ANNUAL REPORT FY2022

Histoire d'Or

Stroili

OROVIVO

AGATHA PARIS

Marc Orian

FRANCO GIOIELLI

TRÉSOR

THOM

ANNUAL REPORT FY2022

SUMMARY

EDITORIAL

2022

The 2022 financial year will be remembered as a unique vintage. Following two years deeply disrupted by the pandemic, during which the Group managed to stay firmly on course by demonstrating intuition and agility, the 2022 financial year, marked by the return to a near-normal health situation, has enabled us to achieve an extraordinary year that we should be proud of.

We owe this success to the Group's employees, who have shown tremendous resilience and commitment. On behalf of the Group, I would like to thank them and congratulate them warmly.

Fiscal year 2022 was remarkable in two ways. On the one hand, the Group has performed exceptionally well, both in terms of profitability and in terms of growth. On the other hand, the Group emerged from the crisis much more quickly than the sector as a whole, having significantly increased its market share and strengthened its leadership to a much higher level than before the pandemic.

The 2022 financial year has also been a steep learning curve. **It has enabled us not only to prove the robustness of our model but also to confirm the soundness of the decisions we took at the height of the crisis:** our investment choices in on- and off-line commerce, our supply chain optimisation, our staff development initiatives, and the digitalisation of numerous internal processes. Freed from the constraints of the health crisis, we have been able to work continually and at full speed, and measure the beneficial effects of our action plans.

We continued to prepare for the future throughout the 2022 financial year. In particular, I would like to mention the roll-out of "social selling", which enhances the value of our sales advisors by giving them the option of communicating freely with their community of customers; affiliation, which will allow us to extend and densify our territorial coverage; and the unification and digitalisation of our logistics processes.

> *“THOM has achieved a remarkable overall performance in FY 2022, which confirms the strength of its model and the wisdom of the decisions made during the two years of the pandemic.”*

Finally, the Group, **keenly aware of its social responsibility,** strengthened its CSR governance in 2022 and established a Group CSR Department to better structure its initiatives and respond to new societal, social, and environmental issues. For years now, the Group has been successfully implementing action plans in favour of its stakeholders (customers, employees, suppliers, partners, investors, civil society, etc.). Starting this year, we will be able to speed up our implementation of an even more ambitious CSR policy.

The challenges we have faced in recent years have been met thanks to our teams and thanks to the talent we recruit, who are flourishing within the Group and are fully committed to their mission. This is why I believe that they are our priority. The development of their skills, their well-being at work, and the fair remuneration of their commitment are therefore essential – we place the greatest importance on them. Our rapid growth makes our human resources challenges even more crucial. That is why we will continue to invest in recruitment, training, and improvements to the employee experience. It is also why we developed employee shared ownership through an FCPE.

The difficult economic climate we are experiencing will require us to remain vigilant and focused on our brands, as well as on our growth drivers. But I am convinced that the Group is well placed to face 2023 financial year with confidence.

Romain Peninque
President and CEO THOM

HIGHLIGHTS

November 2021

Launch of the **THOMtogether FCPE** which allowed 400 of the Group's employees to become indirect shareholders.

January 2022

Stroili got a facelift and began the gradual roll-out of its new store concept throughout Italy.

February 2022

THOM Académie obtained the **Qualiopi certification**, which exemplifies the school's professional competence and expertise.

March 2022

- **Estelle de Caneva** was appointed Group CSR Director. Previously Commercial Director of the Marc Orian, Trésor and Smizze brands, Estelle's mission is to structure and accelerate the Group's CSR strategy.
- Classes started for the very **first Store Manager Bachelor's course** (Bac+3) at THOM Académie.

Estelle de Caneva

April 2022

THOM focused on social selling and launched its **Ambassad'Or network** for the Histoire d'Or brand.

June 2022

THOM MISSION HANDICAP

- Creation of a **Disabilities Mission**, showing the Group's commitment to maintaining employment, recruiting, training, and integrating people with disabilities.
- Graduation of the new class of **Bachelors** from the THOM Académie.

July 2022

- **WeTHOM@Work**. Through a collaborative project, THOM completely rethought its work organisation at headquarters to improve the employee experience and increase collective efficiency: new workspace layouts, updating our remote working agreement, and setting up a flex-office. A success story!

Flavien d'Audiffret

September 2022

- **Flavien d'Audiffret** was appointed Group General Manager of THOM. He joined the Group in September 2020 as Europe General Manager.
- THOM launched a **materiality study**.
- **Histoire d'Or** unveiled its new visual identity and communication campaign.

October 2022

- In collaboration with the company Carbone 4, THOM launched a comprehensive review of its **greenhouse gas emissions** on scopes 1, 2, and 3.
- **Agatha** came back with a bang, launching its new brand platform and a new communication campaign #myfantaisie.
- **THOM annual conventions** which took place in Paris, Udine (Italy) and Munich (Germany) gathered more than 1,450 staffs to celebrate a remarquable year.

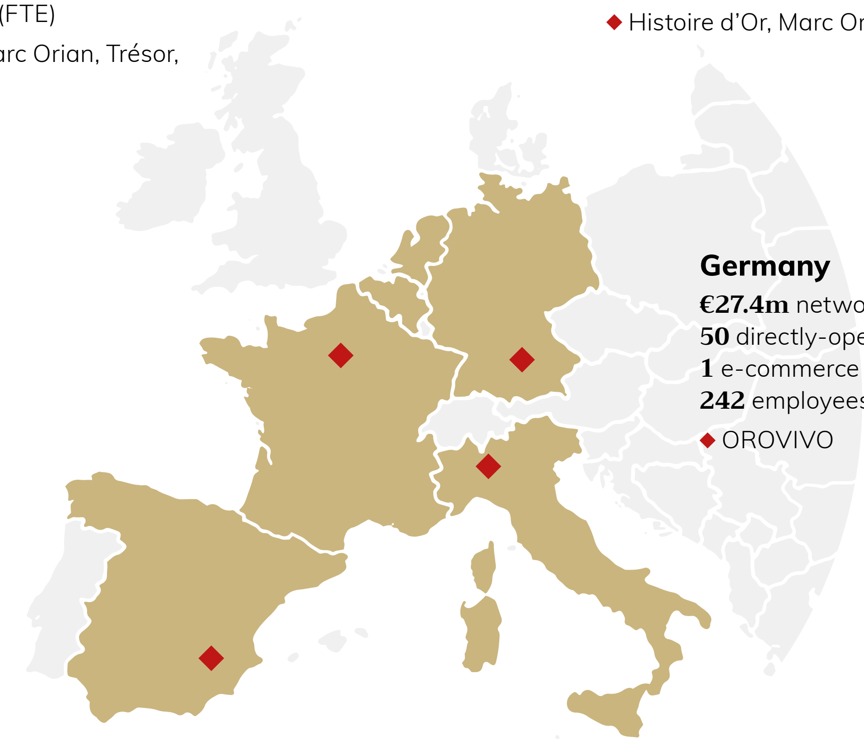
AN UNDISPUTED LEADER IN THE FIELD OF AFFORDABLE JEWELLERY

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.

A unique presence in Europe*

France
€580.9m network sales
626 directly-operated stores & corners
3 e-commerce websites
3,036 employees (FTE)
◆ Histoire d'Or, Marc Orian, Trésor, Smizze, Agatha

Benelux
€26.1m network sales
29 directly-operated stores & corners
140 employees (FTE)
◆ Histoire d'Or, Marc Orian, Smizze



Germany
€27.4m network sales
50 directly-operated stores
1 e-commerce website
242 employees (FTE)
◆ OROVIVO

Spain
€10.4m network sales
26 directly-operated stores & corners
1 e-commerce website
80 employees (FTE)
◆ Agatha

Italy
€281.6m network sales
385 directly-operated stores
1 e-commerce website
1,754 employees (FTE)
◆ Stroili, Franco Gioielli, Histoire d'Or

** FY22 figures including Agatha (100%)*

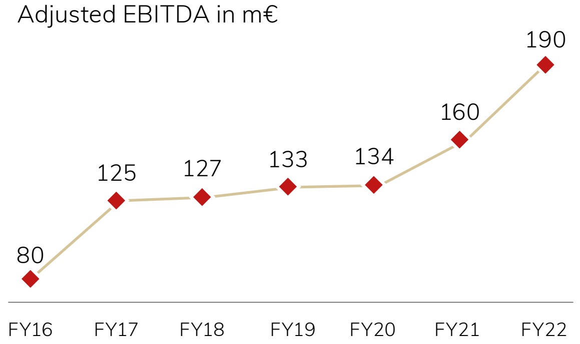
Histoire d'Or · Marc Orian · TRÉSOR · Stroili · FRANCO GIOIELLI · OROVIVO · SMIZZE · AGATHA PARIS

KEY FIGURES FY22**

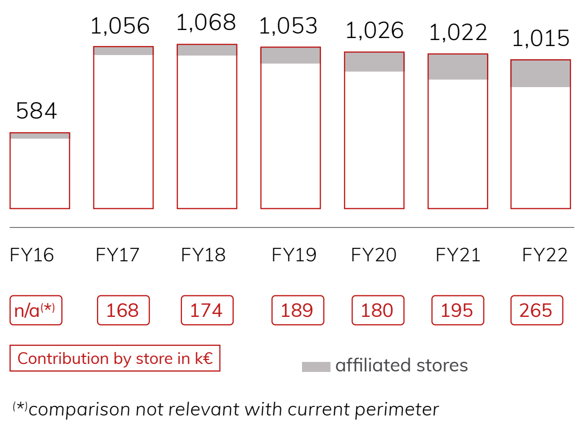
€937m consolidated turnover
21% of Reported EBITDA
32% growth in Reported EBITDA
4,983 employees
7 brands distributed in 5 countries
1,015 directly-operated stores (of which 35 are affiliated)
c. 3,200 third-party stores (wholesale's customers)
4 e-commerce websites
21 million consumers signed up to loyalty programmes

A STORY OF GROWTH**

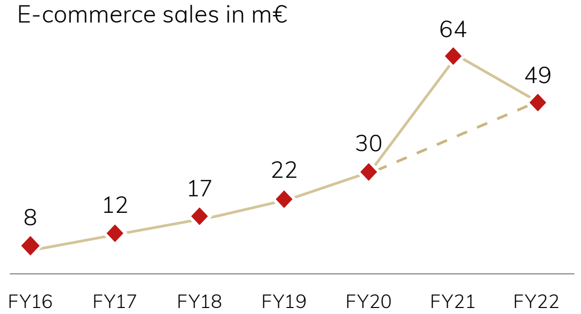
A constant growth of our EBITDA
Adjusted EBITDA in m€



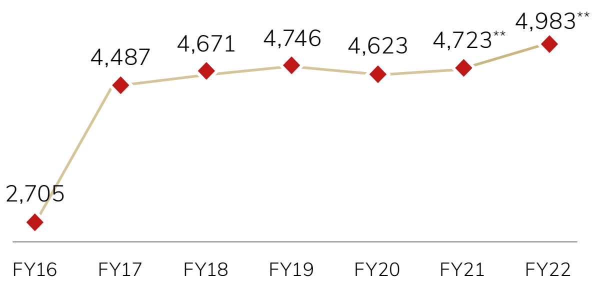
A constant improvment in network efficiency
Store network (in number of POS)



A continuous increase in Group's digitalization
E-commerce sales in m€



A continuous focus on staff efficiency
Group FTE



** excluding Agatha

FY 2022, A SOLID YEAR ACCROSS THE BOARD

The Group's development strategy has been rolled out in all countries where it is established and for the entirety of its brand portfolio. The Group's subsidiaries are supported by the teams at Headquarters (purchasing, supply chain, IT, legal, etc.) to strengthen their roles as driving forces in their respective markets.

THOM in France

Franck Lesclauses
General Manager France

At a glance

- **1981** Creation of Histoire d'Or
- **1986** Creation of Marc Orian
- **2013** Launch of Trésor
- **€565.1m** network sales
- **554** directly-operated stores & corners
- **2** e-commerce websites
- **2,847** employees (FTE)
- Histoire d'Or, Marc Orian, Trésor, Smizze

FY22 data

The recovery of the economic activity in France after the difficult period resulting from the health crisis has exceeded our expectations. We had an exceptional year, both in terms of turnover and results. Our network of stores out-performed itself, but e-commerce also stood up very well to the restructuring that took place in favour of physical retail and continues to grow (+32% turnover versus FY21).

On the commercial front, we have made progress on two important issues for France and the Group in general. First, we launched our **social selling** activity, which is a new sales channel for Histoire d'Or. We have also strengthened our organisation to structure and accelerate the development of **affiliation** by recruiting a director for this Business Unit.

2022 was also a very positive year for initiatives and achievements that contribute to strengthen our brands and our network. We developed **services** (piercing, engraving, watch maintenance, etc.) and improved **store productivity**, particularly with the mobility of operations (pre-cash, order collection, etc.). We have rolled out the **new Histoire d'Or brand platform**. We have innovated and invested a great deal in recruiting, integrating, training and building loyalty among our teams.

We will be focussing on several important projects in 2023. First of all, we will continue to improve our **stores productivity** by optimising the size of our teams, day by day and hour by hour. This is an essential profitability lever.

We will then strengthen the positioning of each of **our brands** on the French market. As leaders, we must drive the market by assigning each brand a specific role.

Affiliation will be one of our priorities. We want to increase our territorial coverage by favouring this distribution model. In 2023, we will finalise our proposal and our affiliation contract and start to roll them out across our network. We have high ambitions and want to open 150 new stores within 5 years.

Strengthening the Histoire d'Or brand will also be central to our strategy. Our brand dominates the market and must continue to reinvent itself. We intend to develop the Histoire d'Or store concept, so that it remains in tune with the times, while ensuring that its cost allows us to quickly modernise our entire network of stores and to encourage the development of affiliation.

Finally, the **social aspect** will be one of the major projects of 2023. Retail is no longer a sector that attracts candidates. We have therefore initiated the **WeTHOM@Store** project which focuses on the employee experience in stores. We are therefore going to restructure the organisation and working conditions to improve the well-being of our employees, to build their loyalty and to engage them. This is a central challenge for the Group, which we absolutely want to rise to.

> *"After an exceptional year in 2022, we are focusing on new challenges to strengthen our brands and leadership, and to ensure the well-being of our employees."*

THOM in Italy

Arnaud Marques
General Manager Italy

THOM is a leader in Italy and performed well in FY 2022. The Group continued transforming its model by:

- conducting a sales training programme in all stores,
- increasing the share of gold products,
- significantly reducing the use of discount practices,
- strengthening the impact of services by developing engraving, piercing, resizing, small-scale repairs, and care products.

The Stroili brand also rolled out its new store concept in around 60 stores. The new concept is very bright, with a central sales counter that makes circulation more fluid and allows sales teams to provide customers with a better sales experience.

Stroili also continued transforming its information systems by adopting the Group's checkout system, whose ease of use and ability to change has been proven for many years.

Stroili's e-commerce site also got a facelift. The new website was launched on the 18th of October. The site uses the Salesforce platform adopted by the Group and is already in 3rd place in the ranking of the best e-commerce sites in Italy, across all sectors. It will be an important asset in Stroili's development.

In FY 2023, numerous projects for Stroili should allow us to reinforce our position as a leader in a stable market.

"The Group achieved a solid financial year in Italy in 2022. The deployment of THOM expertise in all fields from commerce to back office gives a strong dynamic to Stroili."

At a glance

- **1996** Creation of Stroili
- **€294m** consolidated turnover
- **32%** of Group's network sales
- **€6.1m** of online sales turnover
- **€16.1m** of wholesale turnover
- **385** direcly-operated stores
- **1,754** employees (FTE)
- **c. 1,950** third-party stores (wholesale)

FY22 data

THOM in Germany

Noëlle Allara
General Manager Germany

2022 financial year proved to be very positive in many respects. Growth and profitability are back.

We have strengthened our OROVIVO brand by deploying our new communication campaign on outdoor advertising, social networks and in stores. Our new store concept is rolled out at each opening or renovation. Our teams are dynamic and united; they are committed to the company and have a real winning spirit. The FY 2022 financial year has enabled us to set in motion our development strategy. Our back office (ERP, WMS, e-commerce site) is now up and running.

The objective in 2023 is to continue to move forward with 4 priorities. Firstly, to grow the OROVIVO teams, by focussing on recruitment, integration, skills development and loyalty. Then, to successfully open and roll out key stores in the pipeline for 2023 to confirm the potential and launch the development plan. To implement new management tools (performance, control) and, finally, strengthen the OROVIVO brand (offer, services, reputation, image...) especially with the development of online sales.

"The year 2022 has given us stability and renewal. All the lights are green for OROVIVO to perform well in 2023."

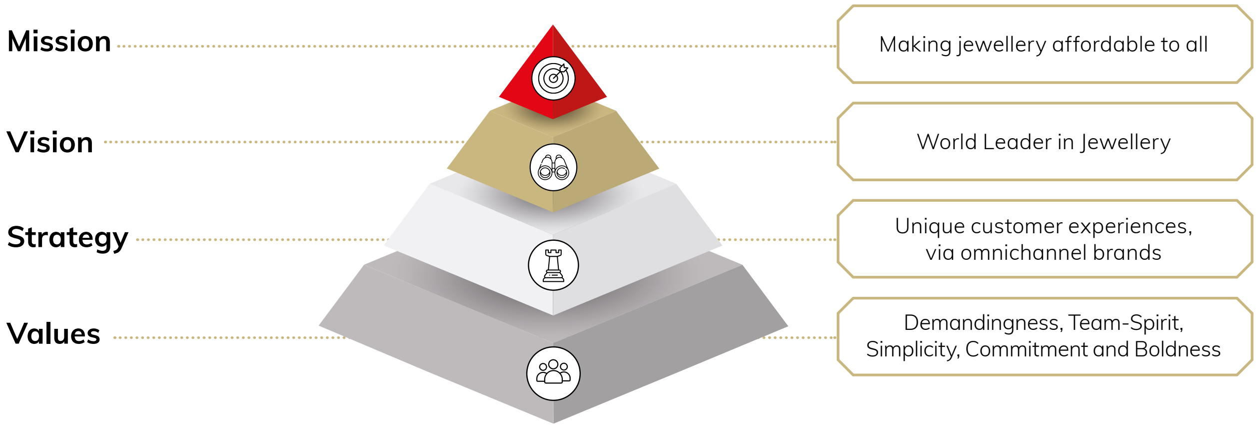
At a glance

- **1856** Creation of Orovivo
- **€27.4m** turnover
- **c. 1%** share of online sales turnover
- **242** employees (FTE)
- **50** directly-operated stores

FY22 data

OUR MISSION:
MAKING JEWELLERY AFFORDABLE TO ALL

THOM has revolutionised the traditional world of jewellery. It has removed barriers to jewellery for everyone while conserving the industry's codes. It has reinvented the customer experience and made it simpler, stronger, and more enjoyable. Ever since it was created, THOM has devoted itself to offering a very wide range of products and guaranteeing the best value for money via omnichannel brands and a store network that is unequalled in Europe. THOM has made jewellery affordable to millions of women and men, and is doing its utmost to pursue its mission.



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.

- **Demandingness.** 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.

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

OUR VALUE CREATION PROCESS

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

Selection of products

- 75,500 jewellery references
- 11,700 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...
- > €300m of purchases
- Top 10 suppliers: 51% of purchases

Raw materials

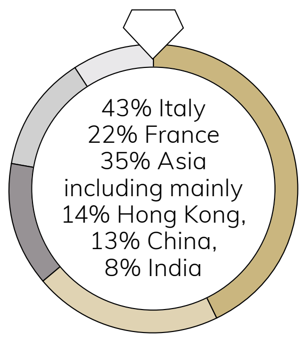
- > 1.5 ton of fine gold used per year
- Purchases of diamonds, rubies, sapphires, emeralds

Storage and shipping

- 4 THOM logistics platforms: Noisy-le-Grand and Morangis (France), Amaro (Italy), Munich (Germany)
- 86,000 references

Production workshops

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



E-commerce

- 4 e-commerce websites
- 6% of Group's network sales
- > 2,500 shipments per day

Store network

- 7 brands
- 5 countries
- 91% of Group's network sales
- 1,015 stores including 35 affiliated stores
- 4,983 employees
- Our services: engraving, piercing, repair, buyback of used jewellery, etc.

Wholesale

- 4% of Group's network sales
- c. 3,200 third-party stores
- Iconic brands: Guess, Tommy Hilfiger, Calvin Klein, Ti Sento, Bering, Rebel & Rose PD Paola, Rosefield...

Our customers

- c. 21 million members in our loyalty programs
- 12.4 million pieces of jewellery sold (FY22)
- 1.3 million watches sold per year

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 (1981)

- The leading brand of affordable jewellery in France
- **386** stores in France, including **32** partners, **23** stores in Benelux and **13** in Italy
- **54%** of Group network sales
- **5,800** references per store

Stroili

Stroili (1996)

- The leading brand of affordable jewellery in Italy
- **336** stores in Italy
- **28%** of Group's network sales
- A broad, accessible, on-trend offer
- Around **6,000** references in stores

Marc Orian

Marc Orian (1986)

- The alternative generalist brand in France
- **90** stores in France, including **1** partner
- **9%** of Group's network sales
- **4,600** references with a slightly more premium positioning

FRANCO GIOIELLI

Franco Gioielli (1988)

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

Orovivo (1856)

- A brand that combines modernity with tradition
- An original concept in Germany
- **50** stores in Germany
- **3%** of Group's network sales

Trésor (2013)

- Trésor is the everyday-low-price value banner of THOM
- **66** stores in France
- **3%** of Group's network sales
- **4,100** references

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 **250** independent jewellers

OUR BUSINESS MODEL

Resources

Human resources

- 4,983 employees (FTE)*
- Richness and diversity of expertise (commercial, IT, financial)
- Training programmes for all employees
- A corporate academy with a diploma

Economic, material and immaterial resources

- 7 own brands*
- 18 third-party brands distributed
- 86,000 product references
- 1,015 own stores in Europe, including 35 partner stores (5 countries)
- > 3,000 third-party stores in Europe
- 4 e-commerce sites
- 5 purchasing offices in 5 countries
  > 200 suppliers in 11 main countries
  Top 10 suppliers represents > 51%
- Shared IT, purchasing & supply chain platform
- 4 logistics platforms

Financial resources

- Equity: €449.7m**
- Investments: €40m
- Goldstory Operating CF: €157.0
  Goldstory FCF: €123.3

* Excluding Agatha
** Including non-controlling interests

Our value creation levers

Trends that are impacting us

- Changes in consumer habits
- Digital and technological transformation
- Growing importance of social responsibility
- Rising cost of energy and raw materials

Impacts and shared value

Employees

- Employee staff costs: €233 million
- Equality Index 94/100 in France
- 75% of employees trained
- 27 young people enrolled in Bachelor Bac+3 programmes
- 120 apprenticeship contracts in 2022
- 500 interns hosted in 2022
- 3.70% of the Group's employees are direct/ indirect shareholders
- Disabilities Mission created in 2022

Customers

- 12,400,000 pieces of jewellery purchased
- 1,300,000 watches purchased
- 50% new customers by 2022
- c. 21 million consumers engaged in a loyalty programme
- Net Promoter Score: >70 on all our brands

Partners
(third party brands, affiliates, suppliers)

- Purchases from goods suppliers: > €300 million
- Histoire d'Or, France's favourite brand
- Media investments: > €25 million
- 4,000 points of sale
- THOM governance charter
- 95% of purchases made from RJC, BCSI and SMETA certified suppliers

Civil society and communities

- 74% of stores equipped with LED lightbulbs
- Donations: €68,000

Financial community

- Stable shareholder base
- €160.6m of dividends distributed
- Debt leverage: 3.3x (Altastory level)

FY22 data

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

Customers

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

Partners

Third party brands, affiliates, suppliers

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

Civil society and communities

Citizens, associations and NGOs, academic sphere

Dialogue methods:
Foundation, Associations, partnerships with NGOs, solidarity and skills-based volunteering

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.

Growing importance of social responsability

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 CSR Strategy 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 cost of energy and raw materials

Geopolitical, 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.

CSR IS THE CORNERSTONE OF OUR STRATEGY

A roadmap designed by our stakeholders

The Group's social responsibility strategy is based on an analysis of its internal and external stakeholders' expectations and of the impact of its activities on society and the environment. In 2022, the Group carried out a materiality analysis and a carbon assessment* on scopes 1, 2 and 3 to identify and prioritise its economic, social and environmental challenges (risks and opportunities). A list of 18 issues was established, 9 of which are priorities for the Group and its stakeholders.

The Group's materiality analysis had two goals: firstly to unite employees and stakeholders around its CSR strategy and secondly to prioritise its wider issues by consulting its entire ecosystem.

Our employees, affiliates, and customers, as well as a large number of partners (funders, suppliers, transporters), were consulted in every country the Group is present in. They were asked about 18 pre-identified CSR issues. They ranked the importance of each issue's impact on the Group's activities.

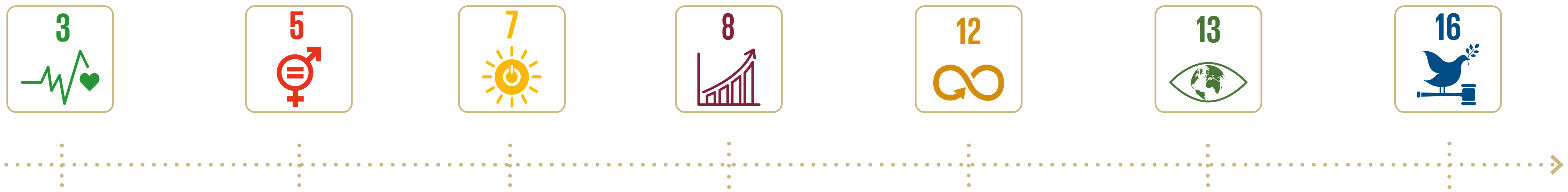
Nearly 15,000 people participated in this consultation, which took place in several formats (online questionnaires, focus groups, interviews, etc.). 9 major issues for the Group formed a real consensus and have been selected. Thanks to this analysis, the Group can create its CSR roadmap realistically and ambitiously.

**Given its international activity, the Group has followed the GHG Protocol methodology.*

Contribution to SDGs

The Group's CSR strategy is part of a global approach that contributes to the achievement of the sustainable development objectives defined by the United Nations. The Group focuses its actions on 7 objectives whose challenges are directly related to its activity.

THOM Materiality Matrix



SDG 3
Access to health

SDG 5
Gender equality

SDG 7
Clean and affordable energy

SDG 8
Decent work and economic growth

SDG 12
Responsible consumption and production

SDG 13
Action on climate change

SDG 16
Peace, justice and effective institutions

GROUP STRATEGY

INTERVIEW WITH FLAVIEN D'AUDIFFRET

"The strength of our Group lies in its consistency, the continuity of its strategy, its long-term vision."

Flavien d'Audiffret
Group General Manager

Appointed General Manager in October 2022, Flavien d'Audiffret looks back on the highlights and performances of the 2022 financial year, after two years deeply marked by the effects and constraints of the pandemic.

What is your assessment of the financial year that has just ended?

We have achieved an excellent operational and financial performance during this financial year. I am particularly satisfied that we have exceeded our turnover and profitability targets despite a general context of tension on supplies and the post-Covid slowdown in e-commerce.

This very positive result is largely due to the tremendous work of our teams who, true to the Group's values, have shown themselves as capable of adapting and working together to deliver these results. During the Covid period, we have also continued to look ahead and invest to prepare for the future. The acquisition of Agatha at the peak of the Covid crisis illustrates this perfectly. It was also a period during which we improved our in-store execution, our logistics processes, the security of our supplies, our e-commerce platform… and in the end, we emerged bigger and stronger.

This explains the speed and strength of our business recovery in 2022.

What were the highlights of 2022?

We have worked on some major and restructuring projects for the Group and for our brands. Some have been completed, such as the launch of the new Histoire d'Or communication platform or the rollout of our new Stroili store concept, which is showing some very promising early results. Other projects are being rolled out, such as our social selling programme *Ambassad'Or*, which connects our e-commerce customers with our in-store sales advisors. We also plan to open two flagships in Germany in the near future.

We have also taken a series of measures to secure and streamline our sourcing and supplies, reduce time-to-market and optimise our stocks whilst building up safety stocks.

In terms of CSR, we have moved up a gear in 2022 with the appointment of a Group CSR Director who is working alongside the COMEX to build an ever more ambitious programme. In particular, we have launched a major materiality study involving our employees, customers, suppliers and shareholders. In addition, we are in the process of finalising our carbon footprint report.

In the HR field, we have rolled out several successful initiatives: in particular, the launch of our **WEL'THOM** application to optimise our integration plans, the launch of the co-option programme, the improvement of the employee experience at Group headquarters, etc.

What are your objectives and priorities for 2023?

In addition to the CSR project I mentioned, which is a major, overarching objective for this year, our priorities are based on four main areas of focus.

Firstly, we are continuing to develop and nurture our brands by enriching our product offering, rolling out new store concepts and revitalising our brand platforms in each of our territories.

We are also working on our customer experience with the aim of always serving our customers better and meeting their expectations. This involves projects such as the digitalisation of our in-store sales teams to make the buying experience more fluid, and our social selling programme, which we have already mentioned.

The third axis of our strategy is the development of our teams. Our growth requires us to be able to attract and retain talent in a tight labour market. We are therefore working on ambitious projects to improve well-being at work, and we continue to invest in the training and development of our employees. Putting people at the heart of THOM's success is part of our DNA and is a success factor for the Group and for our teams.

Finally, in 2023, we will strengthen and optimise our operations to offer the best service to our stores in areas of IT, Supply Chain and logistics by continuing to invest in our systems and our people.

Do you think the Group is equipped to continue its development in these uncertain economic times?

Absolutely. We have proved in recent years that we know how to make the right decisions to protect both jobs and Group performance. We have a proven model, which has been shown to be both agile and robust - a model that combines a large degree of autonomy for each country to build and develop our brands with strong integration and coordination on IT, logistics as well as on financial aspects. Finally, we have a long-term vision and a clear and stable strategy that allows us to face future economic uncertainties with confidence.

Is the Group's model sustainable?

Our model has proven itself and the Group's strength lies in its ability to execute our strategy as well as we possibly can. We can certainly improve it and question it, but we have no interest in changing it given the success we have had over recent years. The strength of our Group lies precisely in its constancy, the continuity of its strategy and its long-term vision. I intend to continue in this vein by working actively to adapt and perfect our model for upcoming changes while preparing the Group's future development.

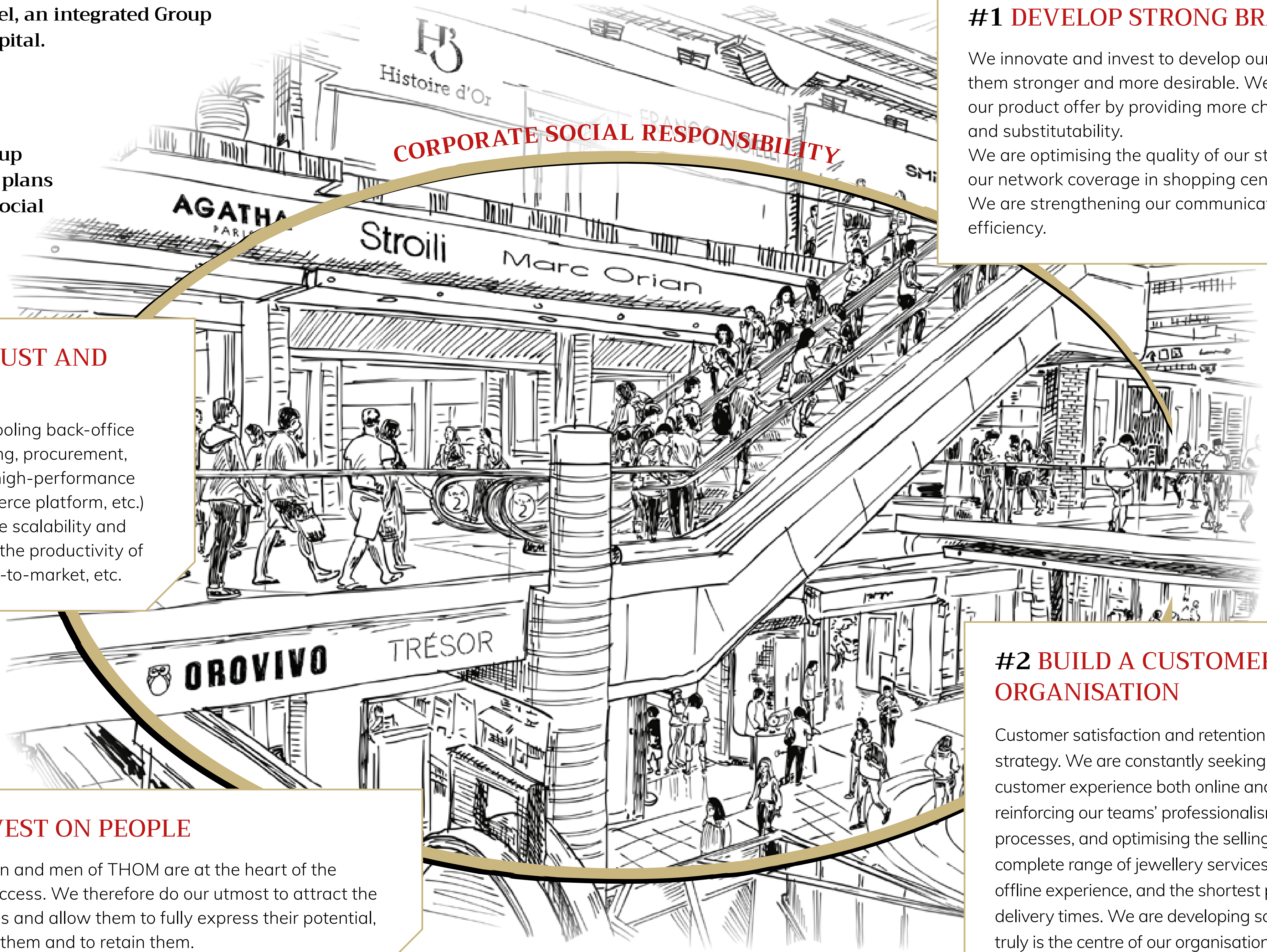
Breakdown of the FY22 turnover by brand

- **Histoire d'Or** 54% – 422 stores
- **Strolli** 28% – 336 stores
- **Marc Orian** 9% – 91 stores
- **TrésOr** 3% – 66 stores
- **OroVivo** 3% – 50 stores
- **Franco Gioelli** 2% – 36 stores
- **Others** 1% – 14 stores

OUR VALUE CREATION LEVERS

The sustainable and profitable growth of THOM is based on a long-term vision and a strategy that aims to develop a portfolio of brands leading their market, supported by an omnichannel distribution model, an integrated Group platform and first-class human capital.

All decisions taken within the Group and its subsidiaries, and all action plans rolled out, align with the Group's social responsibility strategy.



#1 DEVELOP STRONG BRANDS

We innovate and invest to develop our brands, making them stronger and more desirable. We are improving our product offer by providing more choice, accessibility and substitutability.
We are optimising the quality of our store concepts and our network coverage in shopping centres and city centres.
We are strengthening our communication campaigns' efficiency.

#2 BUILD A CUSTOMER CENTRIC ORGANISATION

Customer satisfaction and retention is at the heart of our strategy. We are constantly seeking ways to optimise the customer experience both online and in stores. We are reinforcing our teams' professionalism, digitalising in-store processes, and optimising the selling ceremony. We offer a complete range of jewellery services, a seamless online and offline experience, and the shortest possible order timelines and delivery times. We are developing social selling. The customer truly is the centre of our organisation and our processes.

#3 INVEST ON PEOPLE

The women and men of THOM are at the heart of the Group's success. We therefore do our utmost to attract the best talents and allow them to fully express their potential, to engage them and to retain them.

#4 CONSOLIDATE A ROBUST AND AGILE BACK OFFICE

We are making further progress in pooling back-office functions within the Group (purchasing, procurement, logistics, etc.). We are introducing a high-performance Group IT model (ERP, WMS, e-commerce platform, etc.) which will enable us to strengthen the scalability and alignment of our processes, increase the productivity of administrative functions, reduce time-to-market, etc.

#1 DEVELOP STRONG BRANDS

Isabelle Roué, THOM France Marketing Director, explains the new Histoire d'Or advertising campaign.

In the jewellery market, Histoire d'Or has created accessibility while borrowing the codes of jewellers' stores. The brand continues to grow and assert its leadership. Customers come to Histoire d'Or for rather pragmatic reasons. They appreciate the choice, the fair pricing, the expertise, the service, the prestigious locations. Our project was therefore to develop the emotional dimension of Histoire d'Or, to make a great retailer into a great brand.

Desirability is the challenge of the new brand platform we have developed, and the new advertising campaign launched last October.

Histoire d'Or has taken the floor again with a powerful national poster campaign (6300 x 2 square meters street fittings), moving up to the big league to claim its place as leader, using a very standard medium favoured by fashion and luxury brands.

This campaign has two strong points. The first is to propose a new representation of the Histoire d'Or woman, a more independent,

Isabelle Roué
Marketing Director France

freer woman who wants to please others but also to please herself. Until now, the Histoire d'Or woman was always accompanied by her husband, her fiancée, her friend, her children... She is now represented alone, joyful and optimistic. Mentalities have changed tremendously in recent years, and Histoire d'Or had to take this evolution into account to maintain its modernity and increase its desirability.

The other bias of this campaign is the position given to jewellery. Our previous campaign told stories in which jewellery was no longer the central element. The new campaign really gives the product back its rightful place and we commissioned great photographers to showcase our jewels and the feminine figures who wear them. We wanted an extremely meticulous execution. You can be an accessible brand but also make people dream... Zara does it very well. We are part of the same approach.

One more thing. We have also changed the Histoire d'Or monogram so that it evokes the hallmark that is stamped into the metal to attest to its preciousness. The new Histoire d'Or campaign will live on and will evolve across all our media: social networks, e-commerce site, POS...

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.

Agatha, back on the scene

Agatha at a glance

- **1974** Creation of the brand
- **101** stores in France and Europe
- **€26.4m** turnover in 2022*
- **269** FTE (France and Spain)

Agatha, jointly acquired by THOM Group and Renaissance Luxury in 2021, is a French heritage brand which made the chic accessible to all and which exemplifies costume jewellery. The Group's objective is to redeploy the Agatha brand by building on its tremendous appeal and assets: its logo, mascot (Scottie dog), iconic products, and locations in France, Spain, Benelux and China. "*We have reorganised Agatha's functioning and teams at headquarters, proceeded with numerous hires, and initiated action plans in all areas: offer, marketing, communication, commerce, etc. The effects are starting to be felt. We are in line with our goals, especially in France. Spain has maintained its momentum and our activity in China is currently stabilised. I believe that the heavy lifting has been done on the internal side, and we will start to see results as of 2023*", underlined Romain Peninque, THOM CEO.

The Agatha brand has a powerful multinational and multichannel network (directly operated stores and corners) and could also become commercialised through the Venson Group and THOM Trade subsidiary distribution network. Agatha is providing excellent perspectives for the Group.

*data correspond to 100% of Agatha's data (not consolidated in FY22)

Extending our network through affiliates

> *"Affiliation is the model favoured by the Group for the optimisation of its network coverage."*

In order to reinforce its territorial coverage, the Group is favouring the affiliation model, which is a long-lasting model that allows the best professionals to work with the best brands. A new organisation is currently being implemented within the Group to steer and support the development of affiliation. The Group's objective in France is to have around 150 affiliated stores (creating or buying independent jewellers) in small town centres or shopping centres. This affiliation strategy will also be tested in Italy.

Ajaccio

Dreux

Our partner stores

- **36** partner stores (7 in town centers, 28 in shopping centers)
- **First** opening in 2002
- **7** partner store openings in 2022

Developing THOM's distribution activity

Via Timeway in France and Italy, the Group is distributing a first-class portfolio of watch brands and jewellers (Guess Watches, Guess Jewellery, GC, Calvin Klein, Ti Sento, Bering, Rebel & Rose, PD Paola, Rosefield, Tommy Hilfiger, Alviero Martini, etc.) at over 3,200 points of sale in Europe. "*This activity is going very well both in France and in Italy, and successfully complements the heart of our business. It allows us to have an excellent overview of the watch market, to work with the biggest watch brands that have reached critical scale, and to fine-tune our supplies. It will also serve as an accelerator for our brands*", highlighted Romain Peninque. In 2023, the Group's distribution subsidiaries will be able to distribute - among others - the Agatha brand by supplying their very wide network of points of sales.

Timeway at a glance

- **€29.1m** turnover
- **4,000** stores (THOM network, department stores, retail chains and independent jewellers)
- **312,000** watches sold
- **18** brands distributed

FY22 data

#2 BUILD A CUSTOMER CENTRIC ORGANISATION

The quality of customer experience is at the forefront of the Group sales and marketing teams' concerns. IT and logistics are also involved.

In stores, the quality of customer experience relies on several factors: the store organisation and furniture ergonomics, the clarity of products and services offered, the sales advisors' expertise, the speed of in-store operations and even the shortening of order timelines.

Virginie Vidal

France Sales Director

Virginie Vidal, France Commercial Director, explains the whys and wherefores of a successful customer experience.

What is unique about jewellery is that the customer cannot act alone. The customer must be professionally welcomed, assisted and advised throughout their journey. However, we simultaneously have **to show that we are agile enough to manage the flow of visitors**, ensure the shortest possible wait time, and keep customer movement fluid, especially during peak hours. This is the crux of the matter.

An increase in customer flow pushed us to adapt our organisation and trend towards a type of specialisation within teams. On days with high footfall, specific tasks are assigned to each employee (sales, checkout, restocking, piercing, etc.). Team members are spread out across the whole store. We developed a planning guide to allow stores to decide, on a daily and hourly basis, which team will be necessary for effectively managing customer flow, predicting eventual staff backup, and assigning tasks to each advisor.

Building a meaningful dialogue with consumers

The Group's brands have opened multiple channels to keep their customers informed, communicate with them, and build strong and long-lasting relationships no matter where they are.

Social selling

Histoire d'Or paves the way with Ambassad'Ors

In May 2022, Histoire d'Or launched the social selling Ambassad'Or service, which allows customers to choose a sales advisor from a selection of profiles displayed on the brand's website, to assist them and advise them on their purchase (online and in-store).

This service uses the platform developed by the start-up Popsell, 65% of which was acquired by the Group in 2021. Histoire d'Or has already selected and trained around forty social sellers who work in stores or at Histoire d'Or's customer service. As explained by Flavien d'Audiffret, Group General Manager: "*We are still undergoing the testing and learning phase. We get very good qualitative results when the conversations get started, but we are not yet going at full steam. Our social selling platform allows us to improve our conversion rate and achieve higher customer satisfaction than with classic chat.*" The Ambassad'Ors are opening a new sales channel for the Group by combining the best of e-commerce with the best of stores. The Group plans to actively develop this in 2023.

An essential part of customer experience is **the quality of the greeting**, customer care, and advising. The Group established training courses for sales advisors and store managers that aim for excellence. This is all the more important because turnover in retail has increased since the start of the pandemic.

We are arranging dedicated spaces for services (piercing, jewellery and watch care, etc.) in order to optimise customer care. For piercings, we have provided our stores with ergonomic chairs...

The mobility of store operations (checkout, payment, order pick-up, etc.) is a priority lever for simplifying and accelerating the customer experience. The pandemic pushed us to very rapidly equip our stores with mobile phones to carry out operations such as pre-checkout and order delivery without having to go through the checkout desks. As of now, 2/3 of our stores are equipped with them. Our priority now is to complete these mobile services by implementing the payment function. This is being developed alongside the addition of other functionalities which will contribute to an even better customer and sales advisor experience.

Development rooted in a strong, satisfied customer base

- **21 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 39-years old with a stable income
- Mobile represents **80%** of online traffic and **69%** of online sales
- **1.6 million** followers reached through social media

Making jewellery affordable to all

Affordability according to THOM

- **1,015** stores in shopping centres and city centres
- **c. 3,200** third-party stores (wholesale's customers)
- **4** e-commerce websites
- **86,000** references
- **1.3 million** watches sold per year
- **12.4 million** pieces of jewellery sold
- **c. 21 million** consumers signed up to loyalty programmes

FY22 data

THOM has revolutionised the traditional world of jewellery. It has made jewellery accessible to all. It has removed barriers to jewellery while conserving the industry's codes. It has always been devoted to offering a very wide range of products while guaranteeing the best value for money.

To consolidate its positioning and leadership in the field of affordable jewellery, THOM keeps changing the rules of the game by innovating in key product categories involving 9-carat gold and synthetic diamond. It is taking new market trends into account and adapting its responses accordingly. It is developing in-store services to improve customer experience. It is optimising its territorial coverage to be closer to consumers.

Offering a complete jewellery service

Services in store

- **4%** of Group's network sales
- **30** workshops
- **350** piercing locations
- **500,000** ears pierced

The Group offers a wide array of in-store jewellery services and fine-tunes them to respond to customers' expectations. The Group has workshops that carry out services such as customisation, repair, transformation and refinement. It is creating in-store service areas (piercing, maintenance, gold recycling, etc.) and is training its teams to offer high-quality services.

Watch maintenance

- Battery replacement
- Waterproof check
- Repair
- Resizing and strap attaching
- Reconditioning

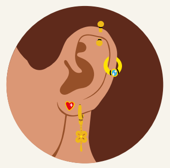
Jewellery customisation

- Engraving
- Resizing
- Custom orders

Jewellery care

- Cleaning
- Clasp replacement
- Pearl rethreading
- Rhodium plating
- Gem setting
- Soldering

Recycling gold with broken, damaged or unfashionable jewels



Piercing

Continuously improving our network and our e-commerce platforms

THOM has multichannel brands that operate at over a thousand points of sales, as well as 4 e-commerce platforms. It is increasing its market shares both on- and offline.

In-person retail remains very dominant in the Group's model (> 90% of the Group's turnover and gross margin), but the rapid growth in online sales confirms the relevance of the Group's omnichannel strategy.

This digital channel is primarily beneficial to reach new customers. 70% of turnover is from customers who have never purchased from a store. It allows the Group to cover territory where the physical network is less dense and offer a wider range than what can be found in stores. It is equally useful for the growing number of customers who research products online before buying them in-store (24% of store turnover). 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 complete each other, and both contribute to a unique customer experience."

A unique network in Europe

- **923** stores in shopping centres
- **92** stores in city centres
- **>3,500** sales advisors

FY22 data

The powerful rise of e-commerce

- **4** e-commerce websites
- **6%** Share of online sales in the Group's network sales
- **70 million** unique visitors
- **86%** Share of new customers in online turnover
- **28%** Share of turnover resulting from online searches preceding a store purchase
- **23%** Share of click-and-collect in online sales

FY22 data

Web-to-store strategies

Research online purchase offline, click & collect, e-reservation, speedy delivery...

Personalized and 360° customer journey

CRM one to one, omnichannel loyalty program...

Store-to-web strategies

Digitalized inventories, delivery from store to client...

#3 INVEST ON PEOPLE

INTERVIEW WITH NATHALIE VEGNAN SCHALLEBAUM

France HR Development Manager

"The HR Development Department supports the growth and transformation of the Group by strengthening its attractiveness and developing the skills, commitment and loyalty of its talents. Our ambition is to make THOM the benchmark employer in retail."

France HR Development Director, Nathalie Vegnan Schallebaum joined the Group in 2003. Heading a team of 20 people, she manages recruitment, training, career management and the Group's HRIS.

What are the challenges of HR development at THOM?

The Group has high growth objectives and our operational excellence is based on the skills and commitment of our teams. The development of our human capital is therefore an essential challenge for the Group. We must be able to attract talent, develop it and retain it. It should be remembered that the jewellery business is a very rich profession. It takes months and months for an employee, be they an advisor or a store manager, to really become an expert in their role and to fully understand the products, techniques, procedures, services, merchandising, etc.

What is the Group's HR development strategy? What are your main achievements in 2022?

Our HR policy is based on 3 key pillars - attractiveness, engagement and retention of talents. Recruitment in retail has become a real challenge. This is why we are multiplying our initiatives to **attract new talents**. In the wake of the pandemic, we launched an in-depth review of our employer brand and its communication. In early 2023, we will launch our new employer brand campaign.

We were also one of the first retail chains to use programmatic recruitment via social networks, which has enabled us to treble the number of CVs we receive! We are also testing CV-free recruitment. We have launched a co-option application that works extremely well. It allowed us to recruit more than 50 employees in 6 months.

Finally, we also launched an ambitious recruitment policy focused on young talents. Our ambition is to allow them to discover the company's world, develop their skills, and inspire them to join us once their training is completed. We therefore hosted 450 interns and almost 120 work-study students in 2022. This policy pays off: the rate of awarding of permanent contracts was 45% for our interns and 52% for our work-study students, which is well above average rates in retail. In short, we are doing everything we can to innovate, attract talent, and support the Group's growth

We must then develop the skills of all our employees, from the moment they join the company and throughout their career to ensure their employability and keep improving our performance. At THOM, we have implemented a very ambitious training policy, in line with the specificities of our business and our objectives. Our corporate university, the THOM Académie, trains advisors and managers with long-term courses including both in person and remote courses all about their functions when they join the Group, and then supports them with training modules that cover all facets of their jobs.

In particular, we have an emblematic course, the Store Manager Bachelor's Degree, which is offered to high-potential advisors. This is really something unique in our sector.

By training more than 2,000 employees each year and making full use of digital technology (e-learning, virtual classes, etc.), we have extremely powerful vectors for the development, commitment and retention of talent.

Career management is another pillar of our HR strategy. The aim is to create and establish career paths for all of our employees in order to retain them and allow them to fulfil their full potential at THOM. We have rolled out all the tools needed to guarantee the development of our employees: annual and even monthly interviews for store employees, staff reviews, succession plans, assessments, personalised development plans, etc.

I believe that we at THOM should be proud of our ability to recruit and maintain a low turnover in our teams (5% in our directors in 2022, for example), much lower than that of many retail chains, as well as of our employees' high rate of commitment. Our latest HR diagnosis shows that 84% of our employees are happy to work for THOM.

Which HR projects will you be working on in 2023?

We continue working on our 3 pillars: attractiveness (acquiring new talents),

People at THOM

Martina Kaindl

Special Orders

My career at THOM

Having joined OROVIVO in February 2015, I am currently in charge of the customer requests that our stores receive as well as of all special customer orders.

My personal commitment

Since 2010 I have been a member of the volunteer fire department in the village where I live and since 2020 also a First Responder.

These two activities mean very much to me: to help people in danger or who have health issues is among the greatest things you can do.

strengthening engagement, retention that we will complete with specific work on the equality of opportunity for all at THOM. Recruitment and retention of talent are demanding and will place the employee experience at the heart of our strategy. In 2022, we carried out a study and an action plan – **WeTHOM@Work** – concerning the employees at headquarters, which worked very well. We are going to do the same for network employees: sales advisors and store managers. We need to respond to the challenge posed by increasing turnover rates in the retail sector. How can well-being at work be improved? How do we engage the younger generation? The Group has also initiated the creation of a Retail Employee Experience Club with other major retail companies. We are at the beginning of the story, but it is really a key subject for the Group. Our approach to innovation around the employee experience expresses our desire to respond to emerging societal trends while ensuring the well-being and commitment of our employees.

Involving our employees in the company's performance

At the end of 2021, the Group created the **THOMtogether** corporate mutual fund, which is invested in the company's shares. This initiative has enabled many of the Group's employees to become indirect shareholders and thus be closely involved in its performance. As Eric Belmonte, founder of the Group, points out: "*I am convinced, as are all the members of our Supervisory Board, that every employee should be able to become a shareholder in the Group at which he or she is employed. This is why we created the THOMtogether FCPE. This operation has already enabled hundreds of Group employees to become shareholders indirectly. We are very proud to have offered this opportunity to the Group's employees.*"

- Nearly 400 employees have subscribed for an average amount of over €2,200.
- 8% of the Group's employees became shareholders thanks to this operation.

Contributing to employee development throughout their career

THOM is committed to ensuring that all employees in the stores, head offices and supply chain platforms benefit from training and regular support from the moment they join the company and throughout their career, so that they can fulfil their potential.

- Each employee benefits from a personalised induction programme.
- Regular training is offered to develop skills, support business changes and move towards managerial positions.
- Professional mobility is encouraged.

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

Highly accessible, regularly updated training courses adapted to each individual

The creation in 2012 of the THOM Académie, an internal school, reflects the importance the Group attaches to training its employees. The THOM Académie has more than 700 sqm of premises dedicated to learning and trains more than 2,000 employees every year. THOM Académie obtained the Qualiopi certification in March 2022.

Percentage of permanent employees trained			
	FY 20	FY 21	FY 22
France	38%	59%	75%
Benelux	48%	11%	48%
Italy	77%	81%	85%
Germany	53%	36%	38%

- **For the network's employees**

The Group's skills development plan offers actions for all professions, from Sales Advisor to Store Manager, and is based on a number of systems (induction course, training course, catalogue of training and awareness modules, etc.) and formats (face-to-face, distance learning, virtual class, etc.). It was initially developed in France and is being

Ambassad'Or training

New sales channel, new processes, new skills... Training is an important condition for the success of the social selling project launched by the Group in the Histoire d'Or network in 2022. The HR Development Department has contributed to identifying candidates for the social seller function in the sales advisor pool, identifying the application that will enable them to be trained, designing around 40 modules for this application and, at the same time, launching the Voltaire project aimed at improving the mastery of language and spelling that is essential for this new profession. In addition to being a new sales channel for the Group, social selling also offers the opportunity to enhance the work of sales advisors and increase their commitment.

56,823
hours of training were provided in 2022

100%
of our employees have received safety training

FY22 data

gradually extended to all Group employees. Employees can choose a training theme: business, management, or personal development. In all, there are 4 themes, a fully customisable training catalogue, and almost 80 online modules to choose from.

- **For head office employees**

A skills development plan is offered to all head office employees. It includes business, office automation, languages, management and personal development training. All our managers benefit from a managerial training programme. In order to anticipate and respond to changes in the support functions, a specific budget has been allocated to train employees affected by the implementation of new business tools (SAP, WMS, Teams, OneNote, etc.).

The THOM Académie at the heart of the Group's training system

- **700 sqm** of premises
- **2,000** employees trained each year, including 32 in-house trainers:
  - 3 training project managers
  - 21 occasional manager-trainers
  - 8 marketing trainers
- **30,000** hours of training in person were provided in France in 2022

An app to facilitate integration for newcomers

To facilitate the integration of employees at headquarters and in the network, the HR Development Department launched **WEL'THOM** in 2022, a solution to inform and support newcomers, even before they take their first steps in the company and during the first few weeks of their employment. The solution includes an integration kit and an online application that allows the newcomer to feel welcomed, to understand the company's operating methods, to master basic knowledge of the job and its expectations through videos, quizzes and tutorials, and to feel confident. As Nathalie Vegnan points out: "*Integration is a real issue for THOM: successful integration reduces turnover by almost 30%*".

WEL'THOM was awarded the Innovation Prize at the 1st edition of the "Onboarding Summit 2022" which took place in Paris last November. More than 1,000 new employees have already benefited from this brand new integration programme dedicated to the network.

#4 CONSOLIDATE A ROBUST AND AGILE BACK OFFICE

Optimising and securing our purchases and supplies

3 QUESTIONS FOR AURÉLIEN SÉNÉCHAL

Group Chief Operating Officer

Aurélien Sénéchal, Group Chief Operating Officer, presents the main challenges the Group is facing, and the solutions provided in order to meet them.

"Product quality has always been among our top priorities..."

How, in a lean supply model, does the Group manage to limit stock-outs?

To guarantee very low stock-outs on our best-selling products, without significantly increasing our stocks, we have to reduce our time-to-market. To do so, we decided this year to draw up sales forecasts over 6 to 12 months and communicate them to our suppliers, which enable them to quantify their raw material and workforce requirements and to plan production. These forecasts are highly appreciated by our partners.

Also this year, in a very dynamic market where suppliers are generally struggling to meet demand, we have for the first time strongly anticipated our backup orders, in particular the most important one, that of Christmas, which has enabled our suppliers to smooth out production over time, while continuing to produce the small restocking orders that we regularly send them.

Lastly, we restructured the transport department. Until now, the Group left it up to its suppliers to choose their service providers. This year, we launched a call for tenders to take over the upstream transport, in order to better control it and significantly reduce our transport and customs clearance times.

Are the Group's supplies currently threatened by sanitary or geopolitical risks?

Currently, 43% of our purchases of non-branded products are made in Italy, 27% in China (including Hong Kong), 22% in France and 8% in India. They are therefore quite diversified and mainly made in the countries where the Group is established. As it happens, the health crisis has had little impact on the Group's supplies. In the Guangzhou area, most of the factories of our Chinese supplier have been relatively unaffected by closures, but a potential risk has been identified... We have therefore taken measures to strengthen the security of our supplies. One of them is the provision of a safety stock for France and Italy. We

have therefore changed our supply model for France, which until now has been a 100% cross-dock model. This safety stock will enable us to continue to deliver to our stores if we encounter supply difficulties for major products from a risk zone.

What are the priorities in your 2023 agenda?

Product quality has always been among our top priorities, but this year we will focus even more on this. It is a very sensitive issue for our customers, who are now more and more concerned about the life span of the products they buy. We must therefore ensure the robustness of our products especially by defining standards that meet expectations and make sure that our suppliers respect them. Customer satisfaction is absolutely paramount.

The other priority for 2023 will be to set out our future sourcing strategy. The Group is growing rapidly – it currently makes more than €240 million in unbranded purchases – and wants to improve security and responsiveness. The Group is therefore committed to rethinking the evolution of its model.

Tina Vemparala

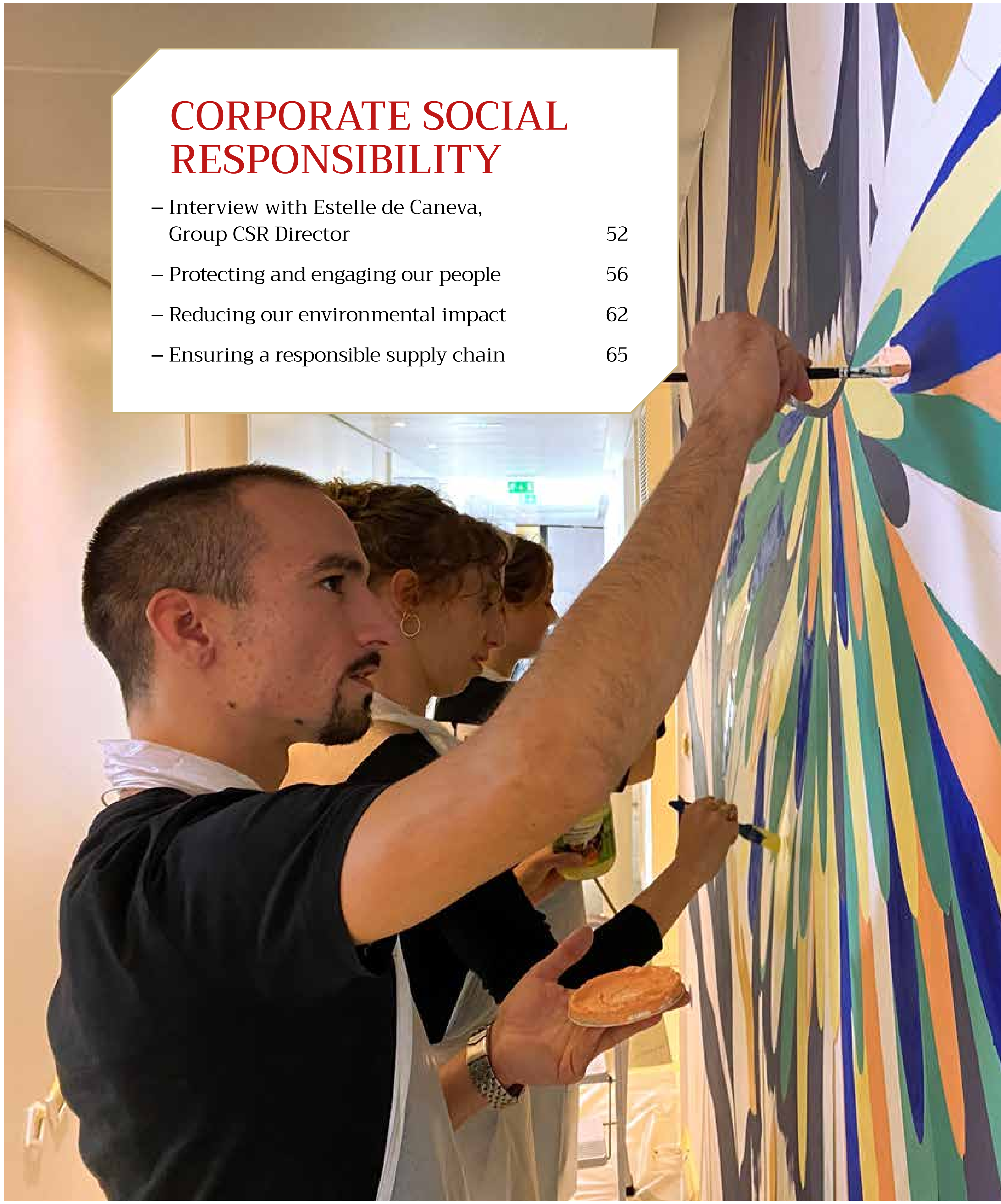
Senior Buyer, Mumbai - India

Tina Vemparala joined THOM in 2017 and is working as Senior Buyer at the Purchasing office in Mumbai, India, in a region where the jewellery industry is strongly established. Tina explains the Group's approach for sourcing in India: the selection procedure for local suppliers, the jewel development process, quality control, etc.

"Potential new suppliers are chosen on their designs, what categories they're the best in, their rates; even if a design is very interesting, suppliers have to pass checks. ***The first criteria is certification,*** *which covers social & environmental criteria.* ***The second criteria is production capacity.*** *We have a minimum 6-month trial phase with potential suppliers to ensure they're a perfect fit. Suppliers are given briefs, draw up sketches, and are tested on how well they go through product development. If they do well, they are given a mixture of simple and difficult products, and placed into whichever category they do best in (gold, silver, plating, diamonds, etc.).* ***It's a very price-sensitive market and it needs highly skilled workers!***

The THOM Offer team sends us the brief. We then give the brief to suppliers, inform them of deadlines, check on their progress, discuss price points… Suppliers then send us every sketch they've drawn up. We do the first round of selections with sketches, consolidate remaining sketches and submit it to the Offer team, who makes the final choice.

One person on the team handles quality, *checking that all pieces being exported fulfil quality criteria: metal purity, diamond quality. The quality officer also works on improving and streamlining processes. When a defective product is returned by a customer, we investigate the issue and work on it with the supplier. We look into acquiring better instruments to help suppliers make high-quality jewellery, and we also travel to work sites and carry out random visits and inspections."*



CORPORATE SOCIAL RESPONSIBILITY

INTERVIEW WITH ESTELLE DE CANEVA

“Our CSR strategy is written with all our stakeholders, and in particular our employees, customers and suppliers. It is driven at the highest level of the Group and every employee is involved.”

Estelle de Caneva
Group CSR Director

Estelle de Caneva joined the THOM Group in 2013 to take over the commercial management of Marc Orian. She has solid experience in retail (Auchan, Hédiard, Sephora) and human resources (Monoprix, Monop’). In 2020, the Group also entrusted her with the commercial management of Trésor and Smizze. In May 2022, she accepted a new challenge and became the Group’s CSR Director. A newly-created position and the start of a new adventure...

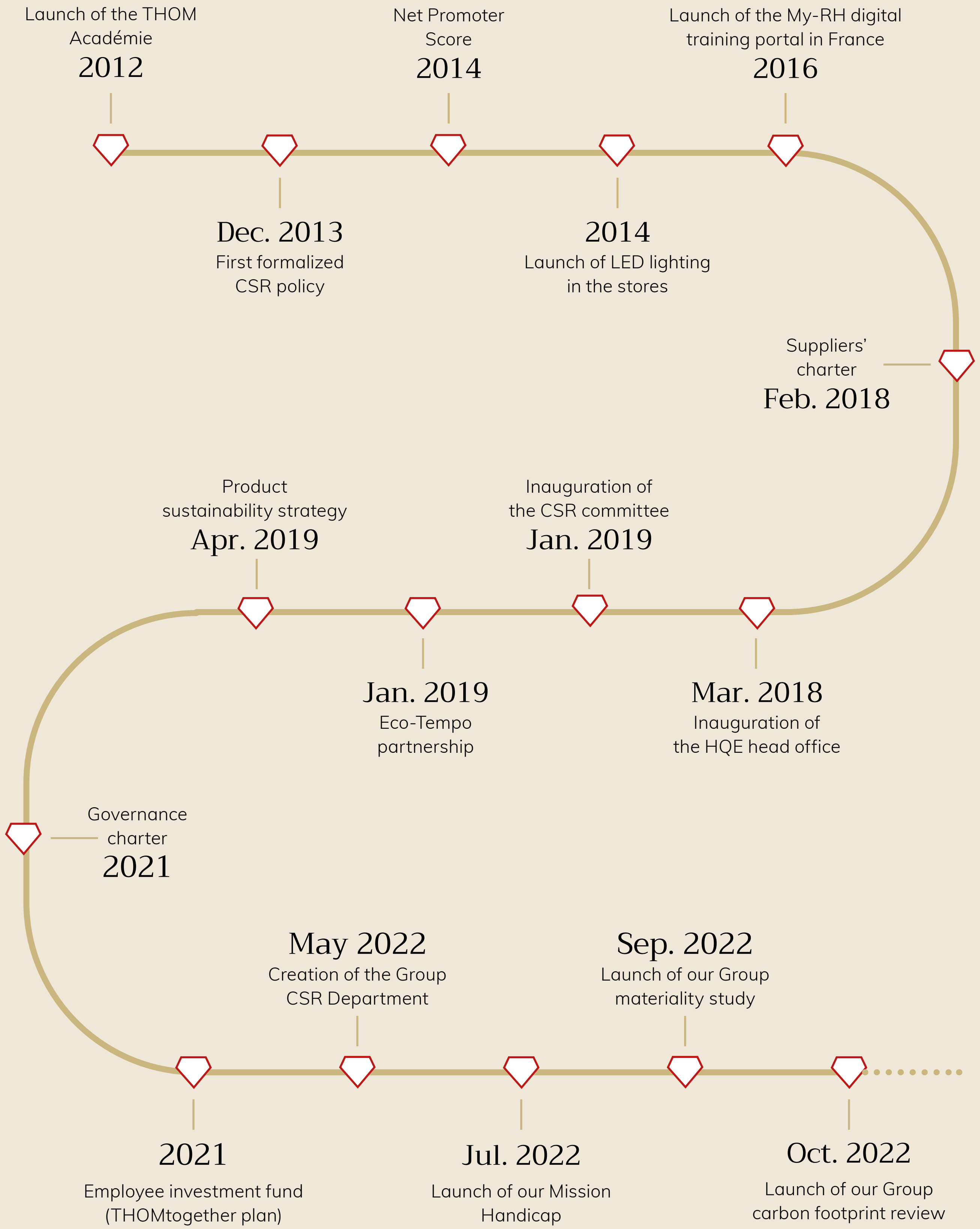
The Group appointed you Group CSR Director last May. What does this appointment mean?

The Group’s management is aware that the societal expectations of our stakeholders – employees, customers, suppliers, etc. – are increasingly high. It is also convinced that companies are the ones who can generate the most positive impact for society and the planet. That’s why we want to structure and accelerate the Group’s CSR strategy. By creating the position of CSR Director, the Group is clearly demonstrating its ambition. My appointment shows that THOM is devoted to internal mobility and wants to rely on someone who knows the Group well and who can bring everyone else on board. On a personal level, this is a great challenge!

CSR is nothing new to THOM. What changed in 2022?

Indeed, the Group did not just convert to CSR for the first time. CSR is already part of its DNA and aligns with its teams’ high expectation. There are many examples which show that the Group has started working quietly but surely. To only cite a few. The first example relates to sourcing. The Group has started since 2018 to prioritize suppliers with RJC, SMETA or BSCI certifications. The Group audits all of its suppliers and now 95% of its purchases are covered by world class certifications. On the field the Group has always invested heavily first in the development of its employees. It created THOM Académie, its internal Qualiopi-certified university that offers training for all of the

The key dates of our social commitment



Our priority CSR issues

1 Safety and quality of life at the workplace
2 Responsible sourcing and purchasing
3 Reduction of our carbon footprint and GHG emissions, responsible use of resources
4 Waste reduction in supply chain
5 Diversity & Equal opportunities
6 Skills development and employability
7 Employees dialogue and engagement
8 Innovation towards more eco-design and circularity
9 Confidentiality and data protection

Group's jobs and functions. In 2021, it is Group employees which have invested in the Group! More than 400 employees have become indirect shareholders through two investing entities. In recent years, the Group has also invested to reduce its carbon footprint and notably launched a plan to reduce energy consumption in its shops, etc. I could list many more examples… What changed in 2022 is that the Group decided to structure and accelerate its CSR approach even more. This year, we made decisions that will have a major impact on the Group's future and strategy, and we have given ourselves the means to move up a gear.

What were the first measures taken?

First of all, we set up a real CSR governance system within the Group. In addition to the creation of my current position, the Group set up a CSR Committee that includes Romain Peninque (President & CEO), Flavien d'Audiffret (General Manager), Cyrille Palitzyne (CFO) and myself. Other members of the COMEX participate depending on the topics on the agenda. In addition, the Group's Supervisory Board extended the Audit Committee's powers by granting it oversight of the CSR policy and by appointing a new independent member to the Committee, Rémy-Pierre Lapprend, who is the CSR Director for the Maisons du Monde Group.

Next, we surrounded ourselves with the best specialists to evaluate our CSR maturity and define our priorities. The idea was to move forward quickly and efficiently. We launched a **GHG emissions assessment** on **scopes 1, 2 and 3 as well as a materiality study** to clarify and prioritise our CSR challenges and write our CSR roadmap for the coming years. For this materiality study, we questioned all our stakeholders, including 100% of our employees, 100% of our customers, and our suppliers and partners. The participation rates for these questionnaires were excellent which shows how much the Group is expected on these issues.

Finally, we are working to raise awareness, educate and train all our employees. We want to make sure that all decisions taken within the Group and its subsidiaries are in line with our CSR commitments.

What teams will you use to manage your action plans?

I don't want to have a huge team around me. What I want is to get the business lines on board, to work with the Group functions and the country managers, to make them accountable for and involved in steering our CSR strategy. We should introduce the CSR reflex into the DNA of all employees, because they are all concerned and should all be agents of change. We are currently in the process of defining our organisation and our relays in the countries and on the ground to roll out our action plans across our territory in 2023.

What are your priorities for 2023?

Our materiality analysis and our carbon assessment allowed us to identify 3 priority CSR issues that we want to tackle fully and that will imply substantial changes for the Group: well-being at work, responsible sourcing, carbon footprint and resource use reduction. We will structure action plans for each of our priority issues.

In 2023, we are also going to proceed with some important projects that have already launched: the employee experience for network staff, the promotion of equal opportunities, and the roll-out of the Disabilities Mission. On the environmental front, in 2023, we are conducting a major **overhaul of our packaging** to make it more eco-responsible by increasing the proportion of recycled and recyclable material used. We are going to continue to **dematerialise** documents and processes, and strengthen our plan to **reduce energy consumption in our stores** by finalising the switch to LED lighting, etc.

What needs to be understood is that CSR is not just one subject among others, it is an issue that permeates all areas of our business. So our aim is to integrate CSR into all our strategic and operational decisions, and to encourage everyone to adopt the right habits. CSR should be a tool for guiding, inspiring and innovating in our business. We are well aware that there can be no sustainable company… in a world without a future!

PROTECTING AND ENGAGING OUR PEOPLE

Ensuring health and safety at work

Providing a safer working environment. Our store locations are chosen in areas that ensure the safety of our employees. This proactive approach has, on several occasions, led THOM to close stores where the environment had deteriorated and could have ultimately jeopardised the safety of our employees. In addition, all newcomers to the Group receive training on safety risks and good practices.

Preventing psycho-social risks. Support has been in place for some twenty years in France. It will be developed in the other countries of the Group. THOM works with a specialised partner, particularly for the prevention of harassment, the management of crisis situations and suffering, and the management of traumatic events.

Preventing accidents at work. All THOM employees receive training as soon as they join the Group. The Internal Control department, in collaboration with all the Group's departments and partners, has drawn up a risk map (falls, fires, handling, etc.) in order to be able to control them and implement corrective measures.

	FY 20	FY 21	FY 22
Number of accidents at work without time off	71	66	76
Number of accidents at work with time off	85	68	107
The increase in 2022 is due to a post-Covid return to normal operations.			

Group data 2022 excluding Agatha

Reinventing the employee experience

A collaborative approach to improving group performance

The health crisis has profoundly changed work processes and our relationships with work. The Group consulted all its employees at headquarters to find out their expectations and aspirations regarding the organisation and methods of work. Six topics were identified for discussion: extending teleworking, strengthening internal communication, reorganising work spaces, using collaborative tools, conducting meetings and digitalising processes. The **WeTHOM@Work** project was launched. The General Management and HR Development Department took each of the subjects in hand with the departments concerned and provided appropriate responses.

A new agreement on teleworking was concluded. Head office employees can now work remotely for two days a week under optimum conditions (ergonomic workstation, high-speed Internet connection, etc.). An in-house magazine was launched. Premises and organisational methods have been redesigned to improve efficiency, while maintaining strong links between employees. The Group's head office was closed for two months to set up a flex-office, create spaces for collaboration and creativity, install acoustic bubbles, customise the decoration, etc... The approach was collaborative. Several street artists were invited to create works of art with some employees in the headquarters. The **WeTHOM@Work** project was very well received internally and won a prize at the Leaders of Human Capital Awards last November (Silver Trophy for Quality of life at work, working methods and working conditions).

Building on this success, in 2023 the Group will be working on a similar project to optimise employee experience in our stores: **WeTHOM@Store**.

Guaranteeing equal opportunities

By creating a **Diversity department** within the CSR Department in July 2022, the Group is expressing its desire to structure and lead its action plans in favour of respect for all differences. The Group's actions focus in particular on the employment of young people and seniors, gender equality and disability.

The Group is committed to facilitating **access to the job market for young people** and offers them support and career development programmes (Vendor Programme, etc.). It has also set up an action plan to promote the **employment of seniors** (50 years and older). This action plan aims to encourage senior employees to continue working, by developing their employability and securing their professional careers:

- Prevention of hardship
- Adaptation of the end of career
- Valuing expertise by passing on knowledge and skills to younger employees.

In terms of **gender equality**, the Group obtained an index of 94/100 in France.

In July 2022, the Group concluded an agreement on disability with the social partners and set up the **Disabilities Mission**, which established an action plan concerning job retention, recruitment, integration and training of people with disabilities as well as the use of the protected sector.

Young people and seniors at THOM

- **20%** Share of employees under 25 years old
- **16%** Share of employees over 50
- **500** interns recruited on average each year
- **100%** of internships are paid from the 1st day
- **120** work-study students recruited on average each year
- **600** sales advisors hired on average eachyear

Group data 2022 excluding Agatha

THOM, a history of women

92%
share of women in the Group's workforce

59%
share of women in the board

94/100
Gender equality index

66% Germany
81% France & Benelux
38% Italy

Group data 2022 excluding Agatha

3 QUESTIONS FOR CHEILA ROCHA

Head of Diversity

In July, the Group created a Diversity Department. How do you approach your mission?

When I took up my post, my priority was to launch the Disabilities Mission. The Group concluded an agreement with its social partners. We have an action plan with clearly-defined objectives that I am going to manage by working with the divisions and departments concerned.

As for the other subjects of diversity and inclusion, the first stage of my work will consist of taking stock and setting priorities. The idea is to carry out a study on the various subjects to assess our maturity, measure our performance on a number of key HR indicators, determine action plans and measure our progress year after year.

With whom and how will you manage the Disabilities Mission?

The subject of disability is one which should involve all employees and all jobs. We are going to appoint three Disability consultants who will help me enact the defined action plan and implement the actions for maintaining employment (adaptations to the workstation, change of function, etc.), recruitment, integration and training of people with disabilities. With the consultants, we are going to set up a network of trained consultants who will be our disability relays on the ground. We will of course work with the Personnel Department and the HR Development Department to analyse situations on a case-by-case basis and find solutions, and to recruit people with disabilities.

Our employees with disabilities

FY21	FY22
104	130

Group data 2022 excluding Agatha

What are the objectives and resources of Disabilities Mission?

Our main objective is recruitment. Our employment rate for people with disabilities must increase from 0.77 to 2.5 by the end of 2024, which will mean recruiting 60 people with disabilities (fixed-term/permanent contracts) and encouraging continued employment. To achieve this, we have a lot of communication and training to do internally. We will:

- raise awareness with a communication kit and an information campaign that will explain disability situations and the different recognised categories of "disabled worker",
- train and equip managers to manage difference and acclimate all Group employees through e-learning,
- inform employees with disabilities that there is a Disabilities Mission at THOM that can help them to have their situation recognised and implement appropriate solutions. We will also open an anonymous info-line to help those who are reluctant to talk about their disability.

At the same time, we are going to launch recruitment campaigns by creating partnerships with specialised structures (*Cap emploi*, recruitment agencies, etc.) and by participating in general or specialised disability employment forums. Finally, we are going to work with the Purchasing Department to analyse to what extent we can increase the use of suppliers from the protected sector (EA, ESAT, etc.).

Diversity and equal opportunities are one of the Group's top CSR commitments, and it has taken strong initiatives to open up the labour market to young people, keep older people and people with disabilities in employment, and ensure professional equality between men and women. In July 2022, the Group created a Diversity department, reporting to the CSR Department, to structure its initiatives and roll-out all its action plans.

People at THOM

Driss Mlahfi

Logistics operator

My career at THOM

I was introduced to the supply chain and its challenges during an end-of-studies internship. I then turned towards the field of supplies as a career. I worked at Grands Moulins de Paris and then joined THOM in February 2021, where I discovered the world of jewellery. Nowadays, I'm a supplier for the Germany area. My main mission is to place orders with our suppliers according to our stores' needs, and to make sure that those orders are fulfilled.

THOM MISSION HANDICAP

My personal commitment

I have always played football, even after one of my tibias was amputated at 18 after a road accident. I discovered amputee football, where I found the same passion and the same feelings as able-bodied football. I fell in love with this sport because everyone is on an "equal footing." Our values are mutual aid, solidarity, overcoming oneself… These days, I wear France's colours in international championships - the European Football Championship in Krakow (September 2021), the Waff World Cup in Istanbul (October 2022). THOM has given me the option of more flexible schedules so that I can prepare for these competitions as much as possible. My goal is to play in the next Champions' Cup in Rome (May 2023) with my Le Paris football club and in the Nations' Cup with the French amputee football team (EFFA – *Équipe Francaise de Football pour Amputés*) in Annecy (September 2023). My other personal goal is to qualify for the 2024 Paralympics and compete in the 100-, 200- and 400-metre races. I have put together a small team around me, with a coach and a fitness trainer who will support me in this project. I would like it if THOM were also one of my partners in this challenge.

Encouraging mobility and internal promotion

Internal mobility has no limits at THOM

Romain Peninque, our CEO, started his career with the Group… in a store. Every effort is made to enable those who want to develop or change jobs to do so.

The Group has worked on the mapping of all its professions, the development paths and mobility gateways, and employees have a digital portal dedicated to mobility.

To encourage internal promotion, several specific training courses have been set up.

The Management Course

The Management Course is the flagship course run by the THOM Académie. Created 10 years ago, it is now a degree course – Bachelor certified by Qualiopi. It enables high-potential employees to become store managers at the end of a 15-month managerial course in the field and at headquarters.

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

People at THOM

Marc Sammut

Recruitment officer

My career at THOM

I joined Histoire d'Or in 2016 as a sales manager after 6 years at Go Sport, where I was a salesman and then an aisle manager. I joined the Maintenance service in November of 2017 after a motorbike accident that resulted in me losing the use of my right arm, making me unable to continue my in-store role. In 2021, I became a manager for Agatha's Maintenance service. And as I wanted to get closer to my preferred career in sales, I became a part-time sales team trainer in February 2022. Driven by the need for a new challenge in an interesting field, I recently entered the HR department as a recruitment officer. Every step in my career was valuable to me and allowed me to grow. The next stages are full of exciting projects!

My personal commitment

My passion and main hobby is still sports: body-building, football, running, cycling, swimming, etc. It was my driving force before the accident, and it's been my physical and mental progress indicator ever since.

REDUCING OUR ENVIRONMENTAL IMPACT

Reducing our GHG emissions and energy consumption

The Group is committed to the fight against global warming and therefore aims to reduce its greenhouse gas (GHG) emissions. This is why the reduction and optimisation of direct and indirect energy and fuel consumption are important objectives for the Group.

In 2022, the Group evaluated its carbon footprint including scope 3 for the first time. This assessment enabled the Group to measure its impact on the environment and the climate and will enable it to structure action plans aimed at reducing its GHG emissions and energy consumption.

GHG emissions (tCO_2e) – FY22	
Total emissions	247,474
Emissions Scope 1	1,323
Emissions Scope 2	5,787
Emissions Scope 3	240,364
of which scope 3 upstream	199,089
of which scope 3 downstream	41,275
Carbon intensity (tCO_2e /M€ of turnover)	264

Group scope excluding Agatha

- **Scope 1:** The Group's direct GHG emissions generated by company or service vehicles controlled by the Group.
- **Scope 2:** Indirect GHG emissions related to energy consumption: lighting, heating, ventilation, air conditioning, electrical and electronic equipment, etc.
- **Scope 3:** Other indirect GHG emissions related to the Group's transport and purchasing.

GHG emissions linked to purchasing of products

The Group's primary source of GHG emissions concerns the purchasing of products.

GHG emissions linked to upstream transport of products

Upstream transport of products also constitutes an important source of the Group's GHG emissions. The majority of it is undertaken by plane and by road. For FY22, upstream transport represented 22,165 tCO_2e. The Group will strive to reduce its CO_2 emissions and consider alternative modes of transport.

Upstream transportation	FY22
tCO_2e emissions	22,163
Share of Scope 3 upstream emissions	11%

GHG emissions linked to downstream transport of products

We transport our products from our logistics platforms to our stores, and provide delivery to customers through third-party carriers. Thus, our emissions linked to downstream transport represent 1,058 tCO_2e in FY22.

Downstream transportation	FY22
tCO_2e emissions	1,058
Share of Scope 3 downstream emissions	3%

GHG emissions linked to business travel

Our employees' business travel is undertaken on trains, planes and in cars. This travel generated 631 tCO_2e in FY22.

	FY22
Share of plane	47%
Share of train	1%
Share of car	52%

An agreement on remote working was signed in 2020 to improve quality of life at work for our employees and to reduce their business travel between our different sites and stores.

Reducing our buildings' energy consumption

The total energy consumption across all THOM buildings rose to 24.7 GWh in FY22. Of this, 51.5% represented THOM's activity in France (12.7 GWh).

The energy consumption of our stores, head offices and logistics platforms results from lighting, heating, ventilation and air conditioning installations, as well as electrical and electronic equipment.

In order to reduce energy consumption at our points of sale, in 2014, the Group began switching to LED lighting, which is more energetically efficient. To date, 74% of the Group's stores are equipped with LED lights. In 8 years, the change to LED has allowed us to reduce energy consumption by 30% while increasing the lifespan of spotlights.

As part of the tertiary sector decree aimed at reducing the energy consumption of tertiary sector buildings, the Group has chosen the company Deepki to help it control its energy consumption. The Group has already succeeded in reducing its consumption (corrected for climate) by 23% between 2019 and 2022 in France.

Energy consumption (in MWh) - France	FY 22	FY 21*	FY 20*	FY 19
Stores	12 ,484	11,048	11,116	14,186
Headquarters	152	231	208	251
Logistics platforms	76	155	215	216
Total	**12,712**	**11,470**	**11,539**	**14,653**
Surface density (MWh/m^2)	154	129	130	167

** Years impacted by the Covid-19 pandemic (respectively 29% and 17% network closed in FY21 and FY20)*

Reducing our waste

Most of the waste produced by the Group comes from the stores. Cardboard, plastic and paper are indeed present in the packages and packaging received. The Group is currently developing an action plan to reduce the amount of waste generated.

Quantity of packaging waste (in kg) FY22	
Paper	666,985
Cardboard	608,705
Minigrip (polypropylene)	15,584
Other plastics	171,976
Total	1,523,250

Group scope excluding Agatha

Offering sustainable products

In 2019, THOM developed a strategy to improve the sustainability of its products in order to encourage more responsible consumption and reduce its environmental impact. This strategy is based on 4 pillars:

- Qualifying suppliers according to technical and environmental criteria ensuring their ability to manufacture responsible products.
- Defining technical specifications to ensure the strength and therefore the durability of products. For example: strength of chains and clasps, quality of setting, metal finish, etc. The rate of product returns due to quality issues is stable compared to FY21.
- On-site quality control at the end of production. In FY22, 100% of production was subject to quality control by suppliers and approximately 5% of products were subject to additional inspections by THOM and its customers (this KPI was negatively impacted by the Covid environment. By the end of 2021, we had returned to the level of inspections carried out in 2020: around 5%). Our target is to achieve an additional 10% of inspections in FY23.
- Regular in-depth analysis of defects or weaknesses observed in real-life situations by our teams and our customers, resulting in improved product quality.

Repairing defective products, reusing unsold products

The Group offers jewellery and watch repair services in all its stores. In 2022, the purchase value of repaired products rose to more than 12 million euros, demonstrating the Group's commitment to circularity and taking into account the challenges of sustainable development.

The Group has also developed a network for the recovery of defective or unsold products which relies on:

- its suppliers: reuse of metals and stones in new production;
- its stores: repair of defective products returned by our customers; recovery of damaged products (watches and gold jewellery);
- a network of partners who collect and recycle used watches and jewellery. In 2019, the Group entered into a partnership with Eco-Tempo, a key player committed to the social and solidarity economy. In this way, the Group wishes to promote sustainable development through the preservation of resources and the reuse of raw materials. Thanks to this partnership, the Group will benefit from a specific network for the reprocessing of used watches and jewellery.

Extra-financial performance and reporting scope

The Group's CSR performance is observed by the CSR Department, the Financial Department, and the job contributors who monitor extra-financial performance indicators throughout the financial year (1 October - 30 September).

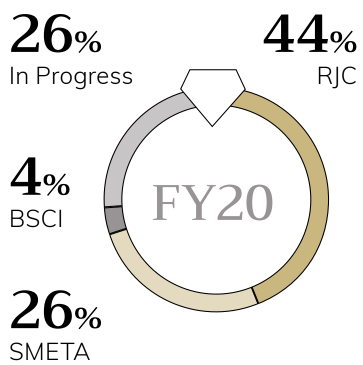
ENSURING A RESPONSIBLE SUPPLY CHAIN

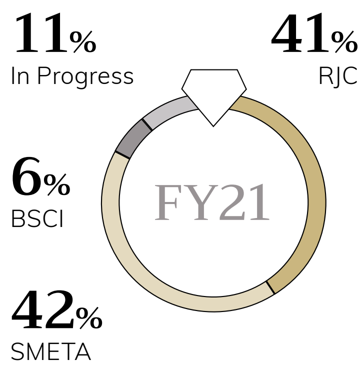
In FY22, 95% of our purchases were made from suppliers that are certified according to the world class international standards: RJC, SMETA, BSCI.

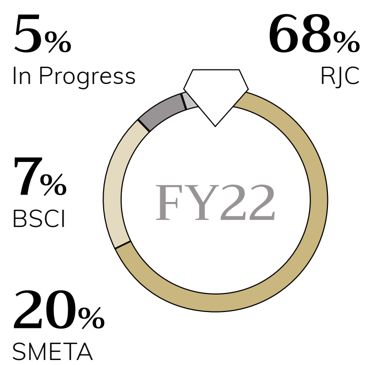
Since 2019, THOM has adopted a policy of ensuring that all of its suppliers are certified.

Our suppliers are audited before we start working with them by independent and recognised 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.

> *"**95%** of our 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 are committed to respecting the Kimberley Process, the only recognised process for ensuring the traceability of precious stones. The objective of the Kimberley Process is to prevent conflict diamonds (rough diamonds used to finance wars waged by rebels to destabilise governments) from entering the international market through the certification system. Our suppliers guarantee the accuracy of the information provided about the diamonds in the products and the authenticity of the certificates issued. For a period of 10 years, any problem with a diamond (characteristics, origin, authenticity, existence of defects or flaws) will be presumed to be due to non-compliance with the process and will be the sole responsibility of the supplier.

People at THOM

Ilaria Picco

Facility Specialist

My career at THOM

I have been working at Stroili since 2007 in the role of Facility Specialist, in Amaro office, dealing with order entry, item master data and maintenance support. In Stroili I found a positive work environment and a united department made up of people with whom I have established strong relation over the years and a special team spirit. I'm happy to contribute to the company's results by supporting the shops on a daily basis and interfacing with suppliers, especially with those who deal with our packaging.

My personal commitment

For several years I have been a volunteer at A.I.L. (Italian Association against Leukemia, Lymphoma, Myeloma) by giving my free time supporting the association in several days dedicated to cancer research. I believe that it is really important to raise people's awareness and especially the new generation so that they understand the importance of volunteering and helping others because sometimes even a small gesture can improve another person's life.

SHAREHOLDING AND GOVERNANCE

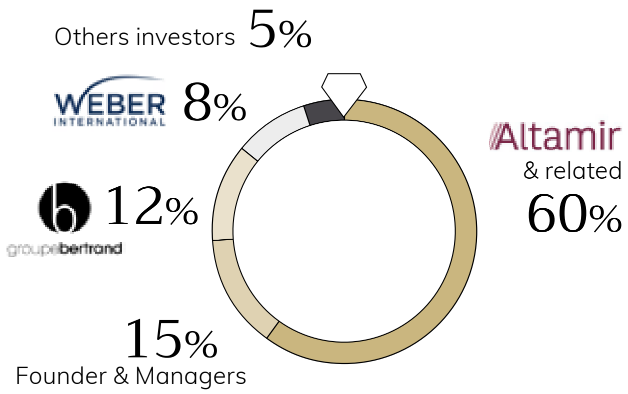
THOM SHAREHOLDING

The new shareholdering, in place since February 26, 2021, 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 June 2022:
  - On a look-through basis: 68 companies for a market value of €1.5 billion.
  - 20 of the largest investments represent > 75% 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 shareholders 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 board met 10 times since October 2021 with a 91% participation rate, under the chairmanship of Eric Belmonte. During the financial year ending September 30, 2022, 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.

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.

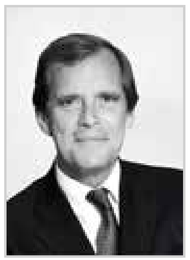
> *"Our Supervisory Board is made up of highly committed individuals who strive to provide the best of their expertise and to contribute to THOM's growth as well as that of its employees."*
>
> **Éric Belmonte**
>
> Chairman of the Supervisory Board

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.



Didier Le Menestrel

Partner, Weber Investissements

Member of the board since 2021

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.

Olivier Bertrand

CEO, Groupe Bertrand

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.

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.

Laura Burdese

Global CMO, Bulgari

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

Member of the board since 2021

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

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.

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
- Rémi-Pierre Lapprend - CSR Director Maisons du Monde - Member & CSR referent

Remuneration Committee

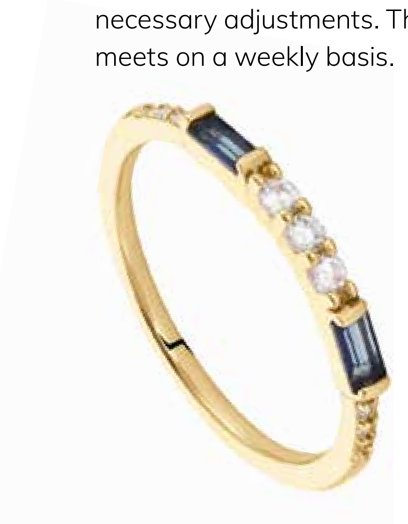
The Remuneration Committee advises the Board Members to determine the annual remuneration (fixed and variable) of the members of the Executive Committee and Group Management Board, based on quantitative and qualitative criteria. The board is held once a year.

Board Members

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

OUR EXECUTIVE COMMITTEE

The Executive Committee consists of 7 members: the Group General Manager, the Group CFO, the General Managers for France, Italy and Germany, the COO and the CTO. 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.



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.

Aurélien Sénéchal
Chief Operating Officer

Aurélien has 16 years experience in jewellery industry. He joined the Group in 2021 as Supply Chain Director and became, in 2022, Chief Operating Officer.

Flavien d'Audiffret
Group General Manager

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

Cyrille Palitzyne
Group CFO

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

Franck Lesclauses
General Manager France

Franck Lesclauses has a strong experience in famous retail brands such as Decathlon, Sephora or Nike. Franck held different position in the group (France Sales Director, IT Sales Director) before being appointed General Manager of France in 2022.

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.

Vincent Duno
Chief Technical Officer

Vincent joined THOM in 2017 and has more than 20 years of experience in large IT projects implementation.

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 Timeway.

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 CSR governance sets a cornerstone 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

INTERNAL CONTROL AND RISK MANAGEMENT

THOM continued to strengthen its internal control environment in 2022. It proceeded with reorganising the Internal Control Management team, which is now steered on a Group level in order to bring operational expertise and support to countries and to standardise and harmonise the Group's procedures and risk policies. A new risk cartography has been drawn up (risks were previously managed on a local level). A new governance has been implemented for each risk, including designating an accountable and setting up checks.

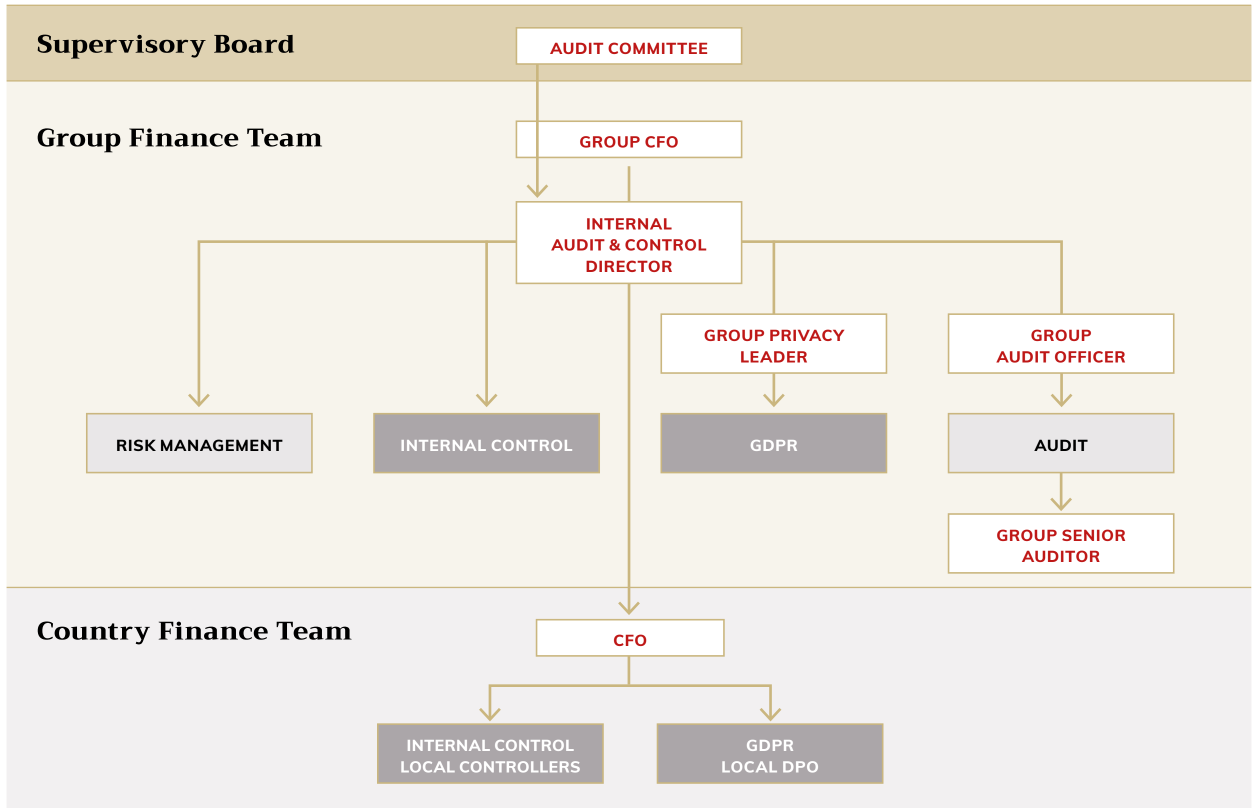
3 QUESTIONS FOR RÉGIS DUMUR

Internal Audit & Control Director

Régis Dumur joined the THOM Group in May 2022 as head of the Internal Audit & Control department.

How is the Internal Audit and Control department organised?

The department is part of the Group Financial team and functionally reports to the Audit Committee. **It fulfils 3 functions: auditing and risk management, internal control, and GDPR compliance.** Auditing and risk management is dealt with on a Group level in collaboration with the subsidiaries' operational teams. Internal control and GDPR compliance, under my functional supervision, are implemented on a local level by the Financial Management teams of the relevant subsidiaries and managers: internal controllers, local DPOs, operational teams, experts (IT, legal, etc.).



What is the role of Internal Audit? How does it work?

The role of Audit is to analyse the company's risks and to ensure, completely independently, that all identified risks are appropriately covered. Audit analyses interactions and coordination in all of the company's functions to help the Group implement changes. Audit also coordinates actions with external controllers. Audit's goal is not to arrange or enforce the implementation of internal control - this is the responsibility of internal controllers.

More concretely, all Audit's missions are planned in advance. The goals, limits, and scope of each audit is defined with the auditee. The controller's conclusions must be based on facts. Each observation is discussed with the auditee over the course of the mission. Next, a report is drawn up that highlights observed strengths and weaknesses as well as risk level faced and recommendations to be implemented. The auditee suggests corrective action plans for resolving the identified problems, which are then integrated into the report. Once finalised, the report is sent to the audited party as well as to their chain of command, COMEX and the Audit Committee. Next, the Auditing department follows up on the solutions' implementation.

The Group's and the countries' respective missions

Accountable	Group Audit & Control team	Country Internal Control teams and local DPO	Operating teams
Audit & Risk Management	◆ Estimate regularly internal control, perform diagnosis and suggest recommendations via audits ◆ Carry out specific assignments at COMEX request ◆ Develop group risk mapping & Implement fraud report		◆ Define & put in place remediation plans based on audit and risk mapping recommendations ◆ Provide data to follow Key Risk Indicators
Internal control	◆ Steer projects ◆ Challenge local self assessment plan	◆ Realization of self assessment plan (including corporate functions) to ensure operating teams monitor its risks ◆ Animate store loss prevention ◆ Support operating teams in procedure implementation ◆ Participate in ERP internal control	◆ Detect risks & put in place controls ◆ Write & update the procedures ◆ Ensure via qualitative self assessments of its internal control efficiency ◆ Define ERP internal control rules
Data protection	◆ Define a privacy strategy ◆ Coordinate data protection ◆ Animate DPOs ◆ Validate derogations & conduct audits	◆ Be accountable to local authority ◆ Ensure implementation of Group Privacy guidelines ◆ Advise country board ◆ Provide regular reporting & alert GPL in case of incident	◆ Manage data breach violation ◆ Answer to right management request ◆ Define data retention duration ◆ Complete records of processing activities => with help of experts (IT & DPO)

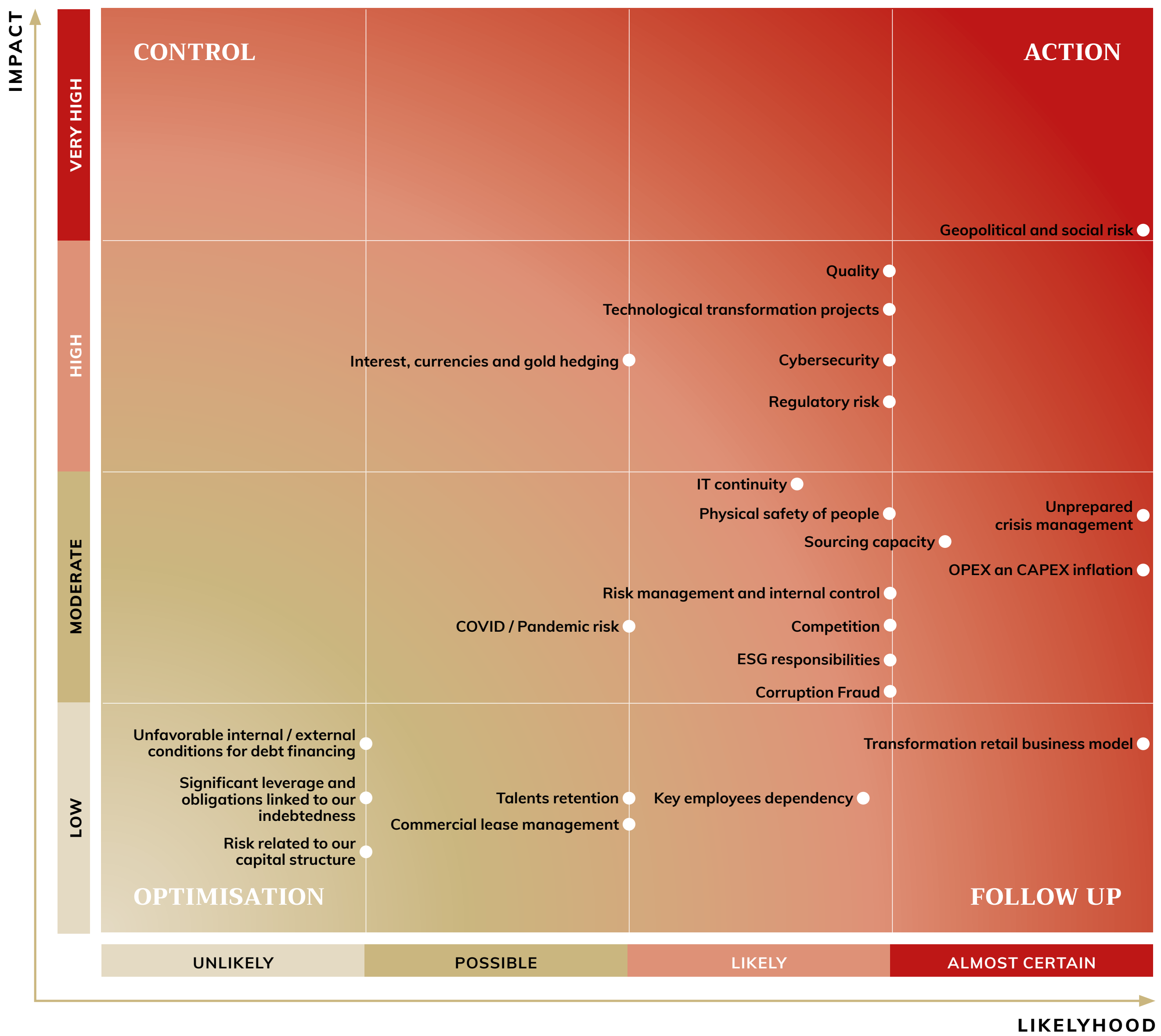
What were the main highlights of FY22?

In 2022, we drew up a new, exhaustive risk cartography that covers external, strategic, financial, regulatory and operational risks in all areas (business, ethics, technology, purchases, retail operations, human resources, etc.). For each risk we identified, we evaluated potential impacts and probability of occurrence, challenged existing measures, and established appropriate strategies: risk limitation through internal control, transfer to a third party, avoidance solutions, acceptance without remedy, etc.).

For every risk, we received an action plan from the operational teams. We also assigned a deadline and an accountable for implementing the remediation plan. We will thus be able to roll out an audit plan that will cover both the cartography's risks and the company's main cycles: purchases, sales, stocks, human resources, finance, IT, etc.).

During FY22, we also redefined and strengthened the governance of internal control and audit within the Group and its subsidiaries. Finally, we also implemented a Group policy on compliance with the General Data Protection Regulation.

Group risk cartography



FINANCIAL REVIEW

FINANCIAL REVIEW FY22

“FY22 is the first year without Covid since FY19, it materializes the gain of market shares of the Group without increasing discount and with a continuous focus on profitability resulting in a 21% EBITDA Margin. Cash generation remains very high with a rate of EBITDA conversion into Free Cash-Flow of 65% despite the built of a safety stock to secure our procurement.”

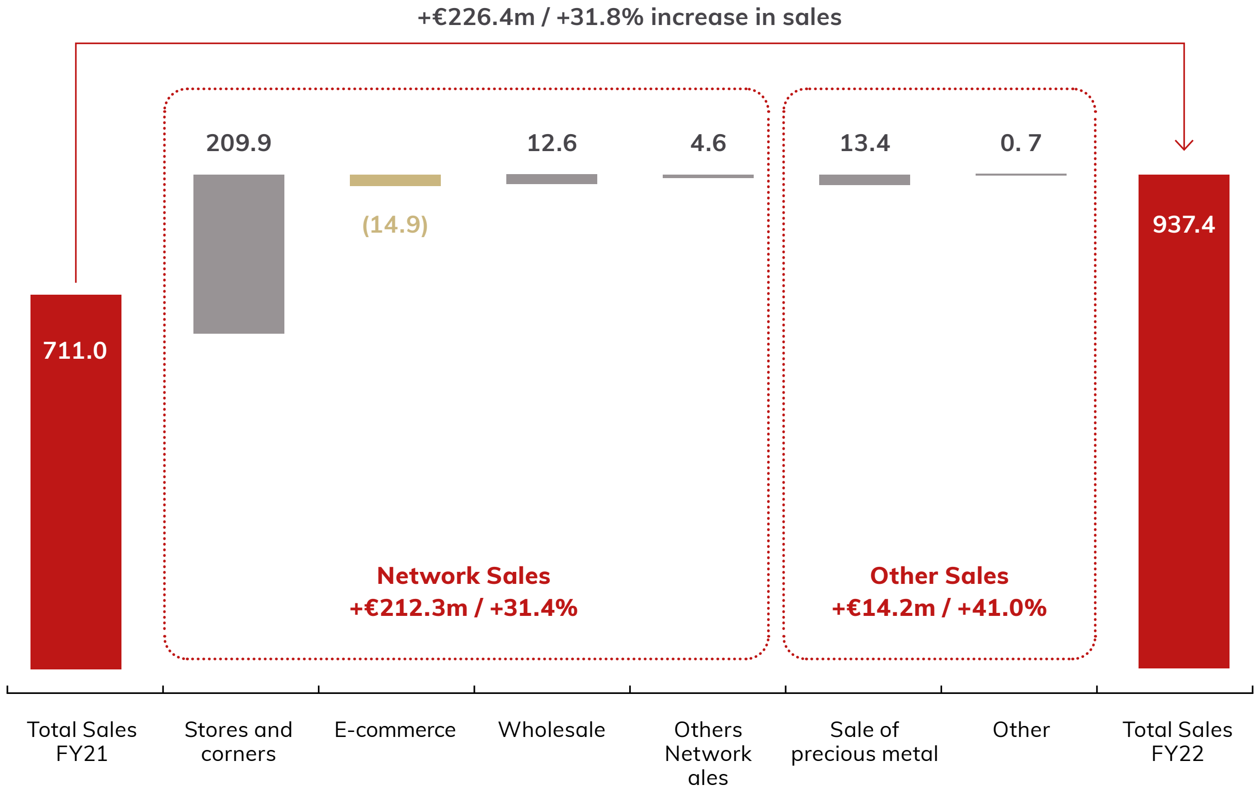
Cyrille Palitzyne
Group CFO

SALES

The consolidated sales for the financial year ended September 30, 2022 amounted to €937.4 million, an increase of €226.4 million from €711.0 million in the financial year ended September 30, 2021.

Total Sales bridge

In millions of euros, FY 2022 vs. FY 2021



Our network sales increased by €212.3 million or 31.4% to €888.7 million in the financial year ended September 30, 2022 from €676.5 million in the financial year ended September 30, 2021 due to:

- Limited impact of sanitary constraints compared to the financial year ended September 20, 2021 (network fully open vs. 29% of network closed);
- France benefited from an increase in brand attractiveness and the development of omnichannel sales.
- Italy benefited from a reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning.

The other sales have increased by +€14.2 million between financial year ended September 30, 2022 and financial year ended September 30, 2021. They mainly consist in sales of precious metals, increasing by €13.4 million to €45.9 million in the financial year ended September 30, 2022 from €32.5 million in the financial year ended September 30, 2021. Sales of precious metals of €26.4 million in France and €19.5 million in Italy mainly related to hedging operations in France and to sales to foundries in the regular course of business in Italy. In 2021, the Group has decided to build up a gold inventory and therefore limited the sales of gold.

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

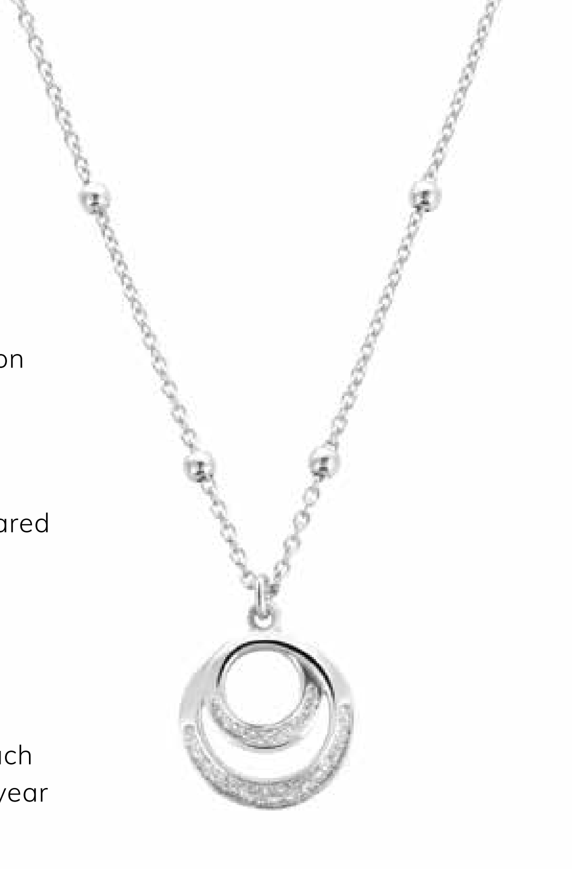
FY 2022 vs. FY 2021

	Geographies		Distribution channels			
	France	International	France	E-commerce	Wholesale*	Total LFL
FY22	28.6%	30.2%	35.6%	(23.2)%	122.9%	29.2%
FY21	3.2%	9.7%	(0.1%)	116.0%	7.1%	5.5%

EBIDTA

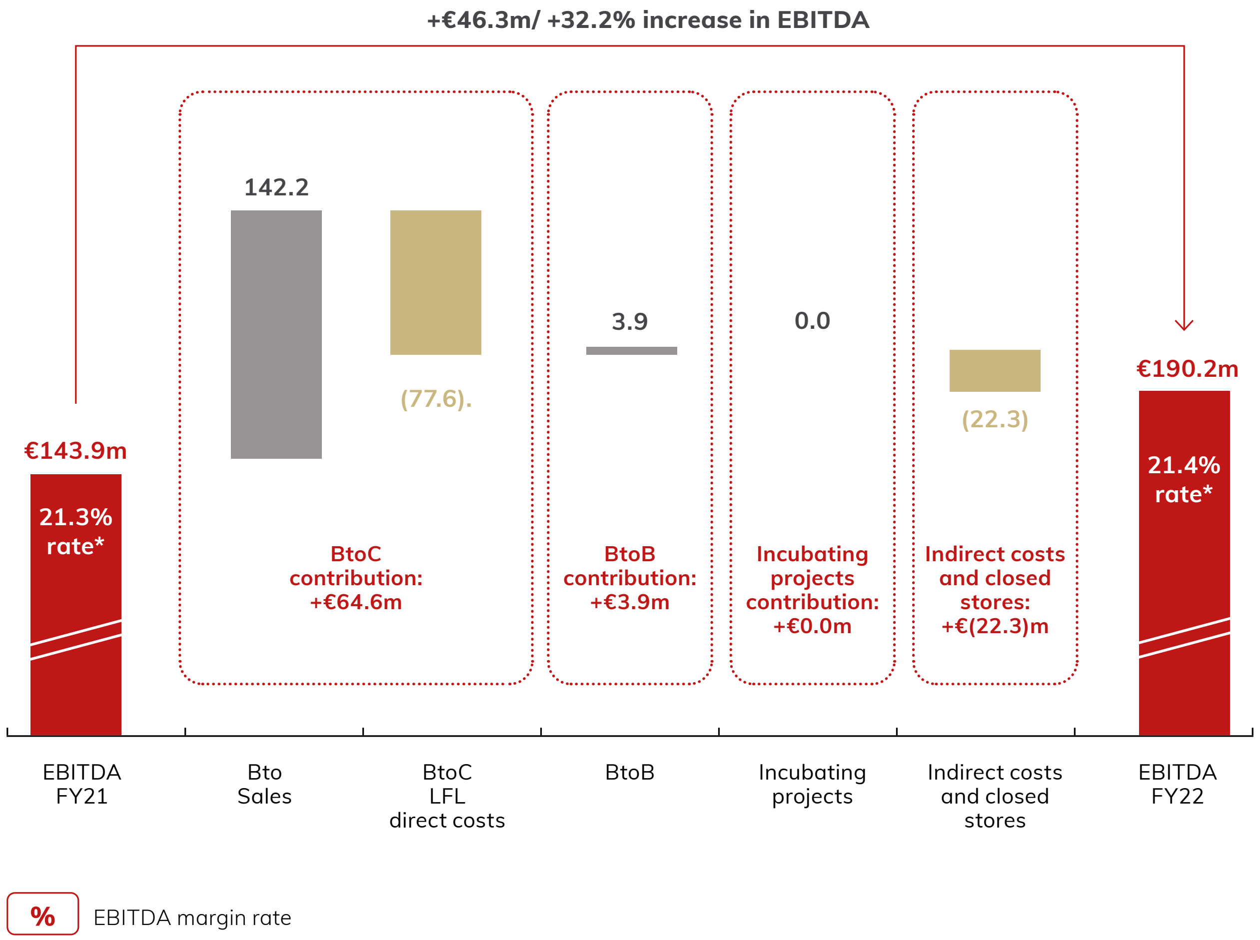
The Group generated a Reported EBITDA of €190.2 million in the financial year ended September, 30, 2022 compared to €143.9 million in the financial year ended September, 30, 2021, representing an increase of €46.3 million or +32.2%.
This performance was due to:

- Limited sanitary constraints (network fully open in FY 2022 compared to a network closed 29% of the time in FY 2021);
- A strong embedded growth both in France and Italy;
- A strong resilience of gross margin at 69.4% gross margin rate, similar to the one in the financial year ended September 30, 2021;
- A continuous focus on profitability which allowed the Group to reach a 21% EBITDA rate as a percentage of network sales in financial year ended September 30, 2022.



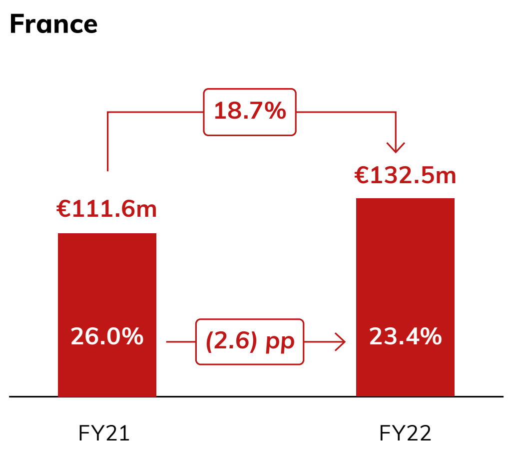
Reported EBITDA bridge

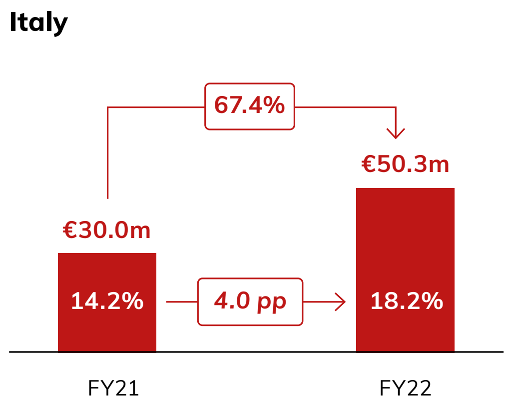
In millions of euros, FY 2022 vs. FY 2021 with EBITDA margin rate

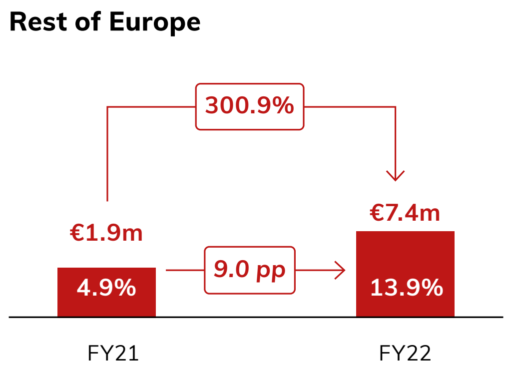


Reported EBITDA bridge by country

In millions of euros, FY22 vs. FY21 with EBITDA margin







Free Cash-flow pro forma Goldstory

At Goldstory level, our free cash-flow pro forma totalled €123.3 million in the fiscal year ended September 30, 2022, an increase of €0.2 million, or 0.2%, from €123.1 million in the fiscal year ended September 30, 2021. The rate of EBITDA conversion into Free Cash Flow reached 64.8%.

This slight increase was mainly due to the combination of:

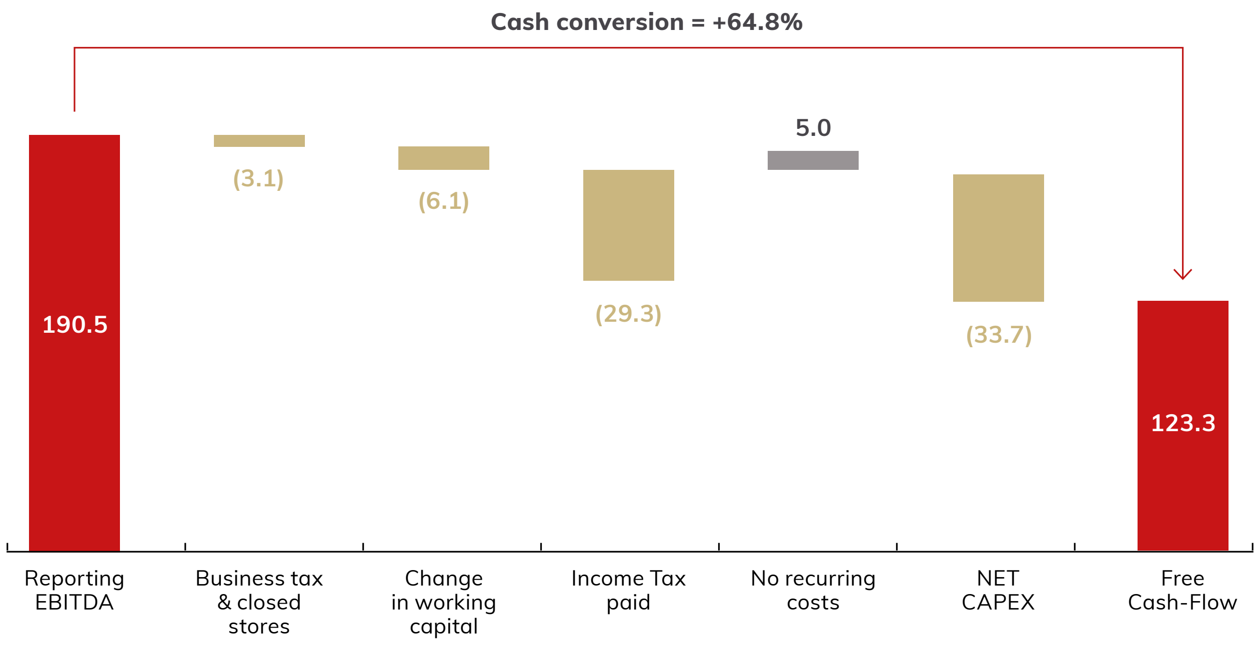
- The €46.6 million increase in Reported EBITDA, resulting from a limited impact of Covid pandemic restrictions compared to a strong impact in the fiscal year ended September 30, 2021 with a store network closing rate of 29% and from the very good performance of stores in France and in Italy in the fiscal year ended September 30, 2022;
- The €12.7 million positive change in other non-recurring expenses mainly related to (i) €9.2 million credit notes and subsidies received in respect of Covid related to fiscal year ended 30 September 2021 with a €4.5 credit notes for rents received from landlords in Italy and France, a €1.6 million subsidy for Real Estate Rents received from the French government received in the fiscal year ended September 30, 2022 (remaining €2.2 million subsidy received is reported operating result) and a €3.1 million subsidy received from the German government; not offset by (ii) a €1.1 million fees in respect of M&A processes compared to none the fiscal year ended September 30, 2022 and to (iii) €1.1 million non-recurring indemnity paid in the fiscal year ended September 30, 2021 compared to €0.6 million in the fiscal year ended September 30, 2022.

Not offset by:

- The €35.0 million increase in working capital in the fiscal year ended September 30, 2022, compared to the fiscal year ended September 30, 2021, mainly due to an anticipation of Christmas procurement plan, to the building of a safety stock to secure procurement in order for the Group to anticipate potential logistic issues ahead of the festive season and to ensure the good availability of products in stores, and to an increase of products range width mainly in Italy;
- The €14.3 million increase in income tax payments resulting from €29.3 million in income tax paid the fiscal year ended September 30, 2022, compared to €15.0 million in income tax paid in the fiscal year ended September 30, 2021;
- The €8.8 million negative effect of net cash used in investing activities mainly related to the return to a more normative level of Capex as FY 2021 was impacted by lockdowns and the increase in other Group IT projects (SAP, Salesforce, front office in Italy…).

2022 Free Cash-Flow

In millions of euros



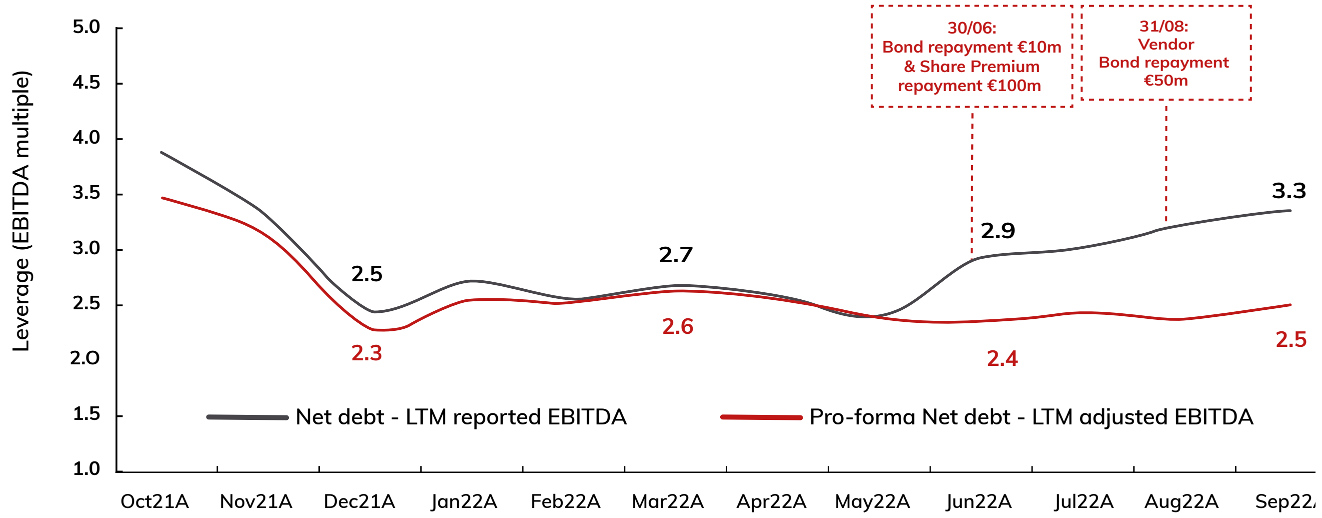
Net Debt and leverage

On February 26, 2021, Goldstory's acquisition of THOM was financed, for a total amount of €620 million, in part with the issuance of (i) €370 million aggregate principal amount of 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").

Net financial debt at September 30, 2022 was €639.1 million, representing a leverage of 3.34x adjusted EBITDA, compared to 4.1x at February 28, 2021, just after the refinancing of the Group and 3.50x at September 30, 2021.

Pro forma Net Financial Debt Bridge at Goldstory level since September 2021

In millions of euros, Sep22 vs. Sep21



RISK FACTORS

Low risk · Moderate risk · High risk · Very high risk

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.

External risks

Geopolitical risk

IMPACT: VERY HIGH · LIKELYHOOD: ALMOST CERTAIN

Risk description

Political evolution environment in some countries where THOM has established relationships (e.g. China)

Potential impacts on the Group

Financial

- Impact on products shipments (delay), interruption of commercial agreement (out of stock)
- Risk of duties creation or withholding

Reputational

- In case of continued production in a country not aligned with UN position

Action plans in progress

Reduction

- Monitor Key Risk Indicators linked to volume by country, evaluate risk assessment rating (COFACE rating), delivery delay by areas, suppliers
- Sourcing production diversification via increase of activity in Europe versus Asia

Avoidance

- Deploy a Group business continuity plan including back-up factories, new countries of production for classical jewellery

Social or climate crisis

IMPACT: VERY HIGH · LIKELYHOOD: ALMOST CERTAIN

Risk description

- Health or Social issues (financial crisis, health crisis, strike, social crisis, security issues), climate issues in countries where the group has established relationships (monsoon, floods in plants areas)

Potential impacts on the Group

Financial

- Delay or breach in procurement

Reputational

- In case of social issues

Action plans in progress

Reduction & Transfer

- Ensure that suppliers have business continuity plan to avoid risk of late deliveries via specific clause in agreements and audit business continuity plan actions
- Monitor social audit, safety audit, environmental audit via RJC certifications
- Increase activity in Europe versus Asia

Avoidance

- Prospect new countries of production with lower level of risk regarding social aspects, health, security
- Study the opportunity to integrate some key production

Low risk · Moderate risk · High risk · Very high risk

Pandemic risks like Covid-19

IMPACT MODERATE · LIKELYHOOD POSSIBLE

Risk description

Sanitary crisis might disrupt the production and the supply chain, it might lead to shops closure (which would have an impact on the business activity) and it might impact employees' health

Potential impacts on the Group

Financial

- Loss of sales due to store closing or extra costs to maintain stores opened due to governmental decision
- Overcosts, stock-out and delivery delays

Action plans in progress

Reduction

- Develop production back-up to avoid stock-out and delivery delays
- Create a crisis unit in charge to implement a business continuity plan and to limit overruns

Avoidance

- Develop e-commerce logistic capacity to allow e-commerce increase
- Reinforce click & collect project in stores and social selling (Popsell)

Strategic risks

Retail model transformation & increase of intense competition

IMPACT MODERATE · LIKELYHOOD POSSIBLE

Risk description

Business model transformation & increase in competition

Potential impacts on the Group

Financial

- Loss of sales

Action plans in progress

Reduction

- Set up competitive intelligence and market innovation monitoring (ex. NRF, Tech for retail)
- Reassessment of our competitivity versus market (minimum yearly, ex. Strategic seminar with Board)
- Diversification of market segments (AGATHA, fashion jewellery)
- Maintain secondary defensive brands like TRESOR (low price, promotion)

Avoidance

- Investigate new white space
- Test and learn new business model (ex. second hand)

Low risk · Moderate risk · High risk · Very high risk

Fail to achieve ESG responsabilities

IMPACT MODERATE · LIKELYHOOD LIKELY

Risk description

- Enhanced governance, investors, consumers and employees' expectations regarding ESG might have a negative impact on the Group if the ESG topic is not adequately addressed as part of the strategic objectives

Potential impacts on the Group

Financial

- Loss of funding and loss of sales

Reputational

- Absence of attractivity, difficulty to retain talent and decrease of reputation

Environment

- Pollution, production accident, social crisis in production with irremediable damages

Action plans in progress

Reduction

- Implementation of LED light in store (€2.5 million) in France and in BENELUX
- Agreements signed by providers including clause of social compliance, ethics. Approximately 95% of our purchases in FY22 were world class certified.

Avoidance

Implementation of a CSR roadmap:

- Sourcing:
  - – Work with RJC suppliers (60% in FY22, goal 100%) and obtain a RJC certification for the THOM Group (ethics, human rights, social compliance, governance, safety, tracking, environment) for finished products
  - – Monitor results regarding social, fire / safety building of providers (including work conditions)
  - – Monitor traceability of raw materials via RJC
  - – Being compliant with CSR local regulations
- Retail:
  - - Packaging: develop recycled / recyclable items (in progress)
  - - Store: Heat-A/C management by energy monitoring in progress in France and in Italy
  - - Define a policy of waste management (corporate, warehouse, mall which allow it)
  - - Develop a store eco design concept
  - - Launch of We THOM (green, ethics & people)
- Supply chain:
  - - Green freight: define how to reduce our impact (12/25)

Low risk · Moderate risk · High risk · Very high risk

Financial risks

Unfavorable conditions for debt financing

IMPACT: LOW — LIKELYHOOD: UNLIKELY

Risk description

Unfavorable internal & external conditions that might have a negative impact of the debt financing capacity:

- Degradation of bank rating of the company
- Covenants not respected regarding RCF
- Incomplete information to lenders, inadequate company representative insurance policy
- Absence of governance and inefficient organization
- Delay regarding financial reporting

Potential impacts on the Group

Financial

- Increase in financing costs
- Debt financing capacity reduced or stopped

Reputation

- Relation deteriorated with stockholders or lenders

Action plans in progress

Reduction & Avoidance

- Maintain credit rating via cautious management, ESG involvement and risk management
- Ensure that covenants regarding board, committee, information, financial statements release are respected on a short-term / mid-term basis
- Implement a clear governance of control function
- Animate audit function and report to Audit & CSR committee
- Risks in relation with obligations linked to indenture managed via assistance of lawyers
- Governance: implementation of audit & control function and CSR function

Significant leverage and obligations linked to our indebtedness

IMPACT: LOW — LIKELYHOOD: UNLIKELY

Risk description

Unfavorable internal external conditions that might have a negative impact on the company financials:

- Significant leverage may make it difficult to operate our business
- Incur substantially more debt in the future
- Not able to generate sufficient cash to service our indebtedness
- Company is subject to covenants which limits our operating and financial flexibility

Potential impacts on the Group

Financial

- Material adverse effect on our ability to satisfy our debt obligations

Reputation

- Relation deterioration with lenders

Action plans in progress

Reduction & Avoidance

- Maintain a good profitability and cash generation of the Group
- Avoid any additional debt that the Group could not refinance in a mid-term future
- Ensure that covenants are respected

Low risk · Moderate risk · High risk · Very high risk

Interest, currencies & gold hedging

IMPACT: HIGH — LIKELYHOOD: POSSIBLE

Risk description

Volatility of interest at variable rate, foreign exchange rates and gold prices

Potential impacts on the Group

Financial

- Financial losses linked to financial interest at variable rate (EURIBOR 3-month) in relation with our High Yield debt and our RCF, USD volatility & gold prices fluctuation

Action plans in progress

Reduction

- USD hedging up to September 2024
- Gold physical stock representing a hedge of net exposure until September 2023
- Euribor 3-month hedge, related to the floating rate senior secured notes (FRN) and to the RCF covering 90% of our total bonds
- Purchases, procurement and IT must provide reliable predictive data to build cash forecast by currencies and for gold by country

Avoidance

- Buy gold and products in EUR
- Push of gold buy back activity to increase the amount of gold purchased in our stores to reduce our net exposure on gold
- Avoid drawing the Revolving Credit Facility (RCF)

Risk related to our capital structure

IMPACT: LOW — LIKELYHOOD: UNLIKELY

Risk description

The Issuer and the Company being holding companies with limited business operations and owned by Altamir for 60% of the capital might represent a risk as follows:

- 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.
- Interests of our ultimate principal shareholders may be inconsistent with our lender's interests

Potential impacts on the Group

Financial

- Debt financing reduced or stopped

Reputation

- Relation deterioration with shareholders or lenders

Action plans in progress

Reduction & Avoidance

- Maintain a good profitability and cash generation of the Group
- Ensure that covenants regarding dividends payments are respected
- Counterweight to the ultimate principal shareholder thanks to founders & managers having more than 15% shareholding rights
- Maintain the long and trustworthy relationship with our ultimate principal shareholders (being shareholder since 1998)

Low risk · Moderate risk · High risk · Very high risk

Regulatory risks

Data protection

IMPACT HIGH · LIKELYHOOD LIKELY

Risk description

General Data Protection Regulation (GDPR) policy partially in place

Potential impacts on the Group

Reputation

- Breach of regulation can be public

Financial

- Fine up to 4% turnover

Action plans in progress

Reduction

- Recruitment of a Group Privacy leader and Data Protection Officer (DPO), in France, Benelux and a DPO in place in Italy
- External DPO in Germany and GDPR consulting with KPMG in France
- Information security system policy formalization
- Data protection policy formalization and operating mode including data subject right policy, privacy notice principles and privacy notice model
- Data breach management
- Creation & completion of the record of data processing activities and privacy impact assessment
- GDPR training & awareness and data retention matrix definition
- Steering committee with subsidiaries
- Update of the consent mode in store, implement an automatic purge process and secure the access to customers' data

Anti-bribery & corruption law (Sapin 2)

IMPACT HIGH · LIKELYHOOD LIKELY

Risk description

Inadequate anti-bribery & corruption policy

Potential impacts on the Group

Financial

- Fines up to €1 million

Reputation

- Negative media publication creating a risk of reputational damage

Action plans in progress

Reduction

- Code of conduct and ethics signed by each manager
- Alert warning framework in place and Group must communicate more on the alert warning framework
- Perform a risk mapping regarding fraud, corruption & bribery
- Implement a procedure of third-party valuation
- Implement internal key control at accounting level
- Trainee program via THOM academy for employees exposed

Low risk · Moderate risk · High risk · Very high risk

Customs clearance

IMPACT HIGH · LIKELYHOOD LIKELY

Risk description

Absence of customs clearance due to inadequate procedures regarding punching

Potential impacts on the Group

Financial

- Products blocked & fines up to 3 times the value of the improper products

Action plans in progress

Reduction / Group

- Continue to update the procedure regarding CE marking, monitor the flow and keep a focus on watches
- Based on Group procedure secure flows between countries regarding final destination regulation (focus Belgium products)

Reduction / France

- Put in place a 'livre de police' for all the flow in the warehouse for precious metal
- Control that French suppliers are following rules and control direct deliveries suppliers (suppliers to stores)
- Watch out for CE must be done yearly by legal & given to quality
- Purchase & procurement department to inform punching department of new export country or if supplier delivers to different countries
- Identify and ensure that punching rules are applied in case of transfer intercompany
- Laser punching has been approved by customs (better productivity, reliability and less broken products after punching)

Avoidance / Group

- CE marking is already done in the product specification guide and follow by suppliers
- At pre-shipment and at sample level too the QC team check the punching on products (Asia, Europe)
- In France laser punching has been approved by customs (better productivity, reliability and less broken products after punching)

Fire, safety and electricity regulations

IMPACT HIGH · LIKELYHOOD LIKELY

Risk description

Inadequate procedures regarding fire & safety and electricity

Potential impacts on the Group

Financial

- Penal sanction and fines & cash compensation in case of accident

Reputation

- Image and social climate

People

- People hurt

Action plans in progress

Reduction / France & Belgium

- Performance of professional risk assessment for each store and follow up by HR
- Urgent matters are taken into account by Security and Risk department
- Put in place a prevention plan and a data base of risk audit in order to implement targeted actions
- Put in place mandatory training and strong governance
- Professional risk audit in warehouse (Security/ Audit)
- Survey regarding building security and people during night hours

Low risk · Moderate risk · High risk · Very high risk

Intellectual property

IMPACT **HIGH** · LIKELYHOOD **LIKELY**

Risk description

THOM brands or products copied and used by another brand

Existing product inspiration owned by another brand

Potential impacts on the Group

Financial

- Payment of damages & interest + stock destruction

Reputational

- Loss of customers and market
- Negative publicity about THOM

Action plans in progress

Reduction

- Develop training of purchasers and product managers regarding the risk of copy or inspiration
- Ensure that buying files do not contain third party information
- Awareness of offer direction and sensibilization by legal regarding risk of copy
- Specific clauses are already in place in our agreements with providers

ESG regulations

IMPACT **HIGH** · LIKELYHOOD **LIKELY**

Risk description

Non respect of local ESG regulations or ESG claims

Potential impacts on the Group

Financial

- Fines & blocking of products

Reputational

- Absence of attractivity and difficulty to keep talent & decrease of reputation, negative publicity on ESG issue

Environment

- Pollution, production accident, social crisis in production with irremediable damage

Action plans in progress

Reduction

- Put in place ESG regulatory monitoring to ensure that all subjects are covered in each country
- Implement Carbon footprint report
- Prepare the implementation of CSRD (Corporate Sustainability Reporting Directive – 2024)
- ESG country committee monitors ESG risks

Avoidance

- No obligation regarding DPEF (declaration of extra-financial performance) in France
- Governance: Creation of an ESG department in 2022 and an ESG committee
- ESG Roadmap in progress

Low risk · Moderate risk · High risk · Very high risk

Quality regulations

IMPACT **HIGH** · LIKELYHOOD **LIKELY**

Risk description

Non compliance with Reach, CE for watches

Potential impacts on the Group

Financial

- Blocking of product by customs or local administration (ex. DGCCRF in France): out of stock
- Fines & penal sanction regarding ecotoxicology

Reputational

- Bad reputation (social media, press)

Action plans in progress

Reduction

- Existing procedures regarding REACH and quality department in Asia and monitoring of quality process (obtention of REACH certificate by reference from all suppliers since 2022)
- Random controls are performed on products and factories by THOM quality and must be increased in 2023
- Existing specifications regarding quality reviewed by quality department
- Monitor compliance to Reach and CE standards at Group quality department

Social regulations non compliance

IMPACT **HIGH** · LIKELYHOOD **LIKELY**

Risk description

Social regulation non compliance

Gender inequality, inequality in opportunities

Potential impacts on the Group

Reputational

- Negative publicity: future employees, actual employees, press, social media

Financial

- Huge overcost if THOM doesn't reach legal obligation for example in term of disabled people (Change of law 2020)

Action plans in progress

Reduction

- Launch of a roadmap for equality of opportunities: Communication and training regarding diversity
- Ensure that THOM reaches the legal obligations in term of disabled people
- Index professional equality of 94% in 2022 must be monitored and maintained
- Specific action plan for the integration of people with disabilities with a focus on recruitment and employee awarness
- Recruitment in June 2022 of a Diversity director
- Italy compliant with local regulations regarding disabled people

Tax regulations evolution

IMPACT **HIGH** · LIKELYHOOD **LIKELY**

Risk description

Non anticipation of tax regulations in production & retail countries

Potential impacts on the Group

Financial

- Overcosts not anticipated (income tax, duties, VAT, GST in India, withholding)
- Penalties and fines

Action plans in progress

Reduction

- Continuous legal tax local monitoring by each country to anticipate changes
- External monitoring for corporate / international tax evolution

Low risk | Moderate risk | High risk | Very high risk

Respect of corporate law

IMPACT HIGH | LIKELYHOOD LIKELY

Risk description

Non compliance with local regulation

Potential impacts on the Group

Financial

- Fines and overcost to implement quickly corrective actions
- Class actions and huge interruption of services

Reputational

- Penal condemnation

Action plans in progress

Reduction / Group

- Monitor and anticipate legal risks including social by department managed by external lawyers
- Power of attorney for each key manager

Dependency of the supplier

IMPACT HIGH | LIKELYHOOD LIKELY

Risk description

Sudden stop of commercial relationship with a dependent of a supplier

Potential impacts on the Group

Financial

- Damages and interets for sudden breakdown

Action plans in progress

Reduction

- Agreement with clause obliging supplier to declare dependency percentage
- Monitor French, Italian providers regarding level of dependency and risk of sudden stop and estimate the level of risk by service (risk of breakdown and cost)

Gold buyback activity

IMPACT HIGH | LIKELYHOOD LIKELY

Risk description

Regulatory risks associated with non-compliance with gold buyback activity

Potential impacts on the Group

Financial

- Fines in case of law non respect
- Loss of sales and hedging opportunities in case of change in regulation

Reputational

- Negative publicity due to insufficient control of source of gold purchased to our customers

Action plans in progress

Reduction / France & Benelux

- Ensure via self-assessment that gold buyback procedure is applied
- Activity is under specific law and can be audited (balance calibration, annual licence renewal)

Reduction / Italy

- Assistance of protivity consultant to put the risk under control
- Relationship with authority complex (control done by Guardia di Finanza and reports are issued by another authority) ensure that the communication with authorities works, track gold buyback activity via SLP and ensure that Company respects law especially regarding licence

Low risk | Moderate risk | High risk | Very high risk

Operational risks

Crisis management

IMPACT HIGH | LIKELYHOOD ALMOST CERTAIN

Risk description

Ability to be prepared for an unpredicted internal or external event which might have a significant impact on the Group business continuity, activity, image & reputation

Like logistics failure, freight failure, strike (corporate, logistic, store), external factor (climate, fire, terrorist attack), environmental ESG issue, social incident issue in production, quality products issue, customer notice on social media

Potential impacts on the Group

Financial

- Substantial loss of sales

Reputational

- Reputation due to a negative publicity on media

Action plans in progress

Reduction / Group

- Realize a yearly exercise of business continuity by activity to highligt strenghts and weaknesses to improve
- Ensure that insurance covers the potential losses
- Implement business continuity plan for logistics and for supply chain
- Redefine a crisis committee by subject: production & procurement, logistic, commerce, media and procedure to put crisis under control
- Work with a communication agency to manage the crisis by subject in order to define the way to react

Risk management & internal control environment

IMPACT MODERATE | LIKELYHOOD LIKELY

Risk description

Lack of knowledge of the risks. Insufficient procedures and controls in place

Potential impacts on the Group

Financial

- Overcosts
- No preservation of assets

Regulation

- Non compliance
- Accounting principles not respected
- Non reliability of financial information

Action plans in progress

Reduction / Avoidance

- Internal control and audit teams in place
- Yearly Group risk mapping
- Regular audits based on a 3 years plan
- Governance rules (audit committee, audit charter)
- Culture of control spread throughout the Group

Low risk · Moderate risk · High risk · Very high risk

Fraud

IMPACT: MODERATE · LIKELYHOOD: LIKELY

Risk description

Non detection of Fraud

Potential impacts on the Group

Financial
- No preservation of assets,
- Loss of cash and cash equivalent
- Loss of stock of raw materials or finished goods
- Overcosts of products or services)

Action plans in progress

Reduction / Group
- Ensure via self-assessment that gold buy back procedure is applied
- Activity is under specific law and can be audited (balance calibration, annual licence renewal)

Reduction / Italy
- Internal control department supervise procedures and perform store self assesment and track frauds
- Store loss prevention tool to monitor fraud & internal control level
- Governance: Power of attorney for key managers and delegation of commitment

Non detection of corruption

IMPACT: MODERATE · LIKELYHOOD: LIKELY

Risk description

Unethical conducts related to granting or receiving advantages from external third parties (public authorities, suppliers, etc.) in order to influence a decision making

Potential impacts on the Group

Financial
- No preservation of assets due to corruption
- Unnecessary product / stock / service

Action plans in progress

Reduction / Group
- Compliance with anti-bribery laws: Codes for ethics and relations with third parties
- Internal control as fraud alert development, systematic call for tender or quotation, commitment delegation
- Governance: Power of attorney for key managers Alert system at Group level

Cybersecurity

IMPACT: VERY HIGH · LIKELYHOOD: LIKELY

Risk description

Cyber attack that could lead to the blocking of information systems, with a potential impact on business continuity

Potential impacts on the Group

Financial
- Payment of ransom, impossibility to operate, embezzlement of cash

Reputational
- Negative publicity due to data breach

Action plans in progress

Reduction
- Compliance to data protection laws (GDPR)
- ISSP (Cybersecurity Policy)
- Implement a roadmap based on a risk approach
- Seek best-in-class securing systems of data access points
- Awareness campaign to the employees
- Duplication of data in real time

Transfer
- Assistance
- SOC (security operation center): Continuous global monitoring by a third party

Low risk · Moderate risk · High risk · Very high risk

IT continuity

IMPACT: HIGH · LIKELYHOOD: LIKELY

Risk description

Ability to guarantee the continuity of activities in the event of unavailability of Information Systems.

Potential impacts on the Group

Financial
- Loss of sales due to IT dysfunction

Reputational
- Non continuity of business
- Late deliveries
- Loss of data

Action plans in progress

Reduction
- Business continuity plans to be finalized

Avoidance
- Maintenance contracts in place with an up-to-date response plan from the supplier
- Continue to ensure that Horizon ERP maintenance is under control

Technological transformation

IMPACT: VERY HIGH · LIKELYHOOD: LIKELY

Risk description

Fail in Technological transformation projects (e.g. Shine project)

Potential impacts on the Group

Financial
- Financial losses
- Risk of business continuity
- Overcosts

People
- Impact of the change on employees

Action plans in progress

Reduction / Avoidance
- Project committee including Comex members
- Dedicated internal team with strong expertise and knowledge of the Group for each field
- Support of a specialized consulting firm for the change management
- Regular external assessment of the project
- Full test on a limited perimeter (Germany) before going live
- Cover product purchases to avoid disruption

Transformation projects

IMPACT: VERY HIGH · LIKELYHOOD: LIKELY

Risk description

Fail in transformation projects

Potential impacts on the Group

Financial
- Overcosts
- Missed opportunity

Action plans in progress

Avoidance
- Regular Follow up of all projects at Comex level
- Project management for each project with a sponsor endorsing the responsibility
- Transversal check up list to ensure internal validation process, expectation on ROI, internal communication, compliance with regulations

Low risk · Moderate risk · High risk · Very high risk

Physical safety of people

IMPACT HIGH · LIKELYHOOD LIKELY

Risk description
Injuries or death

Potential impacts on the Group
People
- Employee injury or death
- Psychological damages after a hold-up, accident or harassment

Financial
- Indemnity to pay in case of negligence

Regulation
- Penal condemnation

Reputation
- Negative publicity

Action plans in progress
Reduction / Avoidance
- Regular safety audits
- Internal Control of knowledge and respect of safety procedures
- Communication to employees
- Establishment of an alert unit for harassment
- Regular trainings (fire & safety)
- Work with staff representatives to improve work conditions in stores, HQ, warehouses
- Survey regarding isolated worker protection system and cash management (pick up or safe connected)

Keys employees dependency

IMPACT LOW · LIKELYHOOD LIKELY

Risk description
Loss of skills related to the departure of key people (including the absence of a succession plan) and to the lack of formalization of processes that do not allow for sharing of knowledge and expertise

Potential impacts on the Group
Financial
- Overcosts
- Decrease in sales

People
- Loss of expertise, know-how and knowledge

Action plans in progress
Reduction
- Long term incentives

Avoidance
- Identify back up for key employees and set up of succession plans

Low risk · Moderate risk · High risk · Very high risk

Talent retention

IMPACT LOW · LIKELYHOOD UNKIKELY

Risk description
Risk of losses of attractiveness for talented people

Potential impacts on the Group
Financial
- Loss of expertise, know-how and knowledge

Reputational
- Loss of attractiveness

Action plans in progress
Avoidance / Group
- Work on the quality of life at work
- Smart working including balance pro / personal life (including parenthood), homeworking, inclusion & diversity, health and disability of people integration, internal culture based on THOM values
- Develop & monitor HR dashboard (turnover, promotion, illness…) tool to measure employee feeling and needs
- Employer brand communication internally/externally (attract & keep)
- Work on employees' experience returns

Commercial lease agreement risk

IMPACT LOW · LIKELYHOOD UNKIKELY

Risk description
Risk of losing some strategic shops locations and not optimizing the monitoring of commercial leases

Potential impacts on the Group
Financial
- Loss of sales
- Increase in leases and charges
- Increase in guarantees (potential cash trapped)

Action plans in progress
Reduction
- Supervision of lease monitoring including Franchisee store by local real estate director
- Group tool to monitor leases and related charges

Capex and Opex

IMPACT MODERATE · LIKELYHOOD ALMOST CERTAIN

Risk description
Inflation on Opex and Capex

Potential impacts on the Group
Financial
- Increase in costs

Action plans in progress
Reduction & Avoidance
- Develop long term contracts
- Develop energy sobriety plans
- Increase competition among suppliers with systematic call for tenders at Group level

Low risk · Moderate risk · High risk · Very high risk

Sourcing capacity

IMPACT MODERATE · LIKELYHOOD ALMOST CERTAIN

Risk description

Some suppliers could not be able to adapt their productions capacity to align to volumes growth, and their processes to answer the Group transformation (e.g. ERP migration) and requirement for certifications

Potential impacts on the Group

Financial

- Loss of sales

Action plans in progress

Avoidance

- Linked with Geopolitical risks
- Develop partnership with actual production suppliers to ensure production capacity development (help in the investments, put in place long term commitments)
- Study possibility to invest in production/integrate upstream margin
- Find new suppliers to have back up or additional production capacity and transmit know-how (classical jewellery)

Quality

IMPACT VERY HIGH · LIKELYHOOD ALMOST CERTAIN

Risk description

Risk of not meeting clients' expectations in terms of product quality

Potential impacts on the Group

Financial

- High product return rate
- Loss of sales

Reputational

- Negative publicity
- Clients dissatisfaction

Action plans in progress

Reduction / Group

- Ensure that products follow Group's specifications especially for new products
- Implementation of a product return policy without discussion except for obvious negligence or fraud
- Reporting of the cost of non-quality
- Investigate on returns (suppliers, type of product, root cause, type of issue)
- Increase physical tests to ensure product are compliant with initial specifications

FINANCIAL REPORT

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

FISCAL YEAR ENDED AS AT SEPTEMBER 30, 2022

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, 2022. 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 include 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 1,016 stores directly operated stores and 65 corners, including 551 stores and wedding fairs in France as well as 40 corners (including one store in Monaco), 385 stores in Italy, 50 stores in Germany, 25 stores and wedding fairs in Belgium as well as 2 corners, 3 stores and 23 corners in Spain and 2 stores in Luxembourg as of September 30, 2022, as well as 6 E-commerce platforms in France and Belgium (histoiredor.com and marc-orian.com, agatha.fr), Italy (stroilioro.com), Spain (agatha.es) and Germany (orovivo.de). We also have 35 affiliated partner stores in France (7 openings during the fiscal year ended September 30, 2022) as well as wholesale activity through our French subsidiary (Venson Paris) and our Italian subsidiary (Thom Trade Italy).

We sell our products under our seven complementary main banners: Histoire d'Or (393 stores), Stroili (336 stores), Agatha (36 stores and 65 corners), Marc Orian (90 stores), TrésOr (66 stores), OROVIVO (50 stores) and Franco Gioielli (36 stores). We also operate, in France, 9 additional stores under the Smizze banner. As of September 30, 2022, we have no more 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, 2022.

B. Accounting principles

We have prepared our 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).

  In the specific context of COVID-19 pandemic, the like-for-like sales and gross margin should be read carefully: the perimeters of stores from one year to another are indeed like-for-like, however the comparison of the performance is distorted by lockdowns period. Like-for-like sales and gross margin are not restated from comparable store opening period from one period to another.
- **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. 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"), 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 fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021

A. Income Statement

The table below sets forth certain line items from our income statement for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

		Fourth Quarter				Full Year			
In €m		2021	2022	Var. €m	Var. %	2021	2022	Var. €m	Var. %
Total Sales	a)	221.5	213.5	(8.0)	(3.6)%	711.0	937.4	226.4	31.8%
Other operating income	b)	4.5	4.7	0.3	5.8%	17.9	9.6	(8.3)	(46.4)%
Cost of goods sold	c)	(89.7)	(70.6)	19.1	21.3%	(241.0)	(319.1)	(78.1)	(32.4)%
Personnel expenses	g)	(51.2)	(57.1)	(5.9)	(11.5)%	(173.8)	(232.6)	(58.8)	(33.8)%
Direct and indirect operating costs	h)	(41.4)	(55.5)	(14.1)	(34.1)%	(164.3)	(198.6)	(34.3)	(20.9)%
Taxes and duties	i)	(2.1)	(2.2)	(0.1)	(4.2)%	(8.0)	(9.5)	(1.6)	(19.7)%
Depreciation, amortisation & provisions, Net	j)	(13.9)	(11.4)	2.4	17.5%	(37.6)	(30.6)	6.9	18.5%
Operating income	f)	27.6	21.3	(6.3)	(22.8)%	104.3	156.5	52.3	50.2%
Financial income (expense)	k)	(11.8)	(8.6)	3.2	27.1%	(49.9)	(30.6)	19.3	38.7%
Income (expense) from recurring operations		15.8	12.7	(3.1)	(19.7)%	54.3	126.0	71.6	131.8%
Non-recurring income (expense)	l)	(0.6)	(2.2)	(1.5)	(253.4)%	(13.4)	3.9	17.3	129.0%
Income tax	m)	(10.0)	(4.6)	5.4	54.0%	(15.6)	(40.7)	(25.1)	(161.0)%
Non-controlling interests		0.0	0.1	0.1	n/a	0.0	0.2	0.2	n/a
Net income (loss)		5.2	6.0	0.8	15.5%	25.4	89.4	64.0	252.5%

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 periods and the fiscal years ended September 30, 2022 and 2021.

		Fourth Quarter				Full Year			
In €m		2021	2022	Var. €m	Var. %	2021	2022	Var. €m	Var. %
Total Sales	a)	221.5	213.5	(8.0)	(3.6)%	711.0	937.4	226.4	31.8%
Cost of goods sold	c)	(89.7)	(70.6)	19.1	21.3%	(241.0)	(319.1)	(78.1)	(32.4)%
Cost reinvoiced		(0.4)	(1.0)	(0.5)	(113.1)%	(0.7)	(1.2)	(0.4)	(60.9)%
Gross margin	d)	131.3	141.9	10.6	8.1%	469.2	617.1	147.9	31.5%
As a % of Network sales		67.4%	70.6%		3.2 pp	69.4%	69.4%		0.1 pp
Total Network direct costs		(68.5)	(82.2)	(13.7)	(20.0)%	(247.2)	(326.5)	(79.3)	(32.1)%
Network contribution	e)	62.8	59.7	(3.1)	(5.0)%	222.1	290.6	68.5	30.9%
As a % of Network sales		32.2%	29.7%		(2.5)pp	32.8%	32.7%		(0.1)pp
Indirect Costs		(20.8)	(26.4)	(5.6)	(26.8)%	(78.3)	(100.8)	(22.4)	(28.7)%
Closed Stores		(0.3)	0.0	0.4	114.2%	0.1	0.4	0.3	191.9%
Reported EBITDA	f)	41.7	33.4	(8.3)	(20.0)%	143.9	190.2	46.3	32.2%
As a % of Network sales		21.4%	16.6%		(4.8)pp	21.3%	21.4%		0.1 pp

a. Total sales

The table below presents the detail of our total sales for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**
Sales of precious metals	26.0	11.3	(14.7)	(56.6%)	32.5	45.9	13.4	41.4%
Invoicing to suppliers	0.2	0.2	0.1	46.1%	1.0	1.2	0.2	19.9%
Purchasing & logistics services	0.1	0.1	0.0	0.0%	0.4	0.4	0.0	0.0%
Other	0.3	0.9	0.5	145.8%	0.6	1.1	0.5	84.5%
Other Sales	**26.6**	**12.5**	**(14.1)**	**(53.1%)**	**34.5**	**48.7**	**14.2**	**41.0%**
Total Sales	**221.5**	**213.5**	**(8.0)**	**(3.6%)**	**711.0**	**937.4**	**226.4**	**31.8%**

In the three-month period ended September 30, 2022, total sales amounted to €213.5 million, a decrease of €8.0 million, or 3.6%, from €221.5 million in the three-month period ended September 30, 2021, mainly due to a €14.7 million decrease in our sales of precious metal explained by a significant sale and buy back operation with foundries in September 2021 (one off operation with no impact on Gross Margin), partly offset by an increase of €6.2 million increase in our network sales showing the ongoing growing performance of the group. Network was fully open both in the three-month periods ended September 30, 2022 and 2021.

In the fiscal year ended September 30, 2022, total sales amounted to €937.4 million an increase of €226.4 million, or 31.8%, from €711.0 million in the fiscal year ended September 30, 2021, mainly due to a €212.3 million increase in our network sales and to a €13.4 million increase in our sales of precious metal. Network sales' increase in the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021 was due to a limited impact of sanitary constraints compared to the fiscal year ended September 30, 2021 when the network was closed 29% of the time and to a very good performance of France and Italy, which benefited from the reorganization of the salesforce, the development of a new offering and a new brand positioning. Sales of precious metals of €26.4 million in France and €19.5 million in Italy mainly related to hedging operations in France and to sales to foundries in the regular course of business in Italy. In 2021, the Group has decided to build up a gold inventory and therefore limited sales of gold were achieved in France.

Our E-commerce platforms contributed €9.8 million to our network sales during the three-month period ended September 30, 2022 and €49.2 million during the fiscal year ended September 30, 2022, representing, respectively, an increase of €1.3 million, or 15.2% and a decrease of €14.9 million, or 23.2%, as compared to the same periods in the prior year. The decrease of 23.2% in the fiscal year ended September 30, 2022 happened after an increase of +116% in the fiscal year ended September 30, 2021 as compared to the fiscal year ended September 30, 2020 (whereas the market only grew by +46% in the same period) due a to switch from offline to online during Covid19. The level of digital sales is diluted by the strong recovery of stores but remains at a good level of 8% of network sales in France.

Closed stores evolution related to the COVID-19 pandemic during the fiscal year ended September 30, 2022 and September 30, 2021

During the fiscal year ended September 30, 2022, the Group has not been significantly impacted by COVID-19 pandemic restrictions unlike in the fiscal year ended September 30, 2021, when the Group's activity was strongly 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 YTD 2021

- 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, and stores remained closed until May 18, 2021.
- From August 9, 2021, a health pass was necessary in France to access certain places (cinema, museums, amusement parks, restaurants, bars…). 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 inhabitants. 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.

In YTD 2022

- No lockdown or stores closed related to COVID-19 related restrictions in France. However, France's activity and stores organization were slightly impacted in January and February 2022 by COVID-19 cases among our employees which compelled the Group to close temporarily certain of its stores or to suffer from the lack of employees in some stores.

Italy was impacted by the following restrictions:

In YTD 2021

- 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 restrictions were imposed in June 2021.

In YTD 2022

- No specific restrictions were imposed the fiscal year ended September 30, 2022.

Germany was impacted by the following restrictions:

In YTD 2021

- From December 16, 2020 (or, for some stores, December 14, 2020) through March 8, 2021, all stores were fully closed, resulting in a closure rate of 49% 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 restrictions were imposed in June 2021.

In YTD 2022

- Stores' access was restricted to vaccinated or recovered customers (the "2G" rule) starting November 2021 in some regions and starting December 8, 2021 for the others due to COVID-19 pandemic. Vaccination rate in Germany were still low and the traffic in our stores was slowed down. Also, due to COVID-19, some shops were heavily impacted by absences of employees and sales assistants had to be replaced by people from other stores, when possible. Some stores were even running without a manager.
- Since February 2022, there were no more restrictions to access stores.

In the fiscal year ended September 30, 2022, the Group didn't face any COVID-19 related restrictions. The network was open 100% of the time.

As a reminder, 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, 2022 (29% on average for FY 2021 compared to 0% in FY 2022).

	Q1 2021			Q2 2021			Q3 2021			Q4 2021				
In €m	oct-20	nov-20	dec-20	jan-21	feb-21	mar-21	apr-21	may-21	jun-21	jul-21	aug-21	sep-21	FY21	FY22
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%**	

Network sales by activity, perimeter, by channel and by brand

The table below presents the network sales by activity for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	2021	2022	Var. €m	Var. %	2021	2022	Var. €m	Var. %
Stores - LFL	177.5	179.8	2.3	1.3%	583.1	790.6	207.6	35.6%
Stores - Change in perimeter	5.4	3.9	(1.5)	(27.8%)	12.492	15.2	2.7	22.0%
E-commerce	8.5	9.8	1.3	15.2%	64.1	49.2	(14.9)	(23.2%)
Total BtoC	**191.4**	**193.5**	**2.1**	**1.1%**	**659.7**	**855.1**	**195.5**	**29.6%**
Wholesale - LFL	0.8	(0.0)	(0.9)	(105.7%)	3.6	0.5	(3.0)	(85.6%)
Wholesale - Change in perimeter	1.4	5.3	3.8	263.2%	6.3	21.5	15.2	240.8%
Affiliates	1.1	2.2	1.2	105.9%	6.3	11.3	4.9	78.3%
Total BtoB	**3.4**	**7.4**	**4.1**	**122.3%**	**16.2**	**33.2**	**17.1**	**105.5%**
Other Incubating Projects - LFL	0.1	0.1	0.0	17.5%	0.1	0.2	0.2	199.5%
Other Incubating Projects - Change in Perimeter	0.1	0.0	(0.1)	(100.0%)	0.6	0.1	(0.4)	(74.8%)
Total Incubating Projects	**0.1**	**0.1**	**(0.1)**	**n/a**	**0.6**	**0.4**	**(0.3)**	**(39.9%)**
Total network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

The table below presents the detail of our network sales by perimeter on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	2021	2022	Var. €m	Var. %	2021	2022	Var. €m	Var. %
Network sales France	111.7	114.8	3.0	2.7%	417.0	536.1	119.1	28.6%
Network sales Italy	64.2	63.2	(1.0)	(1.6%)	198.0	255.4	57.4	29.0%
Network sales RoE	10.9	11.6	0.7	6.7%	35.8	49.0	13.2	37.0%
Total network sales on a LFL basis	**186.8**	**189.6**	**2.7**	**1.5%**	**650.7**	**840.5**	**189.8**	**29.2%**
Change in perimeter	8.0	11.4	3.4	42.5%	25.7	48.2	22.5	87.3%
Network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

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, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	2021	2022	Var. €m	Var. %	2021	2022	Var. €m	Var. %
Store & corner	177.5	179.8	2.3	1.3%	583.1	790.6	207.6	35.6%
E-commerce	8.5	9.8	1.3	15.2%	64.1	49.2	(14.9)	(23.2%)
Wholesale (*)	0.8	(0.0)	(0.9)	(105.7%)	3.6	0.5	(3.0)	(85.6%)
Other	0.0	0.0	(0.0)	(58.7%)	0.0	0.1	0.1	732.6%
Total network sales on a LFL basis	**186.8**	**189.6**	**2.7**	**1.5%**	**650.7**	**840.5**	**189.8**	**29.2%**
Change in perimeter	8.0	11.4	3.4	42.5%	25.7	48.2	22.5	87.3%
Network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

(*) The life-for-like perimeter for wholesale represents only the historical part of wholesale included in the Italian subsidiary Stroili. The data is not easily readable as there has been change in scope for this activity. Please refer to Network Sales by activity above for a full view of the wholesale activity.

The table below presents the detail of our network sales by banner on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	2021	2022	Var. €m	Var. %	2021	2022	Var. €m	Var. %
Histoire d'Or	98.3	102.0	3.7	3.8%	372.5	474.1	101.6	27.3%
Stroili	57.8	57.1	(0.7)	(1.2%)	179.4	231.4	51.9	28.9%
Marc Orian	15.3	14.9	(0.4)	(2.8%)	53.4	70.7	17.3	32.4%
Franco Gioielli	4.5	4.3	(0.2)	(4.4%)	12.8	16.7	3.9	30.5%
TrésOr	4.7	4.5	(0.1)	(2.7%)	15.8	21.1	5.3	33.5%
Orovivo	5.9	6.3	0.5	8.2%	15.0	24.6	9.6	63.8%
Other	0.4	0.4	0.0	3.6%	1.8	2.0	0.2	12.2%
Total network sales on a LFL basis	**186.8**	**189.6**	**2.7**	**1.5%**	**650.7**	**840.5**	**189.8**	**29.2%**
Change in perimeter	8.0	11.4	3.4	42.5%	25.7	48.2	22.5	87.3%
Total network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

In the three-month period ended September 30, 2022, on a like-for-like basis, our network sales increased by €2.7 million, or 1.5%, to €189.6 million compared to €186.8 million in the three-month period ended September 30, 2021. The increase in like-for-like sales was mainly due to the very good performance of stores in France and Germany, not offset by the slightly lower performance in Italy in the three-month period ended September 30, 2022 compared to the three-month period ended September 30, 2021, after a significant increase of +30% notably in July 2021 compared to July 2020 driven by the successful recovery of sales after stores reopening in May 2021. Doing better than the three-month period ended September 30, 2021, which was an exceptional quarter, was challenging. In this respect, the performance of the three-month period ended September 30, 2022 is a strong achievement.

In the fiscal year ended September 30, 2022, on a like-for-like basis, our network sales increased by €189.8 million, or 29.2%, to €840.5 million compared to €650.7 million in the fiscal year ended September 30, 2021. The increase in like-for-like sales was mainly due to a limited impact of sanitary constraints compared to the same period in prior year, explained by a network fully open the fiscal year ended September 30, 2022 compared to a 29% network closed on average in the fiscal year ended September 30, 2021 and to store sales growth at a higher pace than market in Italy and France. France benefited from an increase in brand attractiveness and the development of omnichannel sales (+21% inventory 2.0 vs. last year). Italy benefited from a reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning.

Our two main banners, Histoire d'Or and Stroili, performed very well, with 27.3% and 28.9% increases, respectively, in network sales in the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021, mainly due to the absence of Covid-19 related restrictions compared to the same period last year as well as the increase in brand attractiveness in France and to a new brand positioning in Italy.

The table below presents the detail of the change in perimeter for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Wholesale (exclu. LFL)	1.4	5.3	3.8	263.2%	6.3	21.5	15.2	240.8%
Affiliates	1.1	2.2	1.2	105.9%	6.3	11.3	4.9	78.3%
Other Change in perimeter	5.5	3.9	(1.5)	(28.1%)	13.1	15.5	2.4	18.0%
Total Change in perimeter	**8.0**	**11.4**	**3.4**	**42.5%**	**25.7**	**48.2**	**22.5**	**87.3%**

In the three-month period ended September 30, 2022, the change in perimeter increased by €3.4 million, or 42.5%, to €11.4 million compared to €8.0 million in the three-month period ended September 30, 2021.

In the fiscal year ended September 30, 2022, the change in perimeter increased by €22.5 million, or 87.3% to €48.2 million, from €25.7 million in the fiscal year ended September 30, 2021. The increase is mainly explained by the full year impact of Venson's acquisition and the development of the wholesale business for €15.2 million as well as the affiliates activity for €4.9 million (+7 stores opened in the fiscal year ended September 30, 2022).

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 periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
E-commerce sales France	7.0	8.0	1.0	14.3%	54.8	41.4	(13.4)	(24.4%)
E-commerce sales Italy	1.2	1.4	0.2	16.0%	8.1	6.1	(1.9)	(24.1%)
E-commerce sales RoE	0.3	0.4	0.1	34.4%	1.2	1.7	0.5	37.4%
Total E-commerce sales	**8.5**	**9.8**	**1.3**	**15.2%**	**64.1**	**49.2**	**(14.9)**	**(23.2%)**

In the three-month period ended September 30, 2022, E-commerce sales amounted to €9.8 million, an increase of €1.3 million, or 15.2%, from €8.5 million in the three-month period ended September 30, 2021 showing E-commerce embedded growth when compared to a period which was not impacted by Covid19 .

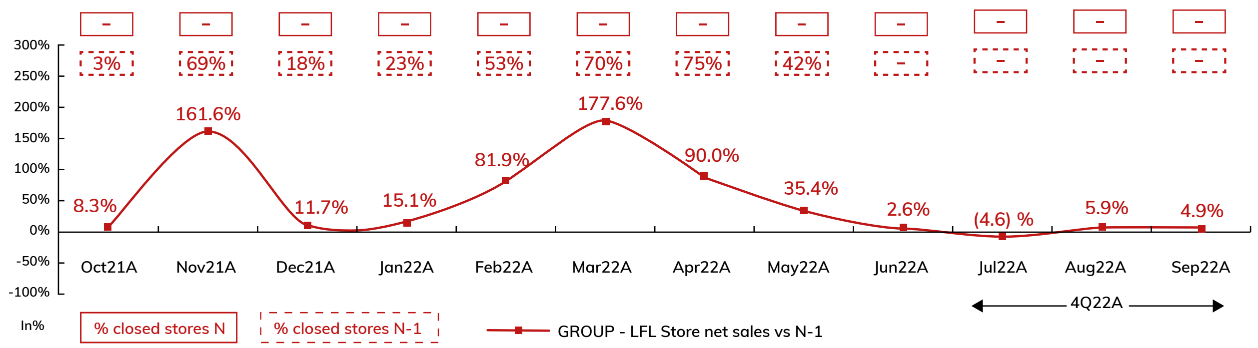
In the fiscal year ended September 30, 2022, E-commerce sales amounted to €49.2 million, a decrease of €14.9 million, or 23.2%, from €64.1 million in the fiscal year ended September 30, 2021. The decrease in the fiscal year ended September 30, 2022, is mainly explained by the extremely strong performance of E-commerce in the fiscal year ended September 30, 2021, which benefited from the shift in sales from offline to online due to lockdowns (+116% compared to the fiscal year ended September 30, 2020). The level of E-commerce sales in the fiscal year ended September 30, 2022 remained at a good level of 8% network sales in France.

Quarterly network sales

The table below presents our network sales quarterly for the fiscal years ended September 30, 2022, 2021, 2020, 2019 and 2018 (audited).

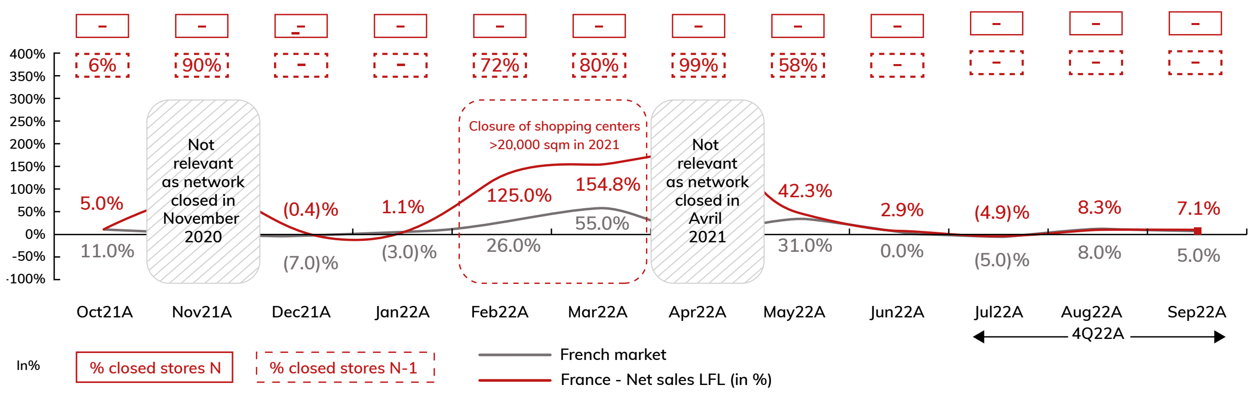
In €m	**Audited 2018**	**Audited 2019**	**Audited 2020**	**Audited 2021**	**Audited 2022**
Quarter 1 (Oct - Dec)	230.9	239.2	254.4	232.4	304.9
Quarter 2 (Jan - Mar)	143.0	146.2	129.6	106.0	179.5
Quarter 3 (Apr - June)	152.1	162.5	82.0	143.2	203.4
Quarter 4 (July - Sep)	146.8	155.9	171.3	194.8	201.0
Network sales	**672.7**	**703.8**	**637.3**	**676.5**	**888.7**

The graph below presents the growth of our like-for-like network sales monthly for the twelve months ended September 30, 2022, as compared to the same months in the prior year.



Our network sales showed strong growth across geographies over the fiscal year ended September 30, 2022, with significant increase during the months closed for lockdowns over the fiscal year ended September 30, 2021 (November 2020 to May 2021), except for July 2022 for which the growth rate compared to July 2021 was (4.6)% as the sales in July 2021 (+22.1%) were boosted by the recent reopening of the stores. At the Group level, in the fiscal year ended September 30, 2022, network sales on a like-for-like basis increased by €189.8 million, or 29.2%, compared to the fiscal year ended September 30, 2021, mainly due the limited impact of Covid-related restrictions and to store sales growth at a higher pace than market.

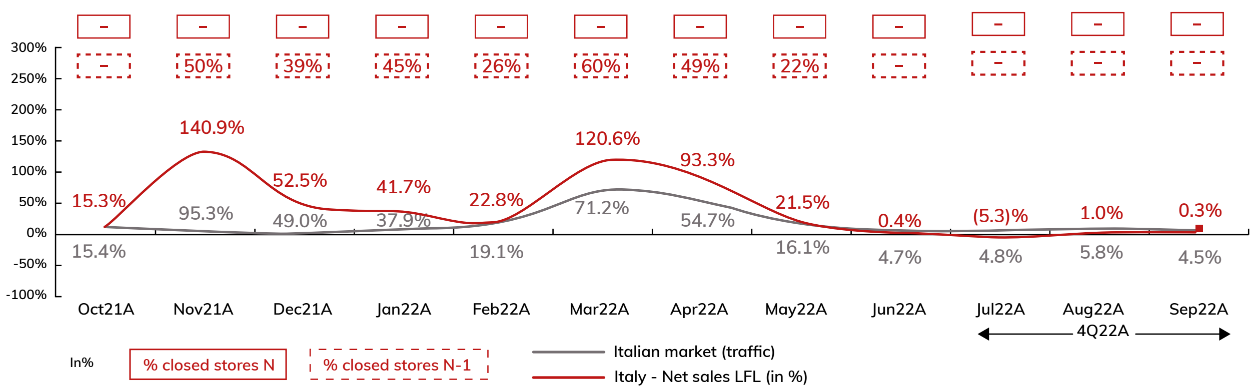
France



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

In the fiscal year ended September 30, 2022, France benefited from an increase in brand attractiveness and the development of omnichannel sales (+21% inventory 2.0 vs. prior year). Overall market decrease in December is due to the switch of Black Friday to November (December last year), France managed however to outperformed the market in December 2021 due to the embedded growth of stores. In January 2022, the group applied strict policy to close all stores if a COVID-19 case occurred within employees for cleaning, which had an unfavourable impact vs. market (2/3 of the stores were closed at least one time). From February to May 2022, the strong increase in network sales compared to February to May 2021 was explained by the closure of all shopping centers of more than 20.000 sqm in February 2021 and more than 10,000 sqm in March 2021 and national lockdown from April 3 to May 3, 2021 with stores remaining closed until May 18, 2021. In June and July 2022, the growth rates compared to June and July 2021 were respectively 2.9% and (4.9)% as the sales in June (+18.6%) and July (+22.1%) 2021 were boosted by the recent reopening of the stores.

Italy



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

Italy performed much better than market during the fiscal year ended September 30, 2022, except from July to September 2022 mainly due to the significant over-performance versus market in the same period in 2021 (+27pps in July, 20pps in August and September). Italy benefited from a reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning.

b. Other Operating Income

Other Operating Income amounted to €9.6 million in the fiscal year ended September 30, 2022, a decrease of €8.3 million, or 46.4%, from €17.9 million in the fiscal year ended September 30, 2021. The decrease is mainly explained by the €10.4 million subsidy 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 in each case in the context of the COVID-19 in the fiscal year ended September 30, 2021 compared to none this year.

c. Cost of goods sold

The table below presents the detail of our cost of goods sold for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Purchase of finished goods	(50.5)	(78.2)	(27.6)	54.7%	(205.1)	(308.5)	(103.4)	50.4%
Change in inventories - finished goods	(14.8)	19.4	34.2	(231.1%)	3.6	50.7	47.0	1,293.6%
COGS - Finished Goods	**(65.3)**	**(58.8)**	**6.5**	**(10.0%)**	**(201.5)**	**(257.9)**	**(56.4)**	**28.0%**
Purchase of raw materials	(27.9)	(16.0)	11.9	(42.6%)	(54.8)	(55.2)	(0.4)	0.7%
Change in inventories - raw materials	3.5	4.1	0.7	18.9%	15.3	(6.1)	(21.4)	(139.8%)
COGS - Raw materials	**(24.4)**	**(11.9)**	**12.5**	**(51.3%)**	**(39.6)**	**(61.3)**	**(21.7)**	**54.9%**
Cost of goods sold	**(89.7)**	**(70.6)**	**19.1**	**(21.3%)**	**(241.0)**	**(319.1)**	**(78.1)**	**32.4%**

In the three-month period ended September 30, 2022, cost of goods sold totaled €70.6 million, a decrease of €19.1 million, or 21.3%, from €89.7 million in the three-month period ended September 30, 2021, mainly impacting Italy (€10.2 million increase) and France (€8.1 million increase) and resulting from the anticipation of Christmas purchases and the building of a security stock.

In the fiscal year ended September 30, 2022, cost of goods sold totaled €319.1 million, an increase of €78.1 million, or 32.4%, from €241.0 million in the fiscal year ended September 30, 2021, mainly due to France (€51.5 million increase) and Italy (€22.7 million increase out of which €5.4 million for the wholesale). The €78.1 million increase is resulting from (i) the limited impact of Covid-19 restrictions compared to the same period last year, (ii) to the strong performance of sales during the fiscal year ended September 30, 2022 as compared to the fiscal year ended September 30, 2021, and, (iii) to a lesser extent to the change in gold inventories for €21.4 million (the variation in change in inventories reflected the build-up of gold inventory in the fiscal year ended September 30, 2021 and the use of this gold inventory in the fiscal year ended September 30, 2022), not offset by (iv) the €47.0 million variation in change in inventories (detailed hereafter). In the fiscal year ended September 30, 2022, change in inventory for finished goods for €50.7 million is mainly explained by (i) €10.2 million euros by the activity effect, (ii) €9.5 million euros by an anticipation of Christmas inventories, (iii) €9.3 million euros by the building of a security stock in order for the group to anticipate potential logistic issues ahead of the festive season and to ensure the good availability of products in stores, (iv) €10.7 million euros by an increase of products range width (new references), (v) €6.0 million euros by the optimization of shortage rate in stores and (vi) €5.2 million euros by the increase in inventories related to the development of group's wholesale business in France (Venson Paris) and in Italy (Thom Trade Italy), compared to a €3.6 million with lower activity and a stock cleaning policy in the fiscal year ended September 30, 2021.

d. Gross margin

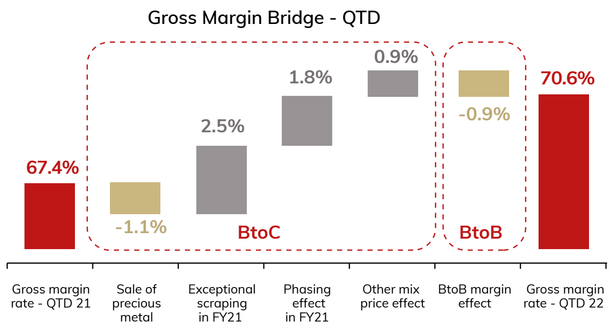
The table below presents the detail of gross margin in value and as a percentage of network sales for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

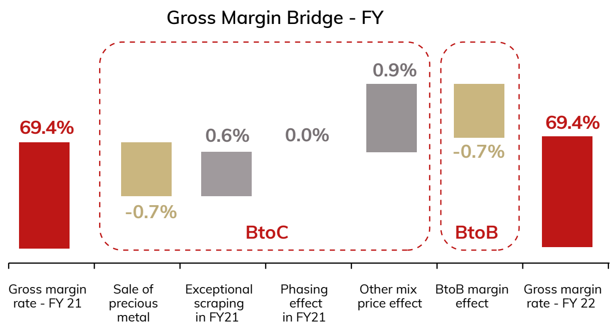
	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Network sales	194.8	201.0	6.2	3.2%	676.5	888.7	212.3	31.4%
Sales of precious metals	26.0	11.3	(14.7)	(56.6)%	32.5	45.9	13.4	41.4%
Invoicing to suppliers	0.2	0.2	0.1	46.1%	1.0	1.2	0.2	19.9%
Purchasing & logistics services - reinvoicing	0.1	0.1	0.0	0.0%	0.4	0.4	0.0	0.0%
Other - reinvoicing	0.3	0.9	0.5	145.8%	0.6	1.1	0.5	84.5%
Total Sales	**221.5**	**213.5**	**(8.0)**	**(3.6%)**	**711.0**	**937.4**	**226.4**	**31.8%**
Cost of goods sold	**(89.7)**	**(70.6)**	**19.1**	**21.3%**	**(241.0)**	**(319.1)**	**(78.1)**	**(32.4%)**
Costs reinvoiced	**(0.4)**	**(1.0)**	**(0.5)**	**(113.1%)**	**(0.7)**	**(1.2)**	**(0.4)**	**(60.9%)**
Gross Margin	**131.3**	**141.9**	**10.6**	**8.1%**	**469.2**	**617.1**	**147.9**	**31.5%**
As a % of Network sales	67.4%	70.6%		319.6	69.4%	69.4%		7.1

In the three-month period ended September 30, 2022, gross margin totaled €141.9 million, an increase of €10.6 million, or 8.1%, from €131.3 million in the three-month period ended September 30, 2021. The increase in gross margin contribution as a percentage of network sales of 319.6 basis point, from 67.4% in the three-month period ended September 30, 2021 to 70.6% in the three-month period ended September 30, 2022, was mainly explained by the exceptional scraping in Italy and Germany in the three-month period ended September 30, 2021 for circa €5.0m and by a phasing effect of scraping in the three-month period ended September 30, 2022 (spread throughout the year in the fiscal year ended September 30, 2022 vs. focused on the three-month period ended September 30, 2021 due to Covid lockdowns).

In the fiscal year ended September 30, 2022, gross margin totaled €617.1 million, an increase of €147.9 million, or 31.5%, from €469.2 million in the fiscal year ended September 30, 2021. Gross margin contribution as a percentage of network sales remained stable at 69.4% in the fiscal year ended September 30, 2022, explained by the exceptional scraping in Italy and Germany in the fiscal year ended September 30, 2021 for circa €5.0m fully offset by the dilutive effect of B to B activities (wholesale and affiliated partners) particularly as the wholesale activity is growing and has structurally lower margin than our B to C activity (stores and ecommerce) and also, by the impact of sales of precious metal.

The bridge below set forth the change in gross margin as a percentage of total sales between the fiscal years ended September 30, 2022 and 2021, as well as in the three-month periods ended September 30, 2022 and 2021.





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 periods and the fiscal years ended September 30, 2022 and 2021.

Gross margin in value

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Gross Margin France	81.2	84.4	3.1	3.9%	296.7	380.2	83.5	28.1%
Gross Margin Italy	39.2	43.1	3.8	9.8%	133.9	178.0	44.1	32.9%
Gross Margin RoE	6.4	8.1	1.7	26.8%	23.6	34.0	10.3	43.7%
Gross Margin on a LFL basis	**126.8**	**135.5**	**8.7**	**6.9%**	**454.3**	**592.3**	**138.0**	**30.4%**
Change in perimeter	4.5	6.4	1.9	41.7%	14.2	23.1	8.9	62.5%
Other income & expenses	0.0	0.0	0.0	n.a.	0.7	1.7	1.0	150.3 %
Gross Margin	**131.3**	**141.9**	**10.6**	**8.1%**	**469.2**	**617.1**	**147.9**	**31.5%**

Gross margin as a percentage

	Fourth Quarter			Full Year		
In €m	**2021**	**2022**	**Var in bp**	**2021**	**2022**	**Var in bp**
Gross Margin France	72.7%	73.5%	80.9	71.2%	70.9%	(23.4)
Gross Margin Italy	61.1%	68.2%	708.5	67.7%	69.7%	205.5
Gross Margin RoE	58.4%	69.5%	1,105.0	66.1%	69.3%	323.4
Gross Margin on a LFL basis	**67.9%**	**71.5%**	**360.6**	**69.8%**	**70.5%**	**64.8**
Change in perimeter	56.1%	55.8%	(32.9)	55.4%	48.0%	(731.7)
Gross Margin	**67.4%**	**70.6%**	**319.6**	**69.4%**	**69.4%**	**7.1**

In the three-month period ended September 30, 2022, gross margin on a like-for-like basis totaled €135.5 million, an increase of €8.7 million, or 6.9%, from €126.8 million in the three-month period ended September 30, 2021. Our gross margin as a percentage of network sales on a like-for-like basis was 71.5% in the three-month period ended September 30, 2022, an increase of 360.6 basis points from 67.9% in the three-month period ended September 30, 2021. This was mainly explained by the exceptional scraping in Italy and Germany in the three-month period ended September 30, 2021 for circa €5.0m and by a phasing effect of scraping in the three-month period ended September 30, 2022 (spread throughout the year in the fiscal year ended September 30, 2022 vs. focused on the three-month period ended September 30, 2021 due to Covid lockdowns).

In the fiscal year ended September 30, 2022, gross margin on a like-for-like basis totaled €592.3 million, an increase of €138.0 million, or 30.4%, from €453.3 million in the fiscal year ended September 30, 2021. Our gross margin as a percentage of network sales on a like-for-like basis was 70.5% in the fiscal year ended September 30, 2022, an increase of 64.8 basis points from 69.8% in the fiscal year ended September 30, 2021. This was mainly due to the exceptional scraping in Italy and Germany in the fiscal year ended September 30, 2021 for circa €5.0m, fully offset by the dilutive effect of B to B activities (wholesale and affiliated partners) particularly as the wholesale activity is growing and has structurally lower margin than our B to C activity (stores and E-commerce) and also, by the impact of sales of precious metal.

e. Network contribution

The table below presents the detail of our network contribution for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Gross Margin	**131.3**	**141.9**	**10.6**	**8.1%**	**469.2**	**617.1**	**147.9**	**31.5%**
Personnel expenses - network	(38.4)	(44.1)	(5.6)	14.7%	(128.5)	(177.3)	(48.9)	38.0%
Rent & charges - network	(21.4)	(25.4)	(4.0)	18.5%	(79.7)	(92.9)	(13.2)	16.6%
Marketing costs - network	(2.9)	(4.0)	(1.1)	39.7%	(16.5)	(17.8)	(1.2)	7.4%
Taxes - network	(1.6)	(1.8)	(0.2)	9.3%	(6.5)	(7.4)	(0.9)	13.6%
Overheads - network	(4.2)	(6.9)	(2.8)	66.5%	(16.0)	(31.1)	(15.1)	94.8%
Total network direct costs	**(68.5)**	**(82.2)**	**(13.7)**	**20.0%**	**(247.2)**	**(326.5)**	**(79.3)**	**32.1%**
As a % of network sales	(35.2)%	(40.9)%		(573.3)	(36.5)%	(36.7)%		(20.1)
Network contribution	**62.8**	**59.7**	**(3.1)**	**(5.0%)**	**222.1**	**290.6**	**68.5**	**30.9%**
As a % of Network sales	32.2%	29.7%		(253.7)	32.8%	32.7%		(13.0)

In the three-month period ended September 30, 2022, network contribution totaled €59.7 million, a decrease of €3.1 million, or 5.0%, from €62.8 million in the three-month period ended September 30, 2021 mainly explained by a stretched cost structure in the three-month period ended September 30, 2021 following a long period of Covid-19 pandemic restrictions (from November 2020 to May 2021). The increase in direct cost expenses was mainly explained by (i) the inflation and activity impact for €7.4m, (ii) a €2.7 subsidy for Fixed Cost Coverage Plan accrued in overheads in the three-month period ended September 30, 2021 compared to none in the three-month period ended September 30, 2022, (iii) a €2.5 accrual for variable rent explained by a timing effect in the three-month period ended September 30, 2022 due to very high level of sales in the period, and (iv) a €1.5m extraordinary bonus ("Macron" bonus) in the three-month period ended September 30, 2022, compared to none in the three-month period ended September 30, 2021.

In the fiscal year ended September 30, 2022, network contribution totaled €290.6 million, an increase of €68.5 million, or 30.9%, from €222.1 million in the fiscal year ended September 30, 2021. Over the period, the network contribution as a percentage of net sales slightly decreased by 13.0 basis point as compared to the fiscal year ended September 30, 2021. The increase in absolute value of €68.5 million is mainly explained by the strong performance of stores compared to the same period prior year and not offset by the significant increase in network direct costs, mainly explained by costs reduction like furlough schemes, rent abatements negotiations, as well as lower activity, in the fiscal year ended September 30, 2021 due to the impact of COVID-19 pandemic restrictions.

The table below presents the bridge between network contribution and Reported EBITDA for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Network Contribution	**62.8**	**59.7**	**(3.1)**	**(5.0)%**	**222.1**	**290.6**	**68.5**	**30.9%**
Indirect Costs	(20.8)	(26.4)	(5.6)	26.8%	(78.3)	(100.8)	(22.4)	28.7%
Contribution of closed stores	(0.3)	0.0	0.4	(114.2%)	0.1	0.4	0.3	191.9%
Reported EBITDA	**41.7**	**33.4**	**(8.3)**	**(20.0%)**	**143.9**	**190.2**	**46.3**	**32.2%**

In the three-month period ended September 30, 2022, indirect costs totaled €26.4m, a €5.6m increase, or 26.8% compared to €20.8m in the three-month period ended September 30, 2021, mainly due to (i) €3.4m extraordinary bonuses paid to employees following the good performance of the year, (ii) €1.0m marketing cost related to the new media campaign and (iii) €0.8m impact of higher activity and inflation.

f. Reported EBITDA to Operating Income

The table below presents the bridge from Reported EBITDA to operating income for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Reported EBITDA	**41.7**	**33.4**	**(8.3)**	**(20.0)%**	**143.9**	**190.2**	**46.3**	**32.2%**
Depreciation, amortisation & provisions, net	(13.9)	(11.4)	2.4	17.5 %	(37.6)	(30.6)	6.9	18.5 %
Business tax (CVAE)	(0.5)	(0.5)	0.0	2.3 %	(2.0)	(2.6)	(0.7)	(33.4)%
Contribution of closed stores	0.3	(0.0)	(0.4)	(114.2)%	(0.1)	(0.4)	(0.3)	(191.9)%
Operating Income	**27.6**	**21.3**	**(6.3)**	**(22.7)%**	**104.3**	**156.5**	**52.3**	**50.2 %**

Quarterly Reported EBITDA

The table below presents our Reported EBITDA quarterly for the fiscal years ended September 30, 2022, 2021, 2020, 2019 and 2018 (audited).

In €m	**Audited 2018**	**Audited 2019**	**Audited 2020**	**Audited 2021**	**Audited 2022**
Quarter 1 (Oct - Dec)	66.8	69.3	75.7	76.2	101.9
Quarter 2 (Jan - Mar)	13.2	13.0	7.4	1.3	13.2
Quarter 3 (Apr - June)	22.0	26.4	3.9	24.6	41.3
Quarter 4 (July - Sep)	21.3	21.3	32.9	41.7	33.3
Adjustment for closed stores	0.5	2.1	0.7	0.1	0.4
Network sales	**123.9**	**132.1**	**120.6**	**143.9**	**190.2**

In the three-month period ended September 30, 2022, reported EBITDA (excluding closed stores adjustment) of €33.3 million compared to €41.7 million for the same period the prior year, a decrease of €8.4 million, or 20.1%, mainly explained by (i) a phasing effect due to Covid 19 in 2021 related notably to scrapping seasonality in the fiscal year ended 30 september 2021, the positive effect of a subsidy confirmed in the three-month period ended September 30, 2021 for a higher amount than provision (+€2.7m), and provisions for variable rents in the fiscal year ended 30 september 2022, and (ii) by extraordinary bonuses of €(4.9)m provisioned in the three-month September 30, 2022 (none in the three-month period ended September 30, 2021) due to the extraordinary performance in FY2022. Restated from these two effects the decrease in EBITDA of €(1.4)m mainly stems from the investment in Marketing for the new Histoire d'Or poster campaign (€(1)m), and to inflation.

In the fiscal year ended September 30, 2022, reported EBITDA (excluding closed stores adjustment) totaled €189.8 million, an increase of €46.0 million, or 32.0% from €143.8 million in the fiscal year ended September 30, 2021, as the Group benefited from the strong performance of stores and from a limited impact of restrictions relating to the COVID-19 pandemic compared to the fiscal year ended September 30, 2021 (29% of store network was closed). The strong performance of stores is mainly due to the increase in brand attractiveness and the development of omnichannel sales in France and to the reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning in Italy.

This very good performance was also made possible due to a continuous focus on profitability which allowed the Group to reach a 21.4% EBITDA rate as a percentage of Network Sales in the fiscal year ended September 30, 2022 compared to 21.3% in the fiscal year ended September 30, 2021.

g. Personnel expenses

In the three-month period ended September 30, 2022, personnel expenses totaled €57.1 million, an increase of €5.9 million, or 11.5% from €51.2 million in the three-month period ended September 30, 2021, mainly due to a reduced number of employees in the three-month period ended September 30, 2021, after a long period of Covid-19 restrictions, compared to a now regular staffing in stores in the three-month period ended September 30, 2022 and to a €4.9 extraordinary bonus (on top of regular contractual bonuses) paid to employees (direct and indirect) resulting from the very good performance of the fiscal year end September 30, 2022.

In the fiscal year ended September 30, 2022, personnel expenses totaled €232.6 million, an increase of €58.8 million, or 33.8% from €173.8 million in the fiscal year ended September 30, 2021, mainly due to (i) the strong performance of stores compared to prior year, (ii) to the recourse, in the fiscal year ended September 30, 2021 to various furlough schemes in the countries in which the Group operates, with furlough payments amounting to an aggregate of €10.5 million (none this year), (iii) to the optimization, prior year, of staffing in stores (recruitment freeze and a decision not to renew short-term contracts) which does not apply anymore the fiscal year ended September 30, 2022 and (iv) to the increase, in the fiscal year ended September 30, 2022, of variable bonuses based on sales targets, which were much higher this year compared to the same period prior year due to the increase in sales.

h. Direct and indirect operating expenses

In the three-month period ended September 30, 2022, direct and indirect expenses totaled €55.5 million, an increase of €14.1 million, or 34.1%, from €41.1 million in the three-month period ended September 30, 2021, mainly explained by the activity and inflation impact, by a €2.5m accrual for variable rent explained by a timing effect in the three-month period ended September 30, 2022 due to very high level of sales in the period which triggered higher provision than in the same period last year and by €1.0m for the new Histoire d'or communication campaign.

In the fiscal year ended September 30, 2022, direct and indirect expenses totaled €198.6 million, an increase of €34.3 million, or 20.9%, from €164.3 million in the fiscal year ended September 30, 2021. This increase in direct and indirect operating expenses was mainly attributable to the full recovery of the activity in the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021, impacted by Covid-19 pandemic restrictions (29% of the store network was closed during the period), when the group had a strict cost saving plan in place. The increase in other direct and indirect operating expenses is however relatively limited (20.9%) compared to the increase in network sales (31.8%), mainly due to the continuous focus of the Group on cost control to ensure a high profitability.

i. Taxes and duties

Taxes and duties totaled €9.5 million in the fiscal year ended September 30, 2022, an increase of €1.6 million, or 19.7%, from €8.0million in the fiscal year ended September 30, 2021.

Our taxes and duties mainly include the CVAE (€2.6 million in the fiscal year ended September 30, 2022), 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 increase in taxes and duties in this period was the increase in CVAE, as a result of a higher added value in the fiscal year ended September 30, 2022, compared to the same period in prior year.

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

In the three-month period ended September 30, 2022, change in depreciation, amortization and provisions net of provision reversals totaled a net provision accrual of €11.4 million, a decrease of €2.4 million, or 17.5% from a net provision accrual of €13.9 million in the three-month period ended September 30, 2021. During the three-month period ended September 30, 2022, the €11.4 million change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €10.6 million in amortization and provision of fixed assets and to (ii) a €0.9 million provision for inventories. The €2.4 million increase compared to the three-month period ended September 30, 2021 was due to (i) €5.7 million net variation of inventory provision due to a €4.8 million reversal of provision in the three-month period ended September 30, 2021 after a high level of provision at the end of June, 2021 following a conservative view on the risks related to products not sold during lockdowns, compared to a normative level of provision accrual of €0.9 million in the three-month period ended September 30, 2022 and to (ii) €8.2 million net variation in amortization and provision of fixed assets mainly due to the lower amount of provision for leasehold in the three-month period ended September 30, 2022 compared to the three-month period ended September 30, 2022 where leaseholds were significantly provisioned as a result of deteriorated impairment tests due to Covid-19 pandemic.

In the fiscal year ended September 30, 2022, change in depreciation, amortization and provisions net of provision reversals totaled a provision accrual of €30.6 million, a decrease in provision of €6.9 million, or 18.5% from a net provision of €37.6 million in the fiscal year ended September 30, 2021. During the fiscal year ended September 30, 2022, the €30.6 million change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €30.5 million in amortization and provision of fixed assets and (ii) a €0.8 million reversal of provision for risk and charges mainly due to closed negotiations with landlords in France and Italy during the period almost offset by a €0.7 million provision for inventory. The €6.9 million decrease compared to the fiscal year ended September 30, 2021 was mainly due to a €9.0 million net variation of amortization and provision of fixed assets mainly in France with a €11.5 million leasehold depreciation in the fiscal year ended September 30, 2021 compared to a €3.8 million this year and the increase in reversal of amortization in Italy for €0.9 million this year, not offset by the change in inventory provision for €1.6 million or the change in provision for risk and charges for €0.9 million.

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

k. Financial income (expense)

Intercompany loans with Goldstory are accounted for at Thom Group level. 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 three-month period ended September 30, 2022, financial expense totaled €8.6 million, a decrease of €3.2 million, or 27.1%, from €11.8 million in the three-month period ended September 30, 2021, mainly attributable to the conversion, in September 2021, of the intercompany loan between Goldstory and Thom Group into capital increase for €175.0m.

In the fiscal year ended September 30, 2022, financial expense totaled €30.6 million, a decrease of €19.3 million, or 38.7%, from €49.9 million in the fiscal year ended September 30, 2021. In the fiscal year ended September 30, 2022, our financial expense mainly consisted of €19.8 million in interest related to the proceeds loans and intercompany loan with Goldstory entered into connection with the Senior Secured Notes.

The €19.3 million decrease in financial expense was mainly attributable to (i) a €11.7 million interest expense on TLB (former financing) in the fiscal year ended September 30, 2021 compared to none in the fiscal year ended September 30, 2022, to (ii) a €9.4 million 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, further reduced by €175.0 million as a result of the capital increase on September 24, 2021 (for the same amount) and to reach €24.9 million at the end of September 30, 2022 and to (iii) a €3.1 million in amortization of the bond redemption premium expensed in the fiscal year ended September 30, 2021 compared to none this year, not offset by (iv) a €5.1 million increase in interest expense on intercompany loan with Goldstory (new financing) explained by seven-month interest accounted for in the fiscal year ended September 30, 2021 (refinancing on February 26, 2021) compared to twelve-month interest in the same period this year.

l. Non-recurring income and expenses

The table below presents the detail of our total sales for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Pre-opening costs	(0.5)	(0.7)	(0.3)	57.8%	(1.2)	(1.4)	(0.2)	19.1%
Fees in respect of ongoing M&A processes	0.1	(0.0)	(0.1)	(100.0)%	(1.1)	(0.0)	1.1	(100.0)%
Non-recurring indemnity	(0.2)	(0.6)	(0.5)	298.0%	(1.1)	(0.6)	0.5	(42.8)%
WeTHOM plan	-	0.0	0.0	n.a.	-	(0.2)	(0.2)	n.a.
Extra. amortization of TLB issuance borrowing costs	-	-	-	n.a.	(4.4)	-	4.4	(100.0)%
Subsidy for Real Estate Rents	-	(2.2)	(2.2)	n.a.	-	1.6	1.6	n.a.
Subsidy from German government (Covid)	-	0.1	0.1	n.a.	-	3.1	3.1	n.a.
Credit Notes for Rents related to COVID-19 pandemic	-	0.3	0.3	n.a.	-	4.4	4.4	n.a.
Other income (expense)	0.7	0.2	(0.4)	(64.3)%	(0.2)	0.4	0.6	(250.8)%
Non-recurring loss from operations	**0.1**	**(2.8)**	**(3.0)**	**(2,040.0)%**	**(8.0)**	**7.3**	**15.3**	**(190.6)%**
Income from disposal of leasehold rights	0.0	0.0	0.0	1,161.9%	0.8	0.1	(0.7)	(89.8)%
NBV intangible asset disposals	(0.6)	(0.0)	0.6	(98.8)%	(5.3)	(4.0)	1.3	(24.7)%
NBV tangible asset disposals	(0.3)	(0.6)	(0.3)	98.9%	(1.0)	(0.8)	0.2	(19.5)%
Other Income from disposal of FA/ reversal of prov.	0.2	1.3	1.1	624.3%	0.2	1.3	1.1	619.3%
Non-recurring loss from disposed assets	**(0.8)**	**0.7**	**1.4**	**n.a.**	**(5.3)**	**(3.4)**	**1.9**	**(36.3)%**
Non-recurring income (expense)	(0.6)	(2.2)	(1.5)	253.4%	(13.4)	3.9	17.3	(129.0)%

In the three-month period ended September 30, 2022, non-recurring expenses totaled €2.2 million compared to non-recurring expenses of €0.6 million in the three-month period ended September 30, 2021. The increase was mainly due to the reclassification of a €2.2 million subsidy for real estate rents received from the French government for the part not covered by negotiation with landlords.

In the fiscal year ended September 30, 2022, non-recurring income totaled €3.9 million, a change of €17.3 million, or 129.0%, compared to non-recurring expenses of €13.4 million in the fiscal year ended September 30, 2021. The change was mainly due to (i) a €4.4 million expense relating to the extraordinary amortization of issuance borrowing costs related to the TLB reimbursed on February 26, 2021 compared to none in the fiscal year ended September 30, 2022, to (ii) a €4.5 million credit notes for rents received from landlords in France and Italy in the fiscal year ended September 30, 2022 and related to lockdown periods in the previous financial year, to (iii) a €1.6 million subsidy for Real Estate Rents received from the French government (following Ministerial Decree n° 2021-1488 dated November 16, 2021) for a part of the total amount received (€3.8 million), to (iv) a €3.1 million subsidy received from the German government to support companies who suffered during 2021 Covid-19 pandemic and to (v) a €1.1 million decrease related to fees in respect of ongoing M&A processes and a €0.5 million decrease in non-recurring indemnity in the fiscal year ended September 30, 2022 compared to none the fiscal year ended September 30, 2021.

m. Income tax

Income tax includes current and deferred income taxes.

In the three-month period ended September 30, 2022, income tax expense totaled €4.6 million, a decrease of €5.4 million, or 54.0%, from a €10.0 million tax expense in the three-month period ended September 30, 2021 mainly due to a change in deferred tax assets.

In the fiscal year ended September 30, 2022, income tax expense totaled €40.7 million an increase of €25.1 million, or 161.0%, from €15.6 million in the fiscal year ended September 30, 2021. The increase was due to the strong operating performance of the Group benefitting from the embedded growth of stores in France and Italy and from the limited impact of COVID-19 pandemic related restrictions.

B. Liquidity and Capital Resources

a. Free cash flow

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.

The following table summarizes our free cash flow for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. €m**	**Var. %**	**2021**	**2022**	**Var. €m**	**Var. %**
Reported EBITDA	**41.7**	**33.4**	**(8.4)**	**(20.1%)**	**143.9**	**190.2**	**46.3**	**32.2%**
Business tax (CVAE) & store closure expenses	(0.2)	(0.6)	(0.4)	(152.8%)	(2.1)	(3.1)	(0.9)	(43.7%)
Change in working capital (includ. employee profit sharing paid)	19.3	(9.7)	(29.0)	(150.1%)	30.4	(4.3)	(34.7)	(114.2%)
Income tax paid	(11.8)	(10.0)	1.8	15.6%	(15.0)	(29.3)	(14.3)	(95.6%)
Other non-recurring income (expenses)	(0.0)	(3.6)	(3.5)	n/a	(4.5)	6.1	10.7	234.9%
Net cash provided by operating activities	**49.0**	**9.5**	**(39.4)**	**(80.5%)**	**152.6**	**159.7**	**7.0**	**4.6%**
Acquisition of tangible, intangible assets	(7.2)	(15.8)	(8.6)	(119.7%)	(27.6)	(39.3)	(11.7)	(42.4%)
Disposal of tangible, intangible assets	0.0	0.0	0.0	1,161.9%	0.8	0.1	(0.7)	(89.8%)
Change in working capital on fixed assets	2.7	5.8	3.0	110.3%	2.0	5.5	3.6	180.7%
Net cash used in investing activities	**(4.4)**	**(10.0)**	**(5.5)**	**(125.1%)**	**(24.9)**	**(33.7)**	**(8.8)**	**(35.5%)**
Free Cash Flow	**44.5**	**(0.4)**	**(45.0)**	**(100.9%)**	**127.8**	**126.0**	**(1.8)**	**(1.4%)**
As a % of Reported EBITDA	*106.7%*	*(1.2)%*		*(107.9)pp*	*88.8%*	*66.2%*		*(22.6)pp*
Interest paid on Term Loan B and RCF	(0.8)	(0.0)	0.8	99.9%	(15.5)	(0.0)	15.5	100.0%
Interest paid on Proceeds and Intercompany loans	(16.9)	(11.4)	5.5	32.7%	(19.7)	(28.7)	(8.9)	(45.2%)
Other interest paid	(0.9)	(0.0)	0.8	94.5%	(0.9)	(0.2)	0.7	77.0%
Other cash flows used in financing activities	(3.5)	(1.8)	1.7	49.2%	(7.8)	(2.7)	5.1	65.3%
Net cash used in financing activities	**(22.2)**	**(13.2)**	**8.9**	**40.2%**	**(44.0)**	**(31.6)**	**12.4**	**28.2%**
Net cash before change in debt, specific events and RCF	**22.4**	**(13.7)**	**(36.0)**	**(161.0%)**	**83.8**	**94.4**	**10.6**	**12.7%**
Revolving credit facilities, Net of Repayment	**(90.0)**	**22.0**	**112.0**	**124.4%**	**(89.8)**	**22.0**	**111.8**	**124.5%**
Net cash before change in debt & specific events, after RCF	**(67.6)**	**8.3**	**76.0**	**112.3%**	**(6.0)**	**116.4**	**122.4**	**2,025.5%**

In €m	Fourth Quarter 2021	Fourth Quarter 2022	Fourth Quarter Var. €m	Fourth Quarter Var. %	Full Year 2021	Full Year 2022	Full Year Var. €m	Full Year Var. %
Change in Debt	(175.0)	-	175.0	100.0%	(299.0)	-	299.0	100.0%
Financing cost	-	-	-	n/a	(1.4)	-	1.4	100.0%
FY21 refinancing and change in shareholders	**(175.0)**	**-**	**175.0**	**100.0%**	**(300.4)**	**-**	**300.4**	**100.0%**
Equity Injection	175.0	-	(175.0)	(100.0%)	175.0	-	(175.0)	(100.0%)
Goldstory current account	(0.8)	(52.8)	(52.0)	(6,650.0%)	(2.8)	(136.3)	(133.5)	(4,854.1%)
Dividend paid to Goldstory	-	0.0	0.0	n/a	-	(30.1)	(30.1)	n/a
Agatha acquisition	(0.3)	-	0.3	100.0%	(3.3)	-	3.3	100.0%
Popsell Acquisition	(0.1)	-	0.1	100.0%	(1.9)	-	1.9	100.0%
Venson Paris Acquisition	(2.0)	-	2.0	100.0%	(2.0)	-	2.0	100.0%
Specific events	**171.8**	**(52.8)**	**(224.6)**	**(130.7%)**	**165.0**	**(166.4)**	**(331.4)**	**(200.9%)**
Net increase / (decrease) in cash and cash equivalents	**(70.8)**	**(44.4)**	**26.4**	**37.2%**	**(141.4)**	**(50.0)**	**91.3**	**64.6%**
Cash and cash equivalents at the beginning of the period	**126.1**	**50.1**	**(76.0)**	**(60.3%)**	**196.7**	**55.7**	**(141.0)**	**(71.7%)**
Change in perimeter (Agatha)	0.4	-	(0.4)	(100.0%)	0.4		(0.4)	(100.0%)
Cash and cash equivalents at the end of the period	**55.7**	**5.7**	**(50.0)**	**(89.8%)**	**55.7**	**5.7**	**(50.0)**	**(89.8%)**
Change in cash	**(70.8)**	**(44.4)**	**26.4**	**37.2%**	**(141.4)**	**(50.0)**	**91.3**	**64.6%**

Free cash flow totalled €126.0 million in the fiscal year ended September 30, 2022, a decrease of €1.8 million, or 1.4%, from €127.8 million in the fiscal year ended September 30, 2021. This decrease was mainly due to the combination of:

- The €46.3 million increase in Reported EBITDA, resulting from a limited impact of COVID-19 pandemic restrictions compared to a strong impact in the fiscal year ended September 30, 2021 with a store network closing rate of 29% and from the very good performance of stores in France and in Italy in the fiscal year ended September 30, 2022;
- The €10.7 million positive change in other non-recurring expenses mainly related to (i) €9.2 million credit notes and subsidies received in respect of Covid19 related to fiscal year ended 30 september 2021 with a €4.5 million credit notes for rents received from landlords in Italy and France, a €1.6 million subsidy for Real Estate Rents received from the French government received in the fiscal year ended September 30, 2022 (remaining €2.2 million subsidy received is reported operating result) and a €3.1 million subsidy received from the German government; not offset by (ii) a €1.1 million fees in respect of M&A processes compared to none the fiscal year ended September 30, 2022 and to (iii) €1.1 million non-recurring indemnity paid in the fiscal year ended September 30, 2021 compared to €0.6 million in the fiscal year ended September 30, 2022;
- Not offset by the €34.7 million increase in working capital in the fiscal year ended September 30, 2022, compared to the fiscal year ended September 30, 2021, mainly due to an anticipation of Christmas procurement plan, to the building of a safety stock to secure procurement in order for the Group to anticipate potential logistic issues ahead of the festive season and to ensure the good availability of products in stores, and to an increase of products range width mainly in Italy;
- The €14.3 million increase in income tax payments resulting from €29.3 million in income tax paid the fiscal year ended September 30, 2022, compared to €15.0 million in income tax paid in the fiscal year ended September 30, 2021;
- And the €8.8 million negative effect of net cash used in investing activities mainly related to the return to a more normative level of Capex as FY 2021 was impacted by lockdowns and the increase in other Group IT projects (SAP, Salesforce, Front office in Italy…).

Net cash used in financing activities totaled €31.6 million, a decrease of €12.4 million, or 28.2%, from €44.0 million in the fiscal year ended September 30, 2021, mainly due to the change in debt structure 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 €94.4 million for the fiscal year ended September 30, 2022, an increase of €10.6 million, or 12.7%, from €83.8 million in the fiscal year ended September 30, 2021, showing strong cash generation after financing activities and before refinancing and specific events.

b. Capital expenditure

Our total capital expenditures consist mainly of (i) the maintenance and refurbishment of our stores, as well as the opening of new stores and (ii) structuring group IT projects like Shine (implementation of the SAP ERP). 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 fiscal years ended September 30, 2022 and 2021:

In €m	Fourth Quarter 2021	Fourth Quarter 2022	Fourth Quarter Var. €m	Fourth Quarter Var. %	Full Year 2021	Full Year 2022	Full Year Var. €m	Full Year Var. %
Maintenance Capital Expenditure	(0.5)	(5.2)	(4.7)	971.4%	(4.7)	(9.4)	(4.6)	98.0%
Refurbishment Capital Expenditure	(2.1)	(3.0)	(0.8)	39.2%	(4.7)	(7.2)	(2.5)	53.1%
Expansion Capital Expenditure	(0.9)	(1.6)	(0.7)	79.2%	(3.6)	(3.4)	0.2	(5.1)%
Store Capital Expenditure	**(3.5)**	**(9.8)**	**(6.3)**	**178.2%**	**(13.0)**	**(19.9)**	**(7.0)**	**53.6%**
Shine 2020 - IT Project Capital Expenditure	(2.3)	(2.0)	0.3	(14.5)%	(8.1)	(7.4)	0.7	(9.1)%
Other Capital Expenditure	(1.4)	(4.0)	(2.7)	195.9 %	(6.5)	(12.0)	(5.5)	84.4%
IT & Corporate Capital Expenditure	**(3.7)**	**(6.0)**	**(2.3)**	**63.4%**	**(14.6)**	**(19.3)**	**(4.7)**	**32.5%**
Total Capital Expenditure	**(7.2)**	**(15.8)**	**(8.6)**	**119.6%**	**(27.6)**	**(39.3)**	**(11.7)**	**42.4%**

In the three-month period ended September 30, 2022, total capital expenditure amounted to €15.8 million, an increase of €8.6 million or 119.6%, compared to €7.2 million in the three-month period ended September 30, 2021, mainly due to in increase in store capital expenditure and other corporate capex.

Total capital expenditure was €39.3 million the fiscal year ended September 30, 2022, an increase of €11.7 million or 42.4%, compared to €27.6 million in the fiscal year ended September 30, 2021 mainly explained by (i) the €7.0 million increase in store capex as the group performed important refurbishment and maintenance work mainly in the last quarter of fiscal year ended September 30, 2022 in France and Italy (development of the new store concept) and (ii) the €5.5 million increase in other IT projects in France and Italy mainly (cash register software in Italy, E-commerce replatforming, Popsell) as well as the increase in marketing CAPEX for the wholesale business as the activity is developing.

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 include the consolidated financial information of the Company, Thom Group. 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 October 1, 2021 through September 30, 2022, 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)

- €28.7 million interest on the Senior Secured Notes, which was paid during the fiscal year ended September 30, 2022 and €2.8 million accrued on the Balance Sheet as of September 30, 2022
- €15.5 million in financing costs remaining as of September 30, 2022 and which will be amortized over the life of the Senior Secured Notes
- €0.9 million in cash and cash equivalents
- other operating expenses resulting in an impact of €0.2 million on EBITDA
- €1.1 million of other non-recurring expenses specific to Goldstory
- €1.8 million of positive change in working capital specific to Goldstory
- €0.9 million of fees for non-utilization of our Revolving Credit Facility

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

In €m	THOM GROUP	Operating GS	Interco (GS/THG)	SSN Impact	Non-used RCF interests	Change in equity	GOLDSTORY PROFORMA
	2022,09						2022,09
Reported EBITDA	**190.2**	**0.2**	**-**	**-**	**-**	**-**	**190.5**
Business tax (CVAE) & store closure expenses	(3.1)						(3.1)
Change in working capital (includ. employee profit sharing paid)	(4.3)	(1.8)					(6.1)
Income tax paid	(29.3)						(29,.3)
Other non-recurring income (expenses)	6.1	(1.1)					5.0
Net cash provided by operating activities	**159.7**	**(2.7)**	**-**	**-**	**-**	**-**	**157.0**
Acquisition of tangible, intangible assets	(39.3)	(0.0)					(39.3)
Disposal of tangible, intangible assets	0.1	-					0.1
Change in working capital on fixed assets	5.5	-					5.5
Net cash used in investing activities	**(33.7)**	**(0.0)**	**-**	**-**	**-**	**-**	**(33.7)**
Free Cash Flow	**126.0**	**(2.7)**	**-**	**-**	**-**	**-**	**123.3**
As a % of Reported EBITDA	80.8%						64.8%
Interest paid on RCF	-				(0.9)		(0.9)
Interest paid on Proceeds and Intercompany loans	(28.7)		28.7				-
Interest on SSN	-			(33.9)			(33.9)
Other interest paid	(0.2)						(0.2)
Other cash flows used in financing activities	(2.7)	(0.1)					(2.9)
Net cash used in financing activities	**(31.6)**	**(0.1)**	**28.7**	**(33.9)**	**(0.9)**	**-**	**(37.9)**
Net cash before change in debt, specific events and RCF	**94.4**	**(2.8)**	**28.7**	**(33.9)**	**(0.9)**	**-**	**85.5**
Revolving credit facilities, Net of Repayment	**22.0**	**-**	**-**	**-**	**-**		**22.0**
Net cash before change in debt & specific events, after RCF	**116.4**	**(2.8)**	**28.7**	**(33.9)**	**(0.9)**	**-**	**107.5**
FY21 refinancing and change in shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend paid to Altastory						(160.6)	(160.6)
Dividend paid to Goldstory	(30.1)		30.1				-
Goldstory current account	(136.3)		136.3				-
Specific events	**(166.4)**	**-**	**166.4**	**-**	**-**	**(160.6)**	**(160.6)**
Net increase / (decrease) in cash and cash equivalents	**(50.0)**	**(2.8)**	**195.1**	**(33.9)**	**(0.9)**	**(160.6)**	**(53.1)**

In €m	THOM GROUP	Operating GS	Interco (GS/THG)	SSN Impact	Non-used RCF interests	Change in equity	GOLDSTORY PROFORMA
	2022,09						2022,09
Cash and cash equivalents at the beginning of the period	**55.7**	**4.0**					**59.7**
Cash and cash equivalents at the end of the period	**5.7**	**0.9**					**6.6**
Change in cash	**(50.0)**	**(3.1)**	**-**	**-**	**-**	**-**	**(53.1)**

The €2.7 million difference in free cash flow between the Company and the Issuer was mainly due to Goldstory EBITDA, change in working capital and non-recurring expenses.

The €160.6 million in dividend paid to Altastory were used as follow, on September 30, 2022:

- €100.0 million paid as share premium to shareholders
- €60.0 million used to repay vendor loan (out of €110m in aggregate principal amount of bonds issued by Topco to the Bridgepoint Affiliate and Qualium Investissement on the Acquisition Date) in June and August 2022 for respectively €10.0 and €50.0 million.
- €0.6 million used by Altastory to repurchase 0.2% of its own shares

c. Capitalization

The following table presents the total capitalization as of September 30, 2022 on an actual basis and on a pro forma basis for the transactions described above.

	At September 30, 2022		
In €m	THOM GROUP Actual	Adjustments	GOLDSTORY Proforma
Cash and cash equivalents	**5.7**	**0.9**	**6.6**
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	(0.7)	-	(0.7)
Revolving Credit Facility (4)	(22.1)	(0.1)	(22.1)
Total third-party financial debt	**(448.7)**	**(154.1)**	**(642.8)**
Issuer's Equity (5)	**433.6**	**(234.3)**	**199.3**
Total capitalization	**(49.4)**	**(387.6)**	**(437.0)**

(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 drawn as of September 30, 2022 for €22.0 million
(5) represents the Share Capital and the Share Premium of the Company and the Issue

D. Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of September 30, 2022, they included:

- Post-employment benefits in France totaling €1.2 million.
- Pledges listed below are granted for the benefit of the noteholders under the Senior Secured Notes and the banks under the New RCF agreement:

- Pledge over shares in the Company held by the Issuer;
- Pledge over the Issuer's material bank accounts;
- Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between the Issuer and any member of the Group;
- Pledge over shares in THOM S.A.S. held by the Company;
- Pledge over the Company's material bank accounts;
- Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between the Company and any member of the Group;
- Pledge over shares in Stroili Oro S.p.A. held by THOM S.A.S.;
- Pledge over THOM S.A.S.'s material bank accounts;
- 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 THOM S.A.S.'s material trademarks (Histoire d'Or and Marc Orian);
- Pledge over Stroili Oro S.p.A.'s material bank accounts;
- Pledge over receivables above a specified threshold arising under certain intragroup loans between Stroili Oro S.p.A. and any member of the Group ; and

◆ Bank guarantees (collateral security or guarantee on first demand) in favor of certain lessors and suppliers totaling €16.6 million, including €3.0 million in France, €11.6 million in Italy, €1.0 in Belgium and €1.0 million in Germany.

◆ Hedges:

- We hedge against fluctuations in the U.S. dollar/euro foreign exchange rate by entering into forwards and collars. As of September 30, 2022, we had entered into forwards in a notional amount of $35.0 million, 29% of which have maturities of less than one year; and into collars in a notional amount of $83.3 million, 62% of which have maturities of less than one year;
- We have entered into euro-denominated derivative instruments relating to fluctuations in the price of gold, which cover the period from October 2022 to February 2023. These derivative instruments were complemented with physical gold held in inventory, which represented approximately four months of purchases as of September 30, 2022, thus providing us with an overall hedge of nearly seven months relating to gold price fluctuations. The notional amount covered is explained by the physical stock of 14,286 ounces which represented a value of €24.9 million as of September 30, 2022.
- We also have Euribor hedge, related to the floating rate senior secured notes (FRN) and to the new RCF, refinanced in February 2021, for a total of €18.3 million as of September 30, 2022, at Goldstory S.A.S level, the entity bearing the senior secured notes and the RCF. This includes €0.9 million of premium paid for caps and used hedging EURIBOR interest rates related to the FRN and RCF, that have been recognized on balance sheet and amortized over the duration of the contracts.

◆ Commitments received: As of September 30, 2022, the Group has an RCF line of €90.0 million, drawn for €22.0 million, as well as 7 bank facilities for a total of €31.0 million.

E. 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 the fiscal year ended September 30, 2022. 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, 2022, $118.3 million in notional amount of forwards and collars with maturities between October 2022 and August 2024 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. In addition, we adjust our gold inventory (totaling 14,286 ounces or €24.9 million at the end of September 30, 2022) as a physical hedge against fluctuations in the price of gold. In the financial year ended September 30, 2022, gold-based products accounted for 60% 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, 2022, we were beneficiaries of synthetic call options, allowing us to purchase up to 10,200 ounces (approximately 317 kilograms of gold). Combining such derivatives and our physical gold inventory, we hedged our gold purchasing needs for almost seven months following the end of the fiscal year ended September 30, 2022.

c. Interest rate risk

Euribor hedge, related to the floating rate senior secured notes (FRN) and to the new RCF, refinanced in February 2021, for a total of €18.3 million as of September 30, 2022, 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 FRN and RCF, that have been recognized on balance sheet and amortized over the duration of the contracts.

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.

F. 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.

a. 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.

b. 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.

c. 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.

d. 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.

e. 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.

G. Key developments since September 30, 2022

◆ **Purchase of remaining 50% of Agatha**
On December 16, 2022, Thom S.A.S. purchased to Renaissance Luxury Group the remaining 50% of Agatha S.A.S. The subsidiary is now fully-owned by the group. Agatha's account will be fully consolidated from October 1, 2022.

◆ **Tax audit – THOM GROUP**
The company is currently undergoing a tax audit for fiscal years 2017 to 2021. The control is not enough advanced to identify potential risks.

◆ **Tax audit - THOM**
The company had a tax audit for fiscal years 2019 to 2021. The audit didn't identify significant risks.

No other subsequent event to be noted.

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.

No further changes to be noted during the fiscal year ended September 30, 2022.

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.

No further changes to be noted during the fiscal year ended September 30, 2022.

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, is a director and a manager, respectively, of these two entities. These agreements for services with Belmonte & Associés SPRL and Belmonte & Co Ltd have been entered into for a period of one year, renewable at the end of their term. The contract dated July 1st, 2012 has been replaced by a new contract during the fiscal year ended September 30, 2022.

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, 2022, we entered into a contract for specific retail expertise services for a period of one year, renewable at the end of its term, with RPC S.A.S. Romain Peninque, who is the Chairman of both the Company and the Issuer, is the sole director of RPC S.A.S.

Related party bond purchases – Public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them

Name	Jean Pierre Chantrel	Eric Belmonte	Maurice Tchenio
Description of financial instrument, type of instrument	Obligation GOLDSTORY 5.375% 21 – 01/03/26	Obligation GOLDSTORY 5.375% 21 – 01/03/26	Obligation GOLDSTORY 5.375% 21 – 01/03/26
Identification code	XS2294854745	XS2294854745	XS2294854745
Type of transaction	Purchase	Purchase	Purchase
Position	Chairman of the audit Committee and Shareholder	Chairman of the supervisory board and Shareholder	Vice-chairman of the supervisory board and Shareholder
Transaction date	17/12/21	13/04/22	05/07/22
Price	102.1%	99.7%	87.3%
Volume(s) (Quotities)	**4 of €100,000**	**10 of €100,000**	**40 of €100,000**
Transaction date	26/07/22	30/06/22	06/07/22
Price	92.7%	85.4%	86.8%
Volume(s) (Quotities)	**5 of €100,000**	**10 of €100,000**	**6 of €100,000**
Transaction date	08/09/22		31/08/22
Price	90.0%		90.5%
Volume(s) (Quotities)	**3 of €100,000**		**50 of €100,000**
Transaction date			01/09/22
Price			90.4%
Volume(s) (Quotities)			**€100,000**

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 and certain other subsidiaries subsequently acceded to the Revolving Credit Facility Agreement as additional Guarantors.

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 is 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 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.

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 sets 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 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 contemplates 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 Ad*ditional Secured Lia*bilities 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 permits, 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 also permits 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 do 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 means 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 provides 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 provides 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 provides 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 provides 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 provides 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 also includes 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.

Under the terms of the bonds, Topco agreed not to make any distribution of dividend before the bonds are redeemed in full. On June 30, 2022, Topco, Bridgepoint Affiliate and Qualium Investissement agreed to amend the terms of the bonds to provide that a total shareholder distribution of €125 million will be permitted in exchange for an undertaking by Topco to repurchase a total of €60 million in aggregate value, including principal amount and accrued interest, of its bonds. Topco fulfilled its undertaking and repurchased €10 million of its bonds on June 30, 2022 and the remaining €50 million on August 30, 2022.

€100 million shareholder distribution was performed on June 30, 2022. The remaining €25 million may be distributed during the fiscal year ended September 30, 2023, but the Board has not decided it yet.

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

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%

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.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

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.

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

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 2022.

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 2022 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 2021 to the date of our report.

Justification of Assessments

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 internal 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

1. Consolidated Financial Statements

a. Consolidated balance sheet

Assets	notes	30/09/2022	30/09/2021
In €m			
Intangible assets	a.	648.7	645.8
o/w goodwill	b.	363.0	367.6
Property, plants and equipments	c.	67.9	68.9
Financial assets	d.	24.4	22.5
Securities under equity method		-	-
Fixed assets		**741.0**	**737.3**
Inventories	e.	260.3	216.4
Trade receivables and related accounts	f.	14.6	11.1
Other receivables and adjustment accounts	g.	209.1	74.0
Marketable securities	h.	0.0	-
Cash	h.	17.2	55.7
Current assets		**501.3**	**357.2**
Total assets		**1,242.2**	**1,094.5**

Equity and liabilities	notes	30/09/2022	30/09/2021
In €m			
Share capital		365.6	365.6
Share premium		68.0	68.0
Consolidated reserves and net income		14.5	(43.1)
Currency translation reserves		0.1	0.0
Equity attributable to owners of the parent	i.	**448.2**	**390.5**
Non-controlling interests		**1.5**	**2.0**
Provisions	j.	**12.6**	**13.6**
Financial debts	k.	512.3	470.1
Trade payables and related accounts	l.	153.2	113.1
Other liabilities and adjustment accounts	m.	114.4	105.3
Current liabilities			
Total liabilities		**1,242.2**	**1,094.5**

In accordance with ANC 2020-01 regulation:

- Goodwill is considered in « Intangible Assets »,
- Unrealized exchange losses and gains are maintained on the balance and are respectively accounted in « Other receivables and asset adjustment accounts » and in « Other liabilities and adjustment accounts »,
- Deferred tax assets and liabilities are presented in "Other receivables and prepayments" and "Other liabilities and prepayments" respectively.

The comparative column 30/09/2021 presented in the 30/09/2022 financial statements is amended accordingly.

b. Consolidated income statement

Income Statement	notes	30/09/2022	30/09/2021
In €m			
Sales	a.	937.4	711.0
Other operating income	b.	9.6	17.9
Costs of goods sold	c.	(319.1)	(241.0)
Personnel expenses	d.	(232.6)	(173.8)
Other operating expenses	e.	(198.6)	(164.3)
Taxes and duties	f.	(9.5)	(8.0)
Allowance for depreciation, amortization and provisions	g.	(30.6)	(37.6)
Operating income before depreciation and amortization of goodwill		**156.5**	**104.3**
Goodwill - depreciation and amortization		-	-
Operating income after depreciation and amortization of goodwill		**156.5**	**104.3**
Financial income (expense)	i.	(30.6)	(49.9)
Non-recurring income (expense)	j.	3.9	(13.4)
Income tax	k	(40.7)	(15.6)
Net income of integrations entities		**89.1**	**25.4**
Share in result of equity-accounted entities		-	-
Net income of consolidated entities		**89.1**	**25.4**
Net income attributable to non-controlling interests		(0.2)	(0.0)
Net income attributable to owners of the parent		**89.4**	**25.4**

In accordance with ANC 2020-01 regulation, subtotals « Recurring income » and « Operating income » no longer exist. Subtotals « Operating income before depreciation and amortization of goodwill » and « Operating income after depreciation and amortization of goodwill » have been newly created.

The comparative column 30/09/2021 presented in the 30/09/2022 financial statements is amended accordingly.

The reference to « Earnings per share » (basic and diluted) is now optional whereas it was compulsory according to the previous regulation CRC 99-02. Considering this information as insufficiently relevant for the reader of the financial statements, THOM Group did not raise this option.

c. Consolidated cash-flow statement

Cash-Flow statement	30/09/2022	30/09/2021	Var.
In €m			
EBITDA	**190.2**	**143.9**	**46.3**
Business Tax (CVAE) & Closed stores	(3.1)	(2.1)	(0.9)
Change in working capital	(4.3)	30.4	(34.7)
Income tax paid	(29.3)	(15.0)	(14.3)
Other non-recurring income (expenses)	6.1	(4.5)	10.7
Net cash flows from/ (used in) operating activities	**159.7**	**152.6**	**7.0**
Acquisition of property, plant & equipment, intangible assets	(39.3)	(27.6)	(11.7)
Disposal of property, plant & equipment, intangible assets	0.1	0.8	(0.7)
Change in receivables and payables on fixed assets	5.5	2.0	3.6
Net cash flows from/ (used in) investing activities	**(33.7)**	**(24.9)**	**(8.8)**
Free Cash Flow	**126.0**	**127.8**	**(1.8)**
Revolving credit facilities, Net of Repayment	22.0	(89.8)	111.8
Interests on loans and bonds	(0.0)	(15.5)	15.5
Interest paid on loans with Goldstory	(28.7)	(19.7)	(8.9)
Change in equity	-	(2.8)	2.8
Repayment of convertible bonds	-	175.0	(175.0)
Other interests paid	(0.2)	(0.9)	0.7
Other cash flows used in financing activities	(2.7)	(7.8)	5.1
Other cash flows used in financing activities	(7.8)	(0.7)	(0.3)
Net cash flows (used in)/from financing activities	**(9.6)**	**38.4**	**(48.0)**
Net cash flows before specific projects	**116.4**	**166.2**	**(49.8)**
Change in Debt	-	(299.0)	299.0
Financing cost	-	(1.4)	1.4
FY21 refinancing and change in shareholders	**-**	**(300.4)**	**300.4**
Goldstory current account	(136.3)	-	(136.3)
Dividend paid to Goldstory	(30.1)	-	-
Agatha acquisition	-	(3.3)	3.3
Popsell acquisition	-	(1.9)	1.9
Change in equity	-	(2.0)	2.0
Specific events	**(166.4)**	**(7.2)**	**(10.4)**
Net increase / (decrease) in cash and cash equivalents	**(50.0)**	**(141.4)**	**91.3**
Cash and cash equivalents at the beginning of the period	**55.7**	**196.7**	**(141.0)**
Change in perimeter (Venson + Popsell)	-		
Cash and cash equivalents at the end of the period	**5.7**	**55.7**	**(50.0)**
Change in cash	**(50.0)**	**(141.4)**	**91.3**

d. Reconciliation of operating income to EBITDA

Bridge from Operating Income to EBITDA	30/09/2022	30/09/2021	Var.
In €m			
Operating Income	**156.5**	**104.3**	**52.3**
Reversals of provisions	(17.7)	(18.8)	1.1
Depreciation, amortization and provisions	48.3	56.3	(8.0)
Business tax (CVAE)	2.6	2.0	0.7
Contribution of closed stores	0.4	0.1	0.3
EBITDA	**190.2**	**143.9**	**46.3**

2. Key events

The following consolidated financial statements cover the twelve-month period ended September 30, 2022.

a. Sales network

As of September 30, 2022, THOM Group S.A.S. ("THOM Group") operates, through its European subsidiaries, 980 stores (including 3 wedding fairs), as well as four E-commerce platforms. In addition, Agatha's network includes 36 stores and 65 corners across 4 countries in Europe, and 1 E-commerce platform (network not consolidated in group account's as of September 30, 2022). The group also has 35 affiliated stores, of which 7 openings during the fiscal year.

During the twelve-month period ended September 30, 2022, 9 stores were opened (vs. 12 stores opened over the same period last year) and 23 stores were closed (vs. 28 stores in the same period last year).

b. COVID-19 crisis

Closed stores evolution

During the twelve-month period ended September 30, 2022, the Group has not been significantly impacted by COVID-19 pandemic restrictions unlike in the twelve-month period ended September 30, 2021, when 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:

- **In France**

In the twelve-month period ended September 30, 2021

- 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, and stores remained closed until May 18, 2021.
- From August 9, 2021, a health pass is introduced in France to access certain places (cinema, museums, amusement parks, restaurants, bars...). Access to certain shopping malls with a surface area of more than 20,000 sqm was also limited to people with a health pass in areas where the infection rate was higher than 200 cases per 100,000 inhabitants. Store traffic dropped by an average of 10% over the period until the health pass was phased out in malls in September.

In the twelve-month period ended September 30, 2022

- No lockdown or stores closed related to COVID-19 related restrictions in France. However, France's activity and stores organization were slightly impacted by COVID-19 cases among our employees which compelled the Group to close temporarily certain of its stores or to suffer from the lack of employees in some stores.

- **In Italy**

In the twelve-month period ended September 30, 2021

- 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 (COVID19 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 until March 31, 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 in June 2021.

In the twelve-month period ended September 30, 2022

- No specific restrictions were imposed in the nine-month period ended June 30, 2022.

- **In Germany**

In the twelve-month period ended September 30, 2021

- From December 16, 2020 (or, for some stores, December 14, 2020) through March 8, 2021, all stores were fully closed, resulting in a closure rate of 49% 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 restrictions were imposed in June 2021.

In the twelve-month period ended September 30, 2022

- Stores' access was restricted to vaccinated or recovered customers (the "2G" rule) since November 2021 in some regions and since the December 8, 2021 for the remaining ones due to COVID-19 pandemic, until the end of January 2022. Vaccination rate in Germany is still low and the traffic in our stores was slowed down. Also, due to COVID-19 pandemic, some shops were heavily impacted by absences of employees and sales assistants had to be replaced by people from other stores, when possible. Some stores were even running without a manager.
- From February 2022, most of the stores do not have a restricted access to vaccinated or recovered customers anymore.

In the twelve-month period September 30, 2022, the Group didn't face any COVID-19 related restrictions. The network has open 100% of the time, unlike 29% of the time in the twelve-month period ended September 30, 2021.

c. THOMtogether

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.

Shares have been transferred to employees on December 31, 2021. Almost 400 employees have contributed to the shareholding fund.

d. Incorporation of new companies

Agatha

On February 26, 2021, the Group and Renaissance Luxury Group, via its subsidiary LTESSE, were appointed by the Bobigny Commercial Court for the takeover of the jewelry brand AGATHA, in a 50/50 joint venture. The share transfer agreement has been signed during the fiscal year 2022.

Other group companies with the same business activities have not acquired, during the period, any other financial participation.

e. Merger

On March 28, 2022, Jools, 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, 2021. Both companies are simplified joint-stock company (SAS) whose registered office is located at 55 rue d'Amsterdam 75008 Paris.

f. Tax group

From October 1, 2021, THOM GROUP (parent of the previous tax group), THOM, THOM TRADE, JOOLS (until the merger in THOM) and VENSON companies have integrated 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.

g. Subsidy and government aid

French solidarity fund subsidy (France)

French solidarity fund subsidy implemented by French government to help companies suffering from the COVID-19 pandemic, enabled THOM S.A.S to obtain a subsidy for a total of €10.0 million which has been paid in October 2021. The subsidy was accrued in group accounts as of September 30, 2021 and payment was accounted for in fiscal year ended September 30, 2022.

Subsidy for real estate rents (France)

Following Ministerial Decree n° 2021-1488 dated November 16, 2021, THOM S.A.S. has received in March 2022 from the French government a subsidy for real estate rents for a €3.8 million, for the part not covered by the Fixed Cost Subsidy received in 2021. This has been classified as extraordinary income in group's consolidated accounts for the part already covered by negotiation with the landlords, that is, 1.6 million euros.

Government aid (Germany)

On June 30, 2022, OroVivo GmbH received from the German government a €3.1 million aid related to 2021 Covid-19 pandemic. This has been classified as extraordinary income in group's consolidated accounts.

h. 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, was deployed with respect to our French brands Marc Orian and Histoire d'Or in FY20 and to our German brand, OroVivo in FY21. The project team remains actively engaged on the migration of the Italian platform planned for October 18, 2022.

The « Shine 2020 » project (ERP change to SAP and redesign of Group IT infrastructure), initiated in the first quarter of calendar year 2018, was launched in Germany as of October 1, 2020. The migration date for the France-Benelux and Italy scopes are not yet fixed.

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.

3. Accounting policies and measurement methods

a. Accounting policies

THOM Group's consolidated financial statements have been prepared in accordance with ANC 2020-01 (French Accounting Regulation Authority) of March 6, 2020 related to consolidated accounts, which applies for the first time prospectively to transactions and contracts occurring after January 1, 2021.

ANC 2020-01 regulation, open to fiscal years from January 1, 2021, unify, abrogate and replace the three previous main regulation related to consolidated accounts, including CRC 99-02 for commercial compagnies and public enterprises.

The main impacts related to the change in accounting principles for the Group relate to presentation items as listed below:

- Goodwill
- Deferred taxes
- Profit and loss statement

b. Consolidation methods

Legal consolidation of the group is at Altastory S.A.S. level. The group prepares, on a voluntary basis, its consolidated accounts at THOM Group S.A.S. level for financial communication purposes.

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, 2022, considering the low significance of Agatha's results compared to group's results and the delay in obtaining Agatha's accounts.

c. Measurement methods

Intangible Assets

Goodwill
Goodwill is disclosed as a part of "Intangible Assets". In application with the previous CRC 99-02 regulation, goodwill was previously disclosed on a separate line "Goodwill". The comparative column 30/09/2021 presented in the 30/09/2022 financial statements is amended accordingly.

"Goodwill depreciation and amortization" are now disclosed between "Operating income before depreciation and amortization of goodwill" and "Operating income after depreciation and amortization of goodwill". The comparative column 30/09/2021 presented in the 30/09/2022 financial statements is amended accordingly.

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 debt. Lease rentals are split between debt repayments and financial interest.

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, not on a prorate basis, according to ANC 2020-01 regulation.

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 tax assets are now always disclosed in "Other receivables and adjustment accounts"'. In application with previous CRC 99-02 regulation, this was disclosed on a separate line "Deferred Tax Assets". The comparative column 30/09/2021 presented in the 30/09/2022 financial statements is amended accordingly.

Deferred tax liabilities are now always disclosed in "Other liabilities and adjustment accounts"'. In application with previous CRC 99-02 regulation, this was disclosed on a separate line "Deferred Tax Liabilities". The comparative column 30/09/2021 presented in the 30/09/2022 financial statements is amended accordingly.

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.

Unrealized forex gains and losses (assets and liabilities) are maintained on the balance sheet and respectively disclosed in "Other receivables and adjustment accounts" and "Other liabilities and adjustment accounts". Application of ANC 2020-01 being prospective, comparative column for 30/09/21 wasn't amended.

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 9.3% 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.

4. Consolidation scope

As of September 30, 2022, 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	65.02%	65.02%	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 (March 31) and Duo Mu Jewellery (December 31) due to local legislation.

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, 2022, considering the low significance of Agatha's results compared to group's results and the delay in obtaining Agatha's accounts in a reasonable time for the group.

Investments in Economic Interest Groups (EIG) which manage shopping centers and over which the Group has no significant influence are disclosed under financial assets.

5. Comparability

There were no significant events which would have materially affected the comparability of the consolidated accounts of fiscal years ended September 30, 2022 and September 30, 2021 presented in the notes to the financial statements.

6. Notes to the Balance Sheet

a. Intangible assets

Intangible assets						
In €m	Opening	Acquisition	Disposal	Reversal	Reclass.	Closing
Gross						
Goodwill	483.0	-	(5.4)	-	(1.3)	476.3
Leasehold rights	173.4	0.4	(1.5)	-	0.0	172.3
Brands	136.8	0.0	(0.0)	-	0.1	136.9
Software	23.4	4.0	(0.0)	-	0.1	27.5
Other	0.1	-	-	-	-	0.1
Intangible assets in progress	28.2	9.5	-	-	(0.1)	37.6
Gross intangible assets	**845.0**	**13.9**	**(6.9)**	**-**	**(1.2)**	**850.7**
Amortization and depreciation						
Goodwill	(115.4)	-	2.1	-	-	(113.3)
Leasehold rights	(65.2)	(3.8)	0.7	1.3	0.0	(67.1)
Brands	(1.0)	(0.2)	0.0	0.0	-	(1.2)
Software	(17.4)	(3.1)	0.0	0.0	0.0	(20.4)
Other	(0.1)	(0.0)	-	-	-	(0.1)
Intangible assets in progress	-	-	-	-	-	-
Amortization and depreciation	**(199.1)**	**(7.1)**	**2.9**	**1.3**	**0.0**	**(202.1)**
Net						
Goodwill	367.6	-	(3.3)	-	(1.3)	363.0
Leasehold rights	108.2	(3.5)	(0.7)	1.3	0.0	105.3
Brands	135.8	(0.2)	(0.0)	0.0	0.1	135.7
Software	6.0	1.0	(0.0)	0.0	0.1	7.1
Other	0.0	(0.0)	-	-	-	0.0
Intangible assets in progress	28.2	9.5	-	-	(0.1)	37.6
Net intangible assets	**645.8**	**6.8**	**(4.0)**	**1.3**	**(1.2)**	**648.7**

Note: As of September 30, 2022, goodwill amounted to €363.0 million in net book value (cf. note 6. b.).

Leasehold rights amounted to €105.3 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, 2022, brands were recognized on the Group's balance sheet for €135.7 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 €1.5 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 €9.5 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 in fiscal year 2021 and a second lot has therefore been activated. Salesforce in Italy and Agatha is expected to be deployed in October 2022.

b. Goodwill

Goodwill					
In €m	Opening	Acquisition	Disposal	Reclass.	Closing
Gross					
France	390.0	-	(5.4)	(1.3)	383.3
Italy	89.3	-	-	-	89.3
RoE	3.7	-	-	-	3.7
Goodwill, gross	**483.0**	**-**	**(5.4)**	**(1.3)**	**476.3**
Amortization					
France	(113.0)	-	2.1	-	(110.9)
Italy	(2.2)	-	-	-	(2.2)
RoE	(0.2)	-	-	-	(0.2)
Amortization	**(115.4)**	**-**	**2.1**	**-**	**(113.3)**
Net					
France	277.0	-	(3.3)	(1.3)	272.4
Italy	87.1	-	-	-	87.1
RoE	3.6	-	-	-	3.6
Goodwill, net	**367.6**	**-**	**(3.3)**	**(1.3)**	**363.0**

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 (replaced by article 231-11 of ANC 2020-01 regulation).

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 30, 2022 as a result of the annual impairment tests.

The reclassification during the period corresponds to a correction of Popsell's goodwill for €1.3 million, the purchase price allocation is now final.

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 €3.3 million in net book value.

c. Tangible assets

Property, plant and equipment (PPE)						
In €m	Opening	Acquisition	Disposal	Reversal	Reclass.	Closing
Gross						
Land	0.0	-	-	-	-	0.0
Buildings	0.3	0.0	-	-	-	0.3
Technical facilities, plant and equipment	12.6	1.8	(0.2)	-	0.3	14.5
General facilities	296.5	16.2	(7.8)	-	2.0	307.0
Tangible assets held under finance leases	12.3	-	(0.1)	-	-	12.1
PPE in progress	2.3	4.6	-	-	(2.4)	4.5
Gross property, plant and equipment	**324.0**	**22.7**	**(8.1)**	**-**	**(0.1)**	**338.5**
Amortization and depreciation						
Land	-	-	-	-	-	-
Buildings	(0.1)	(0.0)	-	-	-	(0.1)
Technical facilities, plant and equipment	(10.4)	(1.4)	0.2	0.0	(0.2)	(11.8)
General facilities	(235.1)	(21.5)	7.0	0.6	0.2	(248.8)
Tangible assets held under finance leases	(9.5)	(0.5)	0.1	-	-	(9.9)
PPE in progress	(0.0)	-	-	-	0.0	-
Amortization and depreciation	**(255.1)**	**(23.4)**	**7.3**	**0.6**	**(0.0)**	**(270.6)**
Net						
Land	0.0	-	-	-	-	0.0
Buildings	0.2	0.0	-	-	-	0.2
Technical facilities, plant and equipment	2.2	0.4	(0.0)	0.0	0.1	2.7
General facilities	61.4	(5.3)	(0.8)	0.6	2.2	58.2
Tangible assets held under finance leases	2.8	(0.5)	0.0	-	-	2.3
PPE in progress	2.3	4.6	-	-	(2.4)	4.5
Net property, plant and equipment	**68.9**	**(0.7)**	**(0.8)**	**0.6**	**(0.1)**	**67.9**

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.

The assets acquired under finance leases are capitalized based on the present value of future lease payments. 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	2.1	0.0	-	-	(0.0)	2.1
Loans granted to employees	0.1	0.1	(0.1)	-	-	0.1
Security deposits (on leases)	20.4	4.6	(2.8)	-	-	22.3
Gross financial assets	**22.5**	**4.7**	**(2.8)**	**-**	**(0.0)**	**24.4**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**
Net financial assets	**22.5**	**4.7**	**(2.8)**	**-**	**(0.0)**	**24.4**

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 (not consolidated as of September 30, 2022 and to non-controlling interests in the EIGs, not consolidated, that own shopping centers for €0.7 million).

e. Inventories

Inventories		
In €m	30/09/2022	30/09/2021
Raw materials and packaging inventories	31.8	37.9
Finished goods	241.2	190.5
Gross inventories	**273.0**	**228.4**
Depreciation	**(12.7)**	**(12.0)**
Net inventories	**260.3**	**216.4**

Note: Raw materials mainly include gold. The €6.1 million decrease in raw material inventories during the period was mainly due, for €8.3 million euros to the sale of gold for coverage and cash protection purposes (€24.9 million euros as of September 30, 2022 compared to €33.2 million euros as of September 30, 2021), partially offset by the increase in stock inventories.

The Group is pursuing its optimized hedging costs policy (accelerated in 2021) by favouring the stock building of physical gold collected in its stores (clients can sell gold in stores in exchange of cash or voucher), rather than market swaps (cf. Off Balance Sheet commitments).

THOM S.A.S. net inventories as of September 30, 2022 amounted to €135.1 million. Stroili Oro's and OroVivo's net inventories as of September 30, 2022 were €94.8 million and €14.0 million respectively.

Finished goods are mainly located in stores. The increase in finished goods inventories of €50.7 million over the fiscal year was mainly explained by (i) €10.2 million euros by the activity effect, (ii) €9.5 million euros by an anticipation of Christmas inventories, (iii) €9.3 million euros by the building of a security stock in order for the group to anticipate potential logistic issues ahead of the festive season and to ensure the good availability of products in stores, (iv) €10.7 million euros by an increase of products range width (new references), (v) €6.0 million euros by the optimization of shortage rate in stores and (vi) €5.2 million euros by the increase in inventories related to the development of group's wholesale business in France (Venson Paris) and in Italy (THOM Trade Italy).

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 provision for depreciation rate between September 2021 and September 2022 as a percentage of gross inventory from 5.3% to 4.6% reflects the stock cleaning policy of the Group (selection of product and write off).

f. Trade receivables and related accounts

Trade receivables and related accounts		
In €m	30/09/2022	30/09/2021
Trade receivables, gross	15.1	11.5
Impairment	(0.5)	(0.4)
Trade receivables, net	**14.6**	**11.1**

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 for €7.5 million as a part of our wholesale activity, that are increasing by €2.7 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	30/09/2022	30/09/2021
Downpayments and deposits to suppliers	3.2	4.4
Credit notes from suppliers	14.3	11.8
Insurance receivables	0.3	0.3
Personnel receivables	0.3	0.9
VAT	18.9	15.0
Income tax receivables	6.7	3.4
French employment incentive tax credit (CICE)	-	0.1
Other tax receivables (including IRES/IRAP)	1.2	1.3
French solidarity fund subsidy	-	10.0
Current account with Goldstory, including interests	138.9	2.8
Other	3.2	3.9
Other receivables - Gross	**187.0**	**53.8**
Other receivables - Depreciation	**-**	**-**
Deferred tax assets	**5.1**	**5.9**
Prepaid expenses	**16.2**	**13.1**
Loan-issuance fees	**0.9**	**1.2**
Other receivables - Net	**209.1**	**74.0**

Note: Other receivables are all due within less than one year.

The increase in current account with Goldstory is mainly explained by the cash pooling to Goldstory for €136.1 million euros for the fiscal year so that Goldstory can contribute, at its level, to a share premium issuance for €160.6 million.

h. Cash and cash equivalent

Cash and cash equivalent		
In €m	30/09/2022	30/09/2021
Securities	0.0	-
Cash & cash equivalents	17.2	55.7
Cash and cash equivalents	**17.2**	**55.7**

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 2021	**365.6**	**68.0**	**(68.5)**	**25.4**	**0.0**	**390.5**	**2.0**	**392.4**
Change in perimeter - Entry	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Allocation of net income	-	-	25.4	(25.4)	-	0.0	-	0.0
Dividend distribution (Restricted Group)	-	-	(30.1)	-	-	(30.1)	(0.0)	(30.1)
Net income for the year	-	-	-	89.4	-	89.4	(0.2)	89.1
Currency translation adjustment	-	-	(0.0)	0.0	0.1	0.1	-	0.1
Change in financial interests rate	-	-	(0.3)	-	-	(0.3)	(0.3)	(0.6)
Equity at 30 September 2022	**365.6**	**68.0**	**(74.9)**	**89.4**	**0.1**	**448.2**	**1.5**	**449.6**

Note: The share capital of €365,592,924 is divided into (i) 242,745,259 ordinary shares of €0.49 each and (ii) 3,523,539,251 preferred shares of €0.07 each (ADP R4).

Share premium is made of:

- €0.19 million additional paid-in capital related to the capital increase of 2,000 preference shares on April 30, 2015. 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 means of an issuance of ADP R4 subscribed by compensation of receivables.
- The share-premium was further reduced by €1.8 million after allocation to retained earnings in September 2021.

Change in perimeter for €1.3 million correspond to a correction of Popsell's goodwill (during the first year after acquisition of the company).

The dividend distribution corresponds to dividends paid to Goldstory S.A.S. for €30.1 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	8.6	-	9.6	-	(8.6)	-	9.6
Social litigations	1.2	-	0.1	(0.2)	(0.4)	-	0.7
Commercial, tax and other litigations	3.8	-	0.2	(0.3)	(1.4)	-	2.3
Total Provisions	**13.6**	**-**	**10.0**	**(0.5)**	**(10.4)**	**-**	**12.6**

Note: Provisions in respect of loyalty schemes are calculated based on probable future costs incurred by the Group (cf. note 3.c).

k. Financial debt

Financial debt

In €m	Less than one year	1 to 5 years	More than 5 years	30/09/2022	30/09/2021
Loan with Goldstory - Principal and capitalized interest	-	24.9	-	24.9	24.9
Loan with Goldstory - Accrued and capitalized of the year	0.1	-	-	0.1	0.8
Loan with Goldstory	**0.1**	**24.9**	**-**	**25.0**	**25.7**
Principal and capitalized interest	-	441.0	-	441.0	441.0
Accrued and capitalized interest of the year	2.3	-	-	2.3	2.2
Proceeds Loans from Goldstory	**2.3**	**441.0**	**-**	**443.3**	**443.2**
RCF	22.0	-	-	22.0	0.0
Other financial debt ("PGE")	-	-	-	-	-
Accrued interest, accrued commitment fees	0.1	-	-	0.1	-
Bank loans	**22.1**	**-**	**-**	**22.1**	**0.0**
Bank overdrafts	**11.5**	**-**	**-**	**11.5**	**-**
Debt on finance leases	0.4	0.3	-	0.7	1.2
Tax integration debt (Altastory)	9.7	-	-	9.7	0.0
Other financial debt	**10.2**	**0.3**	**-**	**10.5**	**1.2**
Total financial debt	**46.1**	**466.2**	**-**	**512.3**	**470.1**

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 a loan (bearing interests) with Goldstory S.A.S on February 26, 2021, when THOM Group was acquired by Goldstory S.A.S.

As of September 30, 2022, the loan with Goldstory for €24.9 million result from:

- The conversion, on February 26, 2021, when THOM Group was acquired by Goldstory S.A.S, of the three series of bonds convertible into shares (OCA), issued by THOM Group in 2010 and 2011, resulting in a €199.9 million loan between Goldstory and THOM Group;

- The reduction of the loan by €175.0 million as a result of the capital increase on September 24, 2021 (for the same amount).

No changes to be noted during the year.

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 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%
- €177.8 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 €90.0 million is available for a period of 4.5 years, that is a due date on September 1, 2025, 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, in certain circumstances, THOM Group must maintain a leverage ratio (Financial net debt/ Reported EBITDA) below 7.2x. Under certain circumstances, deleveraging of the Group will reduce the applicable margin (subject to a minimum of 2.75%).

As of September 30, 2022, this credit line was drawn for €22.0 million euros.

Other financial debt

Other financial debt mainly corresponds to tax integration current account with Altastory, following the change in tax integration group.

l. Trade payables and related accounts

Trade payables and related accounts

In €m	30/09/2022	30/09/2021
Suppliers - Rent	5.4	22.2
Suppliers - Goods	80.7	51.8
Suppliers - Other purchases	10.8	5.6
Accrued Expenses	56.4	33.4
Total trade payables and related accounts	**153.2**	**113.1**

Note: Trade payables and related accounts are due within less than one year.

The increase in Trade payables as of September 30, 2022 is mainly explained:

- The increase in supplier payables and accrued payables for €51.8 million mainly related to the activity impact, the anticipation of Christmas stocks, the constitution of a significant security stock in all the countries close to the year-end festive season in order to anticipate potential logistic issues, to the optimization of shortage rate in stores and to the increase in stock of products as a part of our wholesale activity.
- Partly offset by the decrease of rent payables for €16.8 million, due to a postponement of rent payments to lessors related to the lockdown periods as of September 30, 2021, compared to a normative situation as of September 2022.

m. Other liabilities and adjustment accounts

Other liabilities and adjustement accounts		
In €m	30/09/2022	30/09/2021
Profit-sharing reserve	**2.1**	**2.1**
Deferred tax liabilities	**2.2**	**4.2**
Payroll liabilities	30.1	24.8
Social security contributions	17.9	30.6
TFR	2.3	2.3
Employee profit-sharing	10.3	5.6
VAT	12.7	12.7
Income tax	5.4	1.1
Other taxes and duties	7.0	4.7
Payroll & tax payables	**85.6**	**81.9**
Fixed asset payables	**13.6**	**7.8**
Downpayments from customers	4.8	5.1
Credit notes issued to customers	1.7	1.3
Gift cards issued	1.7	1.0
Vouchers issued	0.1	0.1
Other	0.7	0.7
Other miscellaneous liabilities	**9.0**	**8.2**
Prepaid income	**1.9**	**1.1**
Total other liabilities and adjustement accounts	**114.4**	**105.3**

Employee profit-sharing reserve

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.

Deferred Tax

Deferred tax assets				
In €m	Opening	Variation	Reclass.	Closing
Tax loss carried forward	0.4	(0.4)	-	-
Non-deductible financial interests carried forward	2.4	(2.3)	-	0.1
Employee profit-sharing	1.8	1.1	-	2.9
Hedging instruments	0.4	2.0	-	2.4
Amortization, depreciation and provision	3.7	(0.2)	-	3.5
Leasehold rights and business goodwill	1.2	(1.2)	-	-
Fair value of assets	1.5	(0.3)	-	1.2
Other temporary differences	0.7	0.8	-	1.4
Netting of deferred tax assets and liabilities by tax jurisdiction	(6.0)	(0.5)	-	(6.5)
Total Deferred tax assets	**5.9**	**(0.9)**	**-**	**5.0**

Deferred tax liabilities				
In €m	Opening	Variation	Reclass.	Closing
Leasehold rights and business goodwill	9.7	(1.5)	-	8.2
Finance leases	0.4	0.0	-	0.4
Other temporary differences	0.2	0.0	-	0.2
Netting of deferred tax assets and liabilities by tax jurisdiction	(6.0)	(0.5)	-	(6.5)
Total Deferred tax liabilities	**4.3**	**(2.0)**	**-**	**2.2**

Note: As of September 30, 2022, without response from Italian tax administration, activated tax loss carryforwards on HDO Srl are not activated in Stroili Oro (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 18.8 million euros.

Payroll and tax payables

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 €10.3 million, which are both due for more than 5 years, strongly increasing compared to previous year thanks to the very results of the year in France.

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 employee profit-sharing in France will be allocated to the profit-sharing reserve account during the financial year 2022-2023 for the portion placed by employees in blocked current account (cf. note 6.m).

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 (+260 FTE vs. September 2021. See Off-balance sheet commitments).

The decrease 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 compared to a normative situation as of September 30, 2022, and by the increase in FTE over the period due to the full recovery of the activity during the fiscal year.

7. Notes to the income statement

a. Sales

Sales		
In €m	30/09/2022	30/09/2021
France	549.3	422.0
Foreign	327.6	247.8
Sales to affiliates	11.8	6.7
Stores sales	**888.7**	**676.5**
Sales of precious metals	45.9	32.5
Invoicing to suppliers	1.2	1.0
Purchasing & logistics services	0.4	0.4
Other income	1.1	0.6
Other sales	**48.7**	**34.5**
Total sales	**937.4**	**711.0**

Note: THOM S.A.S. and Stroili Oro S.p.A.'s contribution to sales of precious metals amounted respectively to €26.4 and to €19.5 million in the fiscal year ended September 30, 2022. The increase is explained by the significant gold sale this year for covering purposes.

b. Other operating income

Other operating income		
In €m	30/09/2022	30/09/2021
Income from insurance for theft of merchandise	0.3	0.1
Income from insurance for destruction of goods	0.1	0.2
Reinvoicing of training costs	0.1	0.1
Royalty from franchise	1.1	0.7
French Solidarity Fund Subsidy	-	10.6
Other	8.0	6.2
Total other operating income	**9.6**	**17.9**

Note: The category "Other" of "Other operating income" amounts to 8.0 million euros includes the capitalization of ERP-SAP integration costs and Salesforce ecommerce platform for 2.4 million euros.

As of September 30, 2021, subsidies from the Governments during the Covid-19 pandemic correspond to 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.

c. Costs of goods sold

Costs of goods sold		
In €m	30/09/2022	30/09/2021
Purchase of raw materials	(55.2)	(54.8)
Change in inventories - raw materials	(6.1)	15.3
COGS - Raw materials	**(61.3)**	**(39.6)**
Purchase of finished goods	(308.5)	(205.1)
Change in inventories - finished goods	50.7	3.6
COGS - Finished Goods	**(257.9)**	**(201.5)**
Total costs of goods sold	**(319.1)**	**(241.0)**

Note: The €78.1 million increase in costs of goods sold during the year was mainly explained by the full recovery of the activity during fiscal year 2022 compared to an activity disrupted by the COVID-19 pandemic during fiscal year 2021 (network closed 29% of the time) and also by the creation, at the end of fiscal year 2022 of a security stock in order to anticipate inventory needs for festive season and to avoid potential logistics issues.

d. Personnel expenses

Personnel expenses		
In €m	30/09/2022	30/09/2021
Wages and salaries	(165.5)	(127.0)
Social security charges	(54.7)	(40.1)
Employee profit-sharing	(12.3)	(6.7)
Total personnel expenses	**(232.6)**	**(173.8)**

Note: The increase in Wages and salaries was mainly explained by the use of furlough schemes in all group subsidiaries due to the Covid-19 pandemic during the fiscal year ended September 30, 2021 (€9.8 million obtained in France) compared to none in fiscal year ended September 30, 2022 marked by a strong business recovery and the increase in group FTE (+260 ETP compared to fiscal year 2021).

Employee profit-sharing includes social contribution.

e. Other operating expenses

Other operating expenses		
In €m	30/09/2022	30/09/2021
Utilities and other supplies	(10.0)	(4.0)
Real property leases	(86.1)	(74.7)
Expenses related to real property leases	(12.9)	(10.1)
Advertising	(27.6)	(22.4)
Transport	(8.7)	(9.1)
Insurance	(1.8)	(1.6)
Maintenance	(5.8)	(4.6)
Consultancy fees	(11.5)	(9.1)
Bank fees	(3.7)	(3.3)
Information system and technology	(5.5)	(4.7)
Telecommunication and network expenses	(3.9)	(3.5)
Travel, accommodation and courtesy costs	(4.2)	(1.9)
Other	(16.8)	(15.4)
Total Other operating expenses	**(198.6)**	**(164.3)**

Note: Other costs totalling €16.8 million mainly include the cost of temporary workers, the lease costs of company cars and other miscellaneous charges.

The increase in real estate leases by €11.4 million is mainly explained by the credit notes accrued or received last year from the lessors and related to COVID-19 lockdown periods compared to none this year: all credit notes received in the fiscal year ended September 30, 2022 and related to the fiscal year ended September 30, 2021, have been considered as non-recurring income.

f. Taxes and duties

Taxes and duties		
In €m	30/09/2022	30/09/2021
Regional levy on French companies (CFE)	(1.2)	(1.4)
Payroll-related taxes	(2.9)	(2.2)
Taxes on commercial premises	(0.9)	(0.8)
Levy on French companies to fund social security (CSS)	(0.9)	(0.7)
CVAE	(2.6)	(2.0)
Other taxes and duties	(0.9)	(0.8)
Total taxes and duties	**(9.5)**	**(8.0)**

g. Depreciation, amortization and provisions (net)

Depreciation, amortization and provisions (net)		
In €m	30/09/2022	30/09/2021
Fixed assets depreciation and amortization	(30.5)	(39.5)
Inventory depreciation	(7.4)	(5.8)
Trade receivables depreciation	(0.1)	(0.2)
Provisions for risks and charges	(10.0)	(10.1)
Amortization of borrowing issuance costs	(0.3)	(0.7)
Depreciation, amortization and provisions	**(48.3)**	**(56.3)**
Reversals of provisions for risks and charges	10.3	9.2
Reversal of impairment of inventories	6.8	6.7
Reversal of impairment of fixed assets	0.6	2.8
Reversal of impairment of current assets	0.0	0.1
Reversal depreciation and provision	17.7	18.8
Total Depreciation, amortization and provisions	**(30.6)**	**(37.6)**

Note: Provisions for depreciation for risks and charges include provisions for loyalty vouchers of €9.6 million. Reversal of provision for risks and charges for €10.3 million include a reversal for loyalty vouchers for €8.6 million.

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.

h. Financial income and expenses

Financial income and expenses		
In €m	30/09/2022	30/09/2021
Interest on Proceeds Loans from Goldstory	(26.6)	(21.5)
Interest on Intercompany Loan from Goldstory	(1.5)	(1.1)
Interest on TLB and Revolving Credit Facility	(0.1)	(11.8)
Capitalized interest on convertible bonds	-	(9.4)
Amortization of bond redemption premium	-	(3.1)
Financial expenses for customer deferred payments	(0.9)	(0.6)
Foreign currency exchange	(1.9)	(0.2)
Other	0.4	(2.2)
Financial income (expense)	**(30.6)**	**(49.9)**

Note: Interest on Proceeds Loans and interest on the loan from Goldstory amount respectively to €26.6 million and €1.5 million and correspond to accrued interest owed to the Issuer under the loans extended to THOM Group in connection with the issuance of the Notes, for the period from October 1, 2021 to September 30, 2022.

The decrease in Capitalized interests on convertible bonds was mainly attributable to the repayment of the remaining convertible bonds as of February 26, 2021 in the amount of €199.9 million, replaced by the issuance of loan with Goldstory, bearing interests at 5.93% per annum. The loan was further reduced by €175.0 million as a result of the capital increase on September 24, 2021 (for the same amount) and amounts to €24.9 million at the end of September 30, 2022 with interest from Goldstory amounting to €1.5 million.

As of September 30, 2021, the amortization of bond redemption premium was composed of €0.3 million for the amortization of the year, 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.

i. Non-recurring income and expenses

Non-recurring income and expenses			
In €m		30/09/2022	30/09/2021
Pre-opening costs	(1)	(1.4)	(1.2)
Tax and payroll-related adjustments and commercial litigations		-	-
Other income and expenses	(2)	10.0	(2.1)
Non-recurring gain (loss) on operations		**8.6**	**(3.3)**
Income from disposal of leasehold rights (and equivalents)		0.1	0.8
Net book values of disposed fixed assets	(3)	(4.8)	(6.8)
Non-recurring amortization, depreciation and provisions	(4)	-	(4.1)
Non-recurring gain (loss) on disposal of fixed assets		**(4.7)**	**(10.1)**
Total non-recurring income & expenses		**3.9**	**(13.4)**

(1) Pre-opening costs of €1.4 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 income and expenses for a net amount €10.0 million mainly comprise of:
- €4.5 million credit notes for rents received from landlords related to lockdown periods in 2021 during COVID-19 pandemic, including €3.0 million in France and €1.5 in Italy
- €1.6 million for a portion of the rent subsidy
- €3.1 million government aid related to 2021 Covid-19 pandemic from the German government
- €0.9 million of other non-recurring income and expenses

(3) The net book value of disposed fixed assets of €(4.8) 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) The non-recurring amortization for €4.1 million as of September 30, 2021 corresponded to the extraordinary amortization of issuance borrowing costs related to the TLB reimbursed on February 26, 2021, partly offset by extraordinary reversal in Italy.

j. Income tax expense

Breakdown of net tax expense

Income tax		
In €m	30/09/2022	30/09/2021
Current income tax	(41.8)	(12.2)
Deferred income tax	1.1	(3.4)
Total income tax	**(40.7)**	**(15.6)**

Note: The net income tax expense for the fiscal year ended September 30, 2022 amounted to €41.8 million compared to €15.6 million in the prior fiscal year is detailed as follows:
- The net income tax expense recognized by the tax group for French companies amounted to a €33.4 million expense compared to a €13.2 million expense last year. The increase of €20.2 million is explained by the very good operating performance of the Group, mainly thanks to an activity not impacted by COVID-19 pandemic as of September 30, 2022 compared to an activity disrupted by the network of stores closed 29% of the time in the fiscal year ended September 30, 2021.
- 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 €7.3 million (mainly Italy for €6.1 million and Belgium €1.4 million) compared to a €2.4 million expense in the previous fiscal year.

Reconciliation of theoretical tax expense to effective tax expense

Tax proof		
In €m	**30/09/2022**	**30/09/2021**
Income before tax	129.8	41.0
Theoretical tax rate in France	28.41%	32.0%
Theoretical tax expense expected	**(36.9)**	**(13.1)**
Tax rate differential on foreign income	1.7	1.0
Non-deductible financial expenses in France	-	(0.8)
Depreciation and/or unrecognition of tax losses	(6.3)	(1.6)
IRAP	(2.2)	(1.0)
Tax credit from previous years	3.5	1.1
Other	(0.5)	(1.2)
Effective tax	**(40.7)**	**(15.6)**

Note:

- The increase in the unrecognition of deferred tax losses correspond mainly to deferred tax losses of the entity THOM Group for €5.3 million following the change in tax integration group, Altastory being the new head of tax integration group.
- 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.
- Tax credit from previous years correspond mainly to Italy with the use of a tax advantage called "Patent Box" which consists in the tax exemption of 50% of the revenue generated thanks to the use of certain intangible assets (here, the brand) for the period 2016-2019.
- Oro Vivo's tax loss carryforwards of the year have not been recognized as a measure of prudence.

8. Other information

a. Subsequent events

Purchase of remaining 50% of Agatha

On December 16, 2022, THOM S.A.S. purchased to Renaissance Luxury Group the remaining 50% of Agatha S.A.S. The subsidiary is now fully-owned by the group. Agatha's account will be fully consolidated from October 1, 2022.

Tax audit – THOM GROUP

The company is currently undergoing a tax audit for fiscal years 2017 to 2021. The control is not enough advanced to identify potential risks.

Tax audit - THOM

The company had a tax audit for fiscal years 2019 to 2021. The audit didn't identify significant risks.

No other subsequent event to be noted.

b. Off-balance sheet commitments

Post-employment benefits (France)

Post-employment benefits are calculated once a year. As of September 30, 2022, post-employment benefits in France were off-balance sheet and amounted to €1.2 million. The main actuarial assumptions are as follow as of 30 September 2022:

- Discount rate: 3.74% (vs. 0.98% as of September 2021)
- Salary increases rate: 2.5% (similar as of September 2021)
- Calculation of employee turnover by socio-professional category based on historical data at each entity
- INSEE mortality table 2013-2015

Pledges

Pledges listed below are granted for the benefit of the noteholders under the Notes and the banks under the new RCF agreement:

- 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 Oro S.p.A.;
- 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, 2022, the fair values of these instruments were as follows:

Hedges		**30/09/2022**			**30/09/2021**		
In €m		**Fair Value**	**On B/S**	**Off B/S**	**Fair Value**	**On B/S**	**Off B/S**
Currency hedge USD/EUR		9.7	-	9.7	1.1	-	1.1
Gold price hedge		(1.4)	-	(1.4)	(0.0)	-	(0.0)
Euribor hedge	(1)	-	-	-	-	-	-
Total		**8.4**	**-**	**8.4**	**1.1**	**-**	**1.1**

(1) Euribor hedge, related to the floating rate senior secured notes (FRN) and to the new RCF, refinanced

in February 2021, for a total of €18.3 million as of September 30, 2022, is now at Goldstory S.A.S level, the 100% shareholder of THOM Group S.A.S and that carries the senior secured notes and the RCF. This includes €0.9 million of premium paid for caps and used hedging EURIBOR interest rates related to the FRN 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, 2022, the Group's long positions aggregated to $118.3.0 million (compared to $50.3 million as of September 30, 2021), hedging nearly all its forecasted USD-denominated payment needs up to the end of the next two fiscal years. This hedging strategy to cover 2 years has been decided by the Group due to the strong appreciation of USD against EUR.

Currency hedge (purchase of USD against EUR)		
In USD million	**30/09/2022**	**30/09/2021**
Collar		
Notional amount in USD	**83.3**	**35.3**
Expiry:		
- *due within one year*	52.0	35.3
- *due in more than one year*	31.3	-
Forward contracts		
Notional amount in USD	**35.0**	**15.0**
Expiry:		
- *due within one year*	10.0	15.0
- *due in more than one year*	25.0	-

- **Gold price hedge**

The Group purchases products containing gold at a minimum quantity of 3,300 ounces of gold per month. Gold price fluctuation risk is covered by swaps as well as physical gold stock.

As of September 30, 2022, the Group's long positions aggregated to 10,200 ounces of gold, with hedge agreements (synthetic calls/floored forward or swaps/forwards). In addition, the group owns physical gold held in inventory, which represented approximately four months of gold purchases, thus providing an overall hedge of almost seven months relating to gold price fluctuations following the end of the fiscal year ended September 30, 2022. The notional amount covered is explained by the physical stock of 14,286 ounces which represent a value of €24.9 million as of September 30, 2022.

Gold price hedge		
In ounces	**30/09/2022**	**30/09/2021**
Synthetic calls		
Hedged quantity (ounces)	**10,200**	**3,200**
- *Purchases against EUR*	10,200	3,200
- *Purchased against USD*	-	-
Expiry:		
- *due within one year*	10,200	-
- *due between one and two years*	-	3,200

- **EURIBOR interest rate hedge**

EURIBOR interest rate risk related to the FRN is hedged through interest rate caps. The FRN and the new RCF being underwritten by Goldstory S.A.S., the EURIBOR interest rate hedge is contracted at that level.

Commitments received

As of September 30, 2022, the Group has an RCF line of €90.0 million, drawn for €22.0 million, as well as 7 bank facilities for a total of €31.0 million.

Commitments given

Other commitments given by THOM Group S.A.S. as of September 30, 2022:
- Bank guarantees to lessors and suppliers for a total amount of €0.8 million.

Other commitments given by THOM S.A.S. as of September 30, 2022:
- Bank guarantees in favour of lessors for a total of €2.2 million.

Commitments given by Histoire d'Or Belgium as of September 30, 2022:
- Bank guarantees in favour of lessors for a total of €1.0 million.

Commitments given by Stroili Oro S.p.A. as of September 30, 2022:
- Bank guarantees in favour of lessors for €11.6 million.

Commitments given by OroVivo AG as of September 30, 2022:
- Bank guarantees in favour of lessors for €1.0 million.

All bank guarantees are either collateral security or guarantee on first demand.

c. Headcount

The Group's headcount reached 4,983 Full-Time Equivalents (FTE) for the year ended September 30, 2022, against 4,723 FTE last year. This increase mainly results from the development of the wholesale activity and the acquisitions of new entities.

d. 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.

No attendance fees have been paid at THOM Group level in the last twelve month. Attendance fees are now paid at Altastory level.

e. Statutory auditors' fees

Statutory auditor's fees	**30/09/2022**			**30/09/2021**		
In €m	**Deloitte(*)**	**Aca-Nexia**	**Other**	**Deloitte**	**Aca-Nexia**	**Other**
Auditors fees - Legal	0.3	0.1	0.1	0.3	0.1	0.0
THOM Group SAS	0.0	0.0	-	0.0	0.0	-
Fully consolidated subsidiaries	0.3	0.1	0.1	0.2	0.1	0.0
Auditors fees - Other services	0.1	0.0	0.0	-	-	0.0
Total	**0.4**	**0.1**	**0.1**	**0.3**	**0.1**	**0.0**

(*) including Deloitte Italy

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