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MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS THREE-MONTH PERIOD ENDED AS AT DECEMBER 31, 2021

The following discussion and analysis of the financial condition and results of operations of Thom Group S.A.S. (the "Company") and its subsidiaries (collectively, the "Group") is based upon the consolidated financial information of the Company and its subsidiaries and should be read in conjunction with the Unudited Consolidated Financial Statements and the notes thereto for the three-month period ended December 31, 2021. The consolidated financial information of the Company, included herein, has been prepared in accordance with French GAAP.

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

The following discussion and analysis 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 1,026 stores directly operated stores and 65 corners, including 550 stores and wedding fairs in France as well as 40 corners (including one store in Monaco), 393 stores in Italy, 52 stores in Germany, 26 stores and wedding fairs in Belgium as well as two corners, three stores and twenty-three corners in Spain and two stores in Luxembourg as of December 31, 2021, as well as six 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 32 affiliated partner stores in France.

We sell our products under our seven complementary main banners: Histoire d'Or (393 stores), Stroili (341 stores), Agatha (36 stores and 65 corners), Marc Orian (92 stores), TrésOr (67 stores), OROVIVO (52 stores) and Franco Gioielli (37 stores). We also operate, in France, eight additional stores under the Smizze banner. As of December 31, 2021, 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 three-month period ended December 31, 2021.

b) Accounting principles

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

c) Key performance indicators

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

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

nature, including rental or personnel expenses incurred by stores prior to their opening or during renovation works (if such renovation work results in the long-term closure of the store during the renovation). Reported EBITDA is presented in Note 1(d) of our Unaudited Consolidated Financial Statements.

- ***Free cash flow conversion rate***. Free cash flow conversion rate represents free cash flow divided by Reported EBITDA generated during the relevant period.

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

d) Description of Key Income Statement Line Items

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

- ***Total sales***. Total sales represent total network sales and other sales.

- ***Total network sales*** represent total revenue recognized in stores located in France, Italy, and Rest of Europe. It also includes revenue generated by our e-commerce platforms, wholesale activities and sales to our affiliated partners. Total network sales are reported net of VAT and discounts granted.

- ***Other sales*** include primarily sales of precious metals and invoicing to suppliers. Sale of precious metals to foundries consists of revenue recognized either from the gold bought through our gold repurchase and exchange program, which we resell at market prices, or from the gold products that cannot be sold and that are melted down and which we subsequently resell at market prices.

- ***Cost of goods sold***. Cost of goods sold is our single largest cost item. It comprises the purchase of finished goods, the purchase of gold bought from individuals (including gift vouchers), changes in inventories, rebates and discounts, customs, breakages, and packaging costs.

- ***Direct and indirect operating costs***. Direct and indirect operating costs represent our “other operating expenses” as reported in our financial statements. Our “other operating expenses” represents mainly our rental and rental-related expenses, maintenance costs, marketing and advertising costs, transport costs, professional fees, communication costs, energy related expenses and bank fees mainly associated with payments from customers.

- ***Taxes and duties***. Taxes and duties primarily represent regional levies on French companies (*Contribution Economique Territoriale*) that includes CVAE and payroll-related taxes.

- ***Personnel expenses***. Personnel expenses represents the wages and salaries of the employees located in our stores and in our headquarters and logistics centers. It includes the gross fixed amount due to our employees and the social contributions that must be paid by employers, and reductions in social security contributions (which replaced the *Crédit d'impôt pour la compétitivité et l'emploi* (CICE), effective January 1, 2019). Charges related to any legal profit-sharing schemes are also reported under this line item, as well as any bonus or variable remuneration paid to our employees, based mainly on sales results.

- ***Change in depreciation, amortization and provisions net of provision reversals***. Change in depreciation, amortization and provisions net of provision reversals represents the depreciation and amortization of our fixed assets, the provisions for depreciation of our current assets (such as inventories and trade receivables) and the provisions for contingencies, liabilities, and our loyalty program. Reversals of provisions are also reported in this line item.

- ***Operating income***. Operating income represents operating revenue net of operating expenses described above, before financial expenses, non-recurring items, income tax, goodwill amortization and non-consolidated interests.

- ***Financial expense***. Until February 26, 2021, financial expense mostly represented interest on our

2017 Term Loan B Facilities (the “TLB”), net of hedging of interest rate instruments, and capitalized interest on convertible bonds. The remaining part was composed of financial expenses relating to interest on bilateral loans and the revolving credit facility (the “RCF”) in place until then, amortization of the Original Issue Discount, customers’ deferred payments and foreign currency expenses. Since February 26, 2021, finance expense mostly represents interest on our proceed loans and intercompany loan with Goldstory S.A.S, net of hedging of interest rate instruments. The remaining part is composed of financial expenses related to interest on our new revolving credit facility (the “New RCF”), full amortization of the remaining bond redemption premium in relation of the TLB reimbursement, customers’ deferred payments and foreign currency expenses.

- ***Non-recurring income and expenses***. Non-recurring income and expenses represents all items that are not directly related to our operations or core businesses, and that are considered by management as non-recurring by their nature, such as rental or personnel expenses incurred by stores prior to opening or during renovation work if the latter results in the long-term closure of stores.

2) Results of Operations for the three-month period ended December 31, 2021 compared to the three-month period ended December 31, 2020

A. Income Statement

The table below sets forth certain line items from our income statement for the three-month periods ended December 31, 2021 and 2020.

		First Quarter			LTM Ended December
In €m		**2021**	**2022**	**Var. %**	**2022**
Total Sales	**a)**	**239.6**	**320.2**	***33.6%***	**791.6**
Other operating income	b)	2.8	1.8	*(38.2)%*	16.8
Cost of goods sold	c)	(73.3)	(105.7)	*44.1%*	(273.4)
Personnel expenses	g)	(47.9)	(63.1)	*31.8%*	(189.0)
Direct and indirect operating costs	h)	(43.7)	(49.7)	*13.6%*	(170.3)
Taxes and duties	i)	(2.2)	(2.6)	*16.6%*	(8.3)
Depreciation, amortisation & provisions, Net	j)	(11.2)	(5.1)	*(54.9)%*	(31.4)
Operating income	**f)**	**64.1**	**95.9**	***49.6%***	**136.0**
Financial income (expense)	k)	(12.9)	(7.5)	*(41.6)%*	(44.5)
Income (expense) from recurring operations		**51.2**	**88.3**	***72.6%***	**91.5**
Non-recurring income (expense)	l)	(7.7)	(1.4)	*(81.7)%*	(7.1)
Income tax	m)	(12.9)	(24.6)	*89.9%*	(27.2)
Non-controlling interests		(0.0)	0.1	*n.a.*	0.1
Net income (loss)		**30.5**	**62.4**	***104.5%***	**57.3**

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 ended December 31, 2021 and 2020.

		First Quarter			LTM Ended December
In €m		**2021**	**2022**	**Var. %**	**2022**
Total Sales	**a)**	**239.6**	**320.2**	***33.6%***	**791.6**
Cost of goods sold	c)	(73.3)	(105.7)	*44.1%*	(273.4)
Cost reinvoiced		(0.3)	(0.2)	*(13.5)%*	(0.7)
Gross margin	**d)**	**166.0**	**214.3**	***29.1%***	**517.5**
As a % of Network sales		*71.4%*	*70.3%*	*(1.1)pp*	*69.1%*
Total Network direct costs		(67.8)	(85.7)	*26.3%*	(265.0)
Network contribution	**e)**	**98.2**	**128.6**	***31.0%***	**252.5**
As a % of Network sales		*42.2%*	*42.2%*	*0.0 pp*	*33.7%*
Indirect Costs		(22.1)	(26.8)	*21.1%*	(83.0)
Closed Stores		0.0	(0.1)	*(563.5)%*	0.2
Reported EBITDA	**f)**	**76.1**	**101.8**	***33.7%***	**169.7**
As a % of Network sales		*32.7%*	*33.4%*	*0.7 pp*	*22.7%*

a) Total sales

The table below presents the detail of our total sales for the three-month periods ended December 31, 2021 and 2020.

In €m	First Quarter 2021	2022	Var. m€	Var. %
Network sales	**232.4**	**304.9**	**72.5**	**31.2%**
Sales of precious metals	6.5	14.6	8.1	124.9%
Invoicing to suppliers	0.4	0.5	0.1	24.5%
Purchasing & logistics services	0.1	0.1	0.0	0.0%
Other	0.2	0.1	(0.0)	(21.6%)
Other Sales	**7.2**	**15.4**	**8.2**	**113.6%**
Total Sales	**239.6**	**320.2**	**80.6**	**33.6%**

Total sales amounted to €320.2 million in the three-month period ended December 31, 2021, an increase of €80.6 million, or 33.6%, from €239.6 million in the three-month period ended December 31, 2020, mainly due to a €72.5 million increase in our network sales and to a €8.1 million increase in our sales of precious metal. Network sales' increase in the three-month period ended December 31, 2021 compared to the three-month period ended December 31, 2020 was due to a very good performance of Italy and France and to a limited impact of sanitary constraints compared to the three-month period ended December 31, 2020 when the network was closed 30% of the time. Network Sales also increased due to the integration of Agatha's accounts (under proportional consolidation method), impacting sales for €4.7 million in the three-month period ending December 31, 2021, unlike none in prior year. Sales of precious metals of €9.0 million in France and €5.5 million in Italy mainly related to a sale for hedging purpose in France and to a sale to foundries in the regular course of business in Italy.

Our e-commerce platforms contributed €18.9 million to our network sales during the three-month period ended December 31, 2021, representing a decrease of €6.6 million, or 25.8%, compared to the same period the prior year. The level of digital sales is diluted by the strong recovery of stores but remains at a high level of 9% of network sales in France.

Closed stores evolution related to the COVID-19 pandemic during the three-month periods ended December 31, 2021 and December 31, 2020

During the three-month period ended December 31, 2021, the Group wasn't really impacted by COVID-19 pandemic restrictions unlike in the three-month period ended December 31, 2020, 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:

i. France was impacted by the following restrictions:

In Q1 2021

- From October 28 to November 28, 2020, the country was in full lockdown. All of our stores were closed.

In Q1 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.

ii. Italy was impacted by the following restrictions:

In Q1 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 Q1 2022

- No specific restrictions were imposed in the three-month period ended December 31, 2021.

iii. Germany was impacted by the following restrictions:

In Q1 2021

- From December 16, 2020 (or, in the case of a few stores, December 14, 2020) until December 31, 2020, stores were fully closed, resulting in 48% of our stores being closed in December 2020.

In Q1 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. Vaccination rate in Germany is 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.

In the three-month period December 31, 2021, the Group didn't face any COVID-19 related restrictions. The network has 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 three-month period ended December 31, 2020. (30% on average for Q1 2021 compared to 0% in Q1 2021).

	Q1 2021				Q1 2021
In %	**oct-20**	**nov-20**	**dec-20**	**Q1 21**	**Q1 22**
France	6%	90%	-	32%	-
Italy	-	50%	39%	29%	-
Germany	-	-	48%	16%	-
Belgium	-	100%	-	33%	-
Luxembourg	-	-	-	-	-
Thom Group	**3%**	**69%**	**18%**	**30%**	**-**

Network sales by perimeter, by channel and by brands

The table below presents the detail of our network sales by perimeter on a like-for-like basis for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Network sales France	159.8	188.0	28.2	17.6%
Network sales Italy	53.8	83.4	29.6	55.0%
Network sales RoE	11.8	15.3	3.6	30.5%
Total network sales on a LFL basis	**225.4**	**286.8**	**61.3**	**27.2%**
Change in perimeter	7.0	18.1	11.1	158.9%
Network sales	**232.4**	**304.9**	**72.5**	**31.2%**

The table below presents the detail of our network sales by distribution channel on a like-for-like basis for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Store & corner	199.0	267.1	68.1	34.2%
E-commerce	25.4	18.9	(6.6)	(25.8%)
Wholesale	1.0	0.7	(0.3)	(28.1%)
Other	0.0	0.1	0.1	932.5%
Total network sales on a LFL basis	**225.4**	**286.8**	**61.3**	**27.2%**
Change in perimeter	7.0	18.1	11.1	158.9%
Network sales	**232.4**	**304.9**	**72.5**	**31.2%**

The table below presents the detail of our network sales by banner on a like-for-like basis for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Histoire d'Or	138.6	165.3	26.7	19.3%
Stroili	48.8	75.2	26.5	54.3%
Marc Orian	21.7	25.1	3.4	15.6%
Franco Gioielli	3.4	5.5	2.1	63.5%
TrésOr	6.5	7.6	1.1	16.9%
Orovivo	5.9	7.4	1.4	24.4%
Other	0.6	0.7	0.1	14.8%
Total network sales on a LFL basis	**225.4**	**286.8**	**61.3**	**27.2%**
Change in perimeter	7.0	18.1	11.1	158.9%
Total network sales	**232.4**	**304.9**	**72.5**	**31.2%**

On a like-for-like basis, our network sales increased by €61.3 million, or 27.2%, to €268.8 million in the three-month period ended December 31, 2021 compared to €225.4 million in the three-month period ended December 31, 2020. The increase in like-for-like sales was mainly due to store sales growth at a higher pace than market in Italy and France and to a limited impact of sanitary constraints compared to the same period in prior year, explained by a network fully open in the three-month period ended December 31, 2021 compared to a 30% network closed on average in the three-month period ended December 31, 2020. France benefited from an increase in brand attractiveness and the development of omnichannel sales (+36% 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 19.3% and 54.3% increases, respectively, in network sales in the three-month period ended December 31, 2021 compared to the three-month period ended December 31, 2020, mainly due to the increase in brand attractiveness in France and to a new brand positioning in Italy.

The change in perimeter increased by €11.1 million, or 158.9% to €18.1 million in the three-month period ended December 31, 2021, from €7.0 million in the three-month period ended December 31, 2020, mainly explained by the development of the wholesale business and the consolidation of Agatha from October 1, 2021, resulting respectively in an increase of €4.9 million and €4.7 million compared to the three-month period ended December 31, 2020.

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 ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
E-commerce sales France	21.8	16.3	(5.5)	(25.2%)
E-commerce sales Italy	3.1	2.2	(0.9)	(29.3%)
E-commerce sales RoE	0.5	0.4	(0.2)	(33.3%)
Total e-commerce sales	**25.4**	**18.9**	**(6.6)**	**(25.8%)**

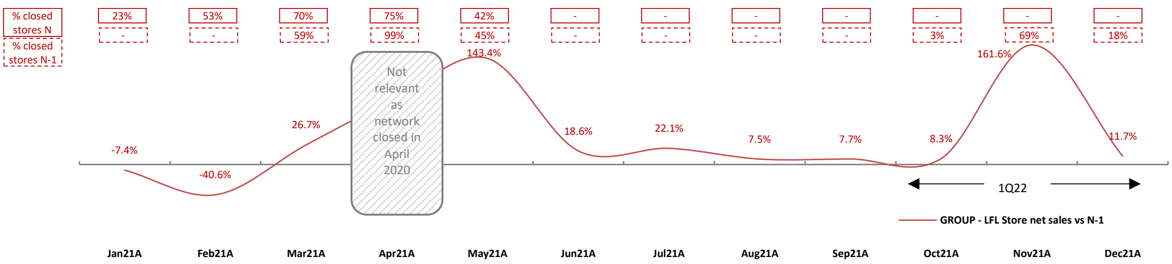
E-commerce sales amounted to €18.9 million in the three-month period ended December 31, 2021, an limited decrease of €6.6 million, or 25.8%, from €25.4 million in the three-month period ended December 31, 2020, in a tough market environment (-27% market turnover variation in France compared to the same period in prior year).

Monthly network sales

The table below presents our network sales monthly for the three-month period ended December 31, 2021 (unaudited) and the fiscal years ended September 30, 2021, 2020 and 2019 (audited).

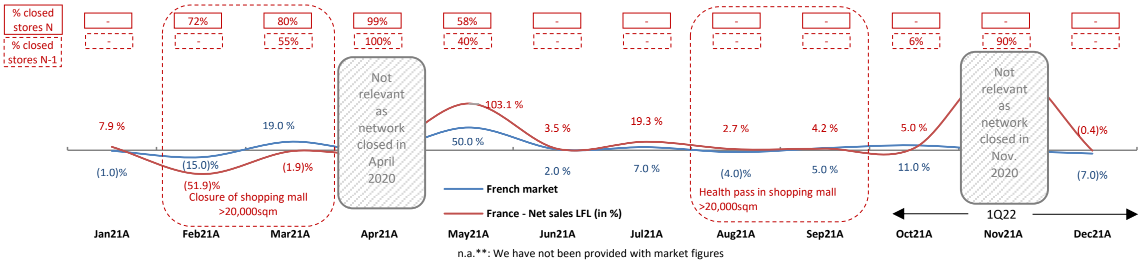
	Audited	Audited	Audited	Unaudited
In €m	**2019**	**2020**	**2021**	**2021**
October	43.4	47.2	52.9	60.6
November	48.7	55.1	26.1	69.6
December	147.1	152.1	153.4	174.7
January	45.2	49.5	46.0	
February	56.4	62.3	37.1	
March	44.6	17.8	22.9	
April	46.4	3.3	18.7	
May	64.0	23.3	58.3	
June	52.0	55.4	66.2	
July	57.0	61.1	74.8	
August	49.8	56.0	60.2	
September	49.1	54.2	60.3	
Network sales	**703.8**	**637.3**	**676.9**	**304.9**

The graph below presents the growth of our like-for-like network sales monthly for the twelve months ended December 31, 2021, as compared to the same months in the prior year.



Excluding the months affected by lockdown periods (January to mid-May 2021), our network sales showed strong growth across geographies over the twelve months ended December 31, 2021. At the Group level, in the three-month period ended December 31, 2021, network sales on a like-for-like basis increased by €61.3 million, or 27.2%, compared to the three-month period ended December 31, 2020, mainly due to a due to store sales growth at a higher pace than market.

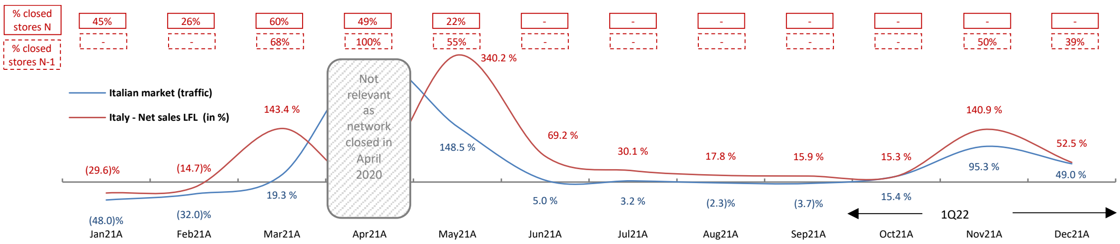
France



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

In the three-month period ended December 31, 2021, France is outperforming the market (for November 2021, we have not been provided with market figures). France benefited from an increase in brand attractiveness and the development of omnichannel sales (+36% inventory 2.0 vs. prior year). The very strong increase in November 2021 network sales compared to November 2020 was explained by the almost full lockdown in prior year (all stores reopened on November 28, 2020).

Italy



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

Italy performed much better than market during the three-month period ended December 31, 2021. 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 €1.8 million in the three-month period ended December 31, 2021, an decrease of €1.1 million, or 38.2%, from €2.8 million in the three-month period ended December 31, 2020.

c) Cost of goods sold

The table below presents the detail of our cost of goods sold for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Purchase of finished goods	(81.5)	(87.5)	(5.9)	7.3%
Change in inventories - finished goods	18.3	2.8	(15.5)	(84.7%)
COGS - Finished Goods	**(63.2)**	**(84.7)**	**(21.5)**	**34.0%**
Purchase of raw materials	(13.2)	(13.7)	(0.5)	4.0%
Change in inventories - raw materials	3.1	(7.3)	(10.4)	(336.9%)
COGS - Raw materials	**(10.1)**	**(21.0)**	**(10.9)**	**107.5%**
Cost of goods sold	**(73.3)**	**(105.7)**	**(32.4)**	**44.1%**

In the three-month period ended December 31, 2021, cost of goods sold totaled €105.7 million, an increase of €32.4 million, or 44.1%, from €73.3 million in the three-month period ended December 31, 2020, mainly impacting France (€17.5 million increase) and Italy (€11.1 million increase) and resulting from the strong performance of sales during the three-month period ended December 31, 2021 as compared to the three-month period ended December 31, 2020, as well as from the change in gold inventories for €10.4 million.

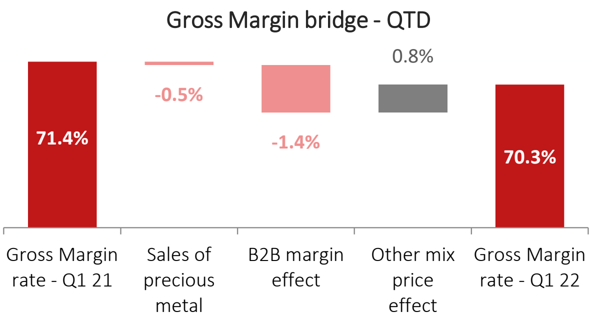
d) Gross margin

The table below presents the detail of gross margin in value and as a percentage of network sales for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Network sales	232.4	304.9	72.5	31.2%
Sales of precious metals	6.5	14.6	8.1	124.9%
Invoicing to suppliers	0.4	0.5	0.1	24.5%
Purchasing & logistics services - reinvoicing	0.1	0.1	0.0	0.0%
Other - reinvoicing	0.2	0.1	(0.0)	(21.6%)
Total Sales	**239.6**	**320.2**	**80.6**	**33.6%**
Cost of goods sold	**(73.3)**	**(105.7)**	**(32.4)**	**44.1%**
Costs reinvoiced	**(0.3)**	**(0.2)**	**0.0**	**(13.5%)**
Gross Margin	**166.0**	**214.3**	**48.3**	**29.1%**
As a % of network sales	*71.4%*	*70.3%*		*(113.7)*

In the three-month period ended December 31, 2021, gross margin totaled €214.3 million, an increase of €48.3 million, or 29.1%, from €166.0 million in the three-month period ended December 31, 2020. The decrease in gross margin contribution as a percentage of network sales of 113.7 basis point, from 71.4% in the three-month period ended December 31, 2020 to 70.3% in the three-month period ended December 31, 2021, was mainly explained by the increase in gold fixing as well as other metals (silver, rhodium) compared to the prior year, which had been anticipated by management and also 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).

The bridge below set forth the change in gross margin as a percentage of total sales between the three-month periods ended December 31, 2021 and 2020.



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 ended December 31, 2021 and 2020.

Gross margin in value

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Gross Margin France	115.1	134.1	18.9	16.4%
Gross Margin Italy	38.9	59.1	20.3	52.1%
Gross Margin RoE	8.0	10.8	2.7	34.0%
Gross Margin on a LFL basis	**162.0**	**204.0**	**41.9**	**25.9%**
Change in perimeter	3.9	10.0	6.2	158.0%
Other income & expenses	0.1	0.3	0.2	230.6%
Gross Margin	**166.0**	**214.3**	**48.3**	**29.1%**

Gross margin as a percentage

	First Quarter		
In €m	**2021**	**2022**	**Var in bp**
Gross Margin France	72.0%	71.3%	(72.0)
Gross Margin Italy	72.2%	70.9%	(131.8)
Gross Margin RoE	68.4%	70.2%	186.2
Gross Margin on a LFL basis	**71.9%**	**71.1%**	**(75.4)**
Change in perimeter	55.6%	55.4%	(18.8)
Gross Margin	**71.4%**	**70.3%**	**(113.7)**

In the three-month period ended December 31, 2021, gross margin on a like-for-like basis totaled €204.0 million, an increase of €41.9 million, or 25.9%, from €162.0 million in the three-month period ended December 31, 2020. Our gross margin as a percentage of network sales on a like-for-like basis was 71.1% in the three-month period ended December 31, 2021, a decrease of 75.4 basis points from 71.9% in the three-month period ended December 31, 2020. This was mainly due to an increase in the price of gold as well as other metals (silver, rhodium) compared to the prior year, which had been anticipated by management.

e) Network contribution

The table below presents the detail of our network contribution for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Gross Margin	**166.0**	**214.3**	**48.3**	**29.1%**
Personnel expenses - network	(35.7)	(48.7)	(13.0)	36.4%
Rent & charges - network	(17.5)	(20.8)	(3.3)	18.9%
Marketing costs - network	(6.3)	(6.1)	0.2	(2.6%)
Taxes - network	(1.6)	(1.8)	(0.2)	10.2%
Overheads - network	(6.7)	(8.3)	(1.6)	23.2%
Total network direct costs	**(67.8)**	**(85.7)**	**(17.9)**	**26.3%**
As a % of network sales	*-29.2%*	*-28.1%*		*107.9*
Network contribution	**98.2**	**128.6**	**30.4**	**31.0%**
As a % of network sales	*42.2%*	*42.2%*		*(5.8)*

In the three-month period ended December 31, 2021, network contribution totaled €128.6 million, an increase of €30.4 million, or 31.0%, from €98.2 million in the three-month period ended December 31, 2020. Over the period, the network contribution as a percentage of net sales remained stable at 42.2% similar to the same period prior year. The increase in absolute value is mainly explained by the strong performance of stores compared to the same period prior year and to the significant cost reduction (furlough schemes, rent abatements negotiations…) in the three-month period ended December 31, 2020 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 ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Network Contribution	**98.2**	**128.6**	**30.4**	**31.0%**
Indirect Costs	(22.1)	(26.8)	(4.7)	21.1%
Contribution of closed stores	0.0	(0.1)	(0.1)	(563.5%)
Reported EBITDA	**76.1**	**101.8**	**25.6**	**33.7%**

f) Reported EBITDA to Operating Income

The table below presents the bridge from Reported EBITDA to operating income for the three-month period ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Reported EBITDA	**76.1**	**101.8**	**25.6**	***33.7%***
Depreciation, amortisation & provisions, net	(11.2)	(5.1)	6.2	(54.9)%
Business tax (CVAE)	(0.8)	(1.0)	(0.2)	19.5 %
Contribution of closed stores	(0.0)	0.1	0.1	(563.5)%
Operating Income	**64.1**	**95.9**	**31.8**	**49.6 %**

Monthly Reported EBITDA

The table below presents our Reported EBITDA monthly for the three-month period ended December 31, 2021 (unaudited) and the fiscal years ended September 30, 2021, 2020 and 2019 (audited).

	Audited	Audited	Audited	Unaudited
In €m	**2019**	**2020**	**2021**	**2022**
October	0.8	1.9	8.3	9.1
November	3.7	7.0	(1.6)	13.7
December	64.7	66.8	69.5	79.1
January	1.4	2.7	2.0	
February	8.6	10.1	2.3	
March	3.0	(5.3)	(3.1)	
April	4.6	(8.6)	(3.3)	
May	14.1	0.8	12.8	
June	7.8	11.6	15.1	
July	9.4	13.0	19.4	
August	6.6	9.7	12.2	
September	5.3	10.1	10.1	
Adjustment for closed stores	2.1	0.7	0.1	(0.1)
Reported EBITDA	**132.1**	**120.6**	**143.9**	**101.8**

Reported EBITDA (excluding closed stores adjustment) totaled €101.9 million in the three-month period ended December 31, 2021, an increase of €25.7 million, or 33.7% from €76.2 million in the three-month period ended December 31, 2020, 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 three-month period ended December 31, 2020 (30% 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 33.4% EBITDA rate as a percentage of Total Sales in Q1 2022.

g) Personnel expenses

In the three-month period ended December 31, 2021, personnel expenses totaled €63.1 million, an increase of €15.2 million, or 31.8% from €47.9 million in the three-month period ended December 31, 2020, mainly due to (i) the strong performance of stores compared to prior year, (ii) to the recourse, in the three-month period ended December 31, 2020 to various furlough schemes in the countries in which the Group operates, with furlough payments amounting to an aggregate of €3.0 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 doesn't apply anymore in the three-month period ended December 31, 2021 and (iv) to the increase, in the three-month period ended December 2021, 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 December 31, 2021, direct and indirect expenses totaled €49.7 million, an increase of €6.0 million, or 13.6%, from €43.7 million in the three-month period ended December 31, 2020. This increase in direct and indirect operating expenses was mainly attributable to (i) a €3.0 million increase in rent explained by contractual negotiations with our landlords, in the three-month period ended December 31, 2020, resulting in a strong reduction in rent and to (iii) a €3.0 million increase in various direct and indirect costs in relation with the strong performance of stores compared to the same period in prior year. The increase in other direct and indirect operating expenses is however relatively limited compared to the increase in sales, 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 €2.6 million in the three-month period ended December 31, 2021, an increase of €0.4 million, or 16.6%, from €2.2 million in the three-month period ended December 31, 2020.

Our taxes and duties mainly include the CVAE (€1.0 million in the three-month period ended December 31, 2021), a tax on commercial premises (*Cotisation foncière des entreprises* (CFE)), payroll-related taxes and a levy on French companies to fund social security (*Contribution sociale de solidarité* (CSS)). The main driver of the increase in taxes and duties in this period was the increase in CVAE, which was in turn a result of a higher added value in the three-month period ended December 31, 2021, compared to the same period in prior year.

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

Change in depreciation, amortization and provisions net of provision reversals totaled a provision of €5.1 million in the three-month period ended December 31, 2021, a decrease in provision of €6.2 million, or 54.9% from a net provision of €11.2 million in the three-month period ended December 31, 2020. During the three-month period ended December 31, 2021, change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €6.5 million in amortization and provision of fixed assets, (ii) a €1.1 million reversal of provision for inventories mainly due to the high level of sales during the three-month period ended December 31, 2021 and (iii) a €0.4 million reversal of provision for risk and charges mainly due to closed negotiations with landlords in France and Italy during the period. The decrease compared to the three-month period ended December 31, 2020 was due to (i) €5.1 million net variation of inventory provision due to the conservative view on the risks related to products not sold during the holidays season taken in the three-month period ended December 31, 2020 and to (ii) €1.1 million of other change in depreciation, amortization and provisions.

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

k) Financial income (expense)

In the three-month period ended December 31, 2021, financial expense totaled €7.5 million, a decrease of €5.4 million, or 41.6%, from €12.9 million in the three-month period ended December 31, 2020.

At the Thom Group level, intercompany loans with Goldstory are accounted for. Further information in respect of the interest on the new financing at the Goldstory level is provided further below in "Pro Forma Goldstory S.A.S.".

In the three-month period ended December 31, 2021, our financial expense mainly consisted of €7.0 million in interest related to the proceeds loans and intercompany loan with Goldstory entered into connection with the Senior Secured Notes.

The €5.4 million decrease in financial expense was mainly attributable to a decrease in interest payment obligations resulting from the repayment of €152.2 million of convertible bonds in the financial year ended September 30, 2020 and to the conversion, on February 26, 2021, of the remaining convertible bonds totaling €199.9 million into an intercompany loan with Goldstory, bearing interest at a rate of 5.93% per annum. 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 December 31, 2021.

l) Non-recurring income and expenses

The table below presents the detail of our non-recurring income and expenses for the three-month periods ended December 31, 2021 and 2020.

	First Quarter			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**
Pre-opening costs	(0.4)	(0.2)	0.2	-50.7%
Fees in respect of ongoing M&A processes	(2.1)	-	2.1	-100.0%
Non-recurring indemnity	(1.1)	-	1.1	-100.0%
WeTHOM plan		(0.2)	(0.2)	n.a.
Other income and expense	*(0.1)*	*(0.2)*	*(0.1)*	*135.3%*
Non-recurring loss from operations	**(3.7)**	**(0.4)**	**3.3**	**-88.8%**
Income from disposal of leasehold rights	*0.5*	*0.0*	*(0.5)*	*-98.9%*
NBV intangible asset disposals	*(4.5)*	*(0.0)*	*4.5*	*-99.9%*
NBV tangible asset disposals	*(0.0)*	*(0.8)*	*(0.8)*	*1970.8%*
Non-recurring loss from disposed assets	**(4.0)**	**(1.0)**	**3.0**	**-75.1%**
Non-recurring income (expense)	**(7.7)**	**(1.4)**	**6.3**	**-81.7%**

Non-recurring expenses totaled €1.4 million in the three-month period ended December 31, 2021, a decrease of €6.3 million or 81.7%, compared to €7.7 million in the three-month period ended December 31, 2020. The decrease was mainly due to a (i) €4.5 million decrease in the net book value of intangible assets related to the disposal of goodwill, leasehold rights and facilities of closed stores, to (ii) a €2.1 million decrease related to fees in respect of ongoing M&A processes for projects ongoing in the three-month period ended December 31, 2020 compared to none in the three-month period ended December 31, 2021 and to (iii) a €1.1 million decrease in non-recurring indemnity.

m) Income tax

Income tax includes current and deferred income taxes. Income tax expense totaled €24.6 million in the three-month period ended December 31, 2021, an increase of €11.6 million, or 89.9%, from €12.9 million in the three-month period ended December 31, 2020. 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 ended December 31, 2021 and 2020.

In €m	First Quarter			
	2021	2022	in m€	in %
Reported EBITDA	**76.1**	**101.8**	**25.6**	**33.7%**
Business tax (CVAE) & store closure expenses	(0.8)	(0.8)	(0.0)	2.5%
Change in working capital (includ. employee profit sharing paid)	63.4	64.3	0.9	1.5%
Income tax paid	(1.3)	(6.3)	(5.0)	393.4%
Other non-recurring income (expenses)	(4.5)	(0.7)	3.7	-83.6%
Net cash provided by operating activities	**132.9**	**158.2**	**25.3**	**19.0%**
Acquisition of tangible, intangible assets	(8.4)	(7.1)	1.3	-15.7%
Disposal of tangible, intangible assets	0.5	0.0	(0.5)	-98.9%
Change in working capital on fixed assets	(2.4)	(1.8)	0.5	-22.3%
Net cash used in investing activities	**(10.2)**	**(8.9)**	**1.3**	**-12.9%**
Free Cash Flow	**122.7**	**149.3**	**26.6**	**21.7%**
As a % of Reported EBITDA	*161.2%*	*146.7%*		*(14.5)pp*
Interest paid on Term Loan B and RCF	(6.8)	-	6.8	-100.0%
Interest paid on Proceeds and Intercompany loans	-	(2.7)	(2.7)	n/a
Goldstory current account	-	-	-	n/a
Other interest paid	(0.0)	(0.1)	(0.1)	446.3%
Other cash flows used in financing activities	(0.0)	(0.4)	(0.4)	n/a
Net cash used in financing activities	**(6.8)**	**(3.2)**	**3.6**	**-52.8%**
Gross Debt ("PGE")	**-**	**2.3**	**(2.3)**	**n/a**
Net cash before change in debt, specific events and RCF	**115.9**	**148.4**	**27.9**	**24.1%**
Revolving credit facilities, Net of Repayment	**-**	**-**	**-**	**n/a**
Net cash before change in debt & specific events, after RCF	**115.9**	**148.4**	**32.5**	**28.0%**
Change in Debt	-	-	-	n/a
Financing cost	-	-	-	n/a
FY21 refinancing and change in shareholders	**-**	**-**	**-**	**n/a**
Equity Injection	(0.0)	-	0.0	-100.0%
Agatha acquisition	-	-	-	n/a
Popsell Acquisition	-	-	-	n/a
Venson Paris Acquisition	-	-	-	n/a
Specific events	**(0.0)**	**-**	**0.0**	**n/a**
Net increase / (decrease) in cash and cash equivalents	**115.9**	**148.4**	**32.5**	**28.0%**
Cash and cash equivalents at the beginning of the period	**196.7**	**55.7**	**(141.0)**	**-71.7%**
Change in perimeter (Agatha)		1.5	1.5	n/a
Cash and cash equivalents at the end of the period	**312.6**	**205.6**	**(107.0)**	**-34.2%**
Change in cash	**115.9**	**148.4**	**32.5**	**28.0%**

Free cash flow totaled €149.3 million in the three-month period ended December 31, 2021, an increase of €26.6 million, or 21.7%, from €122.7 million in the three-month period ended December 31, 2020. This increase was mainly due to the combination of:

- a €25.6 million increase in Reported EBITDA, resulting from the very good performance of stores in France and in Italy and from a limited impact of COVID-19 pandemic restrictions compared to a strong impact in the three-month period ended December 31, 2020 with a store network closing rate of 30%;

- the fairly stable change in working capital, which slightly increased by €0.9 million in the three-month period ended December 31, 2021, compared to the three-month period ended December 31, 2020, mainly due to:
    - To operations for a net amount of €2.0 million mainly due to two offsetting effects: lower change in both trade payables and inventory between September 30, 2021 and December 31, 2021, than between September 30, 2020 and December 31, 2020 due to non-normative position of both trade payables and inventory at September 30, 2020;
    - And to Items related to Covid-19 for a net amount of €1.1 million due to the payment of postponed payments for €8.0m almost fully offset by the sale of gold inventory for €6.9m.
- the positive effect of the decrease in other non-recurring expenses mainly related to a €2.1 million fees in respect of M&A processes and a €1.1 million non-recurring indemnity paid in the three-month period ended December 31, 2020 compared to none in the three-month period ended December 31, 2021;
- the positive effect of net cash used in investing activities, which remained fairly stable with a decrease limited to €1.3 million;
- these effects were partially offset by a €5.0 million increase in income tax payments resulting from €6.3 million in income tax paid in the three-month period ended December 31, 2021, compared to €1.3 million in income tax paid in the three-month period ended December 31, 2020.

Net cash used in financing activities totaled €3.2 million, a decrease of €3.6 million, or 58.2%, from €6.8 million in the three-month period ended December 31, 2020, mainly due to the change in debt structure since February 2021 resulting in a €4.1 million decrease in interest paid. Gross Debt for €2.3 million corresponds to the withdrawal of a State Guaranteed Loan ("PGE") granted to Agatha in the three-month period ended December 31, 2021.

Net cash flow before change in debt, specific events and RCF totalled €148.4 million for the three-month period ended December 31, 2021, an increase of €32.5 million, or 28.0%, from €115.9 million in the three-month period ended December 31, 2020, showing strong cash generation after financing activities and before refinancing and specific events.

b) Capital expenditure

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

The following table provides the detail of our capital expenditure for the three-month periods ended December 31, 2021 and 2020:

In €m	2021	2022	Var. m€	Var. %
	First Quarter			
Maintenance Capital Expenditure	(1.4)	(1.9)	(0.5)	*32.9 %*
Refurbishment Capital Expenditure	(1.2)	(1.2)	0.0	*(2.3)%*
Expansion Capital Expenditure	(1.0)	(0.4)	0.6	*(62.3)%*
Store Capital Expenditure	**(3.6)**	**(3.5)**	**0.2**	***(4.7)%***
Shine 2020 - IT Project Capital Expenditure	(2.8)	(1.6)	1.2	*(43.3)%*
Other Capital Expenditure	(2.0)	(2.0)	(0.1)	*2.7 %*
IT & Corporate Capital Expenditure	**(4.7)**	**(3.6)**	**1.1**	***(24.1)%***
Total Capital Expenditure	**(8.4)**	**(7.1)**	**1.3**	***(15.7)%***
Disposal of fixed and intangible assets	0.5	0.0	(0.5)	*(98.9)%*
Change in working capital on fixed assets	(2.4)	(1.8)	0.5	*(22.3)%*
Net Cash Used in Investing Activities	**(10.2)**	**(8.9)**	**1.3**	***(12.9)%***

Total capital expenditure was €8.9 million in the three-month period ended December 31, 2021, a decrease of €1.3 million or 12.9%, compared to €10.2 million in the same period prior year.

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 December 31, 2021, that are specific to the Issuer and do not apply to the Company:

- €620 million aggregate principal amount of Senior Secured Notes corresponding to:
  - €370 million aggregate principal amount of 5.375% senior secured notes due 2026
  - €250 million aggregate principal amount of floating rate notes due 2026 (with a margin of EURIBOR plus 550 basis points)
- €3.5 million interest on the Senior Secured Notes, which was paid during the three-month period ended December 31, 2021 and €7.8 million accrued on the Balance Sheet as of December 31, 2021
- €15.2 million in financing costs remaining as of December 31, 2021 and which will be amortized over the life of the Senior Secured Notes
- €2.6 million in cash and cash equivalents
- other operating expenses resulting in an impact of €(0.9) million on EBITDA
- €0.3 million of other non-recurring expenses specific to Goldstory
- €0.9 million of positive change in working capital specific to Goldstory
- €0.2 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/EJ1/EJ2	Interco loan	SSN Impact	Non-used RCF interests	GOLDSTORY PROFORMA
	2021.12					2021.12
Reported EBITDA	**101.8**	**(0.9)**	-	-	-	**100.8**
Business tax (CVAE) & store closure expenses	(0.8)					(0.8)
Change in working capital (includ. employee profit sharing paid)	64.3	0.9				65.2
Income tax paid	(6.3)	-				(6.3)
Other non-recurring income (expenses)	(0.7)	(0.3)				(1.0)
Net cash provided by operating activities	**158.2**	**(0.3)**	-	-	-	**157.8**
Acquisition of tangible, intangible assets	(7.1)	(0.0)				(7.1)
Disposal of tangible, intangible assets	0.0	-				0.0
Change in working capital on fixed assets	(1.8)	-				(1.8)
Net cash used in investing activities	**(8.9)**	**(0.0)**	-	-	-	**(8.9)**
Free Cash Flow	**149.3**	**(0.3)**	-	-	-	**149.0**
As a % of Reported EBITDA	*146.7%*					*147.7%*
Interest paid on Term Loan B and RCF	-				(0.2)	(0.2)
Interest paid on Proceeds and Intercompany loans	(2.7)		2.7			-
Interest on SSN	-			(3.5)		(3.5)
Goldstory current account	-					-
Other interest paid	(0.1)					(0.1)
Other cash flows used in financing activities	(0.4)	(0.0)				(0.4)
Net cash used in financing activities	**(3.2)**	**(0.0)**	**2.7**	**(3.5)**	**(0.2)**	**(4.3)**
Gross Debt ("PGE")	**2.3**					**2.3**
Net cash before change in debt, specific events and RCF	**148.4**	**(0.4)**	**2.7**	**(3.5)**	**(0.2)**	**147.0**
Revolving credit facilities, Net of Repayment	-	-	-	-	-	-
Net cash before change in debt & specific events, after RCF	**148.4**	**(0.4)**	**2.7**	**(3.5)**	**(0.2)**	**147.0**
FY21 refinancing and change in shareholders	-	-	-	-	-	-
Specific events	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	**148.4**	**(0.4)**	**2.7**	**(3.5)**	**(0.2)**	**147.0**
Cash and cash equivalents at the beginning of the period	**55.7**	**4.0**				**59.7**
Change in perimeter (Agatha)	1.5					**1.5**
Cash and cash equivalents at the end of the period	**205.6**	**2.6**				**208.2**
Change in cash	**148.4**	**(1.4)**	-	-	-	**147.0**

The €0.3 million difference in free cash flow between the Company and the Issuer was mainly due to non-recurring expenses.

c) Capitalization

The following table presents the total capitalization as of December 31, 2021 on an actual basis and on a pro forma basis for the transactions described above.

	At December 31, 2021		
In €m	**THOM GROUP Actual**	**Adjustments**	**GOLDSTORY Proforma**
Cash and cash equivalents	**205.6**	**2.6**	**208.2**
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	(3.4)	(0.0)	(3.4)
Financial liabilities for long-term leases	(1.1)	-	(1.1)
Other loans	(2.3)	(0.0)	(2.3)
Revolving Credit Facility *(4)*	(0.0)	(0.1)	(0.1)
Total third-party financial debt	**(469.3)**	**(154.2)**	**(623.5)**
Issuer's Equity *(5)*	**433.6**	**(73.7)**	**359.9**
Total capitalization	**169.9**	**(225.3)**	**(55.4)**

(1) represents the two proceed loans between the Issuer and Thom Group for the net proceeds of the issuance of the Fixed Rate Notes and the Floating Rate Notes
(2) represents the intercompany loan between the Issuer and Thom Group following the conversion of former convertible bonds
(3) represents the aggregate principal amount of Senior Secured Notes released from escrow on the acquisition date (February 26, 2021) excluding any debt issuance costs
(4) represents the €90 million New RCF, which will be available for 4.5 years and which was not drawn as of December 31, 2021
(5) represents the Share Capital and the Share Premium of the Company and the Issuer

D. Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of December 31, 2021, 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 or guarantee on first demand in favor of certain lessors and suppliers totaling €20.1 million, including €2.7 million in France, €15.4 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 December 31, 2021, we had entered into forwards in a notional amount of $54.0 million, 100% of which have maturities of less than one year; and
  - We have entered into euro-denominated derivative instruments relating to fluctuations in the price of gold, which cover the period from June 2022 to July 2022. These derivative instruments were complemented with physical gold held in inventory, which represented approximately eight months of purchases as of December 31, 2021, thus providing us with an overall hedge of ten months relating to gold price fluctuations. The notional amount covered is explained by the physical stock of 15,276 ounces which represented a value of €26.3 million as of December 31, 2021.
- *Commitments received: As of December 31, 2021, the Group had a €90.0 million New RCF, which was not drawn.*

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 fiscal year ended December 31, 2021. We have historically been able to pass on to final customers any foreign effect impact. We also hedge U.S. dollar foreign exchange rate risks via forwards and collars. As of September 30, 2021, $54.0 million in notional amount of forwards and collars with maturities between January and December 2022 were contracted. Historically, we hedge through forwards and collars nearly all our anticipated purchases denominated in U.S. dollars for one year.

b) *Commodity price risk*

We are subject to commodity price risk associated with changes in the prices of gold, silver, and diamonds and, to a lesser extent, other precious and semi-precious stones, through our purchase of precious jewelry. Although we do not generally directly purchase the metals and other components of the jewelry we sell, price increases and availability of gold, silver, diamonds, and other precious metals are reflected in the manufacturing and assembling prices that we pay to our suppliers. Variations in gold prices have a greater impact than variations in the prices of other commodities, as the proportion of the price of gold to the total price that we pay for a given piece of gold jewelry is much higher than the proportion of the price of the metals and other components used to the total price of other jewelry items. We adjust our activities through our gold repurchase and exchange program based on our hedging needs. For example, we decreased our gold repurchase activities in the financial year ended September 30, 2019, because of the decrease in the spot price of gold from August to September 2019. In addition, we adjust our gold inventory (totaling 15,276 ounces or €26.3 million at the end of December 31, 2021) as a physical hedge against fluctuations in the price of gold. In the financial year ended September 30, 2021, gold-based products accounted for 58% of our purchases by cost, with 55% of such costs being attributable to the purchase of gold and the remainder to manufacturing, freight, and customs costs.

In addition, to hedge our exposure to fluctuations in the price of gold, we also enter derivative financial instruments, such as synthetic swaps and calls. As of December 31, 2021, we were beneficiaries of synthetic call options, allowing us to purchase up to 3,200 ounces (approximately 91 kilograms) of gold. Combining such derivatives and our physical gold inventory, we hedged our gold purchasing needs for the ten months following the end of the three-month period ended December 31, 2021.

c) *Interest rate risk*

As of December 31, 2021, we were exposed to interest rate risk on drawings under the New RCF and the Floating Rate Notes. The Group finalized, at Goldstory level, its EURIBOR interest rate hedging structure to adapt it to the new financing structure in place since February 26, 2021.

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

d) *Credit and counterparty risk*

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

e) *Liquidity risk*

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

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

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.

Impairment of non-financial assets

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

Employee benefit liabilities

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

Provisions

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

Taxes

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

Accounting for period-end accruals

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

G. Key developments since December 31, 2021

No significant event to be noted.

H. Risk Factors

There have been no material changes to the risk factors disclosed in the FY 2021 Annual Report released on February 8, 2022.