions (which replaced the *Crédit d'impôt pour la compétitivité et l'emploi* (CICE), effective January 1, 2019). Charges related to any legal profit-sharing schemes are also reported under this line item, as well as any bonus or variable remuneration paid to our employees, based mainly on sales results.
- **Change in depreciation, amortization and provisions net of provision reversals.** Change in depreciation, amortization and provisions net of provision reversals represents the depreciation and amortization of our fixed assets, the provisions for depreciation of our current assets (such as inventories and trade receivables) and the provisions for contingencies, liabilities, and our loyalty program. Reversals of provisions are also reported in this line item.
- **Operating income.** Operating income represents operating revenue net of operating expenses described above, before financial expenses, non-recurring items, income tax, goodwill amortization and non-consolidated interests.
- **Financial expense.** Until February 26, 2021, financial expense mostly represented interest on our 2017 Term Loan B Facilities (the "TLB"), net of hedging of interest rate instruments, and capitalized interest on convertible bonds. The remaining part was composed of financial expenses relating to interest on bilateral loans and the revolving credit facility (the "RCF") in place until then, amortization of the Original Issue Discount, customers' deferred payments and foreign currency expenses. Since February 26, 2021, finance expense mostly represents interest on our proceed loans and intercompany loan with Goldstory S.A.S, net of hedging of interest rate instruments. The remaining part is composed of financial expenses related to interest on our new revolving credit facility (the "New RCF"), full amortization of the remaining bond redemption premium in relation of the TLB reimbursement, customers' deferred payments and foreign currency expenses.
- **Non-recurring income and expenses.** Non-recurring income and expenses represents all items that are not directly related to our operations or core businesses, and that are considered by management as non-recurring by their nature, such as rental or personnel expenses incurred by stores prior to opening or during renovation work if the latter results in the long-term closure of stores.

2. Results of Operations for the three-month period and the fiscal year ended September 30, 2021 compared to the three-month period and fiscal year ended September 30, 2020

A. Income Statement

The table below sets forth certain line items from our income statement for the three-month period and the fiscal year ended September 30, 2021 and 2020.

		Fourth Quarter				Year-to-Date			
In €m		2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Total Sales	a)	177.3	221.5	44.1	24.9%	669.7	711.0	41.3	6.2%
Other operating income	b)	0.9	4.5	3.6	408.6%	4.8	17.9	13.1	275.7%
Cost of goods sold	c)	(55.8)	(89.7)	(33.9)	60.7%	(217.1)	(241.0)	(24.0)	11.0%
Personnel expenses	g)	(47.7)	(51.2)	(3.5)	7.4%	(174.7)	(173.8)	0.9	(0.5)%
Direct and indirect operating costs	h)	(40.2)	(41.4)	(1.2)	3.0%	(157.8)	(164.3)	(6.5)	4.1%
Taxes and duties	i)	(2.4)	(2.1)	0.3	(14.2)%	(8.7)	(8.0)	0.7	(8.1)%
Depreciation, amortisation & provisions, Net	j)	(4.0)	(13.9)	(9.9)	250.7%	(30.3)	(37.6)	(7.3)	24.1%
Operating income	f)	28.1	27.6	(0.4)	(1.6)%	86.0	104.3	18.2	21.2%
Financial income (expense)	k)	(15.1)	(11.8)	3.3	(21.7)%	(61.6)	(49.9)	11.7	(19.0)%
Income (expense) from recurring operations		13.0	15.8	2.8	21.6%	24.4	54.3	30.0	122.9%
Non-recurring income (expense)	l)	(3.6)	(0.6)	3.0	(83.0)%	(13.0)	(13.4)	(0.4)	3.3%
Income tax	m)	(2.3)	(7.6)	(5.3)	226.0%	(9.5)	(15.6)	(6.1)	64.2%
Non-controlling interests		(0.0)	0.0	0.0	(9,632.6)%	(0.0)	0.0	0.0	(2,709.9)%
Net income (loss)		7.1	7.6	0.5	7.5%	1.9	25.4	23.4	1,216.0%

The table below sets forth our operating KPIs derived from the income statement, namely gross margin, network contribution and Reported EBITDA, for the three-month period and the fiscal year ended September 30, 2021 and 2020.

		Fourth Quarter				Year-to-Date			
In €m		2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Total Sales	a)	177.3	221.5	44.1	24.9%	669.7	711.0	41.3	6.2%
Cost of goods sold	c)	(55.8)	(89.7)	(33.9)	60.7%	(217.1)	(241.0)	(24.0)	11.0%
Cost reinvoiced		(0.2)	(0.4)	(0.3)	127.6%	(0.9)	(0.7)	0.2	(18.7)%
Gross margin	d)	121.3	131.3	10.0	8.3%	451.7	469.2	17.5	3.9%
As a % of Network sales		70.8%	67.4%		(3.4)pp	70.9%	69.4%		(1.5)pp
Total Network direct costs		(68.9)	(68.5)	0.4	(0.5)%	(258.8)	(247.2)	11.7	(4.5)%
Network contribution	e)	52.4	62.8	10.4	19.8%	192.9	222.1	29.1	15.1%
As a % of Network sales		30.6%	32.2%		1.6 pp	30.3%	32.8%		2.6 pp
Indirect Costs		(19.3)	(20.8)	(1.5)	7.8%	(72.7)	(78.3)	(5.6)	7.7%
Closed Stores		(0.3)	(0.3)	(0.0)	10.8%	0.5	0.1	(0.3)	(69.8)%
Reported EBITDA	e)	32.8	41.7	8.9	27.0%	120.6	143.9	23.2	19.3%
As a % of Network sales		19.2%	21.4%		2.2 pp	18.9%	21.3%		2.3 pp

a. Total sales

The table below presents the detail of our total sales for the three-month for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Network sales	**171.3**	**194.8**	**23.5**	**13.7%**	**637.3**	**676.5**	**39.2**	**6.1%**
Sales of precious metals	5.6	26.0	20.4	366.5%	30.3	32.5	2.2	7.2%
Invoicing to suppliers	0.2	0.2	(0.1)	(26.3)%	1.2	1.0	(0.2)	(14.6)%
Purchasing & logistics services	0.1	0.1	0.0	0.7%	0.3	0.4	0.1	22.3%
Other	0.1	0.3	0.3	258.1%	0.6	0.6	0.0	8.3%
Other Sales	**6.0**	**26.6**	**20.6**	**343.7%**	**32.4**	**34.5**	**2.1**	**6.6%**
Total Sales	**177.3**	**221.5**	**44.1**	**24.9%**	**669.7**	**711.0**	**41.3**	**6.2%**

Total sales amounted to €221.5 million in the three-month period ended September 30, 2021, an increase of €44.1 million, or 24.9%, from €177.3 million in the three-month period ended September 30, 2020, mainly due to a €23.5 million increase in our network sales and to a €20.4 million increase in our sales of precious metal. Network sales' increase in the three-month period ended September 30, 2021 compared to the three-month period ended September 30, 2020 was due to a faster recovery of sales after stores' reopening following the lifting of restrictions relating to the COVID-19 pandemic compared to the same period the prior year, especially in Italy. Sales of precious metals of €17.4 million in France and €8.4 million in Italy mainly related to a sale and buyback operation with foundries.

Total sales amounted to €711.0 million in the fiscal year ended September 30, 2021, an increase of €41.3 million, or 6.2%, from €669.7 million in the fiscal year ended September 30, 2020, mainly due to a €39.2 million increase in our network sales. This increase in network sales, despite a network closed 29% of the time during the fiscal year ended September 30, 2021 compared to 17% in the same period last year, was attributable to the good performance of stores when open and the good performance of e-commerce during the year, which was supported by a new Salesforce platform, and the increasing ability to switch from offline to online during lockdowns, to a faster recovery of sales after stores' reopening following the lifting of restrictions relating to the COVID-19 pandemic as compared to the prior year and to the development of the wholesale activity.

Our e-commerce platforms contributed €64.0 million to our network sales during the fiscal year ended September 30, 2021 and €8.4 million during the three-month period ended September 30, 2021, representing, respectively, an increase of €34.4 million, or 116.0%, and an increase of €2.5 million, or 43.0%, compared to the same periods the prior year. These increases were primarily driven by an increase in the volume of sales as opposed to an increase in average basket size or average price.

Closed stores evolution related to the COVID-19 pandemic during the fiscal years ended September 30, 2021 and September 30, 2020

During the fiscal years ended September 30, 2021 and September 30, 2020, the Group's activity was impacted by the COVID-19 pandemic and the strict lockdown rules imposed in our main countries, which resulted in our stores being temporarily closed as follows:

France was impacted by the following restrictions:

In FY20

- From March 17 until May 12, 2020, all stores were fully closed due to the first lockdown of the COVID-19 pandemic, which resulted in 55% of our network being closed in March 2020, 100% in April 2020 and 40% in May 2020. From May 12, 2020, downtown stores and stores in small shopping centers were able to reopen while stores in large shopping centers remained closed until June 2, 2020.

In FY21

- From October 28 to November 28, 2020, the country was in full lockdown. All of our stores were closed.
- From February 1, 2021, all stores located in shopping centers larger than 20,000 sqm had to close (72% of our stores impacted).
- From March 6, 2021, all stores located in shopping centers larger than 10,000 sqm had to close as well, and from March 20, 2021, a regional lockdown in four French regions, including the Ile-de-France area, was enforced, resulting in 80% of stores being closed in March 2021.
- In addition, a 6 p.m. curfew was in place from January 16, 2021 until March 20, 2021, when it was pushed back to 7 p.m. The curfew did not, however, have a material adverse impact on our stores.
- From April 3, 2021 until May 3, 2021, the country was in full lockdown, and stores remained closed until May 18, 2021.
- From August 9, 2021, a COVID-19 health pass was necessary in France to access a certain number of venues (cinemas, museums, amusement parks, restaurants, bars, etc.). Access to some shopping centers that are larger than 20,000 sqm was similarly restricted to people who hold a health pass in areas with a rate of infection higher than 200 cases per 100,000 people. The traffic in our stores slowed down for a few weeks (by approx. 10%), until the health pass was removed in shopping centers in September 2021.

Italy was impacted by the following restrictions:

In FY20

- From March 11 until May 18, 2020, all stores were fully closed due to the first lockdown of the COVID-19 pandemic, which resulted in 68% of our network being closed in March 2020, 100% in April 2020 and 55% in May 2020.

In FY21

- From November 6 to December 3, 2020, all our stores were closed in several regions, including Northern Italy, where our footprint is most important. In other regions, stores were closed only during weekends. Since December 3, 2020, some stores that were fully closed reopened during weekdays but all remained closed on weekends, public holidays and on the eve of public holidays, resulting in 50% of our stores being closed in November 2020, and 39% in December 2020.
- In January and February 2021, stores remained closed over weekends and public holidays and were also fully closed depending on the "color" of the regions in which they were located (COVID-19 pandemic-related restrictions varied from one region to another depending on the region's classification as red, orange, yellow or white). From January 17 to January 24, 2021, Northern Italy where most of our Italian stores are located was in full lockdown. The measures resulted in 45% of our stores being closed in January 2021 and 26% in February 2021.
- From March 15, 2021, almost 60% of our network was closed because the stores were located in a "red zone."
- In April and May 2021, regional lockdowns were still in place in the various regions where infection rates were high. 49% of our store network was closed in April 2021 and 22% in May 2021.
- No further restrictions were imposed from June 2021 onwards.

Germany was impacted by the following restrictions:

In FY20

- From March 20 until April 20, 2020, stores were fully closed and started reopening gradually from April 20, 2020, resulting in 45% of our stores being closed in March 2020, 74% in April 2020 and 4% in May 2020.

In FY21

- From December 16, 2020 (or, in the case of a few stores, December 14, 2020) until March 8, 2021, stores were fully closed, resulting in 48% of our stores being closed in December 2020 and 98% in January and February 2021.
- From March 2021, depending on the rates of infection in each länder and on local regulations, some shops were authorized to fully reopen, some only in Click&Meet and most stores had to remain closed, resulting in 71% of our network being closed in March 2021.
- In April and May 2021, many local and national regulations were still in place, resulting in 83% of our network being closed in April 2021 and 50% in May 2021.
- No further restrictions were imposed from June 2021 onwards.

Reopening of the network
Following a long period of COVID-19 pandemic related restrictions and lockdowns, the Group was finally able to reopen almost all of its stores from May 19, 2021, for Mother's Day.

While the restrictions impacted the Group for Valentine's Day (February 14) in 2021, the reopening of the stores in mid-May 2021 allowed the Group to welcome its customers during Mother's Day, in France, which is an important period of activity of the year.

The tables below present the network closure average which is the monthly average of the percentage of stores closed for each day during the month due to COVID-19 pandemic restrictions across our geographies for the fiscal year ended September 30, 2021 (29% on average for the fiscal year), compared to the fiscal year ended September 30, 2020 (17% for the fiscal year).

In the three-month period September 30, 2021, the Group didn't face any restrictions, similarly to the three-month period ended September 30, 2020.

	YTD ended September 2021												
		1Q21			2Q21			3Q21			4Q21		
In €m	oct-20	nov-20	dec-20	jan-21	feb-21	mar-21	apr-21	may-21	jun-21	juil-21	aug-21	sep-21	YTD21
France	6%	90%	-	-	72%	80%	99%	58%	-	-	-	-	34%
Italy	-	50%	39%	45%	26%	60%	49%	22%	-	-	-	-	25%
Germany	-	-	48%	98%	98%	71%	83%	50%	-	-	-	-	37%
Belgium	-	100%	-	-	-	15%	4%	-	-	-	-	-	10%
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	-	-
THOM Group	**3%**	**69%**	**18%**	**23%**	**53%**	**70%**	**75%**	**42%**	**-**	**-**	**-**	**-**	**29%**

	YTD ended September 2020												
		1Q20			2Q20			3Q20			4Q20		
In €m	oct-19	nov-19	dec-19	jan-20	fev-20	mar-20	apr-20	may-20	jun-20	juil-20	aug-20	sep-20	YTD20
France	-	-	-	-	-	55%	100%	40%	-	-	-	-	17%
Italy	-	-	-	-	-	68%	100%	55%	-	-	-	-	19%
Germany	-	-	-	-	-	45%	74%	4%	-	-	-	-	10%
Belgium	-	-	-	-	-	48%	100%	69%	-	-	-	-	18%
Luxembourg	-	-	-	-	-	48%	100%	100%	-	-	-	-	22%
THOM Group	**-**	**-**	**-**	**-**	**-**	**59%**	**99%**	**45%**	**-**	**-**	**-**	**-**	**17%**
THOM Group Var in pp	+3	+69	+18	+23	+53	+10	-23	-3	-	-	-	-	

Network sales by perimeter, by channel and by brands
The table below presents the detail of our network sales by perimeter on a like-for-like basis for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Network sales France	101.2	110.5	9.3	9.2%	399.8	412.6	12.8	3.2%
Network sales Italy	52.9	64.5	11.5	21.8%	176.8	200.7	23.8	13.5%
Network sales RoE	10.5	11.0	0.5	4.3%	39.0	36.2	(2.9)	(7.3)%
Total network sales on a LFL basis	**164.7**	**185.9**	**21.3**	**12.9%**	**615.6**	**649.4**	**33.8**	**5.5%**
Change in perimeter	6.7	8.9	2.2	33.7%	21.7	27.0	5.3	24.7%
Network sales	**171.3**	**194.8**	**23.5**	**13.7%**	**637.3**	**676.5**	**39.2**	**6.1%**

The table below presents the detail of our network sales by distribution channel on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Store & corner	157.9	176.7	18.8	11.9%	582.3	581.9	(0.4)	(0.1)%
E-commerce	5.9	8.4	2.5	43.0%	29.6	64.0	34.4	116.0%
Wholesale	0.9	0.8	(0.1)	(75)%	3.3	3.6	0.2	7.1%
Other	0.0	0.0	(0.0)	(83.6)%	0.4	0.0	(0.4)	(95.5)%
Total network sales on a LFL basis	**164.7**	**185.9**	**21.3**	**12.9%**	**615.6**	**649.4**	**33.8**	**5.5%**
Change in perimeter	6.7	8.9	2.2	33.7%	21.7	27.0	5.3	24.7%
Network sales	**171.3**	**194.8**	**23.5**	**13.7%**	**637.3**	**676.5**	**39.2**	**6.1%**

The table below presents the detail of our network sales by banner on a like-for-like basis for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Histoire d'Or	87.4	97.0	9.6	11.0%	346.4	368.5	22.1	6.4%
Stroili	47.7	58.3	10.7	22.4%	157.8	181.2	23.4	14.8%
Marc Orian	14.7	15.2	0.5	3.3%	56.6	53.0	(3.6)	(6.4)%
Franco Gioielli	3.7	4.2	0.5	14.3%	12.7	13.2	0.5	3.7%
TrésOr	4.5	4.7	0.2	4.8%	17.9	16.0	(1.9)	(10.5)%
Orovivo	6.2	5.9	(0.3)	(4.6)%	21.8	15.3	(6.4)	(29.6)%
Other	0.6	0.6	0.0	1.3%	2.5	2.3	(0.2)	(9.6)%
Total network sales on a LFL basis	**164.7**	**185.9**	**21.3**	**12.9%**	**615.6**	**649.4**	**33.8**	**5.5%**
Change in perimeter	6.7	8.9	2.2	33.7%	21.7	27.0	5.3	24.7%
Total network sales	**171.3**	**194.8**	**23.5**	**13.7%**	**637.3**	**676.5**	**39.2**	**6.1%**

On a like-for-like basis, our network sales increased by €21.3 million, or 12.9%, to €185.9 million in the three-month period ended September 30, 2021 compared to €164.7 million in the three-month period ended September 30, 2020. The increase in like-for-like sales was mainly due to a faster recovery of sales after stores' reopening following the lifting of restrictions relating to the COVID-19 pandemic compared to the prior year and to the development of e-commerce.

Our network sales, on a like-for-like basis, increased by €33.8 million, or 5.5%, to €649.4 million in the fiscal year ended September 30, 2021 compared to €615.6 million in the fiscal year ended September 30, 2020. This increase was attributable to the embedded growth of stores when open, to the development of e-commerce and to a faster recovery of sales after stores' reopening following the lifting of restrictions relating to the COVID-19 pandemic as compared the prior year, despite the network having been closed 29% of the time during the fiscal year ended September 30, 2021 compared to 17% during the fiscal year ended September 30, 2020.

Our two main banners, Histoire d'Or and Stroili, performed very well despite all the restrictions, with 6.4% and 14.8% increases, respectively, in network sales in the fiscal year ended September 30, 2021 compared to the fiscal year ended September 30, 2020, mainly due to the strong performance of stores when open and of e-commerce platforms, as well as a faster recovery of sales after stores' reopening following the lifting of restrictions relating to the COVID-19 pandemic as compared to the prior year, particularly in Italy. OroVivo in Germany endured strong restrictions from December 2020 until mid-May 2021, which explains the decrease in network sales.

The change in perimeter increased by €2.2 million, or 33.7% to €8.9 million in the three-month period ended September 30, 2021, from €6.7 million in the three-month period ended September 30, 2020.

In the fiscal year ended September 30, 2021, the change in perimeter totaled €27.0 million, an increase of €5.3 million, or 24.7% compared to €21.7 million in the fiscal year ended September 2020, mainly due to a lower net number of store closures in each period (13 in the fiscal year ended September 30, 2021 vs. 29 in the same period the prior year), to the development of the wholesale activity (including as a result of the acquisition of Venson Paris) and to the development of affiliated stores.

E-commerce sales by perimeter

The table below presents the detail of our e-commerce sales by perimeter on a like-for-like basis for the three-month period and the fiscal year ended September 30, 2021 and 2020.

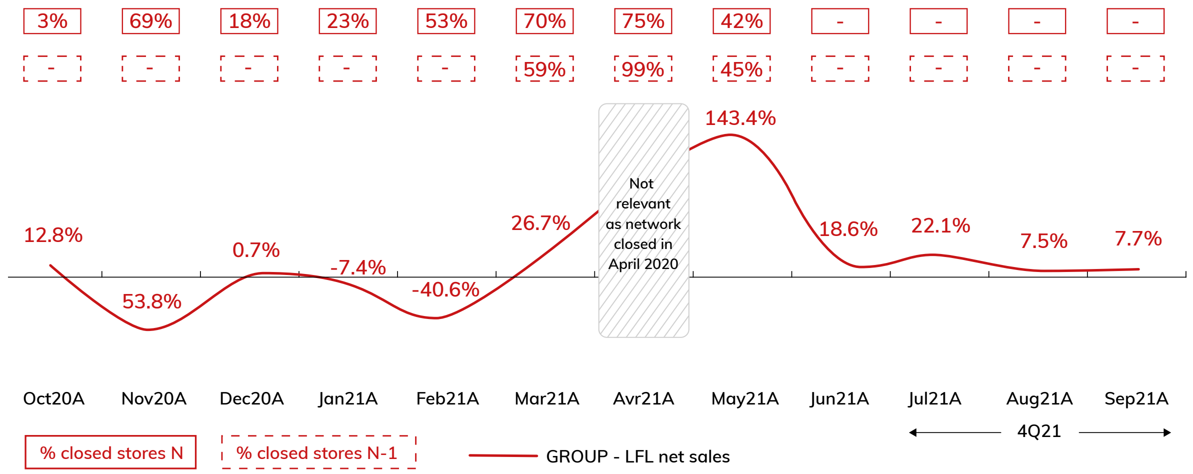
	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
E-commerce sales France	4.9	7.0	2.1	43.9%	25.0	54.8	29.8	119.0%
E-commerce sales Italy	0.9	1.2	0.4	41.1%	3.9	8.1	4.2	109.6%
E-commerce sales RoE	0.1	0.2	0.0	24.3%	0.7	1.1	0.4	51.3%
Total e-commerce sales	**5.9**	**8.4**	**2.5**	**43.0%**	**29.6**	**64.0**	**34.4**	**116.0%**

Monthly network sales

The table below presents our network sales monthly for the fiscal years ended September 30, 2021, 2020, 2019 and 2018 (audited).

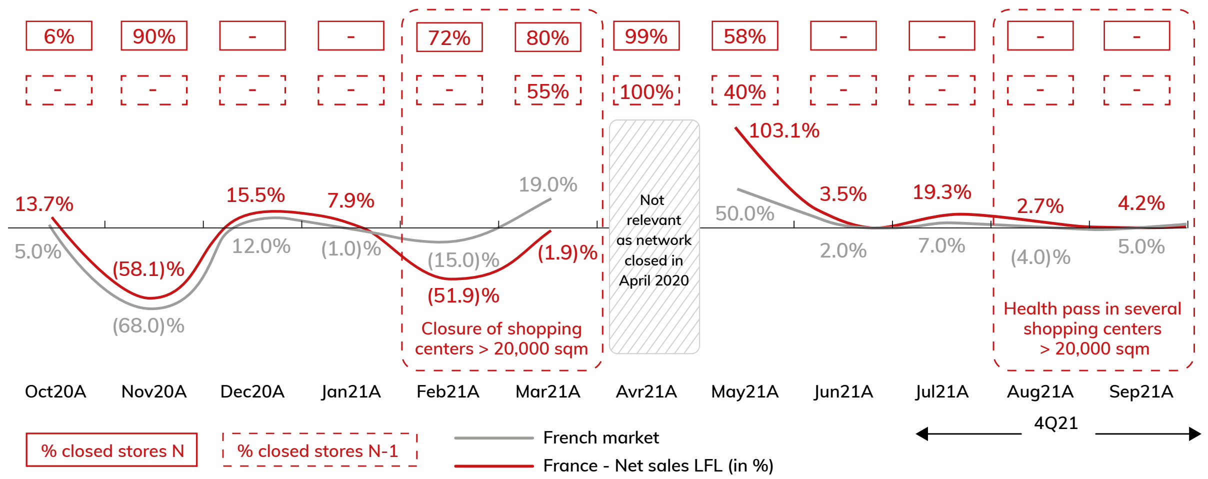
In €m	Audited 2018	Audited 2019	Audited 2020	Audited 2021
October	40.7	43.4	47.2	52.9
November	46.5	48.7	55.1	26.1
December	143.7	147.1	152.1	153.4
January	44.4	45.2	49.5	46.0
February	53.5	56.4	62.3	37.1
March	45.0	44.6	17.8	22.9
April	41.5	46.4	3.3	18.7
May	59.2	64.0	23.3	58.3
June	51.3	52.0	55.4	66.2
July	52.3	57.0	61.1	74.8
August	46.9	49.8	56.0	60.2
September	47.5	49.1	54.2	59.8
Network sales	**672.7**	**703.8**	**637.3**	**676.5**

The graph below presents the growth of our like-for-like network sales monthly for the twelve months ended September 30, 2021, as compared to the same months in the prior year.



Excluding the months affected by lockdown periods (November 2020 and January to mid-May 2021), our network sales showed strong growth across geographies over the twelve months ended September 30, 2021. At the Group level, in the three-month period ended September 30, 2021, network sales on a like-for-like basis increased by €21.3 million, or 12.9%, compared to the three-month period ended September 30, 2020, mainly due to a successful recovery of stores in 2021 following the lifting of restrictions relating to the COVID-19 pandemic (particularly in Italy where the recovery after the first lockdown in 2020 was very slow), the embedded growth of stores and the good performance of e-commerce.

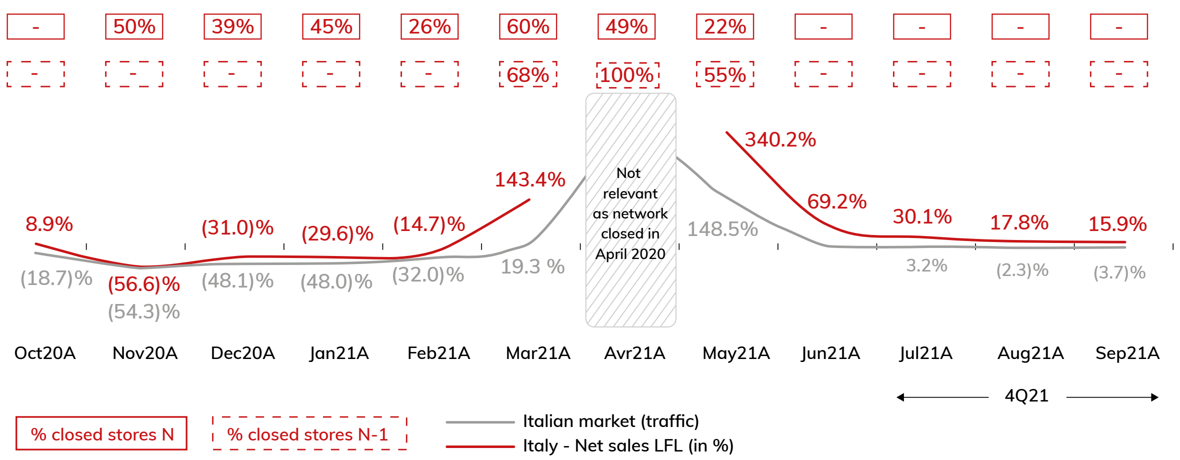
France



"Market" refers to the French Jewelry and Watches Market. Source: Francéclat.

In February and March 2021, the weaker performance of the Group compared to market trends was due to a distortion of competition resulting from the Group's network footprint having a much greater presence in large shopping centers than the broader market: all shopping centers larger than 20,000 sqm were closed starting February 1, 2021, with the threshold being lowered to 10,000 sqm from March 6, 2021. Stores in city centers and smaller shopping centers remained open over the period, except for four regions starting on March 17, 2021, and benefited from the transfer of sales from closed stores. In April 2021, France was in full lockdown, as in the prior year. From mid-May 2021, the Group benefited from a successful reopening of stores and was able to welcome its customers on Mother's day, one of the busiest periods of the year. In the last quarter, the Group outperformed the market, except in September 2021 when the network footprint of the Group, with a strong presence in shopping centers, adversely impacted the Group due to the implementation of a health pass in France to access shopping centers.

Italy



"Market" refers to the Italian Jewelry and Watches Market. Source: Euromonitor.

Italy performed much better than market during the three-month period ended September 30, 2021. The recovery following the reopening of the stores was much more dynamic than in the same period in the prior year and sales performance remained at a high level until the end of September 2021 due to a strong embbed growth of stores resulting from the reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and to a new brand positioning.

b. Other Operating Income

Other Operating Income amounted to €17.9 million in the fiscal year ended September 30, 2021, an increase of €13.1 million, or 273.0%, from €4.8 million in the fiscal year ended September 30, 2020, mainly due to €10.4 million received from the French government via a Fixed Cost Coverage Plan and French solidarity fund subsidy for which THOM S.A.S. was eligible as well as a €0.2 million subsidy received by Venson Paris, an entity acquired on August 31, 2021 to develop the Group's wholesale activity, in each case in the context of the COVID-19 pandemic.

c. Cost of goods sold

The table below presents the detail of our cost of goods sold for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Purchase of finished goods	(42.9)	(50.5)	(7.6)	17.8%	(164.4)	(205.1)	(40.7)	24.7%
Change in inventories - finished goods	(9.7)	(14.8)	(5.1)	52.9%	(23.4)	3.6	27.0	(115.5)%
COGS - Finished Goods	**(52.5)**	**(65.3)**	**(12.8)**	**24.3%**	**(187.8)**	**(201.5)**	**(13.7)**	**7.3%**
Purchase of raw materials	(16.3)	(27.9)	(11.5)	70.7%	(41.7)	(54.8)	(13.2)	31.7%
Change in inventories - raw materials	13.0	3.5	(9.6)	(73.4)%	12.4	15.3	2.9	23.2%
COGS - Raw materials	**(3,3)**	**(24.4)**	**(21.1)**	**641.1%**	**(29.3)**	**(39.6)**	**(10.3)**	**35.2%**
Cost of goods sold	**(55.8)**	**(89.7)**	**(33.9)**	**60.7%**	**(217.1)**	**(241.0)**	**(24.0)**	**11.0%**

In the three-month period ended September 30, 2021, cost of goods sold totaled €89.7 million, an increase of €33.9 million, or 60.7%, from €55.8 million in the three-month period ended September 30, 2020, mainly impacting France (€18.3 million increase) and Italy (€14.4 million increase) and resulting from the strong performance of sales during the fiscal year ended September 30, 2021 as compared to the fiscal year ended September 30, 2020, as well as from gold sales and buy back transactions with foundries in France and Italy.

Cost of goods sold totaled €241.0 million in the fiscal year ended September 30, 2021, an increase of €24.0 million, or 11.0%, from €217.1 million in the fiscal year ended September 30, 2020. The increase was mainly due (i) to an increase in COGS – Finished Goods of €13.7 million owing to the improved performance of Network Sales in the fiscal year ended September 30, 2021, which exceeded Network Sales in the fiscal year ended September 30, 2020 and (ii) to an increase of €10.3 million in COGS-Raw materials mainly related, in France and Italy, to gold sales and buy back transactions with foundries.

d. Gross margin

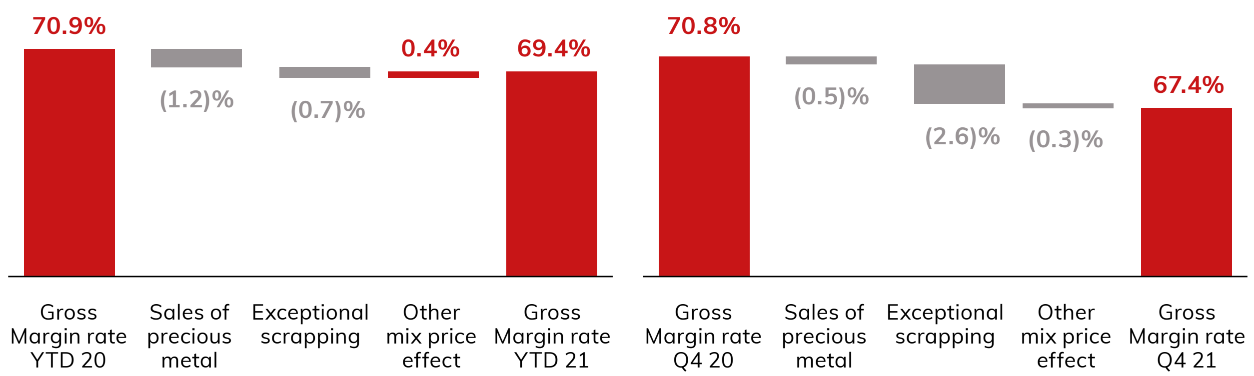
The table below presents the detail of gross margin in value and as a percentage of network sales for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Network sales	171.3	194.8	23.5	13.7%	637.3	676.5	39.2	6.1%
Sales of precious metals	5.6	26.0	20.4	366.5%	30.3	32.5	2.2	7.2%
Invoicing to suppliers	0.2	0.2	(0.1)	(26.3)%	1.2	1.0	(0.2)	(14.6)%
Purchasing & logistics services - reinvoicing	0.1	0.1	0.0	0.7%	0.3	0.4	0.1	22.3%
Other - reinvoicing	0.1	0.3	0.3	258.1%	0.6	0.6	0.0	8.3%
Total Sales	**177.3**	**221.5**	**44.1**	**24.9%**	**669.7**	**711.0**	**41.3**	**6.2%**
Cost of goods sold	**(55.8)**	**(89.7)**	**(33.9)**	**60.7%**	**(217.1)**	**(241.0)**	**(24.0)**	**11.0%**
Costs reinvoiced	**(0.2)**	**(0.4)**	**(0.3)**	**127.6%**	**(0.9)**	**(0.7)**	**0.2**	**(18.7)%**
Gross Margin	**121.3**	**131.3**	**10.0**	**8.3%**	**451.7**	**469.2**	**17.5**	**3.9%**
As a % of Network sales	70.8%	67.4%		(340.4)	70.9%	69.4%		(151.7)

In the three-month period ended September 30, 2021, gross margin totaled €131.3 million, an increase of €10.0 million, or 8.3%, from €121.3 million in the three-month period ended September 30, 2020. The decrease in gross margin contribution as a percentage of network sales of 340.4 basis point, from 70.8% in the three-month period ended September 30, 2020 to 67.4% in the three-month period ended September 30, 2021, was mainly due to a higher than normative inventory scrappings in Italy and Germany for c. €5.0 million (c. 256.0 basis points) and to a lesser extent an increase in gold fixing as well as other metals (silver, rhodium) compared to the prior year, which had been anticipated by management. These scrappings are usual, the exceptional amount this year is due to the convergence of the offerings in Italy and Germany towards that of France to benefit from sales and purchasing synergies.

Gross margin totaled €469.2 million in the fiscal year ended September 30, 2021, an increase of €17.5 million, or 3.9%, from €451.7 million in the fiscal year ended September 30, 2020. Our gross margin contribution as a percentage of network sales decreased to 69.4% in the fiscal year ended September 30, 2021, a decrease of 151.7 basis points from 70.9% in the fiscal year ended September 30, 2020, mainly due to an increase in the price of gold, which had been anticipated by management and a high level of scrapping in Italy and Germany in the three-month period ended September 30, 2021.

The two bridges below set forth the change in gross margin as a percentage of total sales between the three-month period and the fiscal year ended September 30, 2021 and 2020.



The above bridges show that, excluding the impact of sales of precious metals (as the Group has a strategy, this year, of building up a stock of gold), the gross margin rate as a percentage of network sales showed resilience in the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020. In the three-month period ended September 30, 2021, the decrease in gross margin, excluding the sales of precious metals, was mainly due to significant inventory scrapping in Italy and Germany of approximately €5.0 million.

Gross margin by perimeter

The tables below present the detail of gross margin in value and as a percentage of network sales by perimeter on a like-for-like basis for the three-month period and the fiscal year ended September 30, 2021 and 2020.

Gross margin in value

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Gross Margin France	74.8	80.3	5.5	7.3%	288.6	293.5	4.9	1.7%
Gross Margin Italy	37.1	45.1	8.0	21.5%	125.8	141.5	15.7	12.5%
Gross Margin RoE	6.8	6.4	(0.4)	(6.2)%	26.0	23.9	(2.1)	(8.1)%
Gross Margin on a LFL basis	**118.7**	**131.7**	**13.0**	**11.0%**	**440.4**	**458.9**	**18.5**	**4.2%**
Change in perimeter	2.3	(0.4)	(2.8)	(119.0)%	11.2	9.6	(1.6)	(14.1)%
Other income & expenses	0.2	0.0	(0.2)	(95.4)%	0.1	0.7	0.6	446.8%
Gross Margin	**121.3**	**131.3**	**10.0**	**8.3%**	**451.7**	**469.2**	**17.5**	**3.9%**

Gross margin as a percentage

	Fourth Quarter			Year-to-Date		
In €m	2020	2021	Var in bp	2020	2021	Var in bp
Gross Margin France	73.9%	72.7%	(126.2)	72.2%	71.1%	(106.1)
Gross Margin Italy	70.1%	69.9%	(20.1)	71.1%	70.5%	(61.0)
Gross Margin RoE	64.9%	58.4%	(649.8)	66.7%	66.1%	(56.2)
Gross Margin on a LFL basis	**72.1%**	**70.9%**	**(125.6)**	**71.5%**	**70.7%**	**(87.4)**
Change in perimeter	35.2%	(5.0)%	(4,017.3)	51.7%	35.6%	(1,609.7)
Gross Margin	**70.8%**	**67.4%**	**(340.4)**	**70.9%**	**69.4%**	**(151.7)**

In the three-month period ended September 30, 2021, gross margin on a like-for-like basis totaled €131.7 million, an increase of €13.0 million, or 11.0%, from €118.7 million in the three-month period ended September 30, 2020. Our gross margin as a percentage of network sales on a like-for-like basis was 70.9% in the three-month period ended September 30, 2021, a decrease of 125.6 basis points from 72.1% in the three-month period ended September 30, 2020. This was mainly due to an increase in the price of gold as well as other metals (silver, rhodium) compared to the prior year, which had been anticipated by management, and by significant inventory scrappings in Italy and Germany of approximately €5.0 million.

Gross margin on a like-for-like basis totaled €458.9 million in the fiscal year ended September 30, 2021, an increase of €18.5 million, or 4.2%, from €440.4 million in the fiscal year ended September 30, 2020. Our gross margin as a percentage of network sales on a like-for-like basis showed resilience at 70.7% in the fiscal year ended September 30, 2021, a decrease of 87.4 basis points from 71.5% in the fiscal year ended September 30, 2020. The 87.4 basis points deterioration was driven mainly by the strategy of the Group to build up a physical stock of gold, as well as significant inventory scrappings in Italy and Germany of approximately €5.0 million.

e. Network contribution

The table below presents the detail of our network contribution for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Gross Margin	**121.3**	**131.3**	**10.0**	**8.3%**	**451.7**	**469.2**	**17.5**	**3.9%**
Personnel expenses - network	(35.6)	(38.4)	(2.8)	8.0%	(134.7)	(128.5)	6.3	(4.6)%
Rent & charges - network	(22.7)	(21.4)	1.2	(5.4)%	(79.8)	(79.7)	0.1	(0.1)%
Marketing costs - network	(1.6)	(2.9)	(1.3)	82.9%	(12.1)	(16.5)	(4.4)	36.8%
Taxes - network	(1.5)	(1.6)	(0.1)	7.9%	(5.5)	(6.5)	(1.0)	18.3%
Overheads - network	(7.6)	(4.2)	3.4	(45.1)%	(26.7)	(16.0)	10.7	(40.2)%
Total network direct costs	**(68.9)**	**(68.5)**	**0.4**	**(0.5)%**	**(258.8)**	**(247.2)**	**11.7**	**(4.5)%**
As a % of network sales	(40.2)%	(35.2)%		504.9	(40.6)%	(36.5)%		407.4
Network contribution	**52.4**	**62.8**	**10.4**	**19.8%**	**192.9**	**222.1**	**29.1**	**15.1%**
As a % of network sales	30.6%	32.2%		164.5	30.3%	32.8%		255.7

In the three-month period ended September 30, 2021, network contribution totaled €62.8 million, an increase of €10.4 million, or 19.8%, from €52.4 million in the three-month period ended September 30, 2020. Over the period, the network contribution as a percentage of net sales improved by 164.5 basis points from 30.6% in the three-month period ended September 30, 2020 to 32.2% in the three-month period ended September 30, 2021. This improvement was mainly due to the strong performance of stores during the quarter compared to the same quarter the prior year, and to the accrual of a French government subsidy in the amount of €2.5 million in the three-month period ended September 30, 2021.

In the fiscal year ended September 30, 2021, network contribution totaled €222.1 million, an increase of €29.1 million, or 15.1%, from €192.9 million in the fiscal year ended September 30, 2020. We demonstrated through a €11.7 million, or 4.5%, decrease of total network direct costs, the flexibility of our cost structure. This decrease in total network direct costs led to an increase in network contribution as a percentage of sales of 255.7 basis points, from 30.3% in the fiscal year ended September 30, 2020 to 32.8% in the fiscal year ended September 30, 2021. This improvement in network contribution was mainly due to the decrease in personnel expenses resulting from the streamlining of staff resources with the recourse to state-funded furlough schemes during lockdown periods and to a €10.6 million accrual of French subsidies (with respect to the months of March and April 2021). The increase in marketing costs was due to the higher level of e-commerce sales, with a €5.4 million increase in e-commerce marketing costs in the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020, and a €1.0 million increase in the three-month period ended September 30, 2021, compared to the three-month period ended September 30, 2020. Conversely, retail marketing costs decreased by €1.5 million in the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020, and remained flat in the three-month period ended September 30, 2021, compared to the three-month period ended September 30, 2020.

The table below presents the bridge between network contribution and Reported EBITDA for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Network Contribution	**52.4**	**62.8**	**10.4**	**19.8%**	**192.9**	**222.1**	**29.1**	**15.1%**
Indirect Costs	(19.3)	(20.8)	(1.5)	7.8%	(72.7)	(78.3)	(5.6)	7.7%
Contribution of closed stores	(0.3)	(0.3)	(0.0)	10.8%	0.5	0.1	(0.3)	(69.8)%
Reported EBITDA	**32.8**	**41.7**	**8.9**	**27.0%**	**120.6**	**143.9**	**23.2**	**19.3%**

f. Reported EBITDA to Operating Income

The table below presents the bridge from Reported EBITDA to operating income for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Reported EBITDA	**32.8**	**41.7**	**8.9**	**27.3%**	**120.6**	**143.9**	**23.3**	**19.3%**
Depreciation, amortisation & provisions, net	(4.0)	(13.9)	(9.9)	250.7 %	(30.3)	(37.6)	(7.3)	24.1 %
Business tax (CVAE)	(1.0)	(0.5)	0.5	(47.5)%	(3.9)	(2.0)	1.9	(48.9)%
Contribution of closed stores	0.3	0.3	0.0	10.8 %	(0.5)	(0.1)	0.3	(69.8)%
Operating Income	**28.1**	**27.6**	**(0.4)**	**(1.6)%**	**86.0**	**104.3**	**18.2**	**21.2 %**

Monthly Reported EBITDA

The table below presents our Reported EBITDA monthly for the fiscal years ended September 30, 2021, 2020, 2019 and 2018 (audited).

In €m	Audited 2018	Audited 2019	Audited 2020	Audited 2021
October	(0.0)	0.8	1.9	8.3
November	3.5	3.7	7.0	(1.6)
December	63.3	64.7	66.8	69.5
January	1.2	1.4	2.7	2.0
February	8.5	8.6	10.1	2.3
March	3.6	3.0	(5.3)	(3.1)
April	1.1	4.6	(8.6)	(3.3)
May	12.4	14.1	0.8	12.8
June	8.5	7.8	11.6	15.1
July	7.7	9.4	13.0	19.4
August	6.5	6.6	9.7	12.2
September	7.1	5.3	10.1	10.1
Adjustment for closed stores	0.5	2.1	0.7	0.1
Reported EBITDA	**123.9**	**132.1**	**120.6**	**143.9**

In the three-month period ended September 30, 2021, the Group strongly benefited from successful stores' reopening following the lifting of restrictions relating to the COVID-19 pandemic, the embedded growth of stores and the growth of e-commerce, which resulted in a Reported EBITDA (excluding closed stores) of €41.7 million compared to €32.9 million for the same period the prior year, an increase of €8.8 million, or 26.7%.

Reported EBITDA totaled €143.9 million in the fiscal year ended September 30, 2021, an increase of €23.3 million, or 19.3% from €120.6 million in the fiscal year ended September 30, 2020. In the fiscal year ended September 30, 2021, the Group benefited from (i) the sales development despite tougher sanitary constraints, (ii) a strong resilience of Gross Margin despite unfavorable mix effect with the decrease in impulse purchases in covid context (impulse purchases are oriented toward fashion products with higher margins) and the increase in gold fixings mitigated by an efficient hedging policy combined with repricing initiatives, (iii) a strong focus on cost efficiency: productivity of staff, consumption of overheads, negotiations with landlords and (iv) more support from the government with €10.6 million Fixed Cost Coverage Plan and French solidarity fund, compared to none last year.

g. Personnel expenses

In the three-month period ended September 30, 2021, personnel expenses totaled €51.2 million, an increase of €3.5 million, or 7.4% from €47.7 million in the three-month period ended September 30, 2020, mainly due to the strong performance of stores since their reopening in mid-May 2021 following the lifting of restrictions relating to the COVID-19 pandemic.

In the fiscal year ended September 30, 2021, personnel expenses totaled €173.8 million, fairly stable as compared to €174.7 million in the fiscal year ended September 30, 2020. The €0.9 million decrease in personnel expenses was primarily due to the impact of the COVID-19 pandemic and reflected the Group's ability to adjust its cost base to the decrease in sales activity and operations through (i) the recourse to various furlough schemes in the countries in which the Group operates, with furlough payments amounting to an aggregate of €10.5 million in the fiscal year ended September 30, 2021, which represented a €4.8 million increase compared to the prior year, (ii) optimization of staffing in stores (recruitment freeze and a decision not to renew short-term contracts), partially offset by (iii) an increase in headquarter and stores personnel costs in the three-month period ended September 30, 2021, due to the recovery of business with a strong operational performance compared to the three-month period ended September 30, 2020.

h. Direct and indirect operating expenses

In the three-month period ended September 30, 2021, direct and indirect expenses totaled €41.4 million, an increase of €1.2 million, or 3.0%, from €40.2 million in the three-month period ended September 30, 2020.

In the fiscal year ended September 30, 2021, direct and indirect operating expenses totaled €164.3 million, an increase of €6.5 million, or 4.1%, from €157.8 million in the fiscal year ended September 30, 2020. This increase in direct and indirect operating expenses was mainly attributable to (i) a €2.2 million increase in transportation costs related to the increase in e-commerce sale, (ii) a €1.3 million increase in IT maintenance costs due mainly to the implementation of remote working arrangements for most of the head-office employees and (iii) a €3.0 million increase in various direct and indirect costs in relation with the strong performance of stores since their reopening following the lifting of restrictions relating to the COVID-19 pandemic.

In response to the COVID-19 pandemic, the Group implemented cost reduction initiatives, including contractual negotiations with our major landlords, the reduction in activity of our logistics platform when stores were closed, the cost reduction action plan we implemented at our headquarters level and the suspension of marketing operations.

i. Taxes and duties

Taxes and duties totaled €8.0 million in the fiscal year ended September 30, 2021, a decrease of €0.7 million, or 8.1%, from €8.7 million in the fiscal year ended September 30, 2020.

Our taxes and duties mainly include the CVAE (€2.0 million in the fiscal year ended September 30, 2021), a tax on commercial premises (Cotisation foncière des entreprises (CFE)), payroll-related taxes and a levy on French companies to fund social security (Contribution sociale de solidarité (CSS)). The main driver of the decrease in taxes and duties in this period was the reduction in CVAE, which was in turn a result of a lower added value considering the lower number of days of operations due to the COVID-19 pandemic.

j. Change in depreciation, amortization and provisions net of provision reversals

Change in depreciation, amortization and provisions net of provision reversals totaled a provision of €13.9 million in the three-month period ended September 30, 2021, an increase in provision of €9.9 million, or 250.7% from a net provision of €4.0 million in the three-month period ended September 30, 2020. During the three-month period ended September 30, 2021, change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €18.8 million in amortization and provision of fixed assets and (ii) a €4.8 million reversal of provision for inventories mainly due to significant inventory scrappings, in Italy and Germany, relating to goods that were depreciated, of approximately €5.0 million. The increase compared to the three-month period ended September 30, 2020 was due to (i) an exceptional level of reversal of provision for risk and charges in the three-month period ended September 30, 2020 amounting to €7.4 million, due to the reversal of provision for rents related to the COVID-19 pandemic (due to a cautious approach of the Group to only accrue rents for which the agreement was signed with the landlord) compared to €0.2 million in the three-month period ended September 2021 and (ii) an increase in provision for fixed assets of €4.0 million, particularly in France (€3.5 million) and Italy (€0.5 million), mainly relating to an impairment of leasehold rights.

Change in depreciation, amortization and provisions net of provision reversals totaled €37.6 million in the fiscal year ended September 30, 2021 against €30.3 million in the fiscal year ended September 30, 2020. The increase of €7.3 million, or 24.1%, was mainly composed of (i) a €3.2 million increase of provision to €39.5 million in amortization and provision of fixed assets in the fiscal year ended September 30,2021 from €36.3 million in the fiscal year ended September 30, 2020 mainly due to leaseholds impairment in France, (ii) a €1.8m decrease of reversal to a €1.8 million reversal of provision for risk and charges in the fiscal year ended September 30, 2021, compared to a €3.6 million reversal of provision in the fiscal year ended September 30, 2020, and (iii) a €2.8 million decrease in reversal of provision for inventories, amounting to €0.9 million in the fiscal year ended September 30, 2021, mainly related to the depreciation of our gold inventory to adjust for the difference between the inventory's net book value and market gold prices, explained by an increase in gold inventory in the fiscal year ended September 30, 2021, compared to a €3.7 million reversal of provision for inventories in the fiscal year ended September 30, 2020.

The COVID-19 pandemic has not resulted in any unusual goodwill or other intangible assets impairment.

k.Financial income (expense)

In the fiscal year ended September 30, 2021, financial expense totaled €49.9 million, a decrease of €11.7 million, or 19.0%, from €61.6 million in the fiscal year ended September 30, 2020. In the three-month period ended September 30, 2021, financial expense totaled €11.8 million, a decrease of €3.3 million, or 21.7 from €15.1 million in the three-month period ended September 30, 2020.

At the THOM Group level, only the former financing (TLB and convertible bonds) and intercompany loans with Goldstory are accounted for. Further information in respect of the interest on the new financing at the Goldstory level is provided further below in "Pro Forma Goldstory S.A.S.".

In the fiscal year ended September 30, 2021, our financial expense mainly consisted of (i) interest related to the financing structure that was in place until February 26, 2021, composed of €11.0 million in interest paid on our former TLB and RCF, €9.4 million of capitalized interest in respect of former convertible bonds and €3.1 million in amortization of the bond redemption premium, (ii) €22.7 million in interest related to the proceeds loans and intercompany loan with Goldstory entered into connection with the Senior Secured Notes and (iii) €0.7 million of interest on the New RCF line drawn in April 2021 and reimbursed in July 2021.

The €11.7 million decrease in financial expense was mainly attributable to a decrease in interest payment obligations resulting from the repayment of €152.2 million of convertible bonds in the financial year ended September 30, 2020 and to the conversion, on February 26, 2021, of the remaining convertible bonds totaling €199.9 million into an intercompany loan with Goldstory, bearing interest at a rate of 5.93% per annum.

l. Non-recurring income and expenses

The table below presents the detail of our non-recurring income and expenses for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Pre-opening costs	(0.3)	(0.5)	(0.1)	41.8%	(1.1)	(1.2)	(0.1)	9.7%
Covid Sanitary Supplies	-	-	-	n.a.	(2.3)	-	2.3	(100.0)%
Fees in respect of ongoing M&A processes	-	0.1	0.1	n.a.	-	(1.1)	(1.1)	n.a.
Non-recurring indemnity	-	(0.2)	(0.2)	n.a.	-	(1.1)	(1.1)	n.a.
Extra. amortization of TLB issuance borrowing costs	-	-	-	n.a.	-	(4.4)	(4.4)	n.a.
Other income and expense	1.4	0.7	(0.7)	(51.0)%	(0.9)	(0.2)	0.6	(71.5)%
Non-recurring loss from operations	**1.1**	**0.1**	**(0.9)**	**(86.4)%**	**(4.3)**	**(3.6)**	**0.6**	**(14.7)%**
Income from disposal of leasehold rights	0.2	0.0	(0.2)	(99.3)%	0.4	0.8	0.4	99.9%
NBV intangible asset disposals	(3.9)	(0.6)	3.3	(84.1)%	(7.1)	(5.3)	1.8	(25.6)%
NBV tangible asset disposals	(1.0)	(0.3)	0.7	(68.9)%	(1.9)	(1.0)	0.9	(49.3)%
Non-recurring loss from disposed assets	**(4.7)**	**(0.8)**	**3.9**	**(83.8)%**	**(8.7)**	**(9.7)**	**(1.1)**	**12.2%**
Non-recurring income (expense)	**(3.6)**	**(0.6)**	**3.0**	**(83.0)%**	**(13.0)**	**(13.4)**	**(0.4)**	**3.3%**

Non-recurring expenses totaled €0.6 million in the three-month period ended September 30, 2021, a decrease of €3.0 million compared to €3.6 million in the three-month period ended September 30, 2020. The decrease was mainly due to a decrease in the net book value of intangible assets related to the disposal of goodwill, leasehold rights and facilities of closed stores.

The €2.3 million of Covid Sanitary Supplies in the fiscal year ended September 30, 2020, corresponded to the gap between actual purchase price of sanitary supplies and September 2020 purchase price. Indeed, at the beginning of the COVID-19 pandemic, the price of sanitary supplies has been strongly impacted by shortages and an excessive demand. Then, following a significant increase of the offer, the prices of these consumables have drastically decreased and have continued decreasing after year-end. The entire sanitary consumable expenses have been booked in the operating profit at the purchase price of September 2020 and only the gap in prices has been reported as extraordinary expenses.

Non-recurring expenses totaled €13.4 million in the fiscal year ended September 30, 2021, largely stable compared to €13.0 million in the fiscal year ended September 30, 2020.

m. Income tax

Income tax includes current and deferred income taxes. Income tax expense totaled €15.6 million in the fiscal year ended September 30, 2021, an increase of €6.1 million, or 64.2%, from €9.5 million in the fiscal year ended September 30, 2020. The increase was due to the strong operating performance of the Group, especially since the reopening of stores in mid-May 2021 following the lifting of restrictions relating to the COVID-19 pandemic, the embedded growth of stores outside lockdown periods, e-commerce growth, costs reduction due to COVID-19 pandemic-related savings plans and financial support received as part of the French government's Fixed Cost Coverage Plan and solidarity fund subsidy. The application of the safeguard clause of the European Anti-Tax Avoidance Directive enabled the Group to deduct an additional €5.5 million in net financial expenses from its annual income tax.

B. Liquidity and Capital Resources

a. Free cash flow

The following table summarizes our free cash flow for the three-month period and the fiscal year ended September 30, 2021 and 2020.

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Reported EBITDA	**32.8**	**41.7**	**8.9**	**27,3%**	**120.6**	**143.9**	**23.3**	**19.3%**
Business tax (CVAE) & store closure expenses	(0.8)	(0.2)	0.5	(70,0)%	(4.3)	(2.1)	2.2	(51.1)%
Change in working capital (includ. employee profit sharing paid)	(33.3)	19.3	52.6	(158,1)%	(8.4)	30.4	38.8	(462.8)%
Income tax paid	(2.1)	(11.8)	(9.8)	474,8%	(2.8)	(15.0)	(12.2)	439.8%
Other non-recurring income (expenses)	0.2	(0.0)	(0.3)	(115,2)%	(4.8)	(4.5)	0.2	(4.9)%
Net cash provided by operating activities	**(3.1)**	**49.0**	**52.0**	**(1,698.1)%**	**100.3**	**152.6**	**52.3**	**52.2%**
Acquisition of tangible, intangible assets	(8.8)	(7.2)	1.6	(18.0)%	(26.1)	(27.6)	(1.5)	5.7%
Disposal of tangible, intangible assets	0.2	0.0	(0.2)	(99.3)%	0.4	0.8	0.4	99.9%
Change in working capital on fixed assets	(0.6)	2.7	3.4	(533.8)%	(6.2)	2.0	8.2	(131.6)%
Net cash used in investing activities	(9.2)	(4.4)	4.7	(51.6)%	(31.9)	(24.9)	7.1	(22.2)%
Free Cash Flow	**(12.2)**	**44.5**	**56.8**	**(464.6)%**	**68.4**	**127.8**	**59.4**	**86.9%**
As a % of Reported EBITDA	*(37.2)%*	*106.7%*		*143.9 pp*	*56.7%*	*88.8%*		*32.1 pp*
Interest paid on Term Loan B and RCF	(7.4)	(0.8)	6.6	(89.2)%	(25.9)	(15.5)	10.4	(40.1)%
Interest paid on Proceeds and Intercompany loans	-	(16.9)	(16.9)	n/a	-	(19.7)	(19.7)	n/a
Goldstory current account	-	(0.8)	(0.8)	n/a	-	(2.8)	(2.8)	n/a
Other interest paid	0.1	(0.9)	(1.0)	(762.5)%	(0.2)	(0.9)	(0.8)	393.4%
Other cash flows used in financing activities	(0.3)	(3.5)	(3.2)	968.7%	(0.7)	(7.8)	(7.1)	1036.0%
Net cash used in financing activities	**(7.6)**	**(22.9)**	**(15.4)**	**203.4%**	**(26.8)**	**(46.8)**	**(20.0)**	**74.7%**
Net cash before change in debt, specific events and RCF	**(19.8)**	**21.6**	**41.4**	**(209.2)%**	**41.6**	**81.0**	**39.4**	**94.6%**
Revolving credit facilities, Net of Repayment	**0.8**	**(90.0)**	**(90.8)**	**(0.0)**	**89.8**	**(89.8)**	**(179.6)**	**(200)%**
Net cash before change in debt & specific events, after RCF	**(19.0)**	**(68.4)**	**(49.4)**	**260.5%**	**131.4**	**(8.8)**	**(140.2)**	**(106.7)%**
Change in Debt	-	(175.0)	(175.0)	n/a	-	(299.0)	(299.0)	n/a
Financing cost	-	-	-	n/a	-	(1.4)	(1.4)	n/a
FY21 refinancing and change in shareholders	**-**	**(175.0)**	**(175.0)**	**n/a**	**-**	**(300.4)**	**(300.4)**	**n/a**
Equity Injection	0.0	175.0	175.0	n/a	52.8	175.0	122.2	231.2%
Repayment of convertible bonds	0.0	-	(0.0)	(100.0)%	(52.2)	-	52.2	(100.0)%
Agatha acquisition	-	(0.3)	(0.3)	n/a	-	(3.3)	(3.3)	n/a
Popsell Acquisition	-	(0.1)	(0.1)	n/a	-	(1.9)	(1.9)	n/a
Venson Paris Acquisition	-	(2.0)	(2.0)	n/a	-	(2.0)	(2.0)	n/a
Specific events	**0.0**	**172.6**	**172.6**	**n/a**	**0.6**	**167.8**	**167.1**	**n/a**
Net increase / (decrease) in cash and cash equivalents	**(19.0)**	**(70.8)**	**(51.8)**	**273.1%**	**132.1**	**(141.4)**	**(273.4)**	**(207.1)%**
Cash and cash equivalents at the beginning of the period	**215.7**	**126.1**	**(89.6)**	**(41.5)%**	**64.7**	**196.7**	**132.1**	**204.3%**
Change in perimeter (Venson Paris + Popsell)		0.4	0.4	n/a		0.4	0.4	n/a
Cash and cash equivalents at the end of the period	**196.7**	**55.7**	**(141.0)**	**(71.7)%**	**196.7**	**55.7**	**(141.0)**	**(71.7)%**
Change in cash	**(19.0)**	**(70.8)**	**(51.8)**	**273.1%**	**132.1**	**(141.4)**	**(273.4)**	**(207.1)%**

Our free cash flow is seasonal, with a peak in December after the Christmas season once we have recorded payment for our products sold, and a low point in September to November reflecting inventory build-up ahead of the Christmas season. The main drivers of the seasonality of our free cash flows are Reported EBITDA, changes in working capital (mainly trade payables and, to a lesser extent, inventories) and capital expenditure, consisting of growth capital expenditure, maintenance, and refurbishment expenditures.

Free cash flow totaled €127.8 million in the fiscal year ended September 30, 2021, an increase of €59.4 million, or 86.9%, from €68.4 million in the fiscal year ended September 30, 2020. This increase was mainly due to the combination of:

- a €23.3 million increase in Reported EBITDA, resulting from the good performance of stores since reopening in mid-May 2021, following the lifting of restrictions relating to the COVID-19 pandemic, the strong growth of stores when opened outside lockdown periods, the development of e-commerce, cost-cutting measures (i.e. partial unemployment) and €10.6 million in French governmental subsidies;
- the positive change in working capital, which increased by €38.8 million in the fiscal year ended September 30, 2021, compared to the fiscal year ended September 30, 2020, was mainly due to:
  - To operations for a net amount of €22.0 million mainly related to higher trade payables, resulting from the return to a normative supply pattern as September 30, 2020 closing was adversly impacted by delays in order intake for €32.0 million, partly offset by an increase in trade receivables resulting from the development of the wholesale activity for €10.0 million;
  - And to Items related to Covid-19 for a net amount of €16 million with outstanding rents for €26.0 million, the increase in social liabilities (postponement in respect of the COVID-19 pandemic) of €16.0 million partly offset the buildup of a physical stock for €16.0 million and the €10.0 million receivables in respect of €10.6m French governmental subsidies compared to none in the fiscal year ended September 30, 2020. The net impact at September 30, 2021 of Covid-19 related Impact on net working capital is therefore very limited.
- the positive effect of net cash used in investing activities, which decreased by €7.1 million, primarily due to a €8.2 million decrease in working capital on fixed assets partially offset by a €1.5 million increase in capital expenditure acquisition. Market predictability and conditions were more favorable in the fiscal year ended September 30, 2021 than in the fiscal year ended September 30, 2020 and we focused on smaller projects, notably with respect to store refurbishments in Italy;
- these effects were partially offset by a €12.2 million increase in income tax payments resulting from €15.0 million in income tax paid in the fiscal year ended September 30, 2021, compared to €2.8 million in income tax paid in the fiscal year ended September 30, 2020.

Net cash used in financing activities totaled €46.8 million, an increase of €20.0 million, or 74.7%, from €26.8 million in the fiscal year ended September 30, 2020, mainly due to the change in debt structure since February 2021 and to a €5.7 million pledge paid in Italy as rent guaranty in the fiscal year ended September 30, 2021.

Net cash flow before change in debt, specific events and RCF totalled €81.0 million for the fiscal year ended September 30, 2021, an increase of €39.4 million, or 94.6%, from €41.6 million in the fiscal year ended September 30, 2020, showing strong cash generation after financing activities and before refinancing and specific events.

In the three-month period ended September 30, 2021, the Group repaid in full the €90.0 million available under the new RCF which was drawn in the three-month period ended June 30, 2021.

The Group's refinancing, which closed into escrow on February 4, 2021 and was completed on February 26, 2021 in connection with the change in ownership of the Group, impacted the Group cash flow (at the Company level) as follows (for information relating to the pro forma impact at the Issuer level, see "*Pro forma Goldstory S.A.S*"):

- Reimbursement of the TLB in the amount of €565.0 million.
- Repayment of convertible bonds in the amount of €199.9 million and conversion into an intercompany loan between Goldstory S.A.S. and THOM Group S.A.S. On September 24, 2021, together with the capital increase of €175.0 million, the intercompany loan with Goldstory S.A.S., for an initial amount of €199.9 million, was reduced by €175 million and amounted to €24.9 million as of September 30, 2021.
- Implementation of two new proceeds loans between Goldstory S.A.S and THOM Group S.A.S in a combined amount of €441.0 million:
  - Fixed rate proceeds loan in the amount of €263.2 million at an interest rate of 5.88% per annum
  - Floating rate proceeds loan in the amount of €177.8 million at an interest rate of 6.00% + 3 months EURIBOR per annum.
- Financing cost in the amount of €1.4 million.

b. Capital expenditure

Our total capital expenditures are mainly driven by the maintenance and refurbishment of our stores, as well as the opening of new stores. We benefit from low maintenance capital expenditure requirements, which give us flexibility to protect our free cash flow. We generally perform a full refurbishment of our stores once every 12 to 15 years.

The following table provides the detail of our capital expenditure for the three-month periods and the fiscal years ended September 30, 2021 and 2020:

	Fourth Quarter				Year-to-Date			
In €m	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Maintenance Capital Expenditure	(2.1)	(0.5)	1.6	(76.7)%	(5.7)	(4.7)	0.9	(16.1)%
Refurbishment Capital Expenditure	(1.4)	(2.1)	(0.7)	50.5 %	(3.2)	(4.7)	(1.5)	46.6 %
Expansion Capital Expenditure	(0.9)	(0.9)	(0.1)	6.9 %	(3.8)	(3.6)	0.2	(6.1)%
Store Capital Expenditure	**(4.3)**	**(3.5)**	**0.8**	**(19.1)%**	**(12.6)**	**(13.0)**	**(0.3)**	**2.7 %**
Shine 2020 - IT Project Capital Expenditure	(3.4)	(2.3)	1.1	(32.1)%	(9.5)	(8.1)	1.4	(14.6)%
Other Capital Expenditure	(1.0)	(1.4)	(0.3)	34.1 %	(4.0)	(6.5)	(2.5)	63.3 %
IT & Corporate Capital Expenditure	**(4.4)**	**(3.7)**	**0.7**	**(16.9)%**	**(13.5)**	**(14.6)**	**(1.1)**	**8.4 %**
Total Capital Expenditure	**(8.7)**	**(7.2)**	**1.6**	**(18.0)%**	**(26.1)**	**(27.6)**	**(1.5)**	**5.7 %**

Total capital expenditure was €7.2 million in the three-month period ended September 30, 2021, a decrease of €1.6 million compared to €8.7 million in the three-month period ended September 30, 2020, mainly due to a decrease in maintenance capital expenditure due to our Shine 2020 capital expenditure project.

In the fiscal year ended September 30, 2021, total capital expenditure was €27.6 million, an increase of €1.5 million, or 5.7%, from €26.1 million in the fiscal year ended September 30, 2020. This was mainly due to (i) a €1.4 million increase in ongoing or terminated IT-related projects and (ii) maintenance capital expenditure, mainly in Italy, related to stores refurbishments.

C. Pro forma Goldstory SAS

On February 26, 2021, Altamir and certain of its affiliates, certain members of management and certain co-investors purchased, directly or indirectly, 100% of the issued and outstanding shares of THOM Group. For the acquisition, a bidco, Goldstory S.A.S., was created above THOM Group.

a. Pro forma Information

This discussion and analysis includes the consolidated financial information of the Company, THOM Group, on which the audit for the fiscal year ended September 30, 2021 has been performed. However, the restrictive covenants included in the indenture for the Senior Secured Notes will apply to Goldstory S.A.S. and its restricted subsidiaries. Set forth below are the principal items reflected in the Goldstory S.A.S. financial statements, as at and for the period from February 26, 2021 through September 30, 2021, that are specific to the Issuer and do not apply to the Company:

- €620 million aggregate principal amount of Senior Secured Notes corresponding to:
  - €370 million aggregate principal amount of 5.375% senior secured notes due 2026
  - €250 million aggregate principal amount of floating rate notes due 2026 (with a margin of EURIBOR plus 550 basis points)
- €19.4 million interest on the Senior Secured Notes, which was paid on September 1, 2021 and €2.8 million still accrued on the Balance Sheet as of September 30, 2021
- €18.3 million in financing costs, which will be amortized over the life of the Senior Secured Notes
- €4.0 million in cash and cash equivalents
- other operating expenses resulting in an impact of €(0.1) million on EBITDA
- €3.1 million of other non-recurring expenses specific to Goldstory
- €1.5 million of change in working capital specific to Goldstory

b. Cash Flow – Bridge between THOM Group SAS and Goldstory SAS

In €m	THOM GROUP	Operating GS/EJ1/EJ2	Interco loan	Impact SSN	Non-used RCF interests	THG Capital increase	GS Capital	FG Merger/ EJ Liquidations	Acquisition of THG	GOLDSTORY PROFORMA
Reported EBITDA	**143.9**	**(0.1)**	-	-	-	-	-	-	-	**143.9**
Business tax (CVAE) & store closure expenses	(2.1)									(2.1)
Change in working capital (includ. employee profit sharing paid)	30.4	(1.5)								28.9
Income tax paid	(15.0)	0.0								(15.0)
Other non-recurring income (expenses)	(4.5)	(3.1)								(7.6)
Net cash provided by operating activities	**152.6**	**(4.7)**	-	-	-	-	-	-	-	**148.0**
Acquisition of tangible, intangible assets	(27.6)									(27.6)
Disposal of tangible, intangible assets	0.8									0.8
Change in working capital on fixed assets	2.0									2.0
Net cash used in investing activities	**(24.9)**	-	-	-	-	-	-	-	-	**(24.9)**
Free Cash Flow	**127.8**	**(4.7)**	-	-	-	-	-	-	-	**123.1**
As a % of Reported EBITDA	*88.8%*									*85.6%*
Interest paid on Term Loan B and RCF	(15.5)				(0.2)					(15.8)
Interest paid on Proceeds and Intercompany loans	(19.7)		19.7							-
Interest on SSN				(19.4)						(19.4)
Goldstory current account	(2.8)		2.8							-
Other interest paid	(0.9)									(0.9)
Other cash flows used in financing activities	(7.8)	(0.0)						1.4		(6.5)
Net cash used in financing activities	**(46.8)**	**(0.0)**	**22.5**	**(19.4)**	**(0.2)**	-	-	**1.4**	-	**(42.6)**
Net cash before change in debt, specific events and RCF	**81.0**	**(4.7)**	**22.5**	**(19.4)**	**(0.2)**	-	-	**1.4**	-	**80.5**
Revolving credit facilities, Net of Repayment	**(89.8)**	-	-	-	-	-	-	-	-	**(89.8)**
Net cash before change in debt & specific events, after RCF	**(8.8)**	**(4.7)**	**22.5**	**(19.4)**	**(0.2)**	-	-	**1.4**	-	**(9.3)**
Change in Debt	**(299.0)**		**(441.0)**	**620.0**		**175.0**				**55.0**
Financing cost	**(1.4)**			**(18.3)**						**(19.6)**
Equity injection (Goldstory)							359.9			359.9
THOM Group Acquisition	-								(514.7)	(514.7)
Reimbursement of FG loans									(1.5)	(1.5)
FY21 refinancing and change in shareholders	**(300.4)**	-	**(441.0)**	**601.7**	-	**175.0**	**359.9**	-	**(516.2)**	**(120.9)**
Equity injection	175.0					(175.0)				-
Repayment of convertible bonds	-									-
Agatha acquisition	(3.3)									(3.3)
Popsell acquisition	(1.9)									(1.9)
Venson Paris acquisition	(2.0)									(2.0)
Specific events	**167.8**	-	-	-	-	**(175.0)**	-	-	-	**(7.2)**
Net increase / (decrease) in cash and cash equivalents	**(141.4)**	**(4.7)**	**(418.5)**	**582.3**	**(0.2)**	-	**359.9**	**1.4**	**(516.2)**	**(137.4)**
Cash and cash equivalents at the beginning of the period	**196.7**	-	-	-	-	-	-	-	-	**196.7**
Change in perimeter (Venson Paris + Popsell)	0.4									0.4
Cash and cash equivalents at the end of the period	**55.7**	**4.0**	-	-	-	-	-	-	-	**59.7**
Change in cash	**(141.4)**	**4.0**	-	-	-	-	-	-	-	**(137.4)**

The €4.7 million difference in free cash flow between the Company and the Issuer was mainly due to acquisition fees impacting working capital and to non-recurring expenses.

For the Issuer, the pro forma impact of the THOM Group acquisition and of the refinancing was the following:

- A change in debt of €55.0 million, resulting from the €565.0 million TLB reimbursement and the €620.0 million in proceeds from the issuance of the Senior Secured Notes
- €19.6 million in financing costs, €18.3 million of which related to the Senior Secured Notes and €1.4 million of which related to the “New RCF”
- An equity injection of €359.9 million
- The purchase of THOM Group for €514.7 million
- The reimbursement of Financière Goldfinger’s bank loan for €1.5 million

c. Capitalization

The following table presents the total capitalization as of September 30, 2021 on an actual basis and on a pro forma basis for the transactions described above.

	At September 30, 2021		
In €m	THOM GROUP Actual	Adjustments	GOLDSTORY Proforma
Cash and cash equivalents	**55.7**	**4.0**	**59.7**
Proceed Loans (1)	(441.0)	441.0	-
Intercompany Loan (2)	(24.9)	24.9	-
Senior Secured Notes (3)		(620.0)	(620.0)
Other third-party financial debt	(1.2)	0.0	(1.2)
Financial liabilities for long-term leases	(1.2)	-	(1.2)
Other loans	(0.0)	0.0	(0.0)
Revolving Credit Facility (4)	(0.0)	(0.1)	(0.1)
Total third-party financial debt	**(467.2)**	**(154.2)**	**(621.3)**
Issuer's Equity (5)	**433.6**	**(73.7)**	**359.9**
Total capitalization	**22.0**	**(224.0)**	**(201.8)**

(1) represents the two proceed loans between the Issuer and THOM Group for the net proceeds of the issuance of the Fixed Rate Notes and the Floating Rate Notes
(2) represents the intercompany loan between the Issuer and THOM Group following the conversion of former convertible bonds
(3) represents the aggregate principal amount of Senior Secured Notes released from escrow on the acquisition date (February 26, 2021) excluding any debt issuance costs
(4) represents the €90 million New RCF, which will be available for 4.5 years and which was not drawn as of September 30, 2021
(5) represents the Share Capital and the Share Premium of the Company and the Issuer

D. Qualitative and Quantitative Disclosures About Market Risks

We are exposed to market risk primarily due to changes in foreign currency exchange rates and, to a lesser extent, in commodity prices and interest rates. In certain situations, we seek to reduce earnings and cash flow volatility associated with fluctuations in foreign currency exchange rates and commodity prices by entering into financial arrangements to hedge against a portion of the risks associated with such volatility. We do not use derivatives for trading or speculative purposes.

a. Foreign currency exchange rate risk

Our functional currency for sales and costs (other than cost of goods sold) is the euro. We have limited foreign currency exposure, principally derived from purchases from certain suppliers which are conducted in U.S. dollars. Approximately 25% of our costs of goods sold were denominated in U.S. dollars in fiscal year ended September 30, 2021. We have historically been able to pass on to final customers any foreign effect impact. We also hedge U.S. dollar foreign exchange rate risks via forwards and collars. As of September 30, 2021, $50.3 million in notional amount of forwards and collars with maturities between June and July 2022 were contracted. Historically, we hedge through forwards and collars nearly all our anticipated purchases denominated in U.S. dollars for one year.

b. Commodity price risk

We are subject to commodity price risk associated with changes in the prices of gold, silver, and diamonds and, to a lesser extent, other precious and semi-precious stones, through our purchase of precious jewelry. Although we do not generally directly purchase the metals and other components of the jewelry we sell, price increases and availability of gold, silver, diamonds, and other precious metals are reflected in the manufacturing and assembling prices that we pay to our suppliers. Variations in gold prices have a greater impact than variations in the prices of other commodities, as the proportion of the price of gold to the total price that we pay for a given piece of gold jewelry is much higher than the proportion of the price of the metals and other components used to the total price of other jewelry items. We adjust our activities through our gold repurchase and exchange program based on our hedging needs. For example, we decreased our gold repurchase activities in the financial year ended September 30, 2019, because of the decrease in the spot price for gold from August to September 2019. In addition, we adjust our our gold inventory (totaling 22,265 ounces or €33.2 million at the end of September 30, 2021) as a physical hedge against fluctuations in the price of gold. In the financial year ended September 30, 2021, gold-based products accounted for 58% of our purchases by cost, with 55% of such costs being attributable to the purchase of gold and the remainder to manufacturing, freight, and customs costs.

In addition, to hedge our exposure to fluctuations in the price of gold, we also enter derivative financial instruments, such as synthetic swaps and calls. As of September 30, 2021, we were beneficiaries of synthetic call options, allowing us to purchase up to 3,200 ounces (approximately 91 kilograms) of gold. Combining such derivatives and our physical gold inventory, we hedged our gold purchasing needs for the twelve months following the end of the fiscal year ended September 30, 2021.

c. Interest rate risk

As of September 30, 2021, we were exposed to interest rate risk on drawings under the New RCF and the Floating Rate Notes. The Group finalized its EURIBOR interest rate hedging structure to adapt it to the new financing structure in place since February 26, 2021.

Most of our cash and cash equivalents have generally been invested in fixed rate instruments such as short-term deposits or certificates of deposit.

d. Credit and counterparty risk

Credit risk is the risk that one party to a financial liability will cause a loss for the other party by defaulting on its obligations. Our credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to suppliers or wholesale customers, including outstanding receivables and committed transactions. Sales to retail customers are made in cash, checks or through third-party credit cards and debit cards.

e. Liquidity risk

We closely monitor liquidity risk for the Group as a whole and for each of our subsidiaries by means of the implementation and regular review of the Group financial reporting procedures. We analyze the contractual obligations relating to loans and borrowings in terms of interest payable and the Group commitments arising from the interest rate derivatives recognized under balance sheet assets and liabilities.

Expected future cash flows are calculated based on the remaining contractual maturities of the associated financial liabilities. Future floating interest rate payments are set based on the most recent coupon for the current period and based on the rates applicable at the reporting date for cash flows relating to future dates. Net interest paid or received on swaps is determined in accordance with the same principles.

E. Selected Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires management at the Group and division levels to use judgments, estimates and assumptions, including expectations of future events, which affect the reported amounts of certain financial statement line items.

These assessments and estimates are reviewed at each reporting date and the underlying assumptions are adjusted, where appropriate, based on actual results, experience and any other relevant factors given the economic circumstances. The effects of such adjustments are recognized when made.

The items reported in the Group's future consolidated financial statements may differ from current estimates due to changes in the assumptions made and economic circumstances at the reporting date. The main assumptions relating to future events and other sources of estimation uncertainty at the reporting date that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are presented below.

Impairment of non-financial assets

Under French GAAP, goodwill and other intangible assets with indefinite useful lives are not amortized but are subject to testing for impairment at least once a year and whenever there is an indication of impairment. Other depreciable non-financial assets are tested for impairment when there is an indication that their carrying amount may exceed their recoverable amount. In assessing value in use, management estimates the future cash flows that the entity expects to obtain from the asset or cash generating unit and applies an appropriate discount rate to calculate their present value.

Employee benefit liabilities

Costs relating to defined benefit plans are estimated using the actuarial valuation method and recognized off-balance sheet in accordance with French GAAP. Actuarial valuations are based on assumptions regarding discount rates, salary increases, mortality and pension increases.

Provisions

Provisions covers liabilities with an uncertain due date and of an uncertain amount, resulting from loyalty programs, litigation, and other risks. A provision is recognized whenever we have a contractual, legal, or implied obligation arising from a past event and when future cash disbursements can be reliably estimated. Liabilities resulting from restructuring plans are recognized when an obligation exists, the detailed plans are finalized, and it is reasonably expected that they will be implemented.

Taxes

Deferred tax assets relating to tax losses carried forward are recognized to the extent of the following two criteria: (i) the net amount of deferred tax liabilities for temporary differences and (ii) the probability that future taxable profit will be available against which the benefits of the tax losses can be utilized. To determine the amount of deferred tax assets to be recognized, management is required to estimate the amount and probability of future taxable profit.

Accounting for period-end accruals

At the end of each quarter, we are required to estimate and book accruals for the amount of costs related to goods delivered or received but not yet invoiced. We record these accruals on our consolidated statement of income in the line items corresponding to the nature of the goods. To the extent the accruals overestimate or underestimate the actual costs, the difference between actual and estimated costs will be recorded in the same line item, in the following accounting period.

DESCRIPTION OF CERTAIN RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we regularly enter into agreements with or render services to related parties. In turn, such related parties may render services or deliver goods to us as part of their business. Purchase and supply agreements between subsidiaries and affiliated companies and with associated companies or shareholders of such associated companies are entered into on a regular basis within the ordinary course of business.

We believe that all transactions with affiliated companies and persons with which members of the supervisory board of the Company are affiliated are negotiated and conducted on a basis equivalent to that which would have been achievable on an arm's-length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers, manufacturers and service providers. In addition to the foregoing ordinary course transactions, we have also entered into the following transactions with related parties:

Convertible Bonds

CB1s, CB2s and CB3s

On October 14, 2010, the Company issued €225,049,000 aggregate principal amount of convertible bonds to Luxco 2, Apax Partners, members of management and Qualium Investissement (as amended, the "**CB1s**").

Bridgepoint held an indirect interest in the CB1s issued to Luxco 2 via a combination of preferred equity certificates and warrants issued by Luxco 2 and Luxco 1. On October 14, 2010, the Company issued €3,360,000 aggregate principal amount of convertible bonds to Financière Goldfinger S.A.S. (as amended, the "**CB2s**"). On October 14, 2011, the Company issued €1,140,000 aggregate principal amount of convertible bonds to Financière Goldfinger S.A.S. (as amended, the "**CB3s**").

The CB1s, CB2s and CB3s bore interest at a fixed rate of 12.0% per annum, which was capitalized on October 14 of each year and payable in full on the maturity date, August 7, 2025. Ten CB1s, CB2s or CB3s, as applicable, each with a nominal value of €1, were convertible into one ordinary share of the Company at any time as from July 31, 2014 until 30 days prior to the maturity date.

Recent Repayments

On April 13, 2018, the terms and conditions of the CB1s, CB2s and CB3s were amended to provide for partial early repayments upon the proposal of the Company as accepted by the relevant holders. On April 17, 2018, a total of €44,246,426.61, €573,440.51 and €180,131.34 of the CB1s, CB2 and CB3s, respectively, were repaid to their respective holders.

On March 10, 2020, a total of €51,325,850.81, €665,190.09 and €208,954.30 of the CB1s, CB2 and CB3s, respectively, were repaid to their respective holders. This repayment was made in connection with the Company's issuance of preferred shares on June 30, 2020. See "— *Convertible Preferred Shares*."

On September 28, 2020, a total of €98,039,727.26, €1,463,655.63 and €496,596.79 of the CB1s, CB2 and CB3s, respectively, were repaid to their respective holders. This repayment was made by way of set-off against contributions due to the Company by the holders in connection with a capital increase by the Company (through the issuance of preferred shares on the same date). See "—*Convertible Preferred Shares*."

Including principal and accrued and unpaid interest, a total of €190.5 million was outstanding under the CB1s, CB2s and CB3s as of September 30, 2020.

In connection with the Acquisition of THOM Group by Altamir and other shareholders on February 26, 2021, the CBs issued by the Company and the PECs issued by Luxco 2 to Luxco 1 and by Luxco 1 to Bridgepoint were acquired by the Issuer for a purchase price of €199.9 million. Simultaneously, the CBs and PECs became payable and were converted into intercompany loans of (i) €196.9 million from the Issuer, as lender, to the Company, as borrower and (ii) €3.0 million from Financière Goldfinger S.A.S., as lender, to the Company, as borrower. As a result of the conversion of the CBs and PECs into intercompany loans, (i) the Company owed €118.6 million to Luxco 2, Luxco 2 owes €118.6 million to Luxco 1 and Luxco 1 owed €118.6 million to the Issuer, (ii) the Company owed €78.3 million to the Issuer and (iii) the Company owed €3.0 million to Financière Goldfinger S.A.S.

On May 19, 2021, Luxco 1 and Luxco 2 were liquidated. As a result, the Company owed €196.9 million to the Issuer.

On 4 June 2021, Financière Goldfinger SAS, which had a receivable against the Company of €3.1 million, was absorbed by the Issuer and therefore the said receivable was transferred to the Issuer.

On September 24, 2021, together with the Company capital increase, the intercompany loan with the Issuer, for an initial amount of €199.9 million, following the group refinancing on February 26, 2021, was reduced by €175.0 million and amounts to €24.9 million as of September 30, 2021.

Convertible Preferred Shares

On April 30, 2015, the Company issued 2,000 preferred shares to Financière Goldfinger III S.A.S. The preferred shares have the same governance rights (including voting rights) as to those attached to ordinary shares of the Company, with one vote per preferred share. The preferred shares were convertible into ordinary shares when Bridgepoint and its affiliates no longer held, directly or indirectly, at least 50.01% of the shares of the Company or at the time of the initial public offering of the Company. The number of ordinary shares of the Company to be issued upon conversion of the preferred shares was based on a formula tied to, among other factors, the performance of the Group and the value of the Group's ordinary shares at the time of the triggering event; provided that the full conversion of all preferred shares could result in the issuance of a maximum of 5% of the total ordinary shares of the Company on a fully diluted basis.

On December 19, 2019, the Company issued 319,998 class 2 preferred shares with a nominal value of €1 each ("**ADP R2s**") to Financière Goldfinger IV S.A.S. The ADP R2s had the same governance rights (including voting rights) as to those attached to ordinary shares of the Company, with one vote per preferred share. The ADP R2s were convertible into ordinary shares when Bridgepoint and its affiliates no longer held, directly or indirectly, at least 50.01% of the shares of the Company or at the time of the initial public offering of the Company. The number of ordinary shares of the Company to be issued upon conversion of the ADP R2 was based on a formula tied to, among other factors, the performance of the Group and the value of the Group's ordinary shares at the time of the triggering event.

On December 19, 2019, the Company issued 160,000 class 3 preferred shares with a nominal value of €1 each ("**ADP R3s**") to Financière Goldfinger V S.A.S. The ADP R3s had the same governance rights (including voting rights) as to those attached to ordinary shares of the Company, with one vote per preferred share. The ADP R3s were convertible into ordinary shares when Bridgepoint and its affiliates no longer held, directly or indirectly, at least 50.01% of the shares of the Company or at the time of the initial public offering of the Company. The number of ordinary shares of the Company to be issued upon conversion of the ADP R3s was based on a formula tied to, among other factors, the performance of the Group and the value of the Group's ordinary shares at the time of the triggering event.

On June 30, 2020, the Company issued 747,886,933 class 4 preferred shares with a nominal value of €0.07 each ("**ADP R4s**") to Luxco 2, members of management and Financière Goldfinger S.A.S. The subscriptions were made in cash, funded by the total amounts received by the respective subscribers in connection with the Company's reimbursement of CB1s, CB2s and CB3s on March 10, 2020 (as described above) and an additional cash contribution from Financière Goldfinger S.A.S. The ADP R4s have the same governance rights (including voting rights) as those attached to ordinary shares of the Company, with one vote per preferred share. The ADP R4s will be convertible into ordinary shares at the time of the initial public offering of the Company based on a conversion ratio of one ordinary share per preferred share.

On September 28, 2020, the Company issued 1,428,571.133 ADP R4s to Luxco 2, members of management and Financière Goldfinger S.A.S. The subscriptions were made by way of set-off against amounts due to members of management and Financière Goldfinger S.A.S. in connection with the Company's reimbursement of CB1s, CB2s and CB3s, as applicable, on September 28, 2020 (as described above), and by way of set-off against certain receivables held against the Company for the benefit of Luxco 2, in the case of Luxco 2.

On 24 September 2021, the Company converted all the ADP Rs, ADP R2s and ADP R3s into ordinary shares and issued 1 347 081 185 ADP R4s to the Issuer. The subscription of the ADP R4s was made by way of set-off against of the intercompany loan that the Issuer held against the Company for an amount of €175,000,000.03.

Following this capital increase operation and as mentioned above, the intercompany loan has been reduced by €175,000,000.03 and amounts to €24,921,098.32 as of September 30, 2021.

Contracts for the Provision of Advisory Services

In the ordinary course of business, we entered into contracts dated July 1st, 2012 and July 1, 2017, for the provision of advisory services pertaining to development strategies, sourcing and purchasing and supplier relationships with Belmonte & Associés SPRL and Belmonte & Co. Limited. Eric Belmonte, the Chairman of the supervisory board of the Company until February 26th, 2021, and from this date the Chairman of the supervisory board of Altastory SAS, as well as a director and a manager, respectively, of these two entities. These agreements for services with Belmonte & Associés SPRL and Belmonte & Co Ltd were entered into for a period of one year, renewable at the end of their term.

On January 1st, 2017, we also entered into a contract for services for a period of one year, renewable at the end of its term, for the provision of advisory services, including growth and development strategies, marketing techniques, new market opportunities and supplier relationships, with Cronos 2014 SL. Jorge Constans, who was a member of the supervisory board of the Company until February 26th, 2021, is the sole director of this entity. Jorge Constans no longer holds any management function in the group since this date.

During the financial year ending September 30th, 2021, we entered into a contract for specific administrative and financial services, for a period of one year, renewable at the end of its term, with Chantrel Invest S.A.S who is a member of the supervisory board of Altastory SAS since July 2nd 2021 and holds the chairmanship of the audit committee of this company.

In connection with i) the Acquisition of THOM Group by Altamir and other shareholders and ii) the group refinancing on February 26, 2021, we entered into a contract for specific services, with CAH S.A.S. on January 2nd 2021. This service has been fully delivered.

During the financial year ending September 30th, 2021, we entered into a contract for specific retail expertise services for a period of one year, renewable at the end of its term, with CAH S.A.S. Romain Peninque, who is the Chairman of both the Company and the Issuer, is the sole director of CAH S.A.S.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility Agreement

Overview and Structure

On January 23, 2021, the Issuer entered into a €90.0 million super senior revolving credit facility agreement (the "**Revolving Credit Facility Agreement**") with, inter alios, Midco, J.P. Morgan AG, BNP Paribas S.A., ING Bank N.V., acting through its French Branch, and Société Générale S.A., as mandated lead arrangers, J.P. Morgan Chase Bank N.A., Paris Branch, BNP Paribas S.A., ING Bank N.V., acting through its French Branch, and Société Générale S.A., as original lenders, J.P. Morgan AG as agent (the "**Agent**") and BNY Mellon Corporate Trustee Services Limited as security agent. The Company will accede to the Revolving Credit Facility Agreement as an additional Guarantor no later than 15 days from the Acquisition Completion Date and certain other subsidiaries of the Issuer will accede as additional Guarantors within 120 days of the Acquisition Completion Date.

The facility documented under the Revolving Credit Facility Agreement (the "**Revolving Credit Facility**") may be utilized by any current or future borrower (or by the Issuer on its behalf) under the Revolving Credit Facility Agreement in euro, U.S. dollars, pound sterling or any other readily available currency approved by all of the lenders. The facility may be utilized by the drawing of cash advances or the issue of letters of credit (by one or more lenders that has agreed to be an issuing bank) or by way of ancillary facilities. The Revolving Credit Facility may be applied towards financing or refinancing, directly or indirectly, the general corporate and working capital purposes of the Restricted Group (defined as the Issuer and its restricted subsidiaries), including to finance or refinance acquisitions, capital expenditures and investments.

The Revolving Credit Facility was available from and including February 26, 2021 and including the date falling one month prior to the date falling 54 months after February 26, 2021.

Interest and Fees

Loans under the Revolving Credit Facility Agreement bear interest at rates per annum equal to EURIBOR or, for loans denominated in U.S. dollars, pound sterling or certain other currencies approved by the Agent, acting on the instructions of all the lenders, LIBOR, plus a margin of 3.50% per annum. The margin can be adjusted under certain conditions, including by reference to a leverage- based step-down mechanism.

Default interest will be calculated as an additional 1% per annum on the overdue amount.

A commitment fee in euro computed at the rate of 30% of the margin on each lender's commitment (minus its participation in any amounts drawn under the Revolving Credit Facility) accrued from February 26, 2021 and is payable by the Issuer.

The commitment fee is payable quarterly in arrears, on the last day of availability of the Revolving Credit Facility and on the cancelled amount of the relevant lender's commitment at the time the cancellation is effective.

The Issuer is also required to pay customary agency fees to the Agent and the security agent and an arrangement fee to the arrangers in connection with the Revolving Credit Facility.

Repayments

Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date, which is the date falling 54 months after February 26, 2021. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed during the availability period of the facility, subject to certain conditions.

Voluntary and Mandatory Prepayments

The Revolving Credit Facility Agreement allows for voluntary prepayments or permanent cancellations of the available commitments under the Revolving Credit Facility (subject to de *minimis amounts*). In addition, in the event of a Change of Control (defined to include among others, all instances of "Change of Control" under the Indenture) that constitutes a sale of all or substantially all of the assets of the Restricted Group, whether in a single transaction or a series of related transactions, the Revolving Credit Facility will be cancelled and all amounts outstanding under the Revolving Credit Facility Agreement will become immediately due and payable. Upon the occurrence of any other type of Change of Control, the Revolving Credit Facility Agreement permits each lender to require the mandatory prepayment of all amounts due to that lender.

Guarantees

The Revolving Credit Facility is guaranteed by the same guarantors as the Notes. Additionally, the Issuer provides a senior guarantee of all amounts payable by the obligors to the finance parties under the Revolving Credit Facility Agreement as from the Acquisition Completion Date. The guarantee provided by the Company is capped at the amount of any drawdown proceeds loan made available by the Issuer or any other borrower to the Company or its subsidiaries.

The Revolving Credit Facility Agreement requires that the Issuer must ensure that at all times after the date falling 120 days after February 26, 2021 (subject to the Agreed Security Principles and applicable guarantee limitations) all Material Companies (which definition includes, among other things, any member of the Restricted Group that has earnings before interest, tax, depreciation and amortization representing 5% or more of consolidated EBITDA that is or becomes a member of the Restricted Group), all parent companies of Material Companies that are members of the Restricted Group (other than any parent company of the Issuer), all borrowers (and parent companies of a borrower that are members of the Restricted Group) and any member of the Restricted Group that is or becomes a borrower, an issuer or a guarantor in respect of any Senior Secured Notes or any other Senior Secured Notes Liabilities (each as defined in the Intercreditor Agreement) (and parent companies of each such entity that are members of the Restricted Group) are guarantors under the Revolving Credit Facility Agreement (in the case of any member of the Restricted Group that is or becomes a borrower, an issuer or a guarantor in respect of any Senior Secured Notes or any other Senior Secured Notes Liabilities, prior to or simultaneously with becoming guarantors in respect of such Senior Secured Notes or, as the case may be, such other Senior Secured Notes Liabilities) and grant such security as the Agent may require within the time period specified therein.

Furthermore, the Issuer will ensure that at all times (subject to the Agreed Security Principles and other exceptions contained in the Revolving Credit Facility Agreement) the Guarantors represent not less than 80% of consolidated EBITDA calculated by reference to the most recently delivered set of annual financial statements of the Issuer (subject to certain exceptions).

Security

The Revolving Credit Facility is secured by the same collateral as the Notes. However, holders of the Notes will receive proceeds from enforcement of such collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the Revolving Credit Facility and certain hedging obligations, have been repaid in full.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated at specified times after the Acquisition Completion Date), including status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, accounting reference date, governing law and enforcement, insolvency, no filing or stamp taxes, no default, no misleading information, financial statements, no proceedings pending or threatened, no breach of laws, environmental laws, taxation, security and indebtedness, ranking, good title to assets, shares and legal and beneficial ownership, intellectual property, group structure chart, U.S. margin regulations, center of main interests and establishments, pensions, holding companies, sanctions, anti-corruption laws and deduction of tax.

Undertakings

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments and exceptions) that will be set forth in the Indenture. In addition, the Revolving Credit Facility Agreement contains a springing financial covenant that will apply whenever the aggregate of all outstanding utilizations (excluding any utilizations by way of Letters of Credit (or bank guarantees) and any utilization of an Ancillary Facility other than, in each case, by way of cash drawing) made by the borrowers is greater than 40% of the total commitments available under the Revolving Credit Facility at that time (the "**Revolving Test Condition**") (see "— *Financial Covenant*").

The Revolving Credit Facility Agreement also contains a "notes purchase condition" covenant. Subject to certain exceptions, the Issuer may not, and will procure that no other member of the Restricted Group will, repay, prepay, purchase, defease (or otherwise retire for value), redeem or otherwise directly or indirectly acquire the principal amount of any Senior Secured Notes (including the Notes) (or, in each case, any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) or offer to do so. The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal amount of the Senior Secured Notes as of February 26, 2021 or, to the extent such payments exceed 50% of the aggregate original principal amount of Senior Secured Notes as of the Acquisition Completion Date (the "**notes purchase excess**"), where commitments under the Revolving Credit Facility are cancelled pro rata by the amount of the notes purchase excess.

The Revolving Credit Facility Agreement also requires certain members of the Restricted Group to observe certain affirmative and negative undertakings, including but not limited to undertakings relating to maintenance of guarantor coverage subject to the Agreed Security Principles, restrictive covenants, further assurances, maintenance of authorizations, compliance with laws, sanctions/anti- corruption and certain U.S. Federal Reserve regulations, taxation, change of business, restrictions on holding companies, preservation of assets, acquisitions, *pari passu* ranking, insurance, pensions, access, intellectual property, no change of center of main interest, designation of unrestricted subsidiaries and center of main interests, environmental undertaking, note documents and super senior indebtedness.

The Revolving Credit Facility contains an information undertaking under which, among other things, the Issuer will be required to deliver to the Agent annual financial statements, quarterly financial statements, compliance certificates and an annual budget. The Revolving Credit Facility Agreement provides that the Issuer can satisfy its reporting obligations by delivering the corresponding consolidated financial reports of the Company or any parent entity of the Issuer, together with a concise description of any material differences that exist between the financial condition of the Issuer and that of the reporting entity selected by the Issuer.

Financial Covenant

The Revolving Credit Facility Agreement requires the Issuer to ensure that the Consolidated Net Senior Secured Leverage Ratio (as defined in the Revolving Credit Facility Agreement) in respect of any 12-month period ending on the last day of each fiscal quarter from and including the first quarter date falling at least 6 months after February 26, 2021, shall not be greater than 7.2:1 if, on the last day of any fiscal quarter, the Revolving Test Condition is met at that time.

The Issuer will be permitted to prevent or cure breaches of the financial covenant by, among other things, applying any cure amount (being amounts received by the Issuer in cash pursuant to any new equity or permitted shareholder loan) (an "**Equity Injection**") to, at the option of the Issuer, (i) increase consolidated EBITDA or reduce total net debt for the day immediately prior to the testing date and as relates to the EBITDA cure for the purposes of the three testing dates that immediately follow such testing date and as relates to the net debt cure for the purposes of the relevant immediately preceding quarter date or (ii) prepay the outstanding amount under the Revolving Credit Facility Agreement, in each case in accordance with the conditions set out therein. No more than three Equity Injections may be taken into account during the term of the Revolving Credit Facility and not in consecutive quarters.

Events of Default

In addition, the Revolving Credit Facility Agreement will contains, among others, events of default equivalent to those contained in the Indenture, plus the following events of default (subject in certain cases to customary grace periods, materiality thresholds and exceptions):

- non-payment;
- breach of the financial covenant (subject to equity injection rights);
- breach of other obligations;
- misrepresentation;
- cross-default on financial indebtedness (subject to a €30,000,000 threshold);
- occurrence of an event of default in relation to any Senior Secured Notes (including the Notes);
- cessation of business;
- unlawfulness and invalidity;
- breach of the terms of the Intercreditor

Agreement by any member of the Restricted Group or Midco;
- audit qualification;
- expropriation;
- repudiation and rescission of agreements;
- litigation;
- the occurrence of an event or circumstance which has a material adverse effect; and
- minimum share capital requirement in respect of an Italian obligor.

The Revolving Credit Facility Agreement provides for a clean-up period with respect to any person or business that is the subject of an acquisition (including the Company and its subsidiaries in connection with the Acquisition). During any such clean-up period, subject to certain conditions and with the exception of certain matters relating to sanctions and anti-corruption laws, breaches of a representation or warranty, certain breaches of covenants and events that constitute a default or an event of default under the Revolving Credit Facility Agreement will be deemed not to have occurred. Clean-up periods will terminate on the date falling 120 days after the closing date of the applicable acquisition, including the Acquisition Completion Date in connection with the Acquisition.

The Issuer will be required to fulfill certain customary conditions precedent prior to its first utilization under the Revolving Credit Facility, including that no material terms of the Acquisition Agreement will have been amended or waived in a manner reasonably likely to be materially adverse to the interests of the lenders and that all conditions to the Acquisition will have been satisfied or waived. Additionally, the Issuer will need to confirm that on the Acquisition Completion Date, and pro forma for the Acquisition, the amount of equity at the level of the Issuer (including the aggregate principal amount under the Vendor Bonds) will be equal to or greater than 35% of the sum of such equity and the amount of net debt for borrowed money of the Group on a consolidated basis.

Governing Law

The Revolving Credit Facility Agreement is governed by and will be construed in accordance with English law, although certain covenants and certain events of default, which are included in the Revolving Credit Facility Agreement and largely replicate those contained in the Indenture, will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility Agreement is governed by English law).

Intercreditor Agreement

In connection with entering into the Revolving Credit Facility Agreement and the Indenture, the Issuer, Midco (the "**Parent**") and certain other subsidiaries of the Issuer and certain other entities entered into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility (the "**Revolving Lenders**"); (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements (the "**Hedge Counterparties**"); (iii) any Senior Secured Notes Trustee, on its own behalf and on behalf of the holders of Senior Secured Notes (as such term is defined in the Intercreditor Agreement) (the "**Senior Secured Noteholders**"); (iv) certain intra-group creditors and debtors; and (v) certain direct or indirect shareholders of the Issuer in respect of certain debt that the Issuer has incurred or may incur in the future (including any subordinated shareholder loans).

In this description: "**Debt Documents**" means each of:
- the Intercreditor Agreement;
- at the option of the Issuer, any master agreement, confirmation, schedule, spot or forward delivery foreign exchange contract or other agreement entered into by a Debtor and a Hedge Counterparty for the purposes of hedging any interest rate, foreign exchange or other exposures (the "**Hedging Agreements**");
- the Finance Documents (as defined under the Revolving Credit Facility Agreement) or, upon the final discharge of the Revolving Creditor Liabilities and if designated as a "Finance Document" or equivalent, each document relating to indebtedness permitted by the Debt Documents with the same priority and payment and security ranking as the Revolving Creditor Liabilities (the "**Revolving Facility Agreements**" and, together with the Finance Documents, the "**Revolving Facility Documents**");
- the Indenture and any other indenture, agreement, document or instrument pursuant to which the Senior Secured Notes are issued (or any guarantees therefor are given) in accordance with the Intercreditor Agreement (each, a "**Senior Secured Notes Indenture**"), any Transaction Security or guarantees for the benefit of the Senior Secured Notes Liabilities and the Intercreditor Agreement (the "**Senior Secured Notes Finance Documents**");
- the *Pari Passu* Debt Documents;
- any indenture, agreement, document or instrument pursuant to which the Senior Notes are issued (or any guarantees therefor are given) in accordance with the Intercreditor Agreement (a "**Senior Notes Indenture**"), any Transaction Security Documents (to the extent creating Senior Notes Shared Security) or guarantees for the benefit of the Senior Notes Liabilities and the Intercreditor Agreement (the **"Senior Notes Finance Documents**");
- any document entered into in connection with any Senior Notes Proceeds Loan (a "**Senior Notes Proceeds Loan Agreement**");
- the Transaction Security Documents and any other document entered into at any time by any of the Debtors or Security Providers (as the case may be) creating any guarantee, indemnity, security or other assurance against financial loss in favor of any of the Secured Parties as security for any of the secured obligations and any security granted by a member of the Group to the Secured Parties under any covenant for further assurance in any of such documents (collectively, the "**Security Documents**"); and
- any agreement evidencing the terms of the Intra-Group Liabilities or Subordinated Liabilities, (each capitalized term as defined below) and any other document designated as such by the Security Agent and the Issuer;
- "**Group**" refers to the Issuer and its restricted subsidiaries from time to time;
- "**Investment Instruments**" refers to shares of any class, warrants, loans, bonds or other equity or debt instruments (including preferred equity certificates and convertible preferred equity certificates) issued by an entity (including, without limitation, any Senior Notes Proceeds Loan Agreement);
- "**Senior Notes Proceeds Loan**" means any loan made by a Senior Notes Issuer for the purposes of lending directly the proceeds of any Senior Notes (together with any additional or replacement loan);
- the Issuer and any other member of the Group that becomes a party to the Intercreditor Agreement as a Debtor is referred to as a "**Debtor**" and are collectively referred to as the "**Debtors**;" and
- the Parent and any person which becomes a party to the Intercreditor Agreement as a Security Provider is referred to as a "**Security Provider**" and are collectively referred to as the "**Security Providers**".

Unless defined elsewhere in this section, all capitalized terms are given the same definition as in the Intercreditor Agreement.

The Intercreditor Agreement will set forth:
- the relative ranking of certain indebtedness and liabilities or obligations of the Debtors and the Security Providers; provided that in respect of any Security Provider, any such liabilities or obligations will only be in connection with the granting of Security under the Debt Documents, other than to the extent that a Security Provider has expressly assumed any borrowing or guarantee liabilities;
- the relative ranking of certain security granted by the Debtors and the Security Providers;
- when payments can be made in respect of certain indebtedness and liabilities or obligations of the Debtors and the Security Providers; provided that in respect of any Security Provider, any such liabilities or obligations will only be in connection with the granting of Security under the Debt Documents, other than to the extent that a Security Provider has expressly assumed any borrowing or guarantee liabilities;
- when enforcement actions can be taken in respect of that indebtedness and liabilities or obligations;
- the terms pursuant to which that indebtedness and liabilities or obligations will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit a sale or disposal of, or foreclosure in respect of, any assets subject to transaction security (such assets, the "**Charged Property**", such security, the "**Transaction Security**" and the documents creating or evidencing such security, the "**Transaction Security Documents**").

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Debtors (that is not subordinated in right of payment to any Super Senior Liabilities or Senior Secured Notes Liabilities (each as defined below)) in respect of any loan, credit or debt facility, notes, indenture or security which are permitted or not prohibited, under the terms of the Senior Secured Notes Finance Documents, the *Pari Passu* Debt Documents (as defined below) and the Revolving Facility Documents, to share in the Transaction Security with the rights and obligations of *pari passu* creditors as provided for in the Intercreditor Agreement (such indebtedness being the "***Pari Passu* Debt**", the creditors and creditor representatives in respect of such indebtedness being the "***Pari Passu* Creditors**", the liabilities or obligations of the Debtors and (only to the extent that they have expressly assumed any such liabilities or obligations) the Security Providers in respect of such indebtedness being the "***Pari Passu* Debt Liabilities**" and the documents under which such *Pari Passu* Debt is incurred being the "***Pari Passu* Debt Documents**"). The Intercreditor Agreement also contains provisions relating to senior notes (the "**Senior Notes**") which may be issued by (x) the Parent, (y) any other holding company of the Parent or (z) any Subsidiary of the direct holding company of the Parent that itself has no subsidiaries, is not a member of the Group and has no principal purpose other than to issue Senior Notes and activities related thereto; provided that such subsidiary will downstream any net proceeds of the issuance of the Senior Notes to the Company through the Parent by way of a Senior Notes Proceeds Loan or a Senior Notes Contribution (as defined below) (a "**Senior Notes Issuer**") (the trustee in respect of such Senior Notes being a "**Senior Notes Trustee**", on its own behalf and on behalf of the holders of the Senior Notes (the "**Senior Noteholders**")).

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Intercreditor Agreement and any other Debt Document, the provisions of the Intercreditor Agreement will prevail (save to the extent that to do so would result in or have the effect of any Debtor or member of the Group contravening any applicable law or regulation, or present a material risk of liability for any Debtor or member of the Group and/or its directors or officers, or give rise to a material risk of breach of fiduciary or statutory duties).

The Indenture provides that holders of the Notes, by accepting a Note, are deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions that are included in the Intercreditor Agreement. It does not restate the Intercreditor Agreement and is subject to the detailed terms thereof and you are advised to read that document in its entirety because it, and not the discussion that follows, defines certain rights of the holders of the Notes.

Ranking and Priority

The Intercreditor Agreement provides that (i) the liabilities of the Debtors, and (only to the extent that they have expressly assumed any liabilities or obligations subject to the terms of the Intercreditor Agreement) the Security Providers under or with respect to the Revolving Facility Documents (the "**Revolving Creditor Liabilities**"), (ii) the liabilities or obligations of the Debtors under the Hedging Agreements (the "**Hedging Liabilities**," provided that, where such Hedging Liabilities have been notified to the Security Agent by the Company in writing as Hedging Liabilities to be treated as "**Priority Hedging Liabilities**" for the purposes of the Intercreditor Agreement, such liabilities or obligations are "Priority Hedging Liabilities" and, together with the Revolving Creditor Liabilities, "**Super Senior Liabilities**" for the purposes of the Intercreditor Agreement, and all other Hedging Liabilities are "**Non-Priority Hedging Liabilities**" for the purposes of the Intercreditor Agreement), (iii) the liabilities or obligations of the Issuer, the other Debtors and (only to the extent that they have expressly assumed any liabilities or obligations other than in connection with the granting of Security under the Debt Documents) the Security Providers in respect of any Senior Secured Notes (the "**Senior Secured Notes Liabilities**"), (iv) the *Pari Passu* Debt Liabilities (together with the Senior Secured Notes Liabilities and the Non-Priority Hedging Liabilities, the "**Senior Secured Liabilities**"), (v) the liabilities or obligations of any Senior Notes Issuer and the other Debtors in respect of any Senior Notes (the "**Senior Notes Liabilities**," and the finance documents relating to such liabilities or obligations, the "**Senior Notes Finance Documents**"), (vi) the liabilities or obligations of the Debtors under guarantees (the "**Senior Notes Guarantees**") in respect of any Senior Notes (the "**Senior Notes Guarantee Liabilities**"), and (vii) certain other unsecured liabilities or obligations will rank in right and priority of payment in the following order:

- (in respect of liabilities owed by the Debtors to the Primary Creditors (as defined below): first, the Revolving Creditor Liabilities, the Priority Hedging Liabilities, the Non-Priority Hedging Liabilities, the Senior Secured Notes Liabilities, the *Pari Passu* Debt Liabilities, the liabilities owed to the Security Agent, the Senior Secured Notes Trustee Amounts (as defined below), the *Pari Passu* Debt Representative Amounts (as defined below) and the Senior Notes Trustee Amounts (as defined below) *pari passu* and without any preference between them; and second, the Senior Notes Guarantee Liabilities *pari passu* between themselves and without any preference between them; and
- (in respect of liabilities owed by any Senior Notes Issuer to the Primary Creditors): *pari passu* and without any preference between each of the Revolving Creditor Liabilities, the Priority Hedging Liabilities, the Non-Priority Hedging Liabilities, the Senior Secured Notes Liabilities (including the Senior Secured Notes Trustee Amounts), the *Pari Passu* Debt Liabilities (including *Pari Passu* Debt Representative Amounts) and the Senior Notes Liabilities (including the Senior Notes Trustee Amounts).

The Transaction Security (to the extent it is expressed to secure the relevant liabilities) ranks and secures the following liabilities in the following order:

- first, the liabilities owed to the Security Agent, the liabilities owed to each trustee (a "**Senior Secured Notes Trustee**") in respect of Senior Secured Notes (the "**Senior Secured Notes Trustee Amounts**"), the liabilities owed to each creditor representative (a "**Pari Passu Debt Representative**") in respect of *Pari Passu* Debt (the "**Pari Passu Debt Representative Amounts**") and the liabilities owed to each trustee or agent (a "**Senior Notes Trustee**") in respect of Senior Notes (the "**Senior Notes Trustee Amounts**"), the Revolving Creditor Liabilities, the Priority Hedging Liabilities, the Senior Secured Notes Liabilities, the *Pari Passu* Debt Liabilities and the Non-Priority Hedging Liabilities *pari passu* and without any preference between them; and
- second (to the extent only of the Senior Notes Shared Security (as defined below)), the Senior Notes Liabilities (other than the Senior Notes Trustee Amounts),

and that in any event (irrespective of the manner in which such Transaction Security is constituted) all proceeds of the Transaction Security will be applied as described under "—*Application of Proceeds*" below.

In this section:

- any liabilities (but excluding any liabilities which are Senior Notes Liabilities or owed in respect of Secured Debt) owed by any member of the Group to the Parent or any other holding company of the Issuer or any other shareholder of the Issuer any affiliate thereof or (excluding, for the avoidance of doubt, any member of the Group) having acquired or subscribed for Shareholder Debt (being defined as the aggregate principal amount outstanding (including any capitalized interest thereon) from time to time under any instruments and agreements constituting (and all other instruments or agreements evidencing) bonds issued to Midco, any other holding company of the Issuer or any other shareholder of the Issuer or any Initial Investor (defined in a manner equivalent to "Initial Investor" under the Revolving Credit Facility Agreement) or in each case any Affiliate thereof (excluding, for the avoidance of doubt, any member of the Group), or shareholder loans granted by Midco, any other holding company of the Issuer or any other shareholder of the Issuer or any Initial Investor (defined in a manner equivalent to "Initial Investor" under the Revolving Credit Facility Agreement) or in each case any Affiliate thereof (excluding, for the avoidance of doubt, any member of the Group), incurred by the Issuer or any other member of the Group (the "**Shareholder Debt**")) (but excluding any Secured Party which would otherwise become a Subordinated Creditor as a result of a Foreclosure) (the "**Subordinated Creditors**") under any loan (including any Senior Notes Proceeds Loan) or any Investment Instrument or which are indebtedness or which are declared dividends or any other distribution (and including, for the avoidance of doubt, any other rights, actions or claims such Subordinated Creditor may have as a result of enforcement of security, or payment under the guarantee, it has granted) together with any of the following matters relating to or arising in respect of those liabilities and obligations:

(a) any refinancing (other than a refinancing in the ordinary course and not by reason of financial difficulties), novation, deferral or extension;

(b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;

(c) any claim for damages or restitution; and
(d) any claim as a result of any recovery by any member of the Group of a payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings are referred to as (to the extent owed to any Subordinated Creditor) "**Subordinated Liabilities**;" and

- any liabilities owed by any member of the Group which is a Debtor to any other member of the Group which is a creditor in respect of indebtedness of that first member of the Group and which is or becomes a party to the Intercreditor Agreement as an intra-group lender (the "**Intra- Group Lenders**") are referred to as "**Intra-Group Liabilities**."

Under the Intercreditor Agreement, all proceeds from enforcement of the Charged Property and certain other recoveries will be applied as provided under "—*Application of Proceeds*" below.

Soulte

Notwithstanding the above, the expressions "**Hedging Liabilities**," "**Priority Hedging Liabilities**," "**Revolving Creditor Liabilities**," "**Senior Notes Liabilities**," "**Senior Secured Liabilities**" and "Senior Secured Notes Liabilities" will also encompass such liabilities which constitute Soulte from time to time subject to the payment waterfall described under "—*Application of Proceeds*" below.

For these purposes:
"**French Law Transaction Security**" means any Transaction Security created or expressed to be created under any French Law Transaction Security Document.

"**French Law Transaction Security Document**" means any Transaction Security Document which is governed by the laws of France.

"**Soulte**" means, in relation to any enforcement action occurring by way of Foreclosure, the amount by which the value of the shares or other securities appropriated, foreclosed or transferred pursuant to the Foreclosure with respect to shares or other securities pledged pursuant to any French Law Transaction Security Document (as determined in accordance with the relevant Transaction Security Document or any applicable law) exceeds the amount of the secured obligations secured under the corresponding French Law Transaction Security Document immediately prior to such Foreclosure occurring.

New Money and Refinancing

The Intercreditor Agreement will contemplate that, to the extent permitted by, and subject to compliance with the requirements of, the Intercreditor Agreement and the other Debt Documents:

- the Revolving Lenders may increase a Revolving Facility and make further advances under such Revolving Facility to members of the Group and each such advance or increased amount will be deemed to be made under the terms of the relevant Revolving Facility Agreement;
- the Issuer or any other member of the Group may issue Senior Secured Notes in addition to the Notes (whether under the Indenture or an additional indenture issuing Senior Secured Notes);
- a Debtor may incur *Pari Passu* Debt under a *Pari Passu* Debt Document;
- a Senior Notes Issuer may issue Senior Notes (under any Senior Notes Indenture); and
- any of the above liabilities may with the consent of the Issuer be refinanced or replaced in whole or in part,

and that any such additional, increased or refinanced liabilities will rank and be secured under the Intercreditor Agreement on a super senior basis, senior secured basis or (as applicable) senior basis as provided for under the Intercreditor Agreement.

The creditors in respect of Revolving Creditor Liabilities, Hedging Liabilities, Senior Secured Notes Liabilities, *Pari Passu* Debt Liabilities and Senior Notes Liabilities (together, the **"Secured Parties**") agree that if any Transaction Security over any asset under the applicable Transaction Security Documents is amended, extended, renewed, restated, supplemented or otherwise modified, replaced or released to ensure that the additional, increased or refinanced liabilities described above (the "**Additional Secured Liabilities**") can be secured with the ranking contemplated as set out under "—*Ranking and Priority*" above, then the Security Agent is authorized to effect such amendment, extension, renewal, restatement, supplement, modification, replacement or release of the applicable Transaction Security Documents; provided that:

- if an event of default under a Revolving Facility (that is not to be refinanced or replaced in whole) is continuing at that time, the requisite consent under the Revolving Facility is obtained;
- immediately upon such release of Transaction Security, new Transaction Security will be provided in favor of the providers of such Additional Secured Liabilities and the existing Secured Creditors on terms substantially the same as the terms of the Transaction Security Documents released and subject to the same ranking as set out under "—*Ranking and Priority*" above; and
- contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of security of at least equivalent ranking over the same assets) which has the effect of releasing the relevant Transaction Security, the Issuer delivers to the Security Agent either (A) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Security Agent, confirming the solvency of the person granting such Transaction Security after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; (B) a certificate from the board of directors of the Issuer or Topco, at the Issuer's discretion, which certificate confirms the solvency of the person granting such Transaction Security, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement or release and retaking; or (C) an opinion of counsel, in form and substance reasonably satisfactory to the Security Agent (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Transaction Security created under the Transaction Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken is valid and perfected Transaction Security not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Transaction Security was not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

Notwithstanding anything to the contrary in the Intercreditor Agreement, no Secured Party will be required to release any Transaction Security under the Transaction Security Documents where the release described above may result in such Secured Party incurring any hardening period risk in respect of any such Transaction Security if and to the extent that the relevant *Additional Secured Liabilities* can be secured by lower ranking security in favor of the Secured Parties and can have the ranking described under "—*Ranking and Priority*" above by virtue of the provisions of the Intercreditor Agreement.

Permitted Payments

The Intercreditor Agreement will permit, inter alia, payments to be made by the Debtors or the Security Providers (to the extent applicable) under any Revolving Facility, Hedging Agreements, Senior Secured Notes Indenture, *Pari Passu* Debt Documents and Senior Notes Indenture, in each case in accordance with the terms of the document creating or evidencing such liabilities; provided that, in the case of payments in respect of Senior Secured Notes and *Pari Passu* Debt, subject to compliance with the Notes Purchase Condition as defined under the Revolving Credit Facility Agreement. See "*Description of Certain Other Indebtedness—Revolving Credit Facility Agreement—Undertakings*."

The Intercreditor Agreement will also permit payments to be made from time to time to Intra- Group Lenders owed any Intra-Group Liabilities ("**Intra-Group Liabilities Payments**") if at the time of payment no acceleration event has occurred in respect of the Revolving Creditor Liabilities, the Senior Secured Notes Liabilities, the *Pari Passu* Debt Liabilities or the Senior Notes Liabilities (an "**Acceleration Event**"). The Intercreditor Agreement will permit Intra-Group Liabilities Payments if an Acceleration Event has occurred and is continuing and the Security Agent (acting on the instructions of the Instructing Group (as defined below)) has delivered written notice to the Issuer stating that no payments may be made in respect of the Intra-Group Liabilities, in each case: (i) prior to the date on which the Super Senior Liabilities, Senior Secured Liabilities and Senior Notes Liabilities are discharged in cash (the "**Final Discharge Date**"), with the consent of (1) the requisite majority of Revolving Lenders as provided under the Revolving Credit Facility Agreement (the "**Majority Revolving Lenders**"), the Senior Secured Notes Trustee(s) and the *Pari Passu* Debt Representative(s) or (2) if, at that time, the Security Agent is obliged to give effect to instructions from a majority of Senior Noteholders (the "**Majority Senior Notes Creditors**") as to the manner of enforcement of the Transaction Security as described under "— *Manner of Enforcement of Transaction Security*" below, the Majority Senior Notes Creditors; (ii) after the discharge date (the "**Secured Debt Discharge Date**") in respect of the Super Senior Liabilities and Senior Secured Liabilities (together the "**Secured Debt**") but prior to the discharge date in respect of the Senior Notes Liabilities (the "**Senior Notes Discharge Date**"), with the consent of the relevant Senior Notes Trustee(s); or (iii) if that payment is made solely to facilitate payment of the Super Senior Liabilities, Senior Secured Notes Liabilities, *Pari Passu* Debt Liabilities, Senior Secured Notes Trustee Amounts, Senior Notes Trustee Amounts, Senior Notes Liabilities or the liabilities owed by any Debtor under any Senior Notes Proceeds Loan (the "**Senior Notes Proceeds Loan Liabilities**") (in each case to the extent permitted by the Intercreditor Agreement to be paid).

Payments may be made in respect of Subordinated Liabilities if:
(i) the payment is permitted or not prohibited by the Revolving Facility Agreement, the Indenture, the *Pari Passu* Debt Documents and the Senior Notes Indenture, in each case prior to the corresponding discharge date;
(ii) the payment is of costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Senior Notes Proceeds Loan Agreements and that payment would, if it were a payment of Senior Notes Liabilities, constitute a permitted Senior Notes payment at that time;
(iii) prior to the Secured Debt Discharge Date, to the extent the relevant Senior Secured Documents or Super Senior Debt Documents prohibit such payment, the Majority Super Senior Creditors, the relevant Senior Secured Notes Trustee(s) and the relevant *Pari Passu* Debt Representative(s) consent to such payment being made; or
(iv) on or after the Secured Debt Discharge Date, the prior consent of the relevant Senior Notes Trustee(s) is obtained to the extent the relevant Senior Notes Finance Documents prohibit such payment;

provided that, notwithstanding the terms of clause (i) above, any payments in respect of Subordinated Liabilities permitted as per the terms of clause (i) above (to the extent made in order to service interest payments on any indebtedness incurred by any holding company of the Issuer under the form of Senior Notes, the net proceeds of which have been contributed to the Issuer by way of (x) issuance by the Issuer of any capital stock or contribution to the equity of the Issuer pursuant to which the net proceeds of Senior Notes are contributed to the Issuer (a "**Senior Notes Contribution**") or (y) a Senior Notes Proceeds Loan (as applicable)), or clause (ii) above, will be subject to the provisions described under "*—Issue of Senior Payment Stop Notice*" and under "*—Cure of Payment Stop: Senior Notes Creditors*" below, as if such payments were made in respect of Senior Notes Liabilities mutatis mutandis.

Permitted Hedging Liabilities Payments

Subject to the conditions described below, the Debtors may make payments (whether in relation to a refinancing of any Hedging Liabilities or otherwise) to any Hedge Counterparty in respect of the Hedging Liabilities then due to that Hedge Counterparty under any Hedging Agreement in accordance with the terms of that Hedging Agreement provided that (i) no payment may be made to a Hedge Counterparty if any scheduled payment due from that Hedge Counterparty to such Debtor under a Hedging Agreement to which they are both party is due and unpaid unless the prior consent of the Majority Senior Secured Creditors is obtained; and (ii) nothing obliges a Hedge Counterparty to make a payment to a Debtor under a Hedging Agreement to which they are both party if any scheduled payment due from that Debtor to the Hedge Counterparty thereunder is due and unpaid, unless the taking or receipt of that payment is made as a result of a termination or close-out made by a Hedge Counterparty in accordance with and subject to the conditions set out in the paragraph below; provided further that, in both cases, following the occurrence of an Acceleration Event or an Insolvency Event, no member of the Group may make (and no Hedge Counterparty may receive) payments of the Hedging Liabilities except from recoveries distributed in accordance with the payment waterfall described under "*—Application of Proceeds*" below, other than any distribution or dividend out of any Debtor's unsecured assets (pro rata to each unsecured creditor's claim) made by a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer appointed in respect of any Debtor or any of its assets.

To the extent it is able to do so under the relevant Hedging Agreement, a Hedge Counterparty may terminate or close-out in whole or in part any hedging transaction under a Hedging Agreement prior to its stated maturity: (i) if, prior to a Distress Event, the Issuer has certified to that Hedge Counterparty that that termination or close-out would not result in a breach of a Revolving Facility Agreement, any Senior Secured Notes Indenture, any *Pari Passu* Debt Document and/or any Senior Notes Indenture, as the context requires and/or any hedging or similar letter referred to in any such agreement (as applicable); (ii) to the extent necessary to comply with the obligation under the Intercreditor Agreement and the relevant Secured Debt Documents to reduce the aggregate of the notional amounts hedged by the relevant Debtors under the Hedging Agreements entered into in relation to floating interest rate exposures in respect of any revolving facility or letter of credit made available under a Revolving Facility Agreement (a "**Revolving Facility**"), Senior Secured Notes, *Pari Passu* Debt or Senior Notes; (iii) to the extent that the relevant Debtor's obligation to make the payment arises as a result of the operation of certain provisions relating to non-credit related close- outs under the Hedging Agreements including, inter alia, in relation to withholding tax, payments in the contractual currency, judgments and expenses; (iv) if a Distress Event has occurred; (v) if an Insolvency Event has occurred in relation to a Debtor which is party to that Hedging Agreement; (vi) with the consent of the Majority Revolving Lenders and Majority Senior Secured Creditors (as defined below); (vii) if such termination or close-out is made in accordance with the no-fault termination right provisions of the ISDA Benchmarks Supplement; (viii) upon the refinancing (in whole or in part) of liabilities related thereto; (ix) if the Hedge Counterparties cease to be secured under the Security Documents without their consent; or (x) if, and to the extent that, a hedging transaction under a Hedging Agreement constitutes an excluded swap obligation due to illegality under applicable rules and regulations.

Permitted Senior Notes Payments

Any Debtors will or other members of the Group may only:

(a) prior to the Secured Debt Discharge Date, make payments directly or indirectly to the Senior Notes Creditors in respect of the Senior Notes Liabilities then due in accordance with the Senior Notes Finance Documents:
(i) if:
(A) the payment is of:
(I) any of the principal amount of the Senior Notes Liabilities which is either (1) not prohibited from being paid by the Revolving Facility Agreement (if the date of discharge of the Revolving Creditor Liabilities (the "**Revolving Facility Discharge Date**") has not occurred), the Senior Secured Notes Indenture pursuant to which the Senior Secured Notes are outstanding (if the date of discharge of the Senior Secured Notes Liabilities (the "**Senior Secured Notes Discharge Date**") has not occurred) or the *Pari Passu* Debt Documents pursuant to which *Pari Passu* Debt is outstanding (if the date of discharge of the *Pari Passu* Debt Liabilities (the "*Pari Passu* Debt **Discharge Date**") has not occurred) or (2) paid on or after the final maturity date of the Senior Notes Liabilities; or
(II) any other amount (including, without limitation, cash pay interest, default interest, fees and additional amounts) which is not an amount of principal or capitalized interest;
(B) no Senior Notes Payment Stop Notice (as defined below) is outstanding; and
(C) no payment default has occurred and is continuing (I) under the Revolving Credit Facility or Priority Hedging Liabilities or (II) in excess of €100,000 (or its equivalent in other currencies), under the Senior Secured Notes Finance Documents or *Pari Passu* Debt Documents (a "**Secured Debt Payment Default**"); or
(ii) if the Revolving Agent, the Senior Secured Notes Trustee(s) and the *Pari Passu* Debt Representative(s) give prior consent to that payment being made to the extent the relevant Debt Documents prohibit such payment from being made; or
(iii) if the payment is of a Senior Notes Trustee Amount; or
(iv) if the payment is of certain administrative costs relating to a Senior Notes Issuer and/or costs relating to the protection, preservation or enforcement of the Transaction Security; or
(v) if the payment is of costs, commissions, taxes (including gross-up amounts), consent fees and original issuance discount and upfront fees and expenses incurred in respect of (or reasonably incidental to) the Senior Notes Finance Documents (including in relation to any reporting or listing requirements under the Senior Notes Finance Documents); or
(vi) if the payment is of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Notes in compliance with the Intercreditor Agreement; and

(b) on or after the Secured Debt Discharge Date, make any payments to or with respect to the Senior Notes Creditors in respect of the Senior Notes Liabilities in accordance with the Senior Notes Finance Documents (including, for the avoidance of doubt, payment of principal).

Issue of Senior Payment Stop Notice

(a) Until the Secured Debt Discharge Date, except with the prior consent of the Revolving Agent (if the Revolving Facility Discharge Date has not occurred), the Senior Secured Notes Trustee(s) (if the relevant Senior Secured Discharge Date has not occurred) and the *Pari Passu* Debt Representative(s) (if the relevant *Pari Passu* Debt Discharge Date has not occurred) and subject to the provisions of the Intercreditor Agreement

which deal with the effects of an insolvency event, the Issuer will not make (and will procure that no other member of the Group will make), and no Senior Notes Creditor may receive from the Issuer or other member of the Group, any payment in respect of the Senior Notes which would otherwise be permitted as referred to above (a "**Permitted Senior Notes Payment**") (other than any referred to in (a)(ii) of "*—Permitted Senior Notes Payments*" above and any Senior Notes Trustee Amounts) if:
(i) a Secured Debt Payment Default is continuing; or
(ii) an event of default under any document or instrument creating or evidencing Secured Debt other than the Hedging Liabilities (a "**Secured Debt Event of Default**") (other than a Secured Debt Payment Default) is continuing, from the date which is one Business Day (as defined in the Revolving Credit Facility Agreement) after the date on which the Revolving Agent, any Senior Secured Notes Trustee or any *Pari Passu* Debt Representative (as the case may be) delivers a notice (a "**Senior Notes Payment Stop Notice**") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Senior Notes Issuer(s), the Security Agent, the Revolving Agent, the Senior Secured Notes Trustee(s), the Senior Notes Trustee(s) and the *Pari Passu* Debt Representative(s) (in each case, as applicable) until the earliest of:
(A) the first Business Day falling 179 days after delivery of that Senior Notes Payment Stop Notice;
(B) in relation to payments of Senior Notes Liabilities, if a Senior Notes Standstill Period (as defined below) is in effect at any time after delivery of that Senior Notes Payment Stop Notice, the date on which that Senior Notes Standstill Period expires;
(C) the date on which the relevant Secured Debt Event of Default has been remedied or waived or, if the relevant Revolving Creditor Liabilities or Senior Secured Notes Liabilities have been accelerated, such acceleration has been rescinded, in accordance with the Revolving Credit Facility Agreement or the relevant Senior Secured Finance Documents (as applicable);
(D) the date on which each Revolving Agent, Senior Secured Notes Trustee(s) and *Pari Passu* Debt Representative(s) which delivered the relevant Senior Notes Payment Stop Notice delivers a notice to the Senior Notes Issuer(s), the Security Agent, the Revolving Agent(s), the Senior Secured Notes Trustee(s), the Senior Notes Trustee(s) and the *Pari Passu* Debt Representative(s) (in each case, as applicable) cancelling the Senior Notes Payment Stop Notice;
(E) the Secured Debt Discharge Date; and
(F) the date on which the Security Agent or a Senior Notes Trustee takes enforcement action permitted under the Intercreditor Agreement against a member of the Group; provided that such payment may only be made by the relevant member of the Group against which such enforcement action is taken.

(b) Unless the Senior Notes Trustee(s) waive this requirement:
(i) a new Senior Notes Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Notes Payment Stop Notice; and
(ii) no Senior Notes Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 45 days after the date the Revolving Agent, each Senior Secured Notes Trustee and each *Pari Passu* Debt Representative received notice of that Secured Debt Event of Default.

(c) The Revolving Agent, the Senior Secured Notes Trustee(s) and the *Pari Passu* Debt Representative(s) may only serve one Senior Notes Payment Stop Notice with respect to the same event or set of circumstances. Subject as described in paragraph (b) above, this will not affect the right of the Revolving Agent or the Senior Secured Notes Trustee(s) or the *Pari Passu* Debt Representative(s) to issue a Senior Notes Payment Stop Notice in respect of any other event or set of circumstances.

(d) No Senior Notes Payment Stop Notice may be served by a Revolving Agent, a Senior Secured Notes Trustee or a *Pari Passu* Debt Representative in respect of a Secured Debt Event of Default which had been notified to the Revolving Agent, the Senior Secured Notes Trustee(s) and the *Pari Passu* Debt Representative(s), as relevant, at the time at which an earlier Senior Notes Payment Stop Notice was issued.

(e) For the avoidance of doubt, the provisions in the Intercreditor Agreement relating to a Senior Notes Payment Stop Notice:
(i) act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due;
(ii) will not prevent the accrual or capitalization of interest (including default interest) in accordance with the Senior Notes Finance Documents;
(iii) will not prevent the payment of any Senior Notes Trustee Amounts and certain administrative costs relating to the Senior Notes Issuer(s); and
(iv) will not prevent the payment of audit fees, directors' fees, taxes and other proper and incidental expenses required to maintain existence.

Cure of Payment Stop: Senior Notes Creditors

If:
(a) at any time following the issue of a Senior Notes Payment Stop Notice or the occurrence of a Secured Debt Payment Default, that Senior Notes Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Secured Debt Payment Default ceases to be continuing; and
(b) the relevant Debtor then promptly pays to the Senior Notes Creditors an amount equal to any payments which had accrued under the Senior Notes Finance Documents and which would have been Permitted Senior Notes Payments but for that Senior Notes Payment Stop Notice or Secured Debt Payment Default,

then any event of default which may have occurred as a result of that suspension of payments will be waived and any Senior Notes Enforcement Notice (as defined below) which may have been issued as a result of that event of default will be waived, in each case without any further action being required on the part of the Senior Notes Creditors.

Restrictions on Enforcement by Senior Notes Finance Parties

Until the Secured Debt Discharge Date, except with the prior consent of or as required by an Instructing Group:

(a) none of the Senior Notes Trustee(s) (acting on behalf of themselves and the relevant Senior Noteholders) and the Security Agent (collectively, the "**Senior Notes Finance Parties**") will direct the Security Agent to enforce, or otherwise (to the extent applicable) require the enforcement of, any Transaction Security Documents; and

(b) no Senior Notes Finance Party will take or require the taking of any enforcement action in relation to the Senior Notes Guarantee Liabilities, except as described under "*—Permitted Senior Notes and Senior Notes Security Documents Enforcement*" and under "*—Enforcement on Behalf of Senior Notes Finance Parties*" below.

Permitted Senior Notes and Senior Notes Security Documents Enforcement

Except as provided under "*—Enforcement on Behalf of Senior Notes Finance Parties*" below, the restrictions described under "*—Restrictions on Enforcement by Senior Notes Finance Parties*" above will not apply in respect of (i) the Senior Notes Guarantee Liabilities or (ii) any security granted in favor of the Security Agent with respect to Investment Instruments issued by or, in the case of any loans, bonds or other liabilities, owing by, the Issuer under the Transaction Security Documents (the "**Senior Notes Shared Security**") (if any) which guarantee and/or secure Senior Notes Liabilities as permitted by the Intercreditor Agreement if:
(a) an event of default (a "**Senior Notes Event of Default**") under the Senior Notes is continuing (the "**Relevant Senior Notes Default**");
(b) the Revolving Agent, the Senior Secured Notes Trustee(s) and the *Pari Passu* Debt Representative(s) have received a written notice of the Relevant Senior Notes Default specifying the event or circumstance in relation to the Relevant Senior Notes Default from the relevant Senior Notes Trustee;
(c) a Senior Notes Standstill Period (as defined below) has elapsed; and
(d) the Relevant Senior Notes Default is continuing at the end of the relevant Senior Notes Standstill Period.

Promptly upon becoming aware of a Senior Notes Event of Default, the relevant Senior Notes Trustee(s) may by notice (a "**Senior Notes Enforcement Notice**") in writing notify the Revolving Agent, each Senior Secured Notes Trustee and each *Pari Passu* Debt Representative of the existence of such Senior Notes Event of Default.

Senior Notes Standstill Period

In relation to a Relevant Senior Notes Default, a Senior Notes Standstill Period will mean the period beginning on the date (the "**Senior Notes Standstill Start Date**") the relevant Senior Notes Trustee(s) serves a Senior Notes Enforcement Notice on the Revolving Agent, each Senior Secured Notes Trustee and each *Pari Passu* Debt Representative in respect of such Relevant Senior Notes Default and ending on the earliest to occur of:
(a) the first Business Day falling 179 days after the Senior Notes Standstill Start Date (the "**Senior Notes Standstill Period**");

(b) the date the Secured Creditors take any enforcement action in relation to a particular Debtor or member of the Group that is a guarantor of any Senior Notes or Senior Notes Liabilities (a "Senior Notes Guarantor") or, as applicable,

the Senior Notes Issuer(s); provided, however, that:
(i) if a Senior Notes Standstill Period ends as described in this section, the Senior Notes Finance Parties may only take the same enforcement action in relation to the Senior Notes Guarantor as the enforcement action taken by the Secured Creditors against such Senior Notes Guarantor and not against any other member of the Group; and
(ii) enforcement action for these purposes does not include action taken to preserve or protect any security as opposed to realize it;

(c) the date of an insolvency event (other than as a result of any action taken by any Senior Notes Finance Party) in relation to a particular Senior Notes Guarantor (or, as applicable, a Senior Notes Issuer) against whom enforcement action is to be taken;

(d) the expiry of any other Senior Notes Standstill Period outstanding at the date such first mentioned Senior Notes Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(e) the date on which the Revolving Agent, each Senior Secured Notes Trustee and each *Pari Passu* Debt Representative give their consent to the termination of the relevant Senior Notes Standstill Period; and

(f) a failure to pay the principal amount outstanding on the Senior Notes at the final stated maturity of the Senior Notes.

The Senior Notes Finance Parties may take enforcement action as described under "—*Permitted Senior Notes and Senior Notes Security Documents Enforcement*" above in relation to a Relevant Senior Notes Default even if, at the end of any relevant Senior Notes Standstill Period or at any later time, a further Senior Notes Standstill Period has begun as a result of any other Senior Notes Event of Default.

Enforcement on Behalf of Senior Notes Finance Parties

(a) If the Security Agent has notified the Senior Notes Trustee(s) that it is taking steps to enforce security created pursuant to any Security Document over shares of a Senior Notes Guarantor, no Senior Notes Finance Party may take any action described under "—*Permitted Senior Notes and Senior Notes Security Documents Enforcement*" above against that Senior Notes Guarantor or any of its Subsidiaries while the Security Agent (i) has requested instructions of an Instructing Group in relation to the enforcement of that security and the relevant instructions have not been given or (ii) is taking steps to enforce that security in accordance with the instructions of the Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

(b) If the Senior Notes Creditors are permitted to give instructions to the Security Agent to require the enforcement of the security constituted pursuant to any Security Document in accordance with the provisions of the Intercreditor Agreement described under this section, such enforcement action must require the realization of the relevant security by way of a sale or disposal conducted in compliance with the provisions of the Intercreditor Agreement described under "—*Conditions to Release—Senior Notes Protection*" below.

Manner of Enforcement of Transaction Security

(a) The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless instructed otherwise by either the Revolving Creditors and Hedge Counterparties in respect of Priority Hedging (collectively, the "**Super Senior Creditors**") together representing the requisite majority of more than 66.66% of the participations in the Super Senior Liabilities (the "**Majority Super Senior Creditors**") or the Senior Secured Notes Creditors, *Pari Passu* Creditors and Hedge Counterparties in respect of Non-Priority Hedging (collectively, the "**Senior Secured Creditors**" and together with the Super Senior Creditors, the "**Secured Creditors**") together representing the requisite majority of more than 50.1% of the participations in the Senior Secured Liabilities (the "**Majority Senior Secured Creditors**"), whichever at the relevant time is entitled to give instructions in accordance with the terms of the Intercreditor Agreement as described below (each an "**Instructing Group**," provided that, if such enforcement is on or after the Secured Debt Discharge Date, the Instructing Group will for these purposes be the Majority Senior Notes Creditors).

(b) Subject to the Transaction Security having become enforceable in accordance with its terms:
(i) subject to the enforcement decision requirements described below, an Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as it sees fit; provided that the instructions as to enforcement given by the Instructing Group are consistent with the Security Enforcement Principles (as defined below); or
(ii) to the extent permitted to enforce or to require the enforcement of the Senior Notes Shared Security prior to the Senior Notes Discharge Date as described under "—*Permitted Senior Notes and Senior Notes Security Documents Enforcement*" above and except as provided below, the Senior Notes Trustee(s) (acting on the instruction of the Majority Senior Notes Creditors) may give instructions to the Security Agent as to the enforcement of the Senior Notes Shared Security as they see fit.

(c) Prior to the Secured Debt Discharge Date:
(i) if the Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or
(ii) in the absence of instructions from the Instructing Group,
and, in each case, the Instructing Group has not required any Debtor or Security Provider to make a Distressed Disposal (as defined below), the Security Agent will give effect to any instructions to enforce the Senior Notes Shared Security which the Senior Notes Trustee(s) (acting on the instructions of the Majority Senior Notes Creditors) are then entitled to give to the Security Agent as described under "—*Permitted Senior Notes and Senior Notes Security Documents Enforcement*."

(d) Notwithstanding the above, if at any time the Senior Notes Trustee(s) are then entitled to give the Security Agent instructions to enforce the Senior Notes Shared Security pursuant to paragraph (c) above and the Senior Notes Trustee(s) either gives such instruction or indicates any intention to give such instruction, then:
(i) the Instructing Group may give instructions to the Security Agent to enforce the Senior Notes Shared Security as the Instructing Group sees fit in lieu of any instructions to enforce given by the Senior Notes Trustee(s) as described under "—*Permitted Senior Notes and Senior Notes Security Documents Enforcement*" above; and
(ii) if the Instructing Group gives any instructions to enforce any Transaction Security over shares in a holding company of any member of the Group whose shares are subject to Transaction Security with respect to which any such enforcement instructions by a Senior Note(s) Trustee have already been given, the Security Agent may not act on such enforcement instructions from any Senior Notes Trustee(s) unless instructed to do so by the Instructing Group.

(e) No Secured Party will have any independent power to enforce, or to have recourse to any Transaction Security or to exercise any rights or powers arising under the Transaction Security Documents, except through the Security Agent.

If the Transaction Security is being enforced as described above, the Security Agent will enforce the Transaction Security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as an Instructing Group (or, in the circumstances described in paragraph (c) above and subject to paragraph (d) above, the Senior Notes Trustee(s)) will instruct or, in the absence of any such instructions, as the Security Agent sees fit, in each case, so far as is consistent with the Security Enforcement Principles. For the avoidance of doubt, in the absence of instructions from an Instructing Group or the Senior Notes Trustee(s), the Security Agent will not be required to take any action.

Enforcement Decisions with Respect to Enforcement of Transaction Security

(a) Prior to the Final Discharge Date and subject to the provisions of the Intercreditor Agreement described under (c) and (d) below, before the giving of any instructions to the Security Agent to enforce the Transaction Security as described under "—*Manner of Enforcement of Transaction Security*" above (and before either the Majority Super Senior Creditors or the Majority Senior Secured Creditors will be considered the Instructing Group), a Revolving Agent or representative for each of the Senior Secured Creditors will deliver a copy of its proposed enforcement instructions to the other representatives and the Security Agent (including instructions not to enforce) (the "Proposed Enforcement Instructions"). The Security Agent will as soon as reasonably practicable notify each of the representatives of the Super Senior Creditors and the Senior Secured Creditors upon receipt of such Proposed Enforcement Instructions.
(b) Prior to the Secured Debt Discharge Date and subject to paragraphs (c), (d) and (e) below, if the Security Agent has received any Proposed Enforcement Instructions, it will either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Majority Senior Secured Creditors (and the Majority Senior Secured Creditors will be the Instructing Group for the purposes as described under "—*Manner of Enforcement of Transaction Security*" above and in each case, acting through their respective representative); provided that such instructions

are consistent with the Security Enforcement Principles and failure to give instructions will be deemed to be an instruction not to take enforcement steps.

(c) In the event that:
(i) from the date that is three (3) months after the first Proposed Enforcement Instructions are delivered to the Security Agent, the Security Agent (acting on the instructions of the Majority Senior Secured Creditors) has not commenced the enforcement action or either (i) the method of enforcement of Transaction Security as determined by the Instructing Group or (ii) the appointment of a financial advisor by the Instructing Group to assist in such determination ("Relevant Enforcement Action") of the Transaction Security; or
(ii) the Super Senior Liabilities have not been fully discharged in cash within six (6) months of the date the first Proposed Enforcement Instructions were delivered to the Security Agent, then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors will become the Instructing Group for the purposes as described under "—*Manner of Enforcement of Transaction Security*" above.

(d) If at any time the Security Agent has not taken any Relevant Enforcement Action of the Transaction Security notwithstanding the Transaction Security having become enforceable in accordance with its terms, a representative acting on behalf of the Majority Super Senior Creditors or the Majority Senior Secured Creditors may at any time provide immediate instructions as to enforcement to the Security Agent notwithstanding any instructions given pursuant to paragraph (b) or (c) above, if the Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith (and notify the representatives of the other Super Senior Creditors and the Senior Secured Notes Creditors and the *Pari Passu* Creditors and the Security Agent) the delay in taking enforcement action of the Transaction Security could reasonably be expected to have a material adverse effect on:
(i) the Security Agent's ability to enforce the Transaction Security; or
(ii) the realization proceeds of any enforcement of the Transaction Security, and the Security Agent will act only with respect to the relevant asset or Debtor that is the subject of the determination set out in paragraphs (d)(i) or (d)(ii) above, in accordance with the first such notice of determination and instructions as to enforcement received by the Security Agent (provided in each case that such instructions are consistent with the Security Enforcement Principles).

(e) If at any time an insolvency event has occurred with respect to any Debtor (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Majority Senior Secured Creditors), the Security Agent will act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors; provided that in the event the Security Agent has previously received Proposed Enforcement Instructions from the representative for the Majority Senior Secured Creditors and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent will continue to act in accordance with the instructions of the representative for the Majority Senior Secured Creditors until such time as the representatives for the Majority Super Senior Creditors issue enforcement instructions to the Security Agent and such instructions will override and supersede any such prior instructions given by the representative for the Majority Senior Secured Creditors.

(f) Other than where paragraph (d) or (e) above applies, if, prior to the Super Senior Discharge Date, the Majority Super Senior Creditors or the Majority Senior Secured Creditors (in each case acting reasonably) consider that the Security Agent is enforcing the security in a manner which is not consistent with the Security Enforcement Principles, the representatives for the Super Senior Creditors, the *Pari Passu* Debt Representatives or the Senior Secured Notes Trustee will give notice to the representatives for the other Super Senior Creditors, and the *Pari Passu* Debt Representatives and the Senior Secured Notes Trustee (as appropriate) after which the representatives for the other Super Senior Creditors, the *Pari Passu* Debt Representatives and the Senior Secured Notes Trustee will consult with the Security Agent for a period of 15 days (or such lesser period as the relevant representatives may agree) with a view to agreeing the manner of enforcement provided that such representatives will not be obliged to consult under this paragraph (f) more than once in relation to each enforcement action.

(g) After the Super Senior Discharge Date, the Security Agent will either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Majority Senior Secured Creditors.

Limitation on Enforcement of Subordinated Liabilities

Creditors in respect of the Subordinated Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the Final Discharge Date or, in the case of any Senior Notes Proceeds Loan, prior to the Senior Secured Discharge Date (other than certain specific enforcement action relating to payment of the Subordinated Liabilities which at the time of such enforcement action would be permitted as described under "—*Permitted Payments*" above or, in respect of any Senior Notes Proceeds Loan Liabilities, enforcement actions which would be permitted to be taken by such person and against such person if such enforcement action were instead in respect of Senior Notes Liabilities (as if the Subordinated Creditor was a Senior Notes Creditor), unless, at such time, the Super Senior Creditors, the Senior Secured Creditors and the Senior Notes Creditors (the "Primary Creditors") are, or the Security Agent, is taking any enforcement action required by the Instructing Group or following an Acceleration Event); provided that, after the occurrence of an insolvency event in relation to a member of the Group, the Subordinated Creditors may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of such Subordinated Creditors in accordance with the terms of the Intercreditor Agreement) exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that entity's Subordinated Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that entity in respect of any Subordinated Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Subordinated Liabilities of that entity; or
(d) claim and prove in the liquidation of that entity for the Subordinated Liabilities owing to it.

Limitation on Enforcement of Intra-Group Liabilities

The Intra-Group Lenders will not be permitted to take any enforcement action in respect of the Intra-Group Liabilities at any time prior to the Final Discharge Date (other than certain specific enforcement actions relating to payment of the Intra-Group Liabilities which at the time of such enforcement action would be permitted as described under "—*Permitted Payments*" above unless, at such time, an Instructing Group is taking enforcement action or following an Acceleration Event); provided that, after the occurrence of an insolvency event in relation to any member of the Group, each Intra-Group Lender may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra-Group Lender in accordance with the Intercreditor Agreement) exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that member of the Group's Intra-Group Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Intra-Group Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Intra-Group Liabilities of that member of the Group; or

(d) claim and prove in the liquidation of that member of the Group for the Intra-Group Liabilities owing to it.

Security Enforcement Principles

The Intercreditor Agreement will provide for enforcement instructions in relation to the Transaction Security to be consistent with the following security enforcement principles (the "Security Enforcement Principles"):

(a) it will be the primary and overriding aim of any enforcement of the Transaction Security to achieve the objective of maximizing the recovery of the Secured Parties, to the extent consistent with (i) a prompt and expeditious enforcement of the Transaction Security (to the extent reasonably possible) and (ii) the rights and obligations of the Security Agent under the terms of the Intercreditor Agreement and under applicable law (the "Security Enforcement Objective");

(b) the Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors, the Majority Senior Secured Creditors, the Senior Secured Noteholders, the holders of each tranche of *Pari Passu* Debt and the Security Agent;

(c) except in the case of a Foreclosure, the

Transaction Security will be enforced and other action as to enforcement will be taken such that either:
(i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the payment waterfall described under "—*Application of Proceeds*" below; or
(ii) (except in the case of any enforcement which is instructed by the Majority Super Senior Creditors) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the payment waterfall described under "—*Application of Proceeds*" below, the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

(d) any Exit Disposal (as defined below) may only be effected upon the instructions of an Instructing Group and in accordance with these Security Enforcement Principles as if such Exit Disposal was an enforcement of Transaction Security;

(e) the enforcement action must be prompt and expeditious, it being acknowledged that, subject to the other provisions of the Intercreditor Agreement, the timeframe for the realization of value from the enforcement of the Transaction Security or Distressed Disposal (as defined below) or Exit Disposal pursuant to enforcement will be determined by the Instructing Group; provided that it is consistent with the Security Enforcement Objective;

(f) on (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5,000,000 (or its equivalent in other currencies) or (ii) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, which, in either case, is not being effected through a public auction, the Security Agent will if requested by the Majority Super Senior Creditors or the Majority Senior Secured Creditors, and at the expense of the Issuer (to the extent that financial advisers have not adopted a general policy of not providing such opinions), appoint a financial adviser to opine:
(i) that the consideration received for any disposal is fair from a financial point of view taking into account all relevant circumstances;
(ii) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Principles and maximize the recovery of any such enforcement action; and
(iii) that such sale is otherwise in accordance with the Security Enforcement Objective, (the "Financial Adviser's Opinion"); provided that, if the Security Agent is unable to obtain an opinion from a financial adviser covering the matters set out under (ii) and (iii) above (and after considering making such modifications to the enforcement process as may be reasonably available and consistent with the Security Enforcement Principles to obtain such opinion), then an opinion covering paragraph (i) above will be sufficient to constitute a Financial Adviser's Opinion for the purposes of the Security Enforcement Principles;

(g) the Security Agent will be under no obligation to appoint a financial adviser or to seek the advice of a financial adviser, unless expressly required to do so by these Security Enforcement Principles or any other provision of the Intercreditor Agreement. Prior to making any appointment of a financial adviser, the Security Agent is entitled to ensure that cost cover (at a level it is satisfied with acting reasonably) has been provided;

(h) the Financial Adviser's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(i) in the absence of written notice from a creditor or group of creditors that are not part of the relevant Instructing Group that such creditor(s) object to any enforcement of the Transaction Security on the grounds that such enforcement action does not aim to achieve the Security Enforcement Objective, the Security Agent is entitled to assume that such enforcement of the Transaction Security is in accordance with the Security Enforcement Objective;

(j) if the Security Agent is unable to obtain a Financial Adviser's Opinion after attempting to do so (and after considering making such modifications to the enforcement process as may be reasonably available and consistent with the Security Enforcement Principles to obtain such opinion) because such opinions are not generally available in the market in such circumstances, it will notify the Revolving Agent and each representative in respect of the Senior Secured Notes Liabilities and *Pari Passu* Debt and may proceed to enforce the Transaction Security without needing to demonstrate (by way of a Financial Adviser's Opinion or otherwise) that such enforcement is aiming to achieve the Security Enforcement Objective; and

(k) if enforcement of any Transaction Security is conducted by way of a public auction or other competitive sales process specified in the Intercreditor Agreement, no financial adviser will be required to be appointed, and no Financial Adviser's Opinion will be required, in relation to such enforcement; provided that the Security Agent will be entitled (but not obliged) to appoint a financial adviser to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of public auction or other competitive sale process in accordance with the Intercreditor Agreement.

Exercise of voting rights

Each Creditor (other than each Revolving Agent, each Senior Secured Notes Trustee, each *Pari Passu* Debt Representative and each Senior Notes Trustee) will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent.

Payment of a Soulte

"**Foreclosed Asset**" means (i) any Charged Property foreclosed by the Secured Parties following a Foreclosure, (ii) (where such Charged Property includes shares in any company) any asset of such company(ies) or any subsidiary(ies) thereof, (iii) any asset of the type referred to in (i) or (ii) transferred to any Secured Parties SPV and/or (iv) any share of any Secured Parties SPV having acquired assets of the type referred to in (i) or (ii) above (including in the context of the enforcement of a Transaction Security Document by way of sale).

"**Foreclosed Assets Holders**" means the Secured Parties (or their affiliates) in their capacity as holders (directly or indirectly through a Secured Parties SPV) of Foreclosed Assets.

"**Foreclosure**" means the enforcement of any Transaction Security as a result of which the relevant Foreclosed Assets are owned either by Secured Parties (or any representative on their behalf) or a Secured Parties SPV following (a) an appropriation (including pursuant to a pacte commissoire or a private appropriation) by judicial foreclosure in favor of, or attribution to, Secured Parties (or any representative on their behalf) or a Secured Parties SPV, or (b) a disposal to a Secured Parties SPV (including a disposal made in the context of the enforcement of a Transaction Security Document by way of sale), in each case, in accordance with the relevant Transaction Security Documents.

"**Foreclosure Date**" means the first date on which a Foreclosure occurs.

"**Secured Parties SPV**" means a special purpose limited liability vehicle acquiring or holding Investment Instruments or Charged Property pursuant to a Foreclosure and whose share capital is held (directly or indirectly) by the Secured Parties or any affiliate(s) of any Secured Parties and which becomes party to the Intercreditor Agreement as a Secured Parties SPV.

If following any Foreclosure a Soulte is owed by the Secured Parties to any Debtor or Security Provider, that Debtor or Security Provider (as applicable) agrees that such Soulte will only become due and payable by the Secured Parties:

(a) where such Soulte arises in connection with the enforcement of any Transaction Security Document governed by French law, on the earlier of;
(i) the date which is 12 months after the date on which such Foreclosure occurs; and
(ii) the Final Discharge Date;

(b) Any payment of the Soulte under paragraph (a) above to any Debtor or Security Provider which will occur prior to the Final Discharge Date will be paid to a bank account of the relevant Debtor or Security Provider (as applicable) held with the Security Agent and pledged in a manner satisfactory to the Security Agent acting on behalf of the Secured Parties in favor of the Secured Parties as security for the secured obligations to be applied in the order of priority of the payment waterfall described under "—Application of Proceeds" below. This pledge agreement will include an irrevocable instruction from the relevant Debtor or Security Provider (as applicable) to make from such pledged bank accounts any payment required to be fulfilled under the Intercreditor Agreement or any other Debt Document.

(c) For the avoidance of doubt, the obligations of each Secured Party to pay its proportionate share of any Soulte are several and not joint.

Exit Disposal

The taking of any steps towards making an Exit Disposal will be treated as the enforcement of Transaction Security for all purposes under the Intercreditor Agreement where "Exit Disposal" means, following a Foreclosure of certain Foreclosed Assets, a sale, disposal or transfer of: (a) such Foreclosed Assets, (b) any Investment Instrument issued by a Secured Parties SPV holding such Foreclosed Assets or (c) if the Foreclosed Assets consist of shares of any member of the Group, any assets held by such member of the Group or any subsidiary of it, in each case, to a person or persons which is not a member of the Group or a Secured Parties SPV.

Turnover

The Intercreditor Agreement will provide that if at any time prior to the Final Discharge Date, subject to certain exceptions, any Primary Creditor or Subordinated Party (each Intra-Group Lender and each Subordinated Creditor being collectively referred to as the "**Subordinated Parties**") (each a "**Creditor**") or Secured Parties SPV receives or recovers (in the case of a Super Senior Creditor or Senior Secured Creditor only in respect of the fourth paragraph below):

- any payment or distribution of, or on account of or in relation to, any liability owed by a member of the Group under the Debt Documents which is not a permitted payment under the Intercreditor Agreement as described under "*—Permitted Payments*" above or made in accordance with the order of priority described under "*—Application of Proceeds*" below;
- (except with respect to certain *discharges by way* of set-off occurring after an insolvency event in relation to a member of the Group, following which a Subordinated Party or Senior Notes Creditor benefitting from such set-off is required to pay to the Security Agent an amount equal to the amount set-off for application of such amount in accordance with the order of priority described under "*—Application of Proceeds*" below), any amount by way of set-off in respect of any liability owed by a member of the Group under the Debt Documents which does not give effect to a permitted payment under the Intercreditor Agreement as described under "*—Permitted Payments*" above;
- (notwithstanding the immediately preceding two paragraphs and except with respect to certain discharges by way of set-off described in the immediately preceding paragraph), any amount (i) on account of or in relation to any liability owed by a member of the Group under the Debt Documents after the occurrence of an Acceleration Event which is continuing (x) if prior to the Secured Debt Discharge Date, any of the agent under the Revolving Credit Facility (acting on the instructions of the Majority Revolving Lenders), a Senior Secured Notes Trustee (acting on behalf of the Senior Secured Noteholders) or a *Pari Passu* Debt Representative (acting on the instructions of the *Pari Passu* Debt Required Holders) declares by written notice to the Security Agent, each other creditor representative and the Issuer that a "Distress Event" has occurred or (y) if on or after the Secured Debt Discharge Date, a Senior Notes Trustee (acting on behalf of the Senior Noteholders) declares by written notice to the Security Agent, each other creditor representative and the Issuer that a "Distress Event" has occurred (each, a "Distress Event") or as a result of any other litigation or proceedings against a Debtor or Security Provider (other than after the occurrence of an insolvency event in respect of such Debtor or Security Provider), or (ii) by way of set-off in respect of any liability of a member of the Group under the Debt Documents after the occurrence of a Distress Event; in each case except in accordance with the order of priority described under "*—Application of Proceeds*" below;
- the proceeds of any enforcement of any Transaction Security, the proceeds of any Distressed Disposal or Exit Disposal or any Cash Proceeds, in each case except in accordance with the order of priority described under "*—Application of Proceeds*" below; or
- (except with respect to certain discharges by way of set-off described in the second paragraph of this section) any distribution in cash or in kind or payment of, or on account of or in relation to, any liability owed by a Debtor or Security Provider under the Debt Documents which is not in accordance with the order of priority described under "*—Application of Proceeds*" below and which is made as a result of, or after, the occurrence of an insolvency event in respect of such Debtor or Security Provider,

then that Creditor (or Secured Parties SPV as the case may be):

- in relation to receipts or recoveries not received or recovered by way of set-off, must hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, must promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Deferral of Subrogation Rights

If any liabilities owed by a member of the Group under the Debt Documents to the Secured Creditors ("**Secured Creditor Liabilities**") are wholly or partly paid out of any proceeds received in respect of or on account of the Senior Notes Liabilities owing to one or more Senior Notes Creditors, those Senior Notes Creditors will to that extent be subrogated to the Secured Creditor Liabilities so paid (and all securities and guarantees for those Secured Creditor Liabilities).

To the extent that a Senior Notes Creditor (a "**Subrogated Creditor**") is entitled to exercise rights of subrogation, each other Creditor (subject in each case to it being indemnified, secured and/or prefunded to its satisfaction against any resulting costs, expenses and liabilities) will give such assistance to enable such rights so to be exercised as such Subrogated Creditor may reasonably request.

No Creditor, Subordinated Party, Debtor or Security Provider will exercise any rights which it may have by reason of the performance by it of its obligations under the Debt Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any Creditor which ranks ahead of it in accordance with the priorities set out in the Intercreditor Agreement as described above under "*—Ranking and Priority*" until such time as all of the liabilities owing by a member of the Group under the Debt Documents to each prior ranking Creditor (or, in the case of any Debtor or Security Provider prior to the Final Discharge Date, owing to each Creditor) have been irrevocably paid in full.

No Subordinated Creditor will exercise any rights which it may have to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any Creditor until such time as all of the liabilities owing by a member of the Group under the Debt Documents to each Creditor (other than a Subordinated Creditor) have been irrevocably paid in full.

Application of Proceeds

Subject to certain exceptions as set out therein, the Intercreditor Agreement will provide that all amounts from time to time received or recovered by the Security Agent pursuant to, inter alia, the turnover provisions of the Intercreditor Agreement as described under "*—Turnover*" above or in connection with the realization or enforcement of all or any part of the Transaction Security, a transaction in lieu of enforcement of Transaction Security or any other Distressed Disposal or Exit Disposal, or otherwise paid to the Security Agent under the terms of the Intercreditor Agreement pursuant to the provisions described below will be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of the Intercreditor Agreement) in the following order of priority:

- first, in payment or distribution to:

(a) the Security Agent (other than in respect of the parallel debt claims), any receiver or any delegate for application towards the discharge of any sums owing to any of them from any party to the Intercreditor Agreement;

(b) each Revolving Agent on its own behalf for application towards the discharge of the Revolving Agent liabilities (in accordance with the terms of the Revolving Facility Documents);
(c) each Senior Secured Notes Trustee on its own behalf for application towards the discharge of the Senior Secured Notes Trustee Amounts (in accordance with the Senior Secured Notes Finance Documents);
(d) each *Pari Passu* Debt Representative on its own behalf for application towards the discharge of *Pari Passu* Debt Representative Amounts (in accordance with the *Pari Passu* Debt Documents); and
(e) each Senior Notes Trustee on its own behalf for application towards the discharge of the Senior Notes Trustee Amounts (in accordance with the Senior Notes Finance Documents),
on a pro rata basis and ranking *pari passu* between (a), (b), (c), (d) and (e), and in the case of (b), (c), (d) and (e) above, including any such amounts arising in connection with any realization or enforcement of the Transaction Security or any other Distressed Disposal or Exit Disposal taken in accordance with the terms of the Intercreditor Agreement;

- second, in payment or distribution to the Secured Parties of all costs and expenses incurred by any of them in connection with any realization or enforcement of the Transaction Security, in each case taken in accordance with the terms of the Intercreditor Agreement;

- third, in payment to the Secured Parties of any Soulte paid or owed but not yet paid by the Secured Parties pursuant to the provisions of the Intercreditor Agreement as described under "—*Payment of a Soulte*" above;
- fourth, in payment or distribution to:

(a) each Revolving Agent on behalf of the arrangers under the Revolving Credit Facility (the "**Arrangers**") and the Revolving Lenders; and
(b) the Hedge Counterparties, for application towards:
(i) the liabilities of the Arrangers and the Revolving Creditor Liabilities (in accordance with the terms of the Revolving Facility Documents); and
(ii) the Priority Hedging Liabilities,
(other than amounts discharged pursuant to the third ranking item in this order of priority) on a pro rata basis and *pari passu* between paragraphs (i) and (ii) above;

- fifth, in payment or distribution to:

(a) each Senior Secured Notes Trustee on behalf of the Senior Secured Noteholders or, if there is no Senior Secured Notes Trustee acting on behalf of any relevant Senior Secured Noteholders, such Senior Secured Noteholders;
(b) each *Pari Passu* Debt Representative on behalf of *Pari Passu* Creditors or, if there is no *Pari Passu* Debt Representative acting on behalf of any relevant *Pari Passu* Creditors, such *Pari Passu* Creditors; and
(c) the Hedge Counterparties, for application towards:
(i) the Senior Secured Notes Liabilities owed to the Senior Secured Noteholders (in accordance with the terms of the Senior Secured Notes Finance Documents);
(ii) the *Pari Passu* Debt Liabilities owed to the *Pari Passu* Creditors (in accordance with the terms of the *Pari Passu* Debt Documents); and
(iii) the Non-Priority Hedging Liabilities,
(other than amounts discharged pursuant to the third ranking item in this order of priority) on a pro rata basis and *pari passu* between paragraphs (i) to (iii) above;

- sixth, to the extent paid out of enforcement proceeds resulting from the enforcement of the Senior Notes Shared Security, the Senior Notes Guarantees or proceeds from an Exit Disposal in relation to assets which were previously subject to the Senior Notes Shared Security, in payment or distribution to: each Senior Notes Trustee on behalf of the Senior Noteholders or, if there is no Senior Notes Trustee acting on behalf of any relevant Senior Noteholders, such Senior Noteholders for application towards the discharge of the Senior Notes Liabilities owed to the Senior Noteholders (other than amounts discharged pursuant to the third ranking item in this order of priority);
- seventh, once the Final Discharge Date has occurred, in payment to the relevant Debtors or Security Providers to which a Soulte, if any, is payable or has been paid and returned to the Security Agent by the relevant Debtors or Security Providers pursuant to the provisions of the Intercreditor Agreement as described under "—*Payment of a Soulte*" above, of such Soulte;
- eighth, if none of the Debtors is under any further actual or contingent liability under any Revolving Facility Document, Senior Secured Notes Finance Document, *Pari Passu* Debt Document or Senior Notes Finance Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and
- ninth, the balance, if any, in payment or distribution to the relevant Debtor or Security Provider entitled to receive it.

Release of the Guarantees and the Security

Distressed Disposals

The Intercreditor Agreement will provide that in relation to the disposal of an asset of a member of the Group which is being effected: (x) at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable; (y) by enforcement, or simultaneously with the enforcement, of the Transaction Security; or (z) after the occurrence of a Distress Event by or on behalf of a Debtor or Security Provider to a person or persons which are not members of the Group (a "**Distressed Disposal**"), an Exit Disposal or a Foreclosure, the Security Agent is authorized to (i) release the Transaction Security or any other claim over the relevant asset; (ii) if the relevant asset consists of shares in the capital of a Debtor, to release that Debtor and any of its subsidiaries from all or any part of its liabilities in its capacity as a guarantor or a borrower (and certain other liabilities) under the Revolving Credit Facility, the Senior Secured Notes, the *Pari Passu* Debt and the Senior Notes and the other Debt Documents and to release any Transaction Security granted by that Debtor or any of its subsidiaries over any of its assets and to release any other claim of a Subordinated Creditor, an Intra-Group Lender or another Debtor or Security Provider over that Debtor's assets or over the assets of any of its subsidiaries; (iii) if the relevant asset consists of shares in the capital of a holding company of a Debtor, to release that holding company and any of its subsidiaries from all or any part of their liabilities in their capacity as a guarantor or a borrower (and certain other liabilities) under the Revolving Credit Facility, the Senior Secured Notes, the *Pari Passu* Debt, the Senior Notes and the other Debt Documents, and to release any Transaction Security granted by that holding company or any of its subsidiaries over any of its assets and to release any other claims of a Subordinated Creditor, an Intra-Group Lender or another Debtor over the assets of that holding company or any of its subsidiaries; (iv) if the relevant asset consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent decides to dispose of all or any part of the liabilities of that first Debtor (other than liabilities owed to any relevant representative of creditors or any arranger) or of a holding company or any subsidiaries of that first Debtor or holding company towards that first Debtor, on the basis that any transferee of those liabilities (the "**Transferee**") should not be a secured party, the Transferee will not be treated as a secured party; (v) if the relevant asset consists of shares in the capital of a Debtor or holding company of a Debtor and the Security Agent decides to dispose of all or any part of the liabilities of that first Debtor (other than liabilities owed to any relevant representative of creditors or any arranger) or holding company or any subsidiaries of that first Debtor or holding company towards that first Debtor, on the basis that any transferee of those liabilities should be a secured party, execute and deliver or enter into any agreement to dispose of (A) all (and not part only) of the liabilities owed to the secured parties (other than to any representative of Senior Secured Creditors or any senior arranger) and (B) all or part of any other liabilities (other than liabilities owed to any representative of Senior Secured Creditors or any senior arranger) and the liabilities of any holding company or any subsidiaries of that first Debtor or holding company towards that first Debtor; on behalf of, in each case, the relevant creditors and Debtors; and (vi) if the relevant asset consists of shares in the capital of a Debtor or holding company of a Debtor (the "**Disposed Entity**") and the Security Agent decides to transfer (to the extent permitted by applicable law) to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of (A) the Intra-Group Liabilities, (B) the liabilities of any holding company or any subsidiaries of that first Debtor or holding company towards that first Debtor or (C) the Subordinated Liabilities, execute and deliver or enter into any agreement to (x) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities, liabilities or Subordinated Liabilities on behalf of the relevant Intra-Group Lenders, Debtors or, as the case may be, the Subordinated Creditor to which those obligations are owed and on behalf of the Debtors which owe those obligations and (y) to accept the transfer of all or part of the obligations in respect of those Intra- Group Liabilities, liabilities or Subordinated Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities, liabilities or, as the case may be, Subordinated Liabilities are to be transferred.

The Security Agent must take reasonable care to obtain a fair market price in the prevailing market conditions and apply the proceeds of such disposal in accordance with "Application of Proceeds" above.

Non-Distressed Disposals

In addition, if (a) a disposal relates to an asset of a Debtor, Security Provider or member of the Group, (b) subject to certification requirements, that disposal is permitted under or not prohibited by respectively (prior to the Revolving Facility Discharge Date) the Revolving Facility Documents, (prior to the Senior Secured Notes Discharge Date) the Senior Secured Notes Finance Documents or the Senior Secured Notes Trustee authorizes that release (prior to the *Pari Passu* Debt Discharge Date) the *Pari Passu* Debt Documents, and (prior to the Senior Notes Discharge Date) the Senior Notes Finance Documents or the Senior Notes Trustee authorizes that release and (c) that disposal is not a Distressed Disposal, the Security Agent is irrevocably authorized and obliged, at the cost of the relevant Debtor or Security Provider or the Issuer and without any consent, sanction, authority or further confirmation from any other party to the Intercreditor Agreement, (i) to release (or procure that any other relevant person releases) the Transaction Security or any other claim (relating to a Debt Document) over that asset, (ii) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security or any other claim (relating to a Debt Document) over that Debtor's assets, and, to the extent that they are at such time being disposed of, the assets of any subsidiary of that Debtor and, to the extent that they are at such time being disposed of, the subsidiaries of that Debtor and their respective assets, and (iii) to execute and deliver or enter into any release of the Transaction Security or any claim described in (i) and (ii) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that the Security Agent (acting reasonably) considers to be necessary or desirable.

Notwithstanding anything to the contrary in any Debt Document, (a) nothing in any Security Document will operate or be construed so as to prevent any transaction, matter or other step not prohibited by the terms of the Intercreditor Agreement or any Debt Financing Agreement (a "**Permitted Transaction**") and the Security Agent (on behalf of itself and the Secured Parties) agrees (and is irrevocably authorized and instructed to do so without any consent, sanction, authority or further confirmation from any party to the Intercreditor Agreement) that it will (at the request and cost of the relevant Debtor or Security Provider or the Issuer) promptly execute any release or other document and/or take such other action under or in relation to any Debt Document (or any asset subject or expressed to be subject to any Security Document) as is requested by the Issuer in order to complete, implement or facilitate a Permitted Transaction and (b) if any Post-Completion Liquidation or any Post- Completion Merger is implemented, any Security over any asset that would not survive as a result of the implementation of that Post-Completion Liquidation or Post-Completion Merger including without limitation any pledge over the financial securities issued by a Luxco, a Manco or the Company, as applicable, will be automatically released without the need for any formal release or any approval of the Security Agent.

Conditions to Release—Senior Notes Protection

If before the Senior Notes Discharge Date:
(a) a Distressed Disposal is being effected such that the Senior Notes Guarantees and Senior Notes Shared Security will be released as described under "*—Distressed Disposals*" above; or
(b) an Exit Disposal in respect of assets which were Charged Property under Senior Notes Shared Security, or which were owned by a Senior Notes Guarantor, is being effected after the Senior Notes Guarantees and Senior Notes Shared Security have been released as described under "*—Distressed Disposals*" above following a Foreclosure, it is a further condition to any such release or disposal that either (1) the relevant Senior Notes Trustee has approved the release and/or the disposal or (2) where such shares or assets are sold or disposed of:
(i) the proceeds of such sale or disposal are in cash (or substantially in cash);
(ii) all claims of the Primary Creditors against any member of the Group and any subsidiary of that member of the Group whose shares that are owned by a Debtor are pledged in favor of the Primary Creditors are sold or disposed of pursuant to such Distressed Disposal or such Exit Disposal, are unconditionally released and discharged concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):
(A) the Instructing Group determines acting reasonably and in good faith that the Secured Creditors (taken as a whole) will recover more than if such claim was released or discharged; and
(B) the representative(s) in respect of the Instructing Group serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent will be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and
(iii) such sale or disposal is made:
(A) pursuant to a public auction or other competitive sale process specified in the Intercreditor Agreement; or
(B) where a financial adviser confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, although there will be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price.

Amendment

Subject to certain exceptions and usual disenfranchisement provisions, the Intercreditor Agreement will provide that it may only be amended with the consent of the Issuer, the Majority Revolving Lenders, the requisite majority of *Pari Passu* Creditors, each Senior Secured Notes Trustee (acting in accordance with the terms of the applicable Senior Secured Notes Indenture), each Senior Notes Trustee (acting in accordance with the terms of the applicable Senior Notes Indenture) and the Security Agent; provided that to the extent an amendment, waiver or consent only affects one class of any such Primary Creditor, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of Primary Creditors, only written agreement from the affected class (or in each case, the relevant creditor representative acting on their behalf) unless (i) such amendments are made to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes of a minor, technical or administrative nature or as otherwise prescribed by the relevant Debt Documents or (ii) such amendments are made to meet the requirements of any person proposing to act as a creditor representative which are customary for persons acting in such capacity and would not have a material adverse effect on the other parties to the Intercreditor Agreement, in each case, which amendments may be made by the Issuer and the Security Agent. No amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without its prior consent other than, in the case of a Primary Creditor, in a way which affects or would affect Primary Creditors of that party's class generally or, in the case of a Debtor, to the extent consented to by the Issuer.

An amendment or waiver to the Intercreditor Agreement that relates to, inter alia, certain of the matters described under "*—Manner of Enforcement of Transaction Security*" or "*—Security Enforcement Principles*" or to the Security Enforcement Principles may be made by the Majority Super Senior Creditors and the Majority Senior Secured Creditors acting through the relevant representative.

The Security Agent may amend the terms of, waive any of the requirements of, or grant consents under, any of the Transaction Security Documents acting on the instructions of each representative of creditors that are secured by the relevant Transaction Security Documents, with the consent of the Issuer, unless provided otherwise under the relevant documents.

Option to purchase: Senior Secured Notes Creditors and *Pari Passu* Creditors

After a Distress Event (and until the date which is the earlier of (i) a Foreclosure occurring in respect of Investment Instruments issued by the Issuer and (ii) a public auction or competitive sale process specified in the Intercreditor Agreement occurring in respect of Investment Instruments issued by the Issuer), by giving not less than 10 days' prior notice to the Security Agent, the Senior Secured Noteholders and *Pari Passu* Creditors will have the right to acquire or procure that a nominee (or nominees) acquires by way of transfer all (but not part only) of the rights, benefits and obligations in respect of Revolving Creditor Liabilities and the Hedging Liabilities constituting Priority Hedging.

Any such purchase will be on terms which will include, without limitation, payment in full of an amount equal to all (but not part) of the Revolving Creditor Liabilities and Hedging Liabilities constituting Priority Hedging then outstanding, including certain costs and expenses of the Revolving Creditors and Hedge Counterparties; after the transfer, no Revolving Creditor or Hedge Counterparty will be under any actual or contingent liability to any Debtor under the relevant Debt Documents; the acquiring entities indemnify each Revolving Creditor and Hedge Counterparty for any actual or alleged obligation to repay or claw-back any amount received by such Revolving Creditor or Hedge Counterparty; the relevant transfer will be without recourse to, or warranty from, any Revolving Creditor or Hedge Counterparty, save for certain representations relating to corporate power and authority to effect the transfer as set out in the Intercreditor Agreement; and the Senior Notes Creditors have not exercised their rights described below in "*—Option to Purchase: Senior Notes Creditors*," or, having exercised such rights, have failed to complete the acquisition of the relevant Senior Secured Liabilities and Super Senior Liabilities as described below in "*—Option to Purchase: Senior Notes Creditors.*"

Option to Purchase: Senior Notes Creditors

After a Distress Event (and until the earlier of Foreclosure or a public auction or competitive sale process specified in the Intercreditor Agreement, in each case in respect of Investment Instruments issued by the Issuer) by giving not less than 10 days' prior notice to the Security Agent, the Senior Notes Creditors will have the right to acquire or procure that a nominee (or nominees) acquires by way of transfer all (but not part only) of the rights, benefits and obligations in respect of Revolving Creditor Liabilities, the Hedging Liabilities, the Senior Secured Notes Liabilities and the *Pari Passu* Debt Liabilities.

Any such purchase will be on terms which will include, without limitation, payment in full of an amount equal to all (but not part) of the relevant liabilities then outstanding, including certain costs and expenses of the Revolving Creditors, Hedge Counterparties, Senior Secured Noteholders and *Pari Passu* Creditors; after the transfer, no Revolving Creditor, Hedge Counterparty, Senior Secured Noteholder or *Pari Passu* Creditor will be under any actual or contingent liability to any Debtor under the relevant Debt Documents; the acquiring entities indemnify each relevant transferring Creditor for any actual or alleged obligation to repay or claw-back any amount received by such transferring Creditor; and the relevant transfer will be without recourse to, or warranty from, any transferring Creditor, save for certain representations relating to corporate power and authority to effect the transfer as set out in the Intercreditor Agreement.

Other provisions

The Intercreditor Agreement will also include provisions relating to:

- redistribution of amounts;
- protection and appointment provisions relating to the trustees and agents;
- equalization;
- guarantees in respect of hedging agreements;
- accession and resignation of parties; and
- parallel debt claims.

Termination

The Intercreditor Agreement will terminate on the date the Security Agent is reasonably satisfied that (i) all liabilities owed by a member of the Group under the Debt Documents (other than the Subordinated Liabilities) have been discharged in full in cash or (ii) there are no cash proceeds or recoveries whatsoever which may be turned over to it and applied by it in accordance with the provisions of the Intercreditor Agreement.

Governing Law

The Intercreditor Agreement is governed by English law.

Vendor Bonds

On February 26, 2021, Topco issued €110.0 million in aggregate principal amount of bonds to the Bridgepoint Affiliate and Qualium Investissement. Interest on the bonds is payable annually, in kind or in cash at Topco's election. The bonds will bear interest at a rate of 10.0% per annum until the fourth anniversary of February 26, 2021. Thereafter, the bonds will bear interest at a rate of 10.0% per annum with respect to any interest period for which interest is paid in cash, and 10.5% per annum with respect to any interest period for which interest is paid in kind.

The bonds will mature on the date falling six (6) years after the Acquisition Completion Date. They are non-callable for a period of three (3) years and six (6) months following February 26, 2021. The bonds will be subject to mandatory prepayment in the event of a Change of Control (as defined in the Indenture).

The bonds are unsecured and structurally subordinated to the Notes. The terms of the bonds also provide that the Bridgepoint Affiliate and Qualium Investissement agree that the bonds are subordinated to the redemption in full of the Notes. Bridgepoint, via an affiliate acting as agent under the bonds, has the right to be consulted with respect to any renegotiation of the terms, or refinancing, of the Notes.

Senior Secured Notes

Capitalized terms set forth in this section have the meanings given to such terms and used in the Indenture.

Overview

Goldstory S.A.S. issued €250,000,000 aggregate principal amount of floating rate senior secured notes due 2026 and €370,000,000 aggregate principal amount of 5.375% fixed rate senior secured notes due 2026 under the Indenture dated as of February 4, 2021 among, inter alios, itself, Mstory S.A.S., the Trustee and the Security Agent.

Ranking

The Notes are the general senior obligations of the Issuer, are guaranteed on a senior basis by the Notes Guarantors, are secured as set forth below under "Security", rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes, rank pari passu in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including obligations under the Revolving Credit Facility and certain Hedging Obligations, are effectively subordinated to any existing and future indebtedness of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness, and are structurally subordinated to any existing and future indebtedness of Subsidiaries of the Issuer that are not Notes Guarantors, including obligations owed to trade creditors.

Interest Rates, Payment Dates and Maturity

Interest on the Fixed Rate Notes accrues at a rate of 5.375% per annum. Interest on the Fixed Rate Notes is payable in cash semi-annually in arrears on each March 1 and September 1.

Interest on the Floating Rate Notes accrues at a rate per annum, reset quarterly, equal to the sum of (i) three-month EURIBOR (and, if that rate is less than zero, EURIBOR is deemed to be zero) plus (ii) 5.500% per annum. Interest on the Floating Rate Notes is payable in cash quarterly in arrears on each March 1, June 1, September 1 and December 1.

The Notes will mature on March 1, 2026.

Notes Guarantees

The Notes are guaranteed by each Notes Guarantor. Each Notes Guarantee is a general senior obligation of the relevant Notes Guarantor, is secured as set forth below under "Security", ranks senior in right of payment to any existing and future indebtedness of such Notes Guarantor that is expressly subordinated in right of payment to its Notes Guarantee, rank pari passu in right of payment with any existing and future indebtedness of such Notes Guarantor that is not subordinated in right of payment to its Notes Guarantee, including obligations under the Revolving Credit Facility and certain Hedging Obligations, is effectively subordinated to any existing and future indebtedness of such Notes Guarantor that is secured by property or assets that do not secure its Notes Guarantee, to the extent of the value of the property and assets securing such indebtedness, and is structurally subordinated to any existing and future indebtedness of subsidiaries of such Notes Guarantor that are not Notes Guarantors.

The obligations of the Notes Guarantors are contractually limited under the Notes Guarantees to reflect limitations under applicable law. In particular, the Notes Guarantee granted by the Company is limited to an amount equal to the sum from time to time of the outstanding amounts under the Proceeds Loans, up to an expected maximum amount of €421 million. The Notes Guarantee granted by THOM is limited to an amount equal to the sum from time to time of the outstanding amounts under intercompany loans from the Company to THOM existing as of February 26, 2021, up to an expected maximum amount of €163.6 million. The Notes Guarantee granted by Stroili is limited to an amount equal to the sum from time to time of the outstanding amounts under the intercompany loans from THOM to Stroili existing as of February 26, 2021, up to an expected maximum amount of €124.6 million. In certain cases, these limitations may apply to the Notes Guarantees, but not to the applicable Notes Guarantors' obligations under other debt, including the Revolving Credit Facility.

Security

The Notes and the Notes Guarantees are secured by first-ranking security interests (or security interests treated as such pursuant to the terms of the Intercreditor Agreement), subject to applicable limitations set out in the Indenture, over: (i) the shares of the Issuer held by Midco; (ii) certain future intercompany loan receivables owed to Midco by the Issuer; (iii) the shares of the Company held by the Issuer; (iv) the bank account of the Issuer; (v) certain intercompany loan receivables owed to the Issuer by any other member of the Group; (vi) the shares of THOM held by the Company; (vii) the material bank accounts of the Company; (viii) certain intercompany loan receivables owed to the Company by any other member of the Group; (ix) the material bank accounts of THOM; (x) certain intercompany loan receivables owed to THOM by any other member of the Group; (xi) the intellectual property rights held by THOM over the Histoire d'Or and Marc Orian trademarks (such pledge having been registered only under French law at the Institut National de la Propriété Industrielle and at the European Union Intellectual Property Office); (xii) the shares of Stroili held by THOM; (xiii) material bank accounts of Stroili; and (xiv) certain intercompany loan receivables owed to Stroili by any other member of the Group, along with obligations under the Revolving Credit Facility and certain Hedging Obligations. However, pursuant to the Intercreditor Agreement, Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the Revolving Credit Facility and certain Hedging Obligations, have been repaid in full.

Optional Redemption and Change of Control

Floating Rate Notes

Except as described below, the Floating Rate Notes are not redeemable until March 1, 2022.

On and after March 1, 2022, the Issuer may redeem all or, from time to time, part of the

Floating Rate Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period beginning on March 1 of the years indicated below:

Year	Redemption Price
2022	101.000%
2023 and thereafter	100.000%

At any time prior to March 1, 2022, the Issuer may redeem all or, from time to time, part of the Floating Rate Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Fixed Rate Notes

Except as described below, the Fixed Rate Notes are not redeemable until March 1, 2023.

On and after March 1, 2023, the Issuer may redeem all or, from time to time, part of the Fixed Rate Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period beginning on March 1 of the years indicated below:

Year	Redemption Price
2023	102.6875%
2024	101.3438%
2025 and thereafter	100.0000%

Prior to March 1, 2023, the Issuer may on any one or more occasions redeem up to 40% of the original aggregate principal amount of the Fixed Rate Notes (including the aggregate principal amount of any Additional Fixed Rate Notes), upon not less than 10 nor more than 60 days' notice, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 105.375% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), subject to certain conditions.

In addition, at any time prior to March 1, 2023, the Issuer may redeem all or, from time to time, part of the Fixed Rate Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Upon the occurrence of certain change of control events, each Holder of Notes may require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

If the Issuer sells assets, under certain circumstances, the Issuer is required to make an offer to purchase the Notes at 100% of the outstanding principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to (but not including) the date of purchase, with the excess proceeds from such asset sale.

If certain changes in the law (or in its interpretation) of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem the Notes in whole, but not in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Covenants

The Indenture, among other things, restricts the ability of the Issuer and certain of its subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its Restricted Subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or any of its Restricted Subsidiaries;
- sell, lease or transfer certain assets including stock of Restricted Subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities;
- impair the security interests for the benefit of holders of the Notes;
- take certain actions with regard to the Proceeds Loans; and
- in the case of Midco and the Issuer, own certain debt and equity of their indirect Subsidiaries.

Events of Default

The Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Notes, certain failures to perform or observe any other obligation under the Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Issuer, any Notes Guarantor or certain Restricted Subsidiaries or groups of Restricted Subsidiaries. The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Notes.

CERA
31 rue Henri Rochefort
75017 Paris
S.A.S. au capital de 100 000 €
353 091 879 RCS Paris
Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Paris

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre
Société de Commissariat aux Comptes inscrite à la Compagnie Régionale de Versailles et du Centre

THOM GROUP
Simplified joint stock company
55, rue d'Amsterdam
75008 Paris

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2021

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the onvenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Sole Shareholder of THOM GROUP Company,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of THOM GROUP Company for the year ended 30 September 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 30 September 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce} and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 October 2020 to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

As part of our assessment of the accounting rules and principles followed by your company with regard to the valuation of goodwill, brands and leasehold rights as described In Note 3-c), we have assessed the approach taken by your Company. A second step was to assess the data and assumptions on which these valuations are based and to verify that the notes to the consolidated accounts provide appropriate information.

Specific Verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the President.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such interna control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the President.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris and Paris-la Défense, the 18 January 2022

The Statutory Auditors

French original signed by

CERA		Deloitte & Associés
Daniel BUCHOUX	Cécile REMY	Jean Paul SEGURET

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 MONTHS YEAR ENDED SEPTEMBER 30, 2021

Consolidated balance sheet

Assets	notes	30/09/2021	30/09/2020
In €m			
Goodwill	5.a.	367.6	363.1
Leasehold rights	5.b.	108.2	119.0
Trademarks	5.b.	135.8	135.9
Other intangible assets	5.b.	34.2	24.6
Property, plants and equipments	5.c.	68.9	78.1
Financial assets	5.d.	22.5	16.0
Fixed assets		**737.3**	**736.8**
Inventories	5.e.	216.4	193.9
Trade receivables and related accounts	5.f.	11.1	7.6
Other receivables	5.g.	53.8	37.8
Prepaid expenses		13.1	11.4
Marketable securities	5.h.	-	0.1
Cash	5.h.	55.7	196.6
Current assets		**350.1**	**447.3**
Deferred tax assets	**5.k.**	**5.9**	**8.8**
Loan-issuance fees	**5.l.**	**1.2**	**4.9**
Over issue discount	**5.l.**	**-**	**3.1**
Total assets		**1,094.5**	**1,200.9**

Equity and liabilities	notes	30/09/2021	30/09/2020
In €m			
Share capital		365.6	372.4
Share premium		68.0	2.7
Consolidated reserves		(68.5)	(192.4)
Net income attributable to owners of the parent		25.4	1.9
Currency translation reserves		0.0	0.0
Equity attributable to owners of the parent	**5.i.**	**390.5**	**184.6**
Non-controlling interests		**2.0**	**0.0**
Provisions	**5.j.**	**13.6**	**12.4**
Deferred tax liabilities	**5.k.**	**4.2**	**3.9**
Bank loans	5.l.	0.0	89.9
Convertible bonds	5.l.	-	190.5
Senior debt	5.l.	-	568.7
Intercompany Loan from Goldstory	5.l.	25.7	-
Proceeds Loan from Goldstory	5.l.	443.2	-
Other financial liabilities	5.l.	1.2	1.6
Profit-sharing reserves	5.m.	2.1	2.3
Trade payables and related accounts	5.n.	113.1	70.6
Tax and payroll liabilities	5.o.	81.9	60.7
Fixed asset payables		7.8	5.3
Other liabilities	5.p.	8.2	8.8
Debt		**683.2**	**998.4**
Deferred revenues		**1.1**	**1.7**
Total liabilities		**1,094.5**	**1,200.9**

Consolidated income statement

Income Statement	notes	30/09/2021	30/09/2020
In €m			
Sales	6.a.	711.0	669.7
Reversals of provisions	6.b.	18.8	21.5
Other operating income	6.c.	17.9	4.8
Costs of goods sold	6.d.	(241.0)	(217.1)
Other operating expenses	6.e.	(164.3)	(157.8)
Taxes and duties	6.f.	(8.0)	(8.7)
Personnel expenses	6.g.	(173.8)	(174.7)
Depreciation, amortization and provisions	6.h.	(56.3)	(51.8)
Operating income		**104.3**	**86.0**
Financial income (expense)	6.i.	(49.9)	(61.6)
Recurring income		**54.3**	**24.4**
Non-recurring income (expense)	6.j.	(13.4)	(13.0)
Income tax	6.k.	(15.6)	(9.5)
Net income		**25.4**	**1.9**
Net income attributable to non-controlling interests		0.0	(0.0)
Net income attributable to owners of the parent		**25.4**	**1.9**
Number of shares		*3,766,284,510*	*372,366,742*
Basic earnings per share (in €)		*0.01*	*0.01*
Diluted earnings per share (in €)		*0.01*	*0.01*

Reconciliation of operating income to EBITDA

Bridge from Operating Income to EBITDA	30/09/2021	30/09/2020	Var.
In €m			
Operating Income	**104.3**	**86.0**	**18.2**
Reversals of provisions	(18.8)	(21.5)	2.7
Depreciation, amortization and provisions	56.3	51.8	4.5
Business tax (CVAE)	2.0	3.9	(1.9)
Contribution of closed stores	0.1	0.5	(0.3)
EBITDA	**143.9**	**120.6**	**23.3**

Consolidated Cash-Flow statement

Cash-Flow statement	30/09/2021	30/09/2020	Var.
In €m			
EBITDA	**143.9**	**120.6**	**23.3**
Business Tax (CVAE)	(2.1)	(4.3)	2.2
Change in working capital	30.4	(8.4)	38.8
Income tax paid	(15.0)	(2.8)	(12.2)
Other non-recurring income (expenses)	(4.5)	(4.8)	0.2
Net cash flows from/ (used in) operating activities	**152.6**	**100.3**	**52.3**
Acquisition of property, plant & equipment, intangible assets	(27.6)	(26.1)	(1.5)
Disposal of property, plant & equipment, intangible assets	0.8	0.4	0.4
Change in receivables and payables on fixed assets	2.0	(6.2)	8.2
Net cash flows from/ (used in) investing activities	**(24.9)**	**(31.9)**	**7.1**
Free Cash Flow	**127.8**	**68.4**	**59.4**
Revolving credit facilities, Net of Repayment	(89.8)	89.8	(179.6)
Interests on loans and bonds	(15.5)	(25.9)	(2.0)
Interest paid on Proceeds and Intercompany loans	(19.7)	(0.2)	(2.8)
Goldstory current account	(2.8)	-	(2.0)
Change in equity	175.0	52.8	(0.5)
Repayment of convertible bonds	-	(52.2)	52.2
Other interests paid	(0.9)	-	0.3
Other cash flows used in financing activities	(7.8)	(0.7)	(0.3)
Net cash flows (used in)/from financing activities	**38.4**	**63.7**	**(134.7)**
Net cash flows before specific projects	**166.2**	**132.1**	**(75.3)**
Change in Debt	(299.0)	-	(124.0)
Financing cost	(1.4)	-	(1.4)
FY21 refinancing and change in shareholders	**(300.4)**	**-**	**(125.4)**
Agatha acquisition	(3.3)	-	(3.0)
Popsell acquisition	(1.9)	-	(1.9)
Change in equity	(2.0)	-	(0.5)
Specific events	**(7.2)**	**-**	**(5.3)**
Net increase / (decrease) in cash and cash equivalents	**(141.4)**	**132.1**	**(157.9)**
Cash and cash equivalents at the beginning of the period	**196.7**	**64.7**	**132.1**
Change in perimeter (Venson + Popsell)	0.4		
Cash and cash equivalents at the end of the period	**55.7**	**196.7**	**(25.8)**
Change in cash	**(141.4)**	**132.1**	**(157.9)**

APPENDICES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - KEY EVENTS

The following consolidated financial statements cover the twelve-month period ended September 30, 2021.

a. Sales network

As of September 30, 2021, THOM Group S.A.S. ("THOM Group") operates, through its European subsidiaries, 991 stores and 3 wedding fairs, as well as eight websites, including four e-commerce platforms. Over the twelve-month period ended September 30, 2021, 12 stores were opened (vs. 10 stores opened or acquired over the same period last year) and 28 stores were closed (vs. 37 stores in the same period last year).

b. Acquisition of THOM Group by Altamir

i. The Acquisition

On January 24, 2021, Altamir and Bridgepoint, among others, indirect shareholders of THOM Group, entered into an Offer Letter, pursuant to which Bridgepoint granted Goldstory S.A.S. (the "Issuer") an exclusivity period and the Issuer granted to Bridgepoint a put option exercisable by the Sellers after completion of the information-consultation process in connection with the acquisition of THOM Group by Altamir (the "Acquisition"), which is required under French law.

The Acquisition closed on February 26, 2021 (the "Acquisition Completion Date"). Since then, Altamir and certain of its affiliates, certain members of management and certain co-investors own, directly or indirectly, 100% of the issued and outstanding shares of THOM Group. The share purchase price for the Acquisition was €514.7 million.

For the purpose of the Acquisition a bidco, Goldstory S.A.S., was created to hold *in fine*, at the Acquisition Completion Date, the issued shares of THOM Group S.A.S. and to carry the debt necessary to the operation of Acquisition and to the transaction as a whole.

ii. The Uses & Sources of the transaction

At the Issuer level, the total funds necessary to complete the transaction of approximately €1,109.0 million were financed with the proceeds of high-yield notes (€620 million), an equity contribution (€360 million) and available cash on THOM Group's balance sheet (c. €129.0 million):

- **The Equity Contribution**

On the Acquisition Completion Date, (i) Altamir and certain of its affiliates, certain members of management and certain co-investors made cash contributions and contributions-in-kind, directly and indirectly, to the Issuer in an aggregate amount of €250.0 million and (ii) vendor financing was provided by a Bridgepoint affiliate and Qualium Investissement in an aggregate amount of €110.0 million in the form of vendor bonds (today represented by simple obligations issued by Altastory S.A.S. and subscribed by Bridgepoint and Qualium).

- **The Refinancing**

In order to finance the Acquisition and to refinance the actual debt of THOM Group and its subsidiaries comprising of a Term Loan B » in the amount of €565 million euros subscribed by THOM GROUP on August 7, 2017 (the « Existing Debt »), the Company has:
- proceeded to the issuance of high yield notes, under the State of New York law, on February 4, 2021, with a maturity date on March 1st, 2026 for a total amount of €620 million divided between €370 million aggregate principal amount of fixed rate 5.375% senior secured notes and €250 million aggregate principal amount of floating rate notes (with a margin of EURIBOR plus 550bps) (collectively, the "Notes"). The Notes are guaranteed, amongst others, by THOM GROUP, THOM and Stroili Oro, each of them being guarantor for the amount they benefit from via intracompany loans or up to the amount of existing intracompany loans available;
- contracted a Super Senior Revolving Credit Facility (RCF), dated January 23, 2021 for a principal amount of €90 million euros (the « Super Senior Revolving Credit Facility Agreement »), with a maturity date on September 1, 2025, under the British law (some of the provisions of the law being interpreted under the New York State law) following which a revolving facility line is available for the lenders as well as an intercreditor agreement dated February 4, 2021 named « Intercreditor Agreement » (together with the Indenture Documents and the RCF Agreement, the « Financing Documents »);
- proceeded to equity contributions in the amount of €360m;
- contracted with THOM GROUP two intracompany loans, dated February 26, 2021, to share with THOM GROUP a part of the proceeds from the issuance of the Notes in order for the group to refinance the Existing Debt.

As of September 30, 2020, the amount of Existing Debt including accrued interests of €3.7 million, was €568.7 million.

For the purpose of the Acquisition, THOM GROUP, THOM and Stroili Oro have subscribed to the Financing Documents and a certain number of guarantees have been granted in favour of the lenders' agent, including pledge over shares and pledge over intragroup receivables.

iii. Post-Completion Liquidations

European Jewellers I S.A. ("Luxco 1") and European Jewellers II S.A. ("Luxco 2"), the historical holding companies of the Group, were liquidated on May 19, 2021, and, as a consequence, all the assets and liabilities have been transmitted to Goldstory S.A.S.

iv. Post-Completion Mergers

As of June 4, 2021, Financière Goldfinger S.A.S., Financière Goldfinger III S.A.S., Financière Goldfinger IV S.A.S. and Financière Goldfinger V S.A.S. (collectively, the "Mancos") had been merged into Goldstory S.A.S with a retroactive date, for accounting and tax purposes, on February 1st, 2021. In connection with these mergers, the pledges granted by the Issuer over the shares of the Mancos were automatically released.

c. COVID-19 crisis

Closed stores evolution

During the twelve-month period ended September 30, 2021, Group's activity was impacted by the "second and third wave" of the COVID-19 pandemic and the strict lockdown rules imposed in our main countries, which resulted in our stores being temporarily closed as follows:

- **In France**
  - From October 28 to November 28, 2020, the country was in full lockdown. All of our stores were closed.
  - From February 1, 2021, all stores located in shopping centers bigger than 20,000 sqm had to close (72% of our stores impacted).
  - From March 6, 2021, all stores located in shopping centers bigger than 10,000 sqm had to close as well, and from March 20, 2021 a regional lockdown in four French regions, including the Ile-de-France area, was enforced, resulting in 80% of stores being closed in March 2021.
  - In addition, a 6 p.m. curfew was in place from January 16, 2021 until March 20, 2021, when it was pushed back to 7 p.m, impacting with a lesser impact our stores.
  - From April 3, 2021 until May 3, 2021, the country was in full lockdown, but stores remained closed until May 18, 2021.
  - From August 9, 2021, a COVID-19 health pass is necessary in France to access a certain number of places (cinema, museums, amusement park, restaurants, bars, etc.). Access to some shopping centers that are bigger than 20,000 sqm was similarly restricted to people who hold a health pass in areas with a rate of infection higher than 200 cases for 100,000 people. The traffic in our stores slowed down for a few weeks (approx. 10%), until the health pass was removed in shopping centers during the month of September.

- **In Italy**
  - From November 6 to December 3, 2020, all our stores were closed in several regions, including Northern Italy, where our footprint is most important. In other regions, stores were closed only during weekends. Since December 3, 2020, some stores that were fully closed reopened during weekdays but all remained closed on weekends, public holidays and on the eve of public holidays,

resulting in 50% of our stores being closed in November 2020, and 39% in December 2020.
- In January and February 2021, stores remained closed over weekends and public holidays and were also fully closed depending on the "color" of the regions in which they were located (COVID-19 pandemic-related restrictions vary from one region to another depending on the region's classification as red, orange, yellow or white). From January 17 to January 24, 2021, Northern Italy, where most of our Italian stores are located, was in full lockdown. The measures resulted in 45% of our stores being closed in January 2021 and 26% in February 2021.
- From March 15, 2021, almost 60% of our network was closed because the stores were located in a "red zone."
- In April and May 2021, regional lockdowns were still in place in the various regions where infection rates were high. 49% of our store network was closed in April 2021 and 22% in May 2021.
- No further restriction from June onwards.

◆ **In Germany**
- From December 16, 2020 (or, in the case of a few stores, December 14, 2020) until March 8, 2021, stores were fully closed, resulting in 49% of our stores being closed in December 2020 and 100% in January and February 2021.
- From March 2021, depending on the rates of infection in each länder and on local regulations, some shops were authorized to fully reopen, some only in Click&Meet and most stores had to remain closed, resulting in 71% of our network being closed in March 2021.
- In April and May 2021, many local and national regulations were still in place, resulting in 83% of our network being closed in April 2021 and 50% in May 2021.
- No further restriction from June onwards.

Reopening of the network

Following a long period of COVID-19 pandemic related restrictions and lockdowns, the Group was finally able to reopen almost all of its stores from May 19, 2021, for Mother's Day.
While the restrictions have impacted the group for Valentine's Day (February 14), the reopening of the stores mid-May allowed the Group to welcome its customers during Mother's Day, in France, which is an important period of activity of the year.

Impact on the business

During this "second and third wave", the Group's activity was materially adversely impacted by the partial or total shutdowns of its subsidiaries' activity. Employees impacted by store closings as well as some of the headquarter's employees have been placed under furlough schemes. The amounts received as such in 2021 in France reached €10.5 million, a €4.8 million increase compared to previous fiscal year. However, since mid-May 2021, the Group has been benefitting from a successful reopening of stores.

The Group has benefitted from the handover of e-commerce during the periods when access to the stores was impossible or limited. E-commerce sales have reached €64.1 million during the fiscal year, a strong growth compared to FY20A (€29.6 million). The launch of the new Salesforce platform was a key success factor in France, as it increased Group selling capabilities for e-commerce.

An increased profitability

◆ Reported EBITDA for fiscal year ended September 30, 2021 exceeds reported EBITDA for fiscal year ended September 30, 2020 as the Group benefited from (i) the successful reopening of stores from mid-May in France and Italy, (ii) strong embedded growth when stores were open outside lockdown periods, (iii) the digitalization of sales and (iv) a €10.4 million Fixed Cost Coverage plan and French solidarity fund.

◆ As a result of the COVID-19 pandemic, a certain number of measures ("COVID plan") have been in place since the first wave, including:
- Implementation of a strict sanitary protocol in our shops, logistics centers and headquarters, in coordination with staff representatives, in order to enhance employees' sanitary safety;
- Implementation of a cost saving plan to adjust, as fairly as possible, the cost structure to the lower activity (Opex, Capex). This plan comes with a cash management plan, in cooperation with our suppliers (involving, in particular, a review of purchase planning);
- Application for all COVID-related subsidies for which the group for eligible (notably, French solidarity fund for €10.0 million and fixed costs subsidy for €0.4 million in France, request in Germany in progress)
- Various capital increase and the related reduction of inter-company loan towards Goldstory S.A.S.

This COVID Plan has allowed THOM Group to mitigate the economic impact of the COVID-19 pandemic.

d. Share capital increase

During the financial year, THOM Group S.A.S. has proceeded to a capital increase, preceded by two reductions of capital.

On September 24, 2021, following operations occurred, which explain the increase in capital share premium for €65.3 million euros:

◆ Allocation by decision of the sole shareholder of the available share premium for an amount of €4.3 million to the "Retained Earnings";
◆ Modification of the statutory terms and conditions of ADP R (non-substantial and without effect on specific advantages attached to ADP R, ADP R2 and ADP R3);
◆ Capital reduction for losses in the amount of 159,999 euros (corresponding to the difference between nominal value of all ADP R3 and nominal value of an ordinary share (AO)) by converting 160,000 ADP R3 in 1 AO;
◆ Capital reduction for losses in the amount of 111,961,666.80 euros by decreasing nominal value of ordinary shares;
◆ Capital increase for 175,000,000.03 euros by the issuance of new shares with preferential subscription rights of category 4 (ADP R4) subscribed by compensation of receivables (including €69.8 million in share premium);
◆ Conversion of ADP R and ADP R2 and related capital increases.

Together with this capital increase, the intercompany loan with Goldstory S.A.S, for an initial amount of 199,921,098.35 euros, following the group refinancing on February 26, 2021, has been reduced by 175,000,000.03 euros, and amounts to €24,921,098.32 as of September 30, 2021.

e. Incorporation of new companies

Agatha

On February 26, 2021, the Group and Renaissance Luxury Group, via its subsidiary ALTESSE, were appointed by the Bobigny Commercial Court for the takeover of the jewelry brand AGATHA, in a 50/50 joint venture. As of September 30, 2021, Agatha is not consolidated, as the share purchase agreement has yet to be signed during the first quarter of fiscal year 2022.

Popsell

On March 3, 2021, THOM Group created the company NewCo Sell Platform, a simplified joint-stock company (SAS) with a capital of €1 whose registered office is located at 55 rue d'Amsterdam 75008 Paris.

On June 11, 2021, the group then acquired, via the NewCo Sell Platform, 65% of Popsell, a simplified joint-stock company (SAS) with a capital of €24,580 whose registered office is located at 34, boulevard Carnot, 59000 Lille. The company is developing a social selling platform that will enable THOM Group to develop a new distribution channel with a customized digital experience for customers.

Venson

On August 31, 2021, THOM Trade S.A.S. acquired 100% of Venson Paris, a simplified joint-stock company (SAS) with a capital of €125,000 whose registered office is located at 78, rue Championnet, 75018 Paris, in order to develop its wholesale activity.

Duo Mu Jewellery and other companies

To be noted, that the company Duo Mu Jewellery (Guangzhou) Co., Ltd, a private limited company with a capital of RMB 750,000 whose registered office is located at Unit, 718, Building 28, No. 999 Fulong Road, Panyu District, Guangzhou, China (« Duo Mu Jewellery »), has been registered during the year and the share capital was paid up in December 2020.

Other group companies with the same business activities have not acquired, during the period, any other financial participation.

f. Merger and liquidations

Merger

On July 20, 2021, THOM up, wholly owned subsidiary of THOM S.A.S., has been merged in its parent entity, with retro-active date, for accounting and tax purposes, on October 1st, 2020. Both companies are simplified joint-stock company (SAS) whose registered office is located at 55 rue d'Amsterdam 75008 Paris.

Liquidation

On August 19, 2021, Histoire d'Or – Joalharia e Relojoaria, Sociedade Unipessoal, Lda., sole ownership company under Portuguese Law with a share capital of €20.000 euros, wholly owned by THOM S.A.S., has been liquidated and, as a consequence, all the assets and liabilities have been transmitted to THOM S.A.S.

On August 31, 2021, THOM Netherlands B.V., private limited liability company under Dutch Law with a share capital of €500.000 euros, wholly owned by THOM S.A.S., has been liquidated and, as a consequence, all the assets and liabilities have been transmitted to THOM S.A.S.

g. Strategic projects

The « Salesforce » project, initiated in the first quarter of calendar year 2018 to design a new platform for all of the Group's e-commerce websites, has been successfully deployed with respect to our French brands Marc Orian and Histoire d'Or in FY20. The German platform, for the brand OroVivo, has been launched in FY21. The project team remains actively engaged on the migration of the Italian platform planned for FY22.

The « Shine 2020 » project (ERP change to SAP and redesign of Group IT infrastructure), initiated in the first quarter of calendar year 2018, was successfully launched in Germany as of October 1, 2020. The project team remains actively engaged on the migration of the France-Benelux scope (for which the date is not yet fixed as very strong sanitary constraints have delayed the testing period), after which it expects to address Italy.

We expect the projects mentioned above to continue to require significant internal and external resources until their completion. Certain employees have been fully dedicated to the project and isolated in a dedicated space. These people, some of whom have left an operational position, have been replaced. The Group has thus committed substantial resources to secure the success of these projects.

Note 2. ACCOUNTING POLICIES AND MEASUREMENT METHODS

a. Accounting policies

THOM Group's consolidated financial statements have been prepared in accordance with CRC Regulation No. 99-02 (French Accounting Regulation Committee) approved by the order of 22 June 1999.

b. Consolidation methods

All of THOM Group's subsidiaries are fully consolidated. The full consolidation method is applied to all subsidiaries over which the parent company exercises exclusive control. Exclusive control is presumed to exist when the parent company holds, either directly or indirectly, the majority of voting rights or appoints the majority of the members of the governing bodies of the subsidiary for two successive financial years or exercises dominant influence by virtue of a contract or clauses in the articles of association.

On February 26, 2021, the Group and Renaissance Luxury Group, via its subsidiary ALTESSE, were appointed by the Bobigny Commercial Court for the takeover of the jewelry brand AGATHA. This joint venture, 50/50 between THOM SAS and Altesse, is not consolidated as of September 30, 2021, as the share purchase agreement has yet to be signed during the first quarter of fiscal year 2022. Both shareholders having a joint control over the entity, proportionate integration will be applied to Agatha.

c. Measurement methods

Goodwill

Upon initial consolidation of a newly acquired company, identifiable assets acquired, and liabilities assumed are re-measured and recorded at fair value. In the particular case of THOM Group, the net book values of business goodwill, leasehold rights, brands and, to a lesser extent, inventories and property, plant and equipment were adjusted to be accounted for at fair value.

The excess of the securities purchase price (net of acquisition costs) over the fair value of identifiable assets acquired and liabilities assumed at the acquisition date is recognized as goodwill.

In accordance with §2110 of CRC Regulation No. 2005-10, analysis and expert assessments may be carried out as necessary and goodwill may be adjusted accordingly within a period ending at the end of the financial year following the year of acquisition. Nevertheless, at the end of the year of acquisition, a temporary assessment must be performed for items whose estimate is sufficiently reliable.

Goodwill is recorded at cost less accumulated impairment losses. Impairment losses cannot be reversed.

In accordance with order No. 2015-900 of 23 July 2015 and with regulation No. 2015-903 of 23 July 2015 - ANC No. 2015-07 Regulation (Consolidated accounts) that apply to financial years starting on or after January 1, 2016, the Group has qualified the utilization period of goodwill as unlimited. Consequently, no goodwill amortization has been recorded since October 1, 2016.

Goodwill is subject to an annual impairment test based on the Group's operational split into Cash Generating Units (CGUs). The annual impairment testing consists in determining the recoverable value of the CGUs to which the goodwill is allocated and comparing them with the net book value of the assets concerned. The recoverable value of a CGU is determined based on its fair market value or value-in-use. The fair market value is determined based on the 2-year average EBITDA, restated by a Covid adjustment, for which the methodology is documented in the Offering Memorandum for the €620 million Notes dated Avril 4, 2021, and multiplied by a transaction multiple, which reflects the acquisition value of the THOM Group in 2010 and of the current market multiple (method combining comparable transactions and comparable stock market multiples). Value-in-use is obtained via the Discounted Cash Flows method (DCF).

Brands

Brands are valued by discounting forecast royalties to perpetuity. This approach equates a brand's value with the present value of theoretical royalties, net of tax and costs incurred in maintaining the brand. As such, royalties required to be paid for a brand's use can be determined based on sales growth rates, which in turn depend on market outlook and royalty rates.

Only brands that are commercially viable have been valued.

Considering that the Group's brands represent indefinite-life intangible assets, they are not amortized but are subject to an annual impairment test.

Leasehold rights

Only the portion of business goodwill that is subject to legal protection is recorded under leasehold rights. Any residual amount is recognized under goodwill.

Legally-protected leasehold rights are not amortized. This is the case in France where the lessee of a commercial lease is entitled to an almost unlimited number of lease renewals. Consequently, the useful life of leasehold rights is undefined and indefinite.

Leasehold rights are subject to an annual impairment test. The required impairment is the difference between the net book value in the consolidated accounts and the fair market value determined from the valuations carried out by experts.

Leasehold rights related to stores abroad are not considered to have enough legal protection to be recognized under intangible assets. Consequently, the full amount paid is recorded under goodwill.

Other intangible assets

Software is recognized at cost and amortized over periods ranging from one to five years, depending on its useful life.

Property, plant and equipment

Property, plant and equipment are measured at cost. Depreciation is calculated based on the estimated useful lives of different categories of assets, in accordance with the legislation in force (straight-line method).

Estimated useful lives are as follows:

- Fixtures and fittings: 5 to 7 years
- Sales equipment: 3 years
- Office equipment: 3 years
- Office furniture: 10 years
- IT equipment: 3 years
- Machinery: 5 years

Fixed assets held under finance leases are recognized in the consolidated financial statements as if they had been acquired through financing. The assets are recorded under fixed assets on the balance sheet and depreciated according to their expected useful lives. The lease obligations are recognized under financial debts. Lease rentals are split between debt repayments and financial interests.

Financial assets

Non-consolidated investments are recorded at cost. An impairment is recognized if their fair value falls below their purchase price.

Guarantee deposits granted to lessors are recorded under other financial assets on the consolidated balance sheet.

Inventories

Inventories are valued at actual acquisition costs when monitored on a unit basis and are valued under the weighted average cost method when monitored by reference. Actual cost and weighted average cost are both net of rebates as well as gold and US-dollar hedging costs (recorded when incurred).

Inventory depreciation is recorded based on losses observed on defective products during the fiscal year compared to the opening balance. The loss rates thus calculated, after deductions of re-invoicing to suppliers and / or the melting value of gold products, are applied to inventories at closing, according to their ageing. The weight of the stocks by age is also tested, the change in inventories of the highest age group (as a % of the total stock) is depreciated at 100%.

Depreciation of raw materials is recorded when the market price is lower than the purchase price.

Trade receivables and related accounts

Trade receivables are recorded at their nominal value. A provision for depreciation is recognized when their recoverable value is lower than their net book value. Recoverable value is measured based on the overdue amounts and the age of the receivables.

Prepaid expenses

Prepaid expenses mainly include rents, insurance premiums and leasehold rights. Lease rights paid to lessors when opening new stores in shopping centers are recognized in the income statement over the duration of the lease.

Loan-issuance fees, bond discounts and bond premiums

Loan issuance fees are capitalized and amortized on a straight-line basis over the loan duration.

When bonds are issued above par, the premium is recorded as a liability and progressively recognized as a financial income over the bond duration.

When bonds are issued below par, the premium is recorded as an asset and progressively recognized as a financial expense over the bond duration.

Marketable securities

Marketable securities are recognized at cost. An impairment is recognized when their market value falls below their acquisition cost.

Deferred tax

Deferred taxes are recorded according to the liability method on the temporary differences between the carrying amount and tax base of assets and liabilities. Deferred taxes are measured using the enacted tax rates at the closing date expected to apply to taxable income when the temporary differences are expected to reverse. Deferred tax assets are recognized for tax loss carryforwards, but they are impaired if their recovery is not likely.

Provisions for risks and charges

Provisions for risks and charges are recognized for probable outflows of resources to third parties, without any benefit in return for the Group. They are estimated based on the most probable assumptions at the reporting date.

In April 2001, the Group launched a loyalty card scheme, which entitles customers to a voucher after five purchases. The voucher amounts to 10% of the total amount paid for the five purchases and can only be used for subsequent purchases.

In compliance with Opinion no. 2004-E issued on 13 October 2004 by the French National Accounting Board, the Group recognizes provisions for customers' vested rights from first purchase and loyalty card issuance. Vested rights are calculated from the issuance date of the loyalty card, based on the estimated probability that a voucher will be issued and used, and using the average value of vouchers adjusted to cost price.

Foreign currency transactions

They mainly relate to purchases in foreign currencies. These purchases are initially recorded at the actual spot rate at the time the transaction is made. Foreign currency gains or losses generated by the hedging instruments implemented by the Group are then included in the costs of goods purchased.

Post-employment benefits

At retirement, the Group's employees in France receive an indemnity in accordance with the provisions of the watch-jewellery retail collective agreement. This commitment represents an off-balance sheet item. The corresponding costs are incurred in the salaries on the effective year of employee departure.

In Italy, the TFR (Trattamento di fine Rapporto) is based on a compulsory employer contribution of 7.4% of gross salary. The expenses and liabilities are recorded in the income statement and the balance sheet. A portion of the TFR can be allocated to funds. Subscription to these funds is voluntary. The contribution is shared between the employee and the company.

In Germany, post-employment benefits are based on a compulsory employer contribution of 10% of gross salary. The expenses and liabilities are recorded in the income statement and the balance sheet.

Non-recurring income and expenses

Non-recurring income and expenses represent items arising from events or transactions that are clearly distinct from the ordinary activities of the Group. They mainly include store pre-opening costs (staff costs, rents, fees) and the costs related to disposed or closed stores, except for changes in depreciation of leasehold rights that are recognized in operating income and expenses.

Note 3. CONSOLIDATION SCOPE

As of September 30, 2021, the Group consisted of the following companies:

Scope of consolidation						
Company	**Legal Form**	**Country**	**Control %**	**Interest %**	**Entry Date**	**Consolidation Method**
THOM Group	SAS	France	100.00%	100.00%	01/10/2010	Full Consolidation
THOM	SAS	France	100.00%	100.00%	14/10/2010	Full Consolidation
Histoire d'Or Monaco	SARL (Monaco)	Monaco	99.94%	99.94%	02/03/2011	Full Consolidation
Histoire d'Or Belgium	SA (Belgium)	Belgium	99.99%	99.99%	14/10/2010	Full Consolidation
THOM Asia	Hong Kong Law	Hong-Kong	100.00%	100.00%	apr. 2011	Full Consolidation
THOM India	Indian Law	India	100.00%	100.00%	apr. 2014	Full Consolidation
OroVivo	AG	Germany	100.00%	100.00%	17/10/2016	Full Consolidation
Stroili Oro	S.p.A	Italy	100.00%	100.00%	13/10/2016	Full Consolidation
Histoire d'Or Luxembourg	SARL (Lux)	Luxembourg	100.00%	100.00%	01/06/2018	Full Consolidation
Jools	SAS	France	100.00%	100.00%	28/05/2018	Full Consolidation
THOM Trade	SAS	France	100.00%	100.00%	28/03/2019	Full Consolidation
THOM Trade Italy	Srl	Italy	100.00%	100.00%	27/05/2019	Full Consolidation
Duo Mu Jewellery (China)	WOFE	China	100.00%	100.00%	dec. 2020	Full Consolidation
NewCo Sell Platform	SAS	France	65.02%	65.02%	24/03/2021	Full Consolidation
Popsell	SAS	France	100.00%	100.00%	11/06/2021	Full Consolidation
Venson Paris	SAS	France	100.00%	100.00%	31/08/2021	Full Consolidation

The annual closing date for all Group companies is September 30, except for THOM India and Duo Mu Jewellery due to local legislation.

One new legal Chinese entity, "Duo Mu Jewellery", which has Wholly Foreign Owned Enterprise (WFOE) status, was registered and its share capital was paid up in December 2020.

NewCo Sell Platform, with a share capital of €1, was created on March 24, 2021, to support future projects of the Group. On June 11, 2021, the Group acquired 65% of Popsell via NewCo Sell Platform. Popsell is a social selling platform, to develop a new distribution channel with a customized digital experience for customers. As a part of the acquisition process, a capital increase for NewCo Sell Platform was proceeded in the amount of €6.6 million, out of which €3.8 have been released.

On August 31, 2021, the group, via its subsidiary THOM Trade S.A.S. has purchased Venson Paris, to develop its wholesale activity in France.

Investments in Economic Interest Groups (EIG) which manage shopping centers and over which the Group has no significant influence are disclosed under financial assets.

On February 26, 2021, the Group and Renaissance Luxury Group, via its subsidiary ALTESSE, were appointed by the Bobigny Commercial Court for the takeover of the jewelry brand AGATHA. This joint venture, 50/50 between THOM SAS and Altesse, is not consolidated as of September 30, 2021, as the share purchase agreement has yet to be signed during the first quarter of fiscal year 2022.

Note 4. COMPARABILITY

There were no significant events which would have materially affected the comparability of the consolidated accounts of the periods ended September 30, 2020 and September 30, 2021 presented in the notes to the financial statements.

Note 5. NOTES TO THE BALANCE SHEET

a. Goodwill

Goodwill

In €m	Opening	Change in scope	Acquisition	Disposal	Reclass.	Closing
Gross						
France	386.6	7.0	-	(3.6)	0.0	390.0
Italy	89.3	-	-	-	-	89.3
RoE	3.7	-	-	-	-	3.7
Goodwill, gross	**479.6**	**7.0**	**-**	**(3.6)**	**0.0**	**483.0**
Amortization						
France	(114.1)	-	-	1.1	-	(113.0)
Italy	(2.2)	-	-	-	-	(2.2)
RoE	(0.2)	-	-	-	-	(0.2)
Amortization	**(116.5)**	**-**	**-**	**1.1**	**-**	**(115.4)**
Amortization						
France	272.5	7.0	-	(2.5)	0.0	277.0
Italy	87.1	-	-	-	-	87.1
RoE	3.6	-	-	-	-	3.6
Goodwill, net	**363.1**	**7.0**	**-**	**(2.5)**	**0.0**	**367.6**

Note: Until September 30, 2016, goodwill was amortized over a 20-year period. Amortization started on October 14, 2010 for the acquisitions of Histoire d'Or Europe (France) and Financière MO Holding (France) Groups and from the relevant acquisition dates for the assets acquired in Belgium (RoE) and Italy.

Since October 1, 2016, THOM Group has qualified the goodwill utilization period as unlimited. Consequently, no goodwill amortization has been recognized since October 1, 2016, in accordance with paragraph 21130 of CRC Regulation No. 99-02.

Goodwill was subject to an annual impairment test based on the Group's operational split into Cash Generating Units (CGUs). The annual impairment test consists in determining the recoverable amounts of the CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. The recoverable value of an CGU is determined based on fair market value, which is obtained with the multiple valuation method (cf. note 3.c). Value-in-use is obtained via the Discounted Cash Flows method (DCF). No impairment loss was recognized as of September 30th, 2021 as a result of the annual impairment tests.

The change in perimeter during the fiscal year correspond to the goodwill of Popsell for €6.8 million, for which the Purchase Price Allocation is not final yet, and to the goodwill of Venson Paris for €0.2 million.

The disposals for the year relate to the business goodwill of the stores that were sold or closed in France for a total amount of €2.5 million in net book value.

b. Intangible assets

Intangible assets

In €m	Opening	Change in scope	Acquisition	Disposal	Reversal	Reclass.	Closing
Gross							
Leasehold rights	176.9	0.0	0.2	(3.7)	-	(0.0)	173.4
Brands	136.7	-	0.0	(0.0)	-	0.1	136.8
Software	19.2	1.4	2.0	(0.2)	-	1.0	23.4
Other	1.9	-	0.0	(1.8)	-	-	0.1
Intangible assets in progress	18.9	-	10.4	-	-	(1.1)	28.2
Gross intangible assets	**353.6**	**1.4**	**12.6**	**(5.7)**	**-**	**(0.0)**	**361.9**
Amortization and depreciation							
Leasehold rights	(57.9)	-	(11.5)	1.3	2.8	-	(65.2)
Brands	(0.8)	-	(0.2)	0.0	0.0	(0.0)	(1.0)
Software	(13.8)	(0.8)	(2.8)	0.1	0.0	0.0	(17.4)
Other	(1.6)	-	(0.0)	1.5	-	-	(0.1)
Intangible assets in progress	-	-	-	-	-	-	-
Amortization and depreciation	**(74.1)**	**(0.8)**	**(14.5)**	**2.9**	**2.8**	**-**	**(83.7)**
Net							
Leasehold rights	119.0	0.0	(11.3)	(2.4)	2.8	(0.0)	108.2
Brands	135.9	-	(0.2)	(0.0)	0.0	0.0	135.8
Software	5.4	0.5	(0.8)	(0.1)	0.0	1.0	6.0
Other	0.3	-	0.0	(0.3)	-	-	0.0
Intangible assets in progress	18.9	-	10.4	-	-	(1.1)	28.2
Net intangible assets	**279.5**	**0.5**	**(1.9)**	**(2.8)**	**2.8**	**(0.0)**	**278.2**

Note: As of September 30, 2021, leasehold rights amounted to €108.2 million net book value and mainly related to stores in France. Leasehold rights were subject to impairment tests. The required impairment is the difference between the net book value in the consolidated accounts and the fair market value determined from the valuations carried out by experts (cf. note 3.c).

As of September 30, 2021, brands were recognized on the Group's balance sheet for €135.8 million net book value and mainly included: Stroili at €103.0 million, Histoire d'Or at €26.9 million, Trésor at €2.8 million, Franco Gioielli at €1.6 million and Marc Orian at €1.5 million.

Each brand was subject to an annual impairment test. They were valued based on the discounted Cash-Flows method, i.e. by discounting forecast royalties to perpetuity (cf. note 3.c).

Some intangible assets such as business goodwill are not recognized as such on the balance sheet and are reclassified to goodwill.

The increase of €10.4 million in intangible assets in progress mainly related to the SAP (and all related sub-projects) and Salesforce projects. Salesforce, after being deployed in France during fiscal year 2020, has been activated in Germany for the Orovivo website and a second lot has therefore been activated. Salesforce in Italy should be deployed in September 2022.

c. Tangible assets

Property, plant and equipment (PPE)								
In €m	Opening	Change in scope	Acquisition	Disposal	Capitalization of leasing contracts	Reversal	Reclass.	Closing
Gross								
Land	0.0	-	-	-	-	-	-	0.0
Buildings	0.2	-	0.1	-	-	-	0.0	0.3
Technical facilities, plant and equipment	11.2	0.3	0.5	(0.2)	-	-	0.7	12.6
General facilities	288.8	0.1	8.4	(6.1)	-	-	5.3	296.5
Tangible assets held under finance leases	13.6	-	-	(1.5)	-	0.2	-	12.3
PPE in progress	1.9	0.0	6.5	-	-	-	(6.1)	2.3
Gross property, plant and equipment	**315.7**	**0.4**	**15.5**	**(7.8)**	**-**	**0.2**	**0.0**	**324.0**
Amortization and depreciation								
Land	-	-	-	-	-	-	-	-
Buildings	(0.1)	-	(0.0)	-	-	-	(0.0)	(0.1)
Technical facilities, plant and equipment	(8.8)	(0.2)	(1.4)	0.1	0.0	-	(0.0)	(10.4)
General facilities	(218.2)	(0.1)	(22.7)	5.2	0.6	-	0.0	(235.1)
Tangible assets held under finance leases	(10.5)	-	(0.5)	1.5	-	-	-	(9.5)
PPE in progress	(0.0)	-	-	-	-	-	-	(0.0)
Amortization and depreciation	**(237.6)**	**(0.3)**	**(24.6)**	**6.8**	**0.7**	**-**	**(0.0)**	**(255.1)**
Net								
Land	0.0	-	-	-	-	-	-	0.0
Buildings	0.1	-	0.1	-	-	-	-	0.2
Technical facilities, plant and equipment	2.4	0.0	(0.9)	(0.0)	0.0	-	0.7	2.2
General facilities	70.7	0.0	(14.3)	(1.0)	0.6	-	5.4	61.4
Tangible assets held under finance leases	3.1	-	(0.5)	0.0	-	0.2	-	2.8
PPE in progress	1.9	0.0	6.5	-	-	-	(6.1)	2.3
Net property, plant and equipment	**78.1**	**0.1**	**(9.1)**	**(1.0)**	**0.7**	**0.2**	**0.0**	**68.9**

Note: General facilities mainly include fixtures and fittings of stores' network. Investments during the year include store refurbishments as well as fixtures and fittings of the stores opened or acquired during the year.

Change in scope during the year include new entities acquired or created during the period (NewCo Sell Platform, Popsell and Venson Paris).

The Group has signed in 2021 one financial lease contracs in respect of IT equipment. This contract has been accounted for in accordance with IAS17 as authorized by CRC Regulation No. 99-02. The assets acquired under finance leases were capitalized based on the present value of future lease payments for €0.2 million. They are then amortized on a straight-line basis over their estimated economic useful lives.

d. Financial assets

Financial assets						
In €m	Opening	Acquisition	Disposal	Reversal	Reclass.	Closing
Non-consolidated investments and related receivables	0.8	0.9	(0.5)	-	0.0	2.1
Loans granted to employees	0.1	5.5	(5.5)	-	-	0.1
Security deposits (on leases)	15.2	5.8	(0.6)	-	-	20.4
Gross financial assets	**16.0**	**19.4**	**(13.9)**	**-**	**0.0**	**22.5**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Net financial assets	**16.0**	**19.4**	**(13.9)**	**-**	**0.0**	**22.5**

Note: Guarantee deposits relate to the Group's real property leases. Changes during the year are explained by the guarantee deposits on stores opened or closed during the year, the recovery of deposits related to negotiation of first demand guarantee, as well as the reassessment of guarantee deposits conducted once per year by the lessors as part of contractual indexation.

Investments mainly relate to Agatha's shares for €1.3 million and to non-controlling interests in the EIGs that own shopping centers for €0.7 million. Both Agatha and EIGs are not consolidated as of September 30, 2021.

e. Inventories

Inventories		
In €m	30/09/2021	30/09/2020
Raw materials and packaging inventories	37.9	22.6
Finished goods	190.5	183.8
Gross inventories	**228.4**	**206.4**
Depreciation	**(12.0)**	**(12.5)**
Net inventories	**216.4**	**193.9**

Note: Raw materials mainly include gold. The €15.3 million increase in raw material inventories during the period was mainly due to €15.9 million in stock building of gold over the period (€33.2 million gold stock as of September 30, 2021), for coverage and cash protection purposes (to cover payments postponed in respect of the COVID-19 pandemic crisis), partially offset by the decrease in packaging inventories.

Group hedge policy remains unchanged but, considering the erratic evolution of the gold prices during the COVID-19 pandemic and their impact on forwards prices, the Group has optimized hedging costs by favouring a stock building of physical gold collected in its stores, rather than market swaps (cf. Off Balance Sheet commitments).

THOM SAS net inventories as of September 30, 2021 amounted to €118.3 million. Stroili's and OroVivo's net inventories as of September 30, 2021 were €75.6 million and €11.9 million, respectively.

Finished goods are mainly located in stores. The increase in finished goods inventories of €6.8 million over the fiscal year was mainly explained by the impact of our products inventories for our wholesale activity in France (Venson Paris) and in Italy (THOM Trade Italy) for €6.9 million. The increase in inventories in France for €7.5 million is explained by a low point in September 2020 and the careful approach in purchasing after the first lockdown in spring 2020. This is almost fully compensated by the decrease in inventory in Italy for €7.3 million, explained by a very strong recovery of business since the reopening of stores mid-May 2021 and by a policy of stock cleaning (deferencing of products with a low turnover and disposal of old inventories).

Finished goods depreciation is recorded based on losses on defective and unsold products of the year, compared to the previous year's inventories. This depreciation is completed by a test on the weights of slow-moving items. Raw materials depreciation is recorded based on the variation of gold prices. The decrease in stock depreciation rate between September 2020 and September 2021 as a percentage of Gross Inventory from 6.1% to 5.3% reflects group stock cleaning policy implemented by the Group (selection of products and disposals).

f. Trade receivables and related accounts

Trade receivables and related accounts

In €m	30/09/2021	30/09/2020
Trade receivables, gross	11.5	7.7
Impairment	(0.4)	(0.1)
Trade receivables, net	**11.1**	**7.6**

Note: Trade receivables mainly include invoicing to suppliers (centralization, marketing and commercial cooperation services), to affiliates (sales of finished goods, royalties) and to training organisms. Trade receivables also include receivables from our corporate customers as a part of our wholesale activity, that are increasing by €4.8 million during the year due to the development of this activity in Italy and to the acquisition of Venson Paris, in France.

Trade receivables and related accounts are all due within less than one year.

g. Other receivables

Other receivables

In €m	30/09/2021	30/09/2020
Downpayments and deposits to suppliers	4.4	8.9
Credit notes from suppliers	11.8	10.4
Insurance receivables	0.3	0.3
Personnel receivables	0.9	1.5
VAT	15.0	11.5
Income tax receivables	3.4	1.1
French employment incentive tax credit (CICE)	0.1	0.2
Other tax receivables (including IRES/IRAP)	1.3	2.1
French solidarity fund subsidy	10.0	-
Current account with Goldstory, including interests	2.8	-
Other	3.9	2.0
Other receivables - Gross	**53.8**	**38.0**
Depreciation	**-**	**(0.2)**
Other receivables - Net	**53.8**	**37.8**

Note: Other receivables are all due within less than one year.

The increase in Other Receivables is mostly explained by the receivable from the French Government for the Fixed Cost Coverage Plan for which THOM S.A.S. could benefit due to the sanitary crisis. This aid has been collected in October 2021 (cf. Subsequent events).

h. Cash and cash equivalent

Cash and cash equivalent

In €m	30/09/2021	30/09/2020
Securities	-	0.1
Cash & cash equivalents	55.7	196.6
Total cash and cash equivalents	**55.7**	**196.7**

i. Shareholders' equity

Equity

In €m	Share capital	Share premium	Consolidated reserves	Net income	Currency translation reserves	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 30 September 2020	**372.4**	**2.7**	**(192.4)**	**1.9**	**0.0**	**184.6**	**0.0**	**184.6**
Increase in share capital	-	-	0.0	-	-	0.0	3.5	3.6
Increase in share capital by bonds convertible into shares (*)	(6.8)	65.3	116.0	-	-	174.5	-	174.5
Change in perimeter - Entry	-	-	3.5	-	-	3.5	(1.6)	1.9
Allocation of net income	-	-	1.9	(1.9)	-	-	-	-
Net income for the year	-	-	-	25.4	-	25.4	(0.0)	25.4
Currency translation adjustment	-	-	0.0	0.0	0.0	0.0	-	0.0
Change in perimeter - Disposal	-	-	2.5	-	-	2.5	-	2.5
Equity at 30 September 2021	**365.6**	**68.0**	**(68.5)**	**25.4**	**0.0**	**390.5**	**2.0**	**392.4**

(*) The line "increase in share capital by bonds convertible into shares" correspond to all the operations that occurred on September 24, 2021.

Note: The share capital of €365,592,924 is divided in (i) 242,745,259 ordinary shares of €0.49 each and (ii) 3,523,539,251 preferred shares of €0.07 each (ADP R4).

The net income (and diluted net income) for the fiscal year ended September 30, 2021 is a profit of €25.4 million, which represents an earning per share of 0.01 euro, similar to the one for fiscal year ended September 30, 2020.

Share premium is made of:

- The capital increase of 2,000 preference shares on April 30, 2015 is accompanied by an additional paid-in capital of €190,000. Each preference share gives to its holder the right to benefit from any issue of new shares according to economic criteria determined upon the sale of the company shares by the largest Shareholder.
- €69.8 million related to the capital increase on September 24, 2021 by issuance of ADP R4 subscribed by compensation of receivables.
- Share premium has been reduced by €1.8 million after allocation to the Retained Earnings.

Together with the capital increase on September 24, 2021 (for an amount of €175.0 million of which €105.3 million in share capital and €69.8 million in share premium), the intercompany loan with Goldstory S.A.S, for an initial amount of 199,921,098.35 euros, following the group refinancing on February 26, 2021, has been reduced by 175,000,000.03 euros, and amounts to €24,921,098.32 as of September 30, 2021.

The entries in the perimeter for €3.5 million correspond mainly to Popsell for €3.6 million and to NewCo Sell Platform for €(0.1). The value for Venson Paris is not significant.

The impact from disposed entities for €2.5 million correspond mainly to THOM Netherlands for €1.5 million and to HDO Portugal for €0.9 million.

j. Provisions for risks and charges

Provisions for risks and charges

In €m	Opening	Change in scope	Increase	Reversals used	Reversals unused	Reclass.	Closing
Provisions for loyalty vouchers	8.2	-	8.6	-	(8.2)	-	8.6
Social litigations	1.5	-	0.2	(0.4)	(0.2)	-	1.2
Commercial, tax and other litigations	2.7	0.1	1.3	(0.4)	-	(0.0)	3.6
Total Provisions for risks and charges	**12.4**	**0.3**	**10.1**	**(0.8)**	**(8.4)**	**-**	**13.6**

Note: Provisions in respect of loyalty schemes are calculated based on probable future costs incurred by the Group (cf. note 3.c).

k. Deferred Tax

Deferred tax assets

In €m	Opening	Variation	Reclass.	Closing
Tax loss carried forward	5.3	(4.9)	-	0.4
Non-deductible financial interests carried forward	2.9	(0.5)	-	2.4
Employee profit-sharing	1.2	0.6	-	1.8
Hedging instruments	-	0.4	-	0.4
Amortization, depreciation and provision	4.3	(0.6)	-	3.7
Leasehold rights and business goodwill	1.3	(0.1)	-	1.2
Fair value of assets	1.6	(0.1)	-	1.5
Other temporary differences	0.4	0.3	-	0.7
Netting of deferred tax assets and liabilities by tax jurisdiction	(8.2)	2.2	-	(6.0)
Total Deferred tax assets	**8.8**	**(2.9)**	**-**	**5.9**

Deferred tax liabilities

In €m	Opening	Variation	Reclass.	Closing
Leasehold rights and business goodwill	11.6	(1.9)	-	9.7
Finance leases	0.4	0.0	-	0.4
Other temporary differences	0.1	0.1	-	0.2
Netting of deferred tax assets and liabilities by tax jurisdiction	(8.2)	2.2	-	(6.0)
Total Deferred tax liabilities	**3.9**	**0.3**	**-**	**4.3**

Note: Deferred tax assets on tax loss carryforwards related to France have been fully reversed during the year as they have been utilized during the period, considering the taxable earnings for the year in France.

As of September 30, 2021, without response from Italian tax administration, activated tax loss carry-forwards on HDO Srl are not activated in Stroili (3.9 million euros potential tax savings). Similarly, as a precautionary measure, Orovivo tax loss carryforwards were not activated and represent a potential saving of 11.2 million euros.

l. Financial debt

Financial debt

In €m	Less than one year	1 to 5 years	More than 5 years	30/09/2021	30/09/2020
Principal	-	-	-	-	565.0
Accrued interest	-	-	-	-	3.7
Senior Debt TLB	**-**	**-**	**-**	**-**	**568.7**
Convertibles bonds - Principal and capitalized interest	-	-	-	-	170.5
Convertibles bonds - Accrued and capitalized interest of the year	-	-	-	-	20.0
Intercompany loan - Principal and capitalized interest	-	24.9	-	24.9	-
Intercompany loan - Accrued and capitalized interest of the year	0.8	-	-	0.8	-
Convertible bonds and Intercompany loan with Goldstory	**0.8**	**24.9**	**-**	**25.7**	**190.5**
Principal and capitalized interest	-	441.0	-	441.0	-
Accrued and capitalized interest of the year	2.2	-	-	2.2	-
Proceeds Loans from Goldstory	**2.2**	**441.0**	**-**	**443.2**	**-**
RCF	-	0.0	-	0.0	89.8
Accrued interest, accrued commitment fees	-	-	-	-	0.1
Bank loans	**-**	**0.0**	**-**	**0.0**	**89.9**
Bank overdrafts	**-**	**-**	**-**	**-**	**-**
Debt on finance leases	0.5	0.7	-	1.2	1.6
Other financial debt	**0.5**	**0.7**	**-**	**1.2**	**1.6**
Total financial debt	**3.5**	**466.7**	**0**	**470.1**	**850.7**

Senior Debt

The tranche B of the senior debt ("TLB"), drawn on August 7, 2017 for an amount of €565 million, as well as accrued interest totalling €13.5 million, were repaid on February 26, 2021 as a part of the Group refinancing.

Convertible bonds and Intercompany loan with Goldstory

The three series of bonds convertible into shares (OCA), issued by THOM Group in 2010 and 2011, and amounting to €190.5 million as of September 30, 2020 plus accrued interests of €9.4 million over the fiscal year, were converted into an intercompany loan (bearing interest) from Goldstory S.A.S on February 26, 2021, when THOM Group was acquired by Goldstory S.A.S.

The reduction in intercompany loan with Goldstory to €24.9 million is explained by:

- The increase in convertible bonds to €199.9 million as of February 26, 2021 related to the capitalized interests since October 1st, 2020. On February 26, 2021, those convertibles bonds have been converted into a loan intercompany loan with Goldstory, as a part of the refinancing.
- The reduction of the loan by €(175) million consequently to the capital increase on September 24, 2021 (for the same amount).

Proceeds Loans from Goldstory

On February 26, 2021, Goldstory's acquisition of THOM Group was financed, for a total amount of €620 million, in part with the issuance of (i) €370 million aggregate principal amount of fixed rate 5.375% senior secured notes due 2026 and (ii) €250 million aggregate principal amount of floating rate notes due 2026 (with a margin of EURIBOR plus 550bps) (collectively, the "Notes").

A portion of the proceeds from the offering (€441 million) was on-lent to THOM Group under proceeds loans to repay amounts outstanding under the TLB by THOM Group. The €441 million proceeds loans are composed of:

- €263.2 million bearing interest at a fixed rate of 5.88%
- €177.9 million bearing interest at a variable rate of 6% + 3 months Euribor

Bank loans

In addition to the Notes, a revolving credit facility ("RCF") of €90 million is available for a period of 4.5 years, bearing interest at 3.25% margin plus EURIBOR (with a 0% floor) for the drawn amount and 30% of the same rate for the undrawn amount.

Under the terms of the RCF, THOM Group must respect a debt ratio (Financial net debt/ Reported EBITDA) which should be below 7.2x. The Group's debt reduction (de-leveraging) gives right to a contractual bonification of the applicable margin (minimum 2.75%).

As of September 30, 2021, this credit line was not drawn.

m. Employee profit-sharing reserve

Profit-sharing reserve

In €m	30/09/2021	30/09/2020
Profit-sharing reserve	2.1	2.3
Profit-sharing reserve	**2.1**	**2.3**

Note: The employee profit-sharing reserve is the amount placed by employees in blocked current account. The account bears interest at the average rate of yield of bonds in private companies increased by 1 percentage point. The management of employee profit-sharing is outsourced to Amundi.

n. Trade payables and related accounts

Trade payables and related accounts

In €m	30/09/2021	30/09/2020
Trade payables and related accounts	113.1	70.6
Total Trade payables and related accounts	**113.1**	**70.6**

Note: Trade payables and related accounts are due within less than one year.

The increase in Trade payables as of September 30, 2021 is mainly explained :

- By the postponement of rents payables to the landlords, for the rents related to lockdown periods, for a total amount of €26 million.
- By the normalization of supplier's credit as the Group decided to support some of its suppliers in September 2020 by early payment of invoices and as the purchases of good were reduced last year in the context of the sanitary crisis.

o. Payroll and tax payables

Payroll and tax payables

In €m	30/09/2021	30/09/2020
Payroll liabilities	24.8	21.4
Social security contributions	30.6	17.9
TFR	2.3	2.4
Employee profit-sharing	5.6	3.9
VAT	12.7	9.1
Income tax	1.1	1.5
Other taxes and duties	4.7	4.5
Total payroll and tax payables	**81.9**	**60.7**

Note: Payroll and tax payables have a due date of less than one year, except for the TFR (Trattamento di fine rapporto) in Italy of 2.3 million euros and the employee profit-sharing reserve of the year in France of 5.6 million euros which are both due for more than 5 years.

As mentioned in note 3.c, a portion of the TFR can be allocated to funds. Subscription to these funds is voluntary. The contribution is shared between the employee and the company.

The increase in payroll liabilities during the fiscal year is explained by a stronger recovery of activity as compared to last year and by a higher headcount (+100 FTE vs. September 2020. See Off-balance sheet commitments).

The increase in Social Security contributions is explained by the postponement of pension expenses payments for 14.0 million euro in accordance with measures implemented during the sanitary crisis.

The employee profit-sharing in France will be allocated to the profit-sharing reserve account during the financial year 2021-2022 for the portion placed by employees in blocked current account (cf. note 6.m).

p. Other payables

Other payables

In €m	30/09/2021	30/09/2020
Downpayments from customers	5.1	3.5
Credit notes issued to customers	1.3	1.2
Gift cards issued	1.0	0.6
Vouchers issued	0.1	0.6
Other	0.7	1.4
Total other payables	**8.2**	**7.3**

Note 6. NOTES TO THE INCOME STATEMENT

a. Sales

Sales		
In €m	30/09/2021	30/09/2020
France	422.0	410.9
Foreign	247.8	222.4
Sales to affiliates	6.7	4.1
Stores sales	676.5	637.3
Sales of precious metals	32.5	30.3
Invoicing to suppliers	1.0	1.2
Purchasing & logistics services	0.4	0.3
Other income	0.6	0.6
Other sales	34.5	32.4
Total sales	711.0	669.7

Note: THOM S.A.S. and Stroili Oro S.p.A.'s contribution to sales of precious metals amounted respectively to 18.9 and 13.5 million euros for the year ended 30 September 2021.

b. Reversal of provisions

Reversals of provisions		
In €m	30/09/2021	30/09/2020
Reversals of provisions for risks and charges	9.2	10.0
Reversal of impairment of inventories	6.7	7.9
Reversal of impairment of fixed assets	2.8	3.5
Reversal of impairment of current assets	0.1	0.1
Total reversals of provisions	18.8	21.5

Note: Reversals of provisions for risks and charges include a reversal of opening provisions for loyalty vouchers of 7.9 million euros.

Provisions for depreciation of inventories in the opening balance sheet are systematically reversed and new provisions are fully recorded at the closing date, in the same way as provisions for loyalty vouchers (cf. note 7.h).

Reversals of depreciation for fixed assets mainly include the reversals of depreciation of leasehold rights of closed stores of 2.4 million euros.

c. Other operating income

Other operating income		
In €m	30/09/2021	30/09/2020
Income from insurance for theft of merchandise	0.1	0.3
Income from insurance for destruction of goods	0.2	0.1
Reinvoicing of training costs	0.1	0.0
Royalty from franchise	0.7	0.5
French Solidarity Fund Subsidy	10.6	-
Other	6.2	3.9
Total other operating income	17.9	4.8

Note: Other income of 6.2 million euros includes the capitalization of ERP-SAP integration costs and the Salesforce e-commerce platform for 2.2 million euros.

Aids from the governments during the Covid-19 pandemic corresponded to a Fixed Cost Coverage Plan and French Solidarity Fund in France for respectively 10.0 and 0.4 million euros on THOM S.A.S. and 0.2 million euros for Venson Paris.

d. Costs of goods sold

Costs of goods sold		
In €m	30/09/2021	30/09/2020
Purchase of raw materials	(54.8)	(41.7)
Change in inventories - raw materials	15.3	12.4
COGS - Raw materials	(39.6)	(29.3)
Purchase of finished goods	(205.1)	(164.4)
Change in inventories - finished goods	3.6	(23.4)
COGS - Finished Goods	(201.5)	(187.8)
Total costs of goods sold	(241.0)	(217.1)

e. Other operating expenses

Other operating expenses		
In €m	30/09/2021	30/09/2020
Real property leases	(74.7)	(74.3)
Expenses related to real property leases	(10.1)	(10.5)
Advertising	(22.4)	(20.6)
Transport	(9.1)	(6.9)
Insurance	(1.6)	(1.8)
Maintenance	(4.6)	(5.0)
Consultancy fees	(9.1)	(8.0)
Bank fees	(3.3)	(3.1)
Information system and technology	(4.7)	(3.4)
Telecommunication and network expenses	(3.5)	(3.3)
Energy and utilities	(4.0)	(4.6)
Travel, accommodation and courtesy costs	(1.9)	(3.1)
Other	(15.4)	(13.2)
Total other operating expenses	(164.3)	(157.8)

Note: Other costs totalling €15.4 million mainly include the cost of temporary workers, the lease costs of company cars and other miscellaneous charges.

f. Taxes and duties

Taxes and duties		
In €m	30/09/2021	30/09/2020
Regional levy on French companies (CFE)	(1.4)	(1.2)
Payroll-related taxes	(2.2)	(1.0)
Taxes on commercial premises	(0.8)	(1.0)
Levy on French companies to fund social security (CSS)	(0.7)	(0.7)
CVAE	(2.0)	(3.9)
Other taxes and duties	(0.8)	(0.8)
Total taxes and duties	(8.0)	(8.7)

g. Personnel expenses

Personnel expenses		
In €m	30/09/2021	30/09/2020
Wages and salaries	(127.0)	(130.0)
Social security charges	(40.1)	(40.0)
Employee profit-sharing	(6.7)	(4.6)
Total personnel expenses	(173.8)	(174.7)

Note: Effective January 1st, 2019, the French tax credit for employment and competitiveness (CICE) was replaced by a reduction in social security contributions (cf., notes 6.g and 7.k).

The decrease in Wages and salaries during the year is explained by the use of furlough schemes (€9.8 million received during the year in France) in all subsidiaries of the Group due to the Covid-19 pandemic, for a higher amount than fiscal year 2020 (€5.2 million in 2020), as there were longer restrictions during the 2021 fiscal year.

Employee profit-sharing includes social contribution.

h. Depreciation, amortization and provision

Depreciation, amortization and provisions		
In €m	30/09/2021	30/09/2020
Fixed assets depreciation and amortization	(39.5)	(36.3)
Inventory depreciation	(5.8)	(4.2)
Trade receivables depreciation	(0.2)	(0.0)
Provisions for risks and charges	(10.1)	(9.9)
Amortization of borrowing issuance costs	(0.7)	(1.3)
Total depreciation, amortization and provision	(56.3)	(51.8)

Note: Provisions for risks and charges include provisions for loyalty vouchers of 8.3 million euros.

Provisions for depreciation of inventories in the opening balance sheet are systematically reversed and new provisions are fully recorded at the closing date, in the same way as provisions for loyalty vouchers.

i. Financial income and expenses

Financial income and expenses		
In €m	30/09/2021	30/09/2020
Interest on TLB and Revolving Credit Facility	(11.7)	(25.9)
Capitalized interest on convertible bonds	(9.4)	(34.2)
Interest on Intercompany Loan from Goldstory	(6.9)	-
Interest on Proceeds Loans from Goldstory	(15.8)	-
Amortization of bond redemption premium	(3.1)	(0.8)
Financial expenses for customer deferred payments	(0.6)	(0.8)
Foreign currency exchange	(0.2)	0.1
Other	(2.2)	(0.1)
Total Financial income (expense)	(49.9)	(61.6)

Note: The decrease in Capitalized interests on convertible bonds is mainly attributable to the repayment of €152.2 million aggregate principal amount of convertible bonds in the financial year ended September 30, 2020 and the conversion, on February 26, 2021, of the remaining convertible bonds in the amount of €199.9 million into an intercompany loan with Goldstory, bearing interest at 5.93%.

Interest on TLB and Revolving Credit Facility (€9.8 million under the TLB and €1.1 million under the revolving credit facility) are the interest due until February 26, 2021, the date of the refinancing. In addition, €0.8 million corresponds to interest on the €90 million RCF that was drawn in full in April 2021 and reimbursed in July 2021.

The amortization of bond redemption premium is composed of €0.3 million for the amortization of the period, and €2.8 million for the full amortization of the remaining bond redemption premium in relation with the reimbursement of the TLB on February 26, 2021.

Interest on Proceeds Loans and Intercompany Loan from Goldstory represents the €15.8 million and €6.9 million, respectively, in accrued interest owed to the Issuer under the loans extended to THOM Group in connection with the issuance of the Notes and the conversion of the three series of convertibles bonds into a loan, for the period from February 26, 2021 until September 30, 2021.

j. Non-recurring income and expenses

Non-recurring income and expenses			
In €m		30/09/2021	30/09/2020
Pre-opening costs	(1)	(1.2)	(1.1)
Tax and payroll-related adjustments and commercial litigations		-	-
Other income and expenses	(2)	(2.1)	(1.8)
Non-recurring gain (loss) on operations		(3.3)	(2.9)
Income from disposal of leasehold rights (and equivalents)		0.8	0.4
Net book values of disposed fixed assets	(3)	(6.8)	(9.1)
Non-recurring amortization, depreciation and provisions	(4)	(4.1)	(1.4)
Non-recurring gain (loss) on disposal of fixed assets		(10.1)	(10.1)
Total non-recurring income & expenses		(13.4)	(13.0)

- (1) Pre-opening costs of €1.2 million are costs incurred for the opening of new stores or for the refurbishment of existing stores when the refurbishment involves the closure of a store for an extended period. These expenses mostly include rents, staff costs and fees.

- (2) Other non-recurring income and expenses of €2.1 million net include mainly:
  €1.1 million of fees in respect of ongoing or aborted acquisition projects
  €1.1 million of non-recurring indemnities
  €(0.1) million of other non-recurring income and expenses

- (3) The net book value of disposed fixed assets of €6.8 million mainly includes the disposal of goodwill, leasehold rights and facilities of closed stores, as well as disposal of fixed assets following store refurbishments.

- (4) Non-recurring amortization for €4.1 million mainly corresponds to a €4.4 million expense relating to the extraordinary amortization of issuance borrowing costs related to the TLB reimbursed on February 26, 2021, partially offset by other non-recurring amortization in Italy.

k. Income tax expense

Breakdown of net tax expense

Income tax		
In €m	30/09/2021	30/09/2020
Current income tax	(12.2)	(4.6)
Deferred income tax	(3.4)	(4.9)
Total income tax	**(15.6)**	**(9.5)**

Note: The net income tax expense for the fiscal year amounted to €15.6 million compared to €9.5 million in the previous fiscal year and is detailed as follows:

- The net income tax expense recognized by the tax group for French companies amounted to a €13.2 million expense compared to a €7.5 million expense last year. The increase of €5.6 million is explained by the very good operating performance of the Group, especially since the reopening of the stores mid-May 2021, despite the impact of COVID-19 pandemic and thanks to the embedded growth of stores outside lockdown periods, e-commerce growth, costs reduction due to Covid-19 related saving plans and aids received as a part of the Fixed Cost Coverage Plan and French fund subsidy. The application of the safeguard clause of the ATAD directive enabled the Group to deduct additional €5.5 million net financial expenses from its annual income tax.
- The net income tax expense recognized by foreign subsidiaries, or by recently acquired French subsidiaries not yet integrated in the French tax group, amounted to an expense of €2.4 million compared to €2.0 million in the previous year.

Reconciliation of theoretical tax expense to effective tax expense

Tax proof		
In €m	30/09/2021	30/09/2020
Income before tax	41.0	11.4
Theoretical tax rate in France	32.02%	34.4%
Theoretical tax expense expected	**(13.1)**	**(3.9)**
Tax rate differential on foreign income	1.0	0.4
Non-deductible financial expenses in France	(0.8)	(3.2)
Depreciation and/or unrecognition of tax losses	(1.6)	(0.8)
IRAP	(0.8)	(1.0)
Other	(0.2)	(1.0)
Effective tax	**(15.6)**	**(9.5)**

- Stroili's financial interest expenses that could not be deducted in prior years and that can be carried forward without time limitation have been activated in the statutory accounts.
- Oro Vivo's tax loss carryforwards of the year have not been recognized as a measure of prudence.

- Effective January 1st, 2019, the French tax credit for employment and competitiveness (CICE) was replaced by a reduction in social security contributions (cf. notes 6.g et 7.g).

Note 7. SUBSEQUENT EVENTS

- **French solidarity fund subsid**y, implemented by French government to help compagnies suffering from the Covid-19 pandemic, enabled THOM S.A.S. to obtain a subsidy for a total of €10 million which has been paid in October 2021.

- Following Ministerial Decree n° 2021-1488 dated November 16, 2021, THOM S.A.S. is currently exploring the possibility of a **subsidy for real estate rents**, not including in the French solidarity fund subsidy. The Decree is currently being analyzed by THOM and a request will be sent before February 28, 2022. Potential impacts are currently not yet known.

- End of November 2021, French is undergoing the 5th wave of **Covid-19 pandemi**c. Lockdown or closing of the stores are not on the agenda at the moment. The situation is similar in Italy and Germany.

- As a part of the THOMTogether project, the group has created in November 2021 an **Employee Shareholding Fund ("FCPE")** in which each employee, with a seniority of more than 3 months, can invest. The Group has offered to contribute to employees' investment up to 50% of €1,000.

- As of September 2021, the **tax group** consisting of following compagnies THOM GROUP (parent), THOM, THOM TRADE and JOOLS is ending. From October 2021, above mentioned companies agreed to integrate the new tax group headed by ALTASTORY and including, among others, GOLDSTORY, THOM GROUP's direct shareholder, since the refinancing and acquisition on February 26, 2021.

Note 8. OFF-BALANCE SHEET COMMITMENTS

a. Post-employment benefits (France)

Post-employment benefits are calculated once a year. As of September 30, 2021, post-employment benefits in France were off-balance sheet and amounted to €1,209 million. The main actuarial assumptions are as follow as of 30 September 2021:

- Discount rate: 0.98% (vs. 0.73% as of September 2020)
- Salary increase rate: 2.5% (similar as of September 2020)
- Calculation of employee turnover by socio-professional category based on historical data at each entity
- INSEE mortality table 2013-2015

b. Pledges

Pledges listed below are granted for the benefit of the noteholders under the Notes and the banks under the new RCF agreement. All pledges were completed by September 30, 2021:

- Pledge over THOM Group S.A.S shares held by Goldstory S.A.S;
- Pledge over the material bank accounts of Goldstory S.A.S.;
- Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between Goldstory S.A.S. and any member of the Group;
- Pledge over THOM S.A.S. shares held by THOM Group S.A.S.;
- Pledge over the material bank accounts of THOM Group S.A.S.;
- Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between THOM Group S.A.S. and any member of the Group;
- Pledge over Stroili Oro S.p.A. shares held by THOM S.A.S.;
- Pledge over the material bank accounts of THOM S.A.S.;
- Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between THOM S.A.S and any member of the Group;
- Pledge over material trademarks (Histoire d'Or and Marc Orian) of THOM S.A.S.;
- Pledge over material bank accounts of Stroili;
- Pledge over receivables above a specified threshold arising under certain intragroup loans between Stroili Oro S.p.A. and any member of the Group.

c. Hedges

Due to its activity, the Group is exposed to changes in foreign exchange rate (USD/EUR), gold price and EURIBOR interest rates in respect of its floating rate senior secured notes and any drawings under its new RCF. These changes may negatively impact the Group's earnings and financial statements. The Group follows a centrally administered risk management policy and uses various derivative financial instruments to hedge its exposure to these risks. Counterparties are selected based on their international ratings as well as for diversification purposes.

As of September 30, 2021, the fair values of these instruments were as follows:

Equity		30/09/2021			30/09/2020		
In €m		Fair Value	On B/S	Off B/S	Fair Value	On B/S	Off B/S
Currency hedge USD/EUR		1.1	-	1.1	(1.2)	-	(1.2)
Gold price hedge		(0.0)	-	(0.0)	0.8	-	0.8
Euribor hedge	(1)	-	-	-	1.1	0.8	0.3
Total		**1.1**	**-**	**1.1**	**0.8**	**0.8**	**(0.0)**

(1) Euribor hedge related to the floating rate senior secured notes and to the new RCF, refinanced in February 2021, for a total of €2.2 million as of September 30, 2021, is now at Goldstory S.A.S level, the 100% shareholder of THOM Group S.A.S. This includes €0.9 million of premium paid for caps and used hedging EURIBOR interest rates related to the SSN and RCF, that have been recognized on balance sheet and amortized over the duration of the contracts.

Currency hedge

A significant portion of the Group companies' purchases are denominated in USD. The EUR/USD exchange rate risk is hedged by currency forwards and structured products. As of September 30, 2021, the Group's long positions aggregated to $50.3 million (compared to $63.8 million as of September 30, 2020), hedging nearly all its USD-denominated payment needs for the next fiscal year.

Currency hedge (purchase of USD against EUR)		
In USD million	30/09/2021	30/09/2020
Collar		
Notional amount in USD	**35.3**	**25.3**
Expiry:		
- due within one year	35.3	11.0
- due in more than one year	-	14.3
Forward contracts		
Notional amount in USD	**15.0**	**38.5**
Expiry:		
- due within one year	15.0	33.5
- due in more than one year	-	5.0

Gold price hedge

The Group purchases products containing gold at a minimum quantity of 1,600 ounces of gold per month.

As of September 30, 2021, the Group's long positions aggregated to 3,200 ounces of gold, only in synthetic calls, as well as physical gold held in inventory, which represented approximately fourteen months of gold purchases, thus providing an overall hedge of sixteen months relating to gold price fluctuations following the end of fiscal year ended September 30, 2021. The notional amount covered is explained by the physical stock of 22,265 ounces which represent a value of €33.2 million as of September 30, 2021.

Gold price hedge		
In ounces	30/09/2021	30/09/2020
Synthetic calls		
Hedged quantity (ounces)	**3,200**	**1,800**
- Purchases against EUR	3,200	12,800
- Purchased against USD		-
Expiry:		
- due within one year	-	12,800
- due between one and two years	3,200	-

EURIBOR interest rate hedge

EURIBOR interest rate risk related to the floating rate Notes is hedged through interest rate caps. The SSN and the new RCF being underwritten by Goldstory SAS, the EURIBOR interest rate hedge is contracted at that level.

d. Commitments received

As of September 30, 2021, the Group has an RCF line of €90 million, which was not drawn, as well as 4 bank facilities for a total of €14 million.

THOM Group also has given a guarantee payable on first demand to guarantee the payment of head office rents for an amount of €0.5 million.

e. Commitments given

Other commitments given by THOM Group S.A.S. as of September 30, 2021:
- Guarantee payable on first demand to lessors and suppliers for a total amount of €0.8 million.

Other commitments given by THOM S.A.S. as of September 30, 2021:
- Bank guarantees or guarantee on first demand in favour of lessors for a total of €1.9 million

Commitments given by Histoire d'Or Belgium as of September 30, 2021:
- Guarantee on first demand in favour of lessors for a total of €1.0 million.

Commitments given by Stroili Oro S.p.A. as of September 30, 2021:
- Bank guarantees or guarantee on first demand in favour of lessors for €15.4 million.

Commitments given by OroVivo AG as of September 30, 2021:
- Bank guarantees or guarantee on first demand in favour of lessors for €1.0 million.

Note 9. HEADCOUNT

The Group's headcount reached 4,723 Full-Time Equivalents (FTE) for the year ended September 30, 2021, against 4,623 FTE las year. This increase mainly results from the development of the wholesale activity and the acquisitions of new entities.

Note 10. COMPANY OFFICERS' AND DIRECTORS' REMUNERATION

The compensation paid during the last 12 months to the members of governing bodies cannot be disclosed as this would imply disclosing individual remuneration. No post-employment or long-term benefits have been granted to Senior Executives. No remuneration has been paid to the Chairman of THOM Group.

Attendance fees paid over the last 12 months amounted to 67 thousand euros net.

Note 11. STATUTORY AUDITORS' FEES

Statutory auditor's fees	30/09/2021			30/09/2020		
In €m	Deloitte	Aca-Nexia	Other	Deloitte	Aca-Nexia	Other
Certification of statutory and consolidated accounts	0.3	0.1	0.1	0.3	0.1	0.0
THOM Group SAS	0.1	0.0	-	0.0	0.0	-
Fully consolidated subsidiaries	0.2	0.1	0.1	0.2	0.1	0.0
Services other than certification of accounts	0.0	0.0	0.1	-	-	0.0
Total	**0.3**	**0.1**	**0.1**	**0.3**	**0.1**	**0.0**

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