THOM

H3 Stroili OROVIVO 1856 AGATHA PARIS
SMIZZE FRANCO GIOIELLI Marc Orian TrésOr Paris

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS
THREE-MONTH PERIOD ENDED AS AT DECEMBER 31, 2022

The following our discussion and analysis of the financial condition and results of operations of Goldstory S.A.S. (the "Issuer") and its subsidiaries (collectively, the "Group") is based upon the consolidated financial information of the Issuer and its subsidiaries and should be read in conjunction with the Unaudited Consolidated Financial Statements and the notes thereto for the three-month period ended December 31, 2022. The consolidated financial information of the Issuer, 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.

Important Disclaimer

The following information, for the three-month period ended December 31, 2022 was prepared at Goldstory level compared to previous year published information for the three-month period ended December 31, 2021 which was prepared at Thom Group level. A bridge between Thom Group and Goldstory for the three-month period ended December 31, 2021 is disclosed in section 2) A. for the Income statement and 2) B. for the cash-flow statement.

About GOLDSTORY

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 1,017 stores directly operated stores and 63 corners, including 549 stores and wedding fairs in France as well as 40 corners (including one store in Monaco), 387 stores in Italy, 51 stores in Germany, 26 stores and wedding fairs in Belgium, 3 stores and 23 corners in Spain and 1 store in Luxembourg as of December 31, 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 36 affiliated partner stores in France (1 opening during the three-month period ended December 31, 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 (395 stores), Stroili (338 stores), Agatha (35 stores and 63 corners), Marc Orian (90 stores), TrésOr (65 stores), OROVIVO (51 stores) and Franco Gioielli (36 stores). We also operate, in France, 7 additional stores under the Smizze 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, 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 Issuer 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. 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 three-month period ended December 31, 2022 compared to the three-month period ended December 31, 2021

A. Income Statement

The table below sets forth certain line items from our income statement for the three-month periods ended December 31, 2022 and 2021.

		First Quarter			
In €m		**2022**	**2023**	**Var. m€**	**Var. %**
Total Sales	**a)**	**315.5**	**337.3**	**21.8**	***6.9%***
Other operating income	b)	1.6	1.1	(0.5)	*(32.1)%*
Cost of goods sold	c)	(104.7)	(113.0)	(8.3)	*(8.0)%*
Personnel expenses	g)	(62.7)	(66.8)	(4.1)	*(6.6)%*
Direct and indirect operating costs	h)	(47.9)	(60.8)	(12.9)	*(27.1)%*
Taxes and duties	i)	(2.6)	(2.9)	(0.4)	*(14.4)%*
Depreciation, amortisation & provisions, Net	j)	(5.5)	(8.9)	(3.4)	*(60.8)%*
Operating income	**f)**	**93.8**	**85.9**	**(7.9)**	***(8.4)%***
Financial income (expense)	k)	(9.2)	(10.9)	(1.7)	*(18.4)%*
Income (expense) from recurring operations		**84.6**	**75.0**	**(9.5)**	***(11.3)%***
Non-recurring income (expense)	l)	(1.7)	(0.8)	0.9	*51.3%*
Income tax	m)	(24.7)	(21.7)	3.0	*12.1%*
Non-controlling interests		0.1	0.1	(0.0)	*(31.5)%*
Net income (loss)		**58.3**	**52.6**	**(5.7)**	***(9.8)%***

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, 2022 and 2021.

		First Quarter			
In €m		**2022**	**2023**	**Var. m€**	**Var. %**
Total Sales	**a)**	**315.5**	**337.3**	**21.8**	***6.9%***
Cost of goods sold	c)	(104.7)	(113.0)	(8.3)	*(8.0)%*
Cost reinvoiced		(0.2)	(0.4)	(0.1)	*(56.0)%*
Gross margin	**d)**	**210.6**	**223.9**	**13.3**	***6.3%***
As a % of Network sales		*70.2%*	*69.7%*		*(0.4)pp*
Total Network direct costs		(84.1)	(94.6)	(10.5)	*(12.5)%*
Network contribution	**e)**	**126.5**	**129.4**	**2.8**	***2.2%***
As a % of Network sales		*42.2%*	*41.6%*		*(0.6)pp*
Indirect Costs		(26.3)	(33.5)	(7.3)	*(27.7)%*
Closed Stores		(0.1)	0.0	0.1	*130.1%*
Reported EBITDA	**f)**	**100.2**	**95.8**	**(4.3)**	***(4.3)%***
As a % of Network sales		*33.4%*	*29.8%*		*(2.2)pp*

Income statement bridge between Thom Group and Goldstory for the three-month period ended December 31, 2021.

Management's discussion and analysis of our financial condition and results of operations published on March 1, 2022 for the three-month period ended December 31, 2021 included 50% of the contribution of Agatha SAS. As the latter was not consolidated in the THOM GROUP SAS consolidated accounts for the fiscal year 2022, we presented the results of operations, published on February 23, 2023 for the three-month period ended December 31, 2021, without Agatha SAS.

	THOM GROUP published on 01/03/22	AGATHA not consolidated in GOLDSTORY	GOLDSTORY (standalone)	Consolidation entries specific to GOLDSTORY	GOLDSTORY published on 23/02/23	Variations	
In €m	**Q1 2022**	**2022**	**2022**	**2022**	**Q1 2022**	**Var. m€**	**Var. %**
Total Sales	**320.2**	**(4.7)**	**0.0**	**(0.0)**	**315.5**	**(4.7)**	***(1.5)%***
Other operating income	1.8	(0.1)	0.0	0.0	1.6	(0.1)	*(7.6)%*
Cost of goods sold	(105.7)	1.0	0.0	(0.0)	(104.7)	1.0	*0.9%*
Personnel expenses	(63.1)	1.3	(0.9)	(0.0)	(62.7)	0.4	*0.7%*
Direct and indirect operating costs	(49.7)	1.8	(0.0)	(0.0)	(47.9)	1.8	*3.7%*
Taxes and duties	(2.6)	0.0	(0.0)	(0.0)	(2.6)	0.0	*0.7%*
Depreciation, amortisation & provisions, Net	(5.1)	0.0	(0.9)	0.4	(5.5)	(0.5)	*(8.9)%*
Operating income	**95.9**	**(0.6)**	**(1.8)**	**0.4**	**93.8**	**(2.1)**	***(2.1)%***
Financial income (expense)	(7.5)	0.0	(1.7)	0.0	(9.2)	(1.7)	*(22.4)%*
Income (expense) from recurring operations	**88.3**	**(0.6)**	**(3.5)**	**0.4**	**84.6**	**(3.7)**	***(4.2)%***
Non-recurring income (expense)	(1.4)	0.0	(0.3)	0.0	(1.7)	(0.3)	*(21.0)%*
Income tax	(24.6)	0.0	(0.0)	(0.1)	(24.7)	(0.1)	*(0.5)%*
Non-controlling interests	0.1	0.0	0.0	(0.0)	0.1	(0.0)	*n/a*
Net income (loss)	**62.4**	**(0.6)**	**(3.9)**	**0.3**	**58.3**	**(4.2)**	***(6.7)%***

	THOM GROUP published on 01/03/22	AGATHA not consolidated in GOLDSTORY	GOLDSTORY (standalone)	Consolidation entries specific to GOLDSTORY	GOLDSTORY published on 23/02/23	Variations	
In €m	**2022**	**2022**	**2022**	**2022**	**2023**	**Var. m€**	**Var. %**
Total Sales	**320.2**	**(4.7)**	**-**	**(0.0)**	**315.5**	**(4.7)**	***(1.5)%***
Cost of goods sold	(105.7)	1.0	-	(0.0)	(104.7)	1.0	*0.9%*
Cost reinvoiced	(0.2)	0.0	-	0.00	(0.2)	(0.1)	*(55.8)%*
Gross margin	**214.3**	**(3.7)**	**-**	**0.00**	**210.6**	**(3.7)**	***(1.7)%***
As a % of Network sales	*70.3%*				*70.2%*		*(0.4)pp*
Total Network direct costs	(85.7)	1.6	-	-	(84.1)	1.6	*1.9%*
Network contribution	**128.6**	**(2.1)**	**0.0**	**0.0**	**126.5**	**(2.1)**	***(1.6)%***
As a % of Network sales	*42.2%*				*42.2%*		*(0.6)pp*
Indirect Costs	(26.8)	1.4	(0.9)	-	(26.3)	0.5	*1.9%*
Closed Stores	(0.1)	0.0	-	-	(0.1)	0.0	*0.0%*
Reported EBITDA	**101.8**	**(0.7)**	**(0.9)**	**0.0**	**100.2**	**(1.6)**	***(1.6)%***
As a % of Network sales	*33.4%*				*33.4%*		

a) Total sales

The table below presents the detail of our total sales for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Network sales	**300.2**	**321.2**	**21.0**	**7.0%**
Sales of precious metals	14.6	15.3	0.7	4.9%
Invoicing to suppliers	0.5	0.5	(0.1)	(12.5%)
Purchasing & logistics services	0.1	0.1	0.0	0.0%
Other	0.1	0.3	0.1	100.6%
Other Sales	**15.4**	**16.1**	**0.8**	**5.1%**
Total Sales	**315.5**	**337.3**	**21.8**	**6.9%**

In the three-month period ended December 31, 2022, total sales amounted to €337.3 million, an increase of €21.8 million, or 6.9%, from €315.5 million in the three-month period ended December 31, 2021, mainly due to (i) a €11.0 million increase in our Total LFL Network sales showing the ongoing growing performance of the group and the strong performance for Christmas and to (ii) the consolidation of Agatha which accounted for €9.3m Network sales in the three-month period ended December 31, 2022 (0 in the three month period ended December 2021)

Our e-commerce platforms contributed €21.8 million to our network sales during the three-month period ended December 31, 2022, an increase of €2.7 million, or 14.1%, from €19.1 million in the three-month period ended December 31, 2021. The level of digital sales remains at a good level of 9% of network sales in France.

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

The table below presents the network sale by activity for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Stores - LFL	268.7	277.7	9.0	3.4%
Stores - Change in perimeter	2.6	2.8	0.2	9.1%
E-commerce	19.1	21.8	2.7	14.1%
Total BtoC	**290.3**	**302.3**	**11.9**	**4.1%**
Wholesale - LFL	0.7	0.0	(0.7)	(100.0%)
Wholesale - Change in perimeter	5.1	6.1	1.0	19.5%
Affiliates	3.8	3.4	(0.4)	(10.3%)
Total BtoB	**9.7**	**9.5**	**(0.1)**	**(1.3%)**
Agatha (*)	0.0	9.3	9.3	n/a
Other Incubating Projects - LFL	0.1	0.0	(0.1)	(100.0%)
Other Incubating Projects - Change in Perimeter	0.0	0.1	0.0	70.8%
Total Incubating Projects	**0.2**	**9.4**	**9.2**	**5217.0%**
Total Network Sales	**300.2**	**321.2**	**21.0**	**7.0%**

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, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Network sales France	188.7	193.4	4.7	2.5%
Network sales Italy	83.6	88.0	4.4	5.3%
Network sales RoE	16.3	18.2	1.9	11.5%
Total network sales on a LFL basis	**288.6**	**299.6**	**11.0**	**3.8%**
Change in perimeter	11.6	21.6	10.0	86.3%
Network sales	**300.2**	**321.2**	**21.0**	**7.0%**

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, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Store & corner	268.7	277.7	9.0	3.4%
E-commerce	19.1	21.8	2.7	14.1%
Wholesale (*)	0.7	0.0	(0.7)	(100.0%)
Other	0.1	0.1	0.0	48.2%
Total network sales on a LFL basis	**288.6**	**299.6**	**11.0**	**3.8%**
Change in perimeter	11.6	21.6	10.0	86.3%
Network sales	**300.2**	**321.2**	**21.0**	**7.0%**

(*) 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 ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Histoire d'Or	166.0	172.1	6.1	3.7%
Stroili	75.7	80.0	4.3	5.6%
Marc Orian	25.1	24.6	(0.5)	(1.9%)
Franco Gioielli	5.4	5.3	(0.0)	(0.8%)
TrésOr	7.7	7.6	(0.1)	(1.5%)
Orovivo	8.0	9.3	1.3	16.7%
Other	0.7	0.7	(0.1)	(9.0%)
Total network sales on a LFL basis	**288.6**	**299.6**	**11.0**	**3.8%**
Agatha	0.0	9.3	9.3	n/a
Change in perimeter	11.6	12.3	0.7	6.2%
Total network sales	**300.2**	**321.2**	**21.0**	**7.0%**

In the three-month period ended December 31, 2022, on a like-for-like basis, our network sales increased by €11.0 million, or 3.8%, to €299.6 million compared to €288.6 million in the three-month period ended December 31, 2021. The increase in like-for-like sales was mainly driven by our two leading brands Histoire d'Or and Stroili, for respectively 3.7% and 5.6%, benefitting from the embedded growth of stores, from a new national media campaign for Histoire d'Or and from the success of the new store concept in Italy.

The table below presents the detail of the change in perimeter for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Wholesale (exclu. LFL)	5.1	6.1	1.0	19.5%
Agatha (*)	0.0	9.3	9.3	n/a
Affiliates	3.8	3.4	(0.4)	(10.3%)
Other Change in perimeter	2.7	2.8	0.1	4.0%
Total Change in perimeter	**11.6**	**21.6**	**10.0**	**86.3%**

In the three-month period ended December 31, 2022, the change in perimeter increased by €10.0 million, or 86.3%, to €21.6 million compared to €11.6 million in the three-month period ended December 31, 2021. The increase is mainly explained by the consolidation of Agatha in the three-month period ended December 31, 2022, following the acquisition of the remaining 50% of Agatha shares on December 16, 2022, whereas the entity was not consolidated in the three-month period ended December 31, 2021 (cf. Goldstory consolidated financial statements). The increase was also explained, to a lesser extent, by the increase in the wholesale activity for €1.0 million, not offset by the decrease in affiliates and other change in perimeter.

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, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
E-commerce sales France	16.3	18.3	2.0	12.5%
E-commerce sales Italy	2.2	2.7	0.5	24.3%
E-commerce sales RoE	0.6	0.7	0.1	21.2%
Total e-commerce sales	**19.1**	**21.8**	**2.7**	**14.1%**

In the three-month period ended December 31, 2022, e-commerce sales amounted to €21.8 million, an increase of €2.7 million, or 14.1%, from €19.1 million in the three-month period ended December 31, 2021 showing e-Commerce embedded growth when compared to a period which was not impacted by Covid-19.

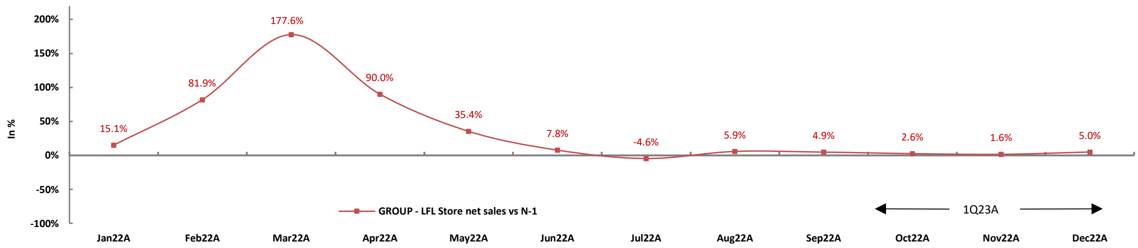
Quarterly network sales

The table below presents our network sales quarterly for the three-month period ended December 31, 2022 (unaudited) and the fiscal years ended December 31, 2022, 2021, 2020, 2019 and 2018 (audited).

In €m	Audited 2019	Audited 2020	Audited 2021	Audited 2022	Unaudited 2023
Quarter 1 (Oct - Dec)	239.2	254.4	232.4	300.2	321.2
Quarter 2 (Jan - Mar)	146.2	129.6	106.0	181.8	
Quarter 3 (Apr - June)	162.5	82.0	143.2	195.9	
Quarter 4 (July - Sep)	155.9	171.3	194.8	201.0	
Network sales (*)	**703.8**	**637.3**	**672.7**	**888.7**	**321.2**

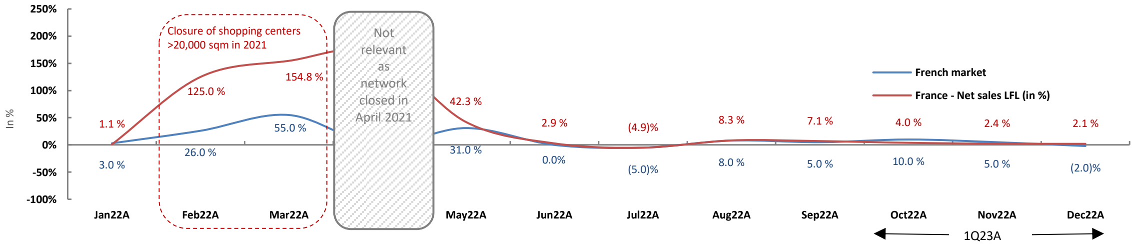
(*) for FY 2022, quarters are referring to Goldstory consolidated financial statements which do not comprise Agatha accounts (compared to Thom Group consolidated financial statements which comprised Agatha accounts in Q1 and Q2 2022, reversed in Q3 2022. Please refer to previous year publications and to the bridge presented in note 2) A.)

The graph below presents the growth of our like-for-like network sales monthly for the twelve months ended December 31, 2022, as compared to the same months in the prior year.



Our network sales showed strong growth across geographies over the twelve-month period ended December 31, 2022, with significant increase during the months closed for lockdowns over the fiscal year ended December 31, 2021 (January 2021 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 three-month period ended December 31, 2022, network sales on a like-for-like basis increased by €21.0 million, or 7.0%, compared to the three-month period ended December 31, 2021, which is a strong performance considering this is the most significant quarter of the year.

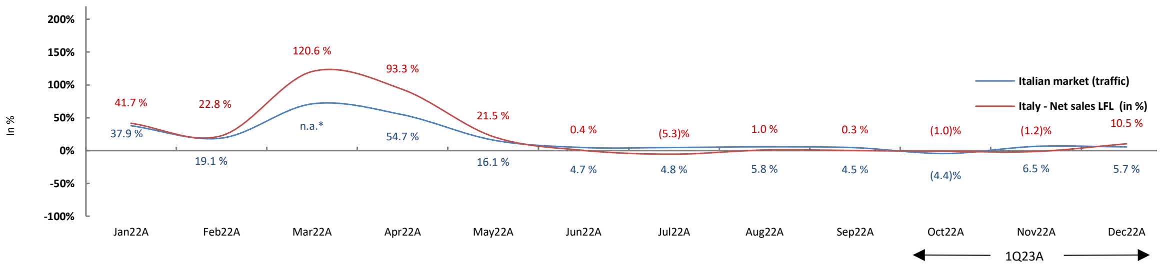
France



"Market" refers to the French Jewelry and Watches Market. Source: Panel5.

In the three-month ended December 31, 2022, France showed a solid performance, as a result of the embedded growth of stores and the increase in brand attractiveness (new media campaign for Histoire d'Or launched in October 2022), in a context of (i) high level of discounts by our competitors during black Friday and (ii) Football Worldcup which impacted the 10 and 18 December which are key days just before Christmas (estimated impact of -1pp for France in 1Q 2023).

Italy



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

Italy overperformed the market in December 2022 by almost +5pps resulting from the success of the new brand positioning and the new store concept. November was a bad month with a performance below market due to the high discount of competitors during Black Friday whereas the Group maintained its low discount strategy.

b) Other Operating Income

Other Operating Income amounted to €1.1 million in the three-month period ended December 31, 2022, a decrease of €0.5 million, or 32.1%, from €1.6 million in the three-month period ended December 31, 2021.

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, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Purchase of finished goods	(86.7)	(102.7)	(16.0)	18.4%
Change in inventories - finished goods	2.9	13.8	10.8	372.0%
COGS - Finished Goods	**(83.8)**	**(88.9)**	**(5.1)**	**6.1%**
Purchase of raw materials	(13.6)	(18.3)	(4.6)	34.1%
Change in inventories - raw materials	(7.3)	(5.8)	1.4	(19.8%)
COGS - Raw materials	**(20.9)**	**(24.1)**	**(3.2)**	**15.4%**
Cost of goods sold	**(104.7)**	**(113.0)**	**(8.3)**	**8.0%**

In the three-month period ended December 31, 2022, cost of goods sold totaled €113.0 million, an increase of €8.3 million, or 8.0%, from €104.7 million in the three-month period ended December 31, 2021, mainly impacting Italy (€5.8 million increase) and France (€1.2 million increase) in line with the higher level of sales in three-month period ended December 31, 2022 compared to three-month period ended December 31, 2021.

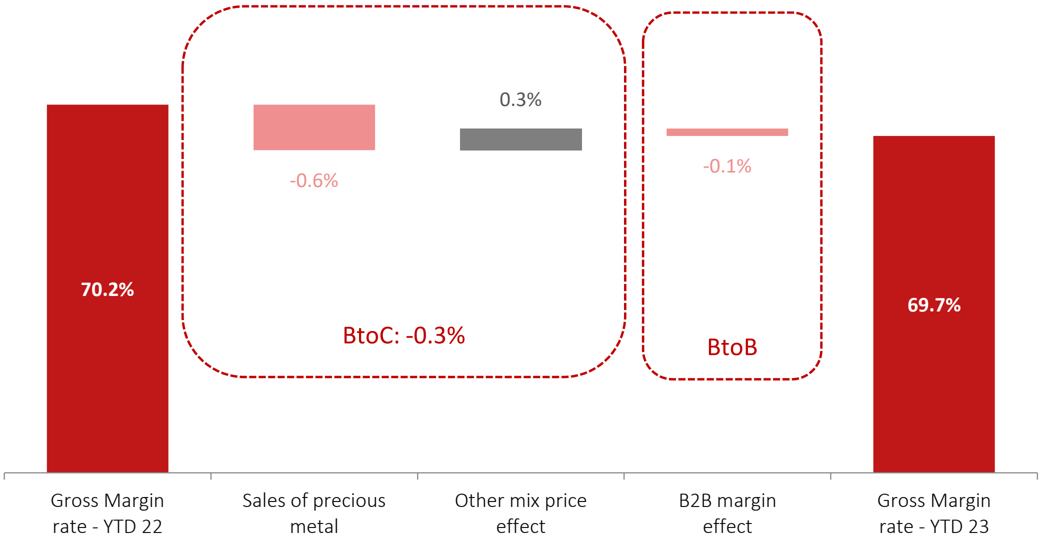
d) Gross margin

The table below presents the detail of gross margin in value and as a percentage of network sales for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Network sales	300.2	321.2	21.0	*7.0%*
Sales of precious metals	14.6	15.3	0.7	*4.9%*
Invoicing to suppliers	0.5	0.5	(0.1)	(12.5%)
Purchasing & logistics services - reinvoicing	0.1	0.1	0.0	0.0%
Other - reinvoicing	0.1	0.3	0.1	100.6%
Total Sales	**315.5**	**337.3**	**21.8**	**6.9%**
Cost of goods sold	**(104.7)**	**(113.0)**	**(8.3)**	**(8.0%)**
Costs reinvoiced	**(0.2)**	**(0.4)**	**(0.1)**	**(56.0%)**
Gross Margin	**210.6**	**223.9**	**13.3**	**6.3%**
As a % of network sales	*70.2%*	*69.7%*		*(43.8)*

In the three-month period ended December 31, 2022, gross margin totaled €223.9 million, an increase of €13.3 million, or 6.3%, from €210.6 million in the three-month period ended December 31, 2021. The decrease in gross margin contribution as a percentage of network sales of 43.8 basis point, from 70.2% in the three-month period ended December 31, 2021 to 69.7% in the three-month period ended December 31, 2022, was mainly explained by the dilutive effect of lower margin on sales of precious metal activity, not offset by a positive impact of +0.3pps of other mix price effect.

The bridge below set forth the change in gross margin as a percentage of total sales between the three-month period ended December 31, 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 ended December 31, 2022 and 2021.

Gross margin in value

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Gross Margin France	134.6	136.4	1.8	1.4%
Gross Margin Italy	59.2	61.9	2.7	4.6%
Gross Margin RoE	11.4	12.8	1.4	12.0%
Gross Margin on a LFL basis	**205.2**	**211.2**	**5.9**	**2.9%**
Change in perimeter	5.1	12.3	7.2	140.9%
Other income & expenses	0.2	0.4	0.2	73.5 %
Gross Margin	**210.6**	**223.9**	**13.3**	**6.3%**

Gross margin as a percentage

	First Quarter		
In €m	**2022**	**2023**	**Var in bp**
Gross Margin France	71.3%	70.5%	(79.1)
Gross Margin Italy	70.8%	70.4%	(42.9)
Gross Margin RoE	70.2%	70.5%	32.5
Gross Margin on a LFL basis	**71.1%**	**70.5%**	**(62.4)**
Change in perimeter	44.1%	57.0%	1,291.3
Gross Margin	**70.2%**	**69.7%**	**(43.8)**

In the three-month period ended December 31, 2022, gross margin on a like-for-like basis totaled €211.2 million, an increase of €13.3 million, or 6.3%, from €210.6 million in the three-month period ended December 31, 2021. Our gross margin as a percentage of network sales on a like-for-like basis was 70.5% in the three-month period ended December 31, 2022, a decrease of 62.4 basis points from 71.7% in the three-month period ended December 31, 2021. The decrease in Gross Margin rate due to inflation of raw materials and manufacturing costs was limited due to a favorable price/mix effect which derived from (i) lower discounts especially during Black Friday, (ii) development of 9k sales in Italy, and (iii) an increase in Fashion products in product mix in France which higher Gross Margin rates.

e) Network contribution

The table below presents the detail of our network contribution for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Gross Margin	**210.6**	**223.9**	**13.3**	**6.3%**
Personnel expenses - network	(47.4)	(50.3)	(2.9)	6.1%
Rent & charges - network	(20.4)	(25.2)	(4.8)	23.4%
Marketing costs - network	(6.0)	(7.6)	(1.6)	26.2%
Taxes - network	(1.8)	(2.1)	(0.3)	17.9%
Overheads - network	(8.4)	(9.3)	(0.9)	10.9%
Total network direct costs	**(84.1)**	**(94.6)**	**(10.5)**	**12.5%**
As a % of network sales	*-28.0%*	*-29.4%*		*(144.1)*
Network contribution	**126.5**	**129.4**	**2.8**	**2.2%**
As a % of network sales	*42.2%*	*40.3%*		*(187.9)*

In the three-month period ended December 31, 2022, network contribution totaled €129.4 million, a decrease of €2.8 million, or 2.2%, from €126.4 million in the three-month period ended December 31, 2021 explained by the consolidation of Agatha in the three-month period ended December 31, 2022 for €2.8 million compared to none in the three-month period ended December 31, 2021. Restated from this acquisition, the network contribution is stable at €126.6 million, representing 40.6% as a percentage of network sales.

The table below presents the bridge between network contribution and Reported EBITDA for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Network Contribution	**126.5**	**129.4**	**2.8**	**2.2%**
Indirect Costs	(26.3)	(33.5)	(7.3)	27.7%
Contribution of closed stores	(0.1)	0.0	0.1	(130.1%)
Reported EBITDA	**100.2**	**95.8**	**(4.3)**	**(4.3%)**

In the three-month period ended December 31, 2022, indirect costs totaled €33.5m, a €7.3m increase, or 27.7% compared to €26.3m in the three-month period ended December 31, 2021, mainly due to (i) €3.0m increase in headquarter costs of which c. €2m due to the return to a normative pre covid level with notably the first year of physical conventions since 2019 and the return to a normative level of transport, (ii) €2.0m indirect costs related to Agatha (compared to none in the three-month period ended December 31, 2021) and (iii) €2.0m marketing cost related to the new media campaign.

f) Reported EBITDA to Operating Income

The table below presents the bridge from Reported EBITDA to operating income for the three-month periods ended December 31, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Reported EBITDA	**100.2**	**95.8**	**(4.3)**	***(4.3)%***
Depreciation, amortisation & provisions, net	(5.5)	(8.9)	(3.4)	(60.8)%
Business tax (CVAE)	(1.0)	(1.0)	(0.0)	(4.3)%
Contribution of closed stores	0.1	(0.0)	(0.1)	(130.1)%
Operating Income	**93.8**	**85.9**	**(7.9)**	**(8.4)%**

Quarterly Reported EBITDA

The table below presents our Reported EBITDA quarterly for the three-month periods (unaudited) and the fiscal years ended December 31, 2022, 2021, 2020, 2019 and 2018 (audited).

	Audited	Audited	Audited	Audited	Audited	Unaudited
In €m	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Quarter 1 (Oct - Dec)	66.8	69.3	75.7	76.2	101.9	95.8
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	0.0
Reported EBITDA (*)	**123.9**	**132.1**	**120.6**	**143.9**	**190.2**	**95.8**

(*) Reported EBITDA for 2018 to 2022 are at Thom Group level. For 2023, Reported EBITDA is at Goldstory level

In the three-month period ended December 31, 2022, reported EBITDA at Goldstory level (excluding closed stores adjustment) of €95.8 million compared to €100.3 million (Goldstory level) for the same period the prior year, a decrease of €4.5 million, or 4.5%, mainly explained by an overinflation and one-off effects. Group strategy is to limit price increases to their recurring level to secure volume growth. Without one off effects, change in EBITDA in comparison with the 3-month period ended 31 December 2021 would have been limited. Change in EBITDA in comparison with the 3-month period ended 31 December 2021 has been impacted by c. €5m one offs: (i) an investment in strategic marketing for €2m with the new campaigns in France, Italy and Germany, (ii) an €2m increase in headquarter costs with the return to a normative pre covid level with notably the 1st year of physical conventions since 2019 and the return to a normative level of transport and (iii) €1.1m credit notes received in the 3-month period ended 31 December 2021.

g) Personnel expenses

In the three-month period ended December 31, 2022, personnel expenses totaled €66.8 million, an increase of €4.1 million, or 6.6% from €62.7 million in the three-month period ended December 31, 2021, mainly due to the acquisition of Agatha for €2.9m.

h) Direct and indirect operating expenses

In the three-month period ended December 31, 2022, direct and indirect expenses totaled €60.8 million, an increase of €12.9 million, or 27.1%, from €47.9 million in the three-month period ended December 31, 2021, mainly explained by (i) the acquisition of Agatha for €3.5m, by (ii) the new communications campaigns in France, Italy and Germany for €2.0m, by (iii) the increase of rent expenses for €2.9m and by (iv) the return to a normative pre covid level for other operating expenses.

i) Taxes and duties

Taxes and duties totaled €2.9 million in the three-month period ended December 31, 2022, an increase of €0.4 million, or 14.4%, from €2.6 million in the three-month period ended December 31, 2021.

Our taxes and duties mainly include the CVAE (€1.0 million in the three-month period ended December 31, 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)).

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

In the three-month period ended December 31, 2022, change in depreciation, amortization and provisions net of provision reversals totaled a net provision accrual of €8.9 million, an increase of €3.4 million, or 60.8% from a net provision accrual of €5.5 million in the three-month period ended December 31, 2021. During the three-month period ended December 31, 2022, the €8.9 million change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €6.2 million in amortization and provision of fixed assets, to (ii) a €1.9 million provision for inventories and to (iii) a €0.6 million amortization of issuance borrowing costs.

The €3.4 million increase compared to the three-month period ended December 31, 2021 was mainly due to €3.0 million net variation of inventory provision due to a careful approach on stock provision in the three-month period ended December 31, 2022 after an increase of stock due to the building of a safety stock to avoid any logistics issues.

k) Financial income (expense)

In the three-month period ended December 31, 2022, financial expense totaled €10.9 million, an increase of €1.7 million, or 18.4%, from €9.2 million in the three-month period ended December 31, 2021, mainly attributable to (i) the €1.1 million increase in exchange rate difference, to (ii) the €0.3 million increase in interest for revolving credit facilities as the RCF was drawn in the three-month period ended December 31, 2022 compared to not drawn in the three-month period ended December 31, 2021 and to (iii) the €0.3 million increase in other financial expenses.

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, 2022 and 2021.

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Pre-opening costs	(0.2)	(0.5)	(0.3)	138.3%
Fees in respect of ongoing M&A processes	-	(0.1)	(0.1)	n.a.
Development costs for Agatha China	-	(0.6)	(0.6)	n.a.
WeTHOM plan	(0.2)	-	0.2	-100.0%
Credit Notes for Rents related to COVID-19 pandemic	-	0.5	*0.5*	*n.a.*
Other income (expense)	*(0.5)*	*0.0*	*0.5*	*-103.4%*
Non-recurring loss from operations	**(0.9)**	**(0.7)**	**0.2**	**-21.6%**
Income from disposal of leasehold rights	*0.0*	-	*(0.0)*	*-100.0%*
NBV intangible asset disposals	*0.0*	*(0.1)*	*(0.1)*	*n/a*
NBV tangible asset disposals	*(0.8)*	*(0.1)*	*0.7*	*-90.4%*
Non-recurring loss from disposed assets	**(0.8)**	**(0.1)**	**0.7**	**-84.2%**
Non-recurring income (expense)	**(1.7)**	**(0.8)**	**0.9**	**-51.3%**

In the three-month period ended December 31, 2022, non-recurring expenses totaled €0.8 million, a decrease of €0.9 million, or 51.3%, compared to non-recurring expenses of €1.7 million in the three-month period ended December 31, 2021. The decrease was mainly due to (i) a €0.7 million decrease in non-recurring loss from disposed assets, to (ii) €0.5 million credit notes for rents received from landlords in France in the three-month period ended December 31, 2022 and related to lockdown periods in the previous financial years, not offset by (iii) a €0.6 million increase for the development cost of a subsidiary of Agatha in China.

m) Income tax

Income tax includes current and deferred income taxes.

In the three-month period ended December 31, 2022, income tax expense totaled €21.7 million, a decrease of €3.0 million, or 12.1%, from a €24.7 million tax expense in the three-month period ended December 31, 2021 mainly due to the increase in current income tax for €5.7 million not offset by the decrease in deferred income taxes by €2.2 million.

B. Liquidity and Capital Resources

a) Cash-flow statement

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, 2022 and 2021.

In €m	First Quarter			
	2022	2023	in m€	in %
Reported EBITDA	**100.2**	**95.8**	**(4.3)**	**(4.3%)**
Business tax (CVAE) & store closure expenses	(0.8)	(1.0)	(0.2)	(22.1%)
Change in working capital (includ. employee profit sharing paid)	65.4	25.1	(40.3)	(61.6%)
Income tax paid	(6.3)	(5.9)	0.4	5.7%
Other non-recurring income (expenses)	(1.0)	(0.8)	0.2	20.5%
Net cash provided by operating activities	**157.4**	**113.2**	**(44.2)**	**(28.1%)**
Acquisition of tangible, intangible assets	(6.9)	(11.6)	(4.7)	(68.0%)
Disposal of tangible, intangible assets	0.0	-	(0.0)	(100.0%)
Change in working capital on fixed assets	(1.9)	(1.5)	0.4	19.7%
Net cash used in investing activities	**(8.8)**	**(13.2)**	**(4.3)**	**(48.9%)**
Free Cash Flow	**148.6**	**100.1**	**(48.5)**	**(32.7%)**
As a % of Reported EBITDA	*148.4%*	*104.4%*		*(44.0)pp*
Interest paid on Senior Secured Notes	(3.5)	(3.6)	(0.1)	(2.8%)
Interest paid on RCF	(0.2)	(0.6)	(0.4)	(156.3%)
Other interest paid	(0.1)	(0.0)	0.0	22.8%
Other cash flows used in financing activities	(0.5)	(3.0)	(2.5)	(557.9%)
Net cash used in financing activities	**(4.2)**	**(7.2)**	**(3.0)**	**(70.5%)**
Net cash before change in debt, specific events and RCF	**144.4**	**92.8**	**(51.5)**	**(35.7%)**
Revolving credit facilities, Net of Repayment	**-**	**(22.0)**	**(22.0)**	**n/a**
Net cash before change in debt & specific events, after RCF	**144.4**	**70.8**	**(73.5)**	**(50.9%)**
Altastory current account	-	0.1	0.1	n/a
Agatha acquisition	-	(6.0)	(6.0)	n/a
Specific events	**-**	**(5.9)**	**(5.9)**	**n/a**
Net increase / (decrease) in cash and cash equivalents	**144.4**	**65.0**	**(79.4)**	**(55.0%)**
Cash and cash equivalents at the beginning of the period	**59.7**	**6.6**	**(53.1)**	**(89.0%)**
Change in perimeter (Agatha)	-	3.0	3.0	**n/a**
Cash and cash equivalents at the end of the period	**204.0**	**74.5**	**(129.5)**	**(63.5%)**
Change in cash	**144.4**	**65.0**	**(79.4)**	**(55.0%)**

Free cash flow totaled €100.1 million in the fiscal year ended December 31, 2022, a decrease of €48.5 million, or 32.7%, from €148.6 million in the fiscal year ended December 31, 2021. This decrease was mainly due to the combination of:

- the €40.3 million decrease in change in working capital, resulting mainly from the change in procurement strategy: an anticipation of Christmas procurement plan, to the building of a security stock to secure 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 (new references) mainly in Italy.
- the €4.3 million decrease in reported EBITDA in the three-month period ended December 31,

2022, compared to the three-month ended December 31, 2021, mainly due to an investment in indirect costs: in Strategic Marketing for €2m with the new Campaigns in France, Italy and Germany and in HQ costs with the return to a normative pre covid level with notably the first year of physical conventions since 2019 and the return to a normative level of transport.

- And the €4.3 million negative effect of net cash used in investing activities mainly related to a higher level of openings after the Covid period and to the increase In investment in IT projects (SAP, Salesforce, Front office in Italy…);

Net cash used in financing activities totaled €7.2 million, an increase of €3.0 million, or 70.5%, from €4.2 million in the three-month period ended December 31, 2021, mainly due to the increase in exchange rate losses.

Net cash flow before change in debt, specific events and RCF totalled €92.8 million for the three-month period ended December 31, 2022, a decrease of €51.5 million, or 35.7%, from €144.4 million in the three-month period ended December 31, 2021, showing strong cash generation of 97%.

Cash-flow statement bridge between Goldstory proforma financial statements disclosed on March 1, 2022 and Goldstory financial statements disclosed on February 23, 2023 for the three-month period ended December 31, 2021.

Management's discussion and analysis of our financial condition and results of operations published on March 1, 2022 for the three-month period ended December 31, 2021 were based on Goldstory proforma consolidated Financial Statements. The current MD&A is based on Goldstory (definitive) consolidated Financial Statements. The bridge below presents the differences between the two consolidated Financial Statements for the three-month period ended December 31, 2021. The only impact relates to Agatha which was consolidated under proportionate integration at 50% n the Goldstory proforma financial statements disclosed in March 2022, whereas Agatha is not consolidated in the financial version of Goldstory financial statements disclosed in February 2023.

	Q1 2022		
In €m	Goldstory proforma financial statements published on 01/03/22	Agatha	Goldstory financial statements published on 23/02/23
Reported EBITDA	**100.8**	**(0.6)**	**100.2**
Business tax (CVAE) & store closure expenses	(0.8)	0.0	(0.8)
Change in working capital (includ. employee profit sharing paid)	65.2	0.2	65.4
Income tax paid	(6.3)	0.0	(6.3)
Other non-recurring income (expenses)	(1.0)	0.0	(1.0)
Net cash provided by operating activities	**157.9**	**(0.3)**	**157.4**
Acquisition of tangible, intangible assets	(7.1)	0.1	(6.9)
Disposal of tangible, intangible assets	0.0	-	0.0
Change in working capital on fixed assets	(1.8)	(0.1)	(1.9)
Net cash used in investing activities	**(8.9)**	**(0.0)**	**(8.8)**
Free Cash Flow	**149.0**	**(0.3)**	**148.6**
As a % of Reported EBITDA	*147.7%*	*52.2%*	*148.4%*
Interest paid on Senior Secured Notes	(3.5)		(3.5)
Interest paid on RCF	(0.2)		(0.2)
Other interest paid	(0.1)		(0.1)
Other cash flows used in financing activities	(0.4)	0.0	(0.5)
Net cash used in financing activities	**(4.3)**	**0.0**	**(4.2)**
Gross Debt ("PGE")	**2.3**	**(2.3)**	**-**
Net cash before change in debt, specific events and RCF	**147.0**	**(2.6)**	**144.4**
Revolving credit facilities, Net of Repayment	**(0.0)**		**-**
Net cash before change in debt & specific events, after RCF	**147.0**	**(2.6)**	**144.4**
Specific events	**-**	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	**147.0**	**(2.6)**	**144.4**
Cash and cash equivalents at the beginning of the period	**59.7**	**-**	**59.7**
Change in perimeter (Agatha)	1.5	(1.5)	-
Cash and cash equivalents at the end of the period	**208.2**	**(4.1)**	**204.0**
Change in cash	**147.0**	**(2.6)**	**144.4**

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 ended December 31, 2022 and 2021:

	First Quarter			
In €m	**2022**	**2023**	**Var. m€**	**Var. %**
Maintenance Capital Expenditure	(1.4)	(1.2)	0.3	*(19.6)%*
Refurbishment Capital Expenditure	(1.2)	(1.7)	(0.5)	*43.0 %*
Expansion Capital Expenditure	(0.4)	(3.1)	(2.7)	*727.8 %*
Store Capital Expenditure	**(3.0)**	**(5.9)**	**(2.9)**	***97.6 %***
Shine - IT Project Capital Expenditure	(1.6)	(2.4)	(0.9)	*54.6 %*
Other Capital Expenditure	(2.3)	(3.3)	(0.9)	*39.0 %*
IT & Corporate Capital Expenditure	**(3.9)**	**(5.7)**	**(1.8)**	***45.2 %***
Total Capital Expenditure	**(6.9)**	**(11.6)**	**(4.7)**	***68.0 %***
Disposal of fixed and intangible assets	0.0	0.0	(0.0)	*(100.0)%*
Change in working capital on fixed assets	(1.9)	(1.5)	0.4	*(19.7)%*
Net Cash Used in Investing Activities	**(8.8)**	**(13.2)**	**(4.3)**	***49.0 %***

In the three-month period ended December 31, 2022, net cash used in investing activities amounted to €13.2 million, an increase of €4.3 million or 49.0%, compared to €8.8 million in the three-month period ended December 31, 2021, mainly due to an increase in store capital expenditure as the group performed important refurbishment and expansion work mainly in Italy (change of store concept and new openings). The increase in IT & Corporate capital expenditure correspond mainly to Shine and other IT projects in France and Italy (cash register software in Italy, e-commerce replatforming, Popsell).

C. Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of December 31, 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 Thom Group S.A.S. held by Goldstory S.A.S.;
  - Pledge over Goldstory 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 Goldstory S.A.S. and any member of the Group;
  - Pledge over shares in THOM S.A.S. held by Thom Group S.A.S;
  - Pledge over Thom Group 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 Group S.A.S 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.
- Corporate guarantee given by Goldstory S.A.S. to the COFACE (French credit insurance) on behalf of its subsidiaries for a total amount of €6.0 million.

- Hedges:
    - We hedge against fluctuations in the U.S. dollar/euro foreign exchange rate by entering into forwards and collars. As of December 31, 2022, we had entered into forwards in a notional amount of $25.0 million, 0% 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 January 2022 to February 2023. These derivative instruments were complemented with physical gold held in inventory, which represented approximately three months of purchases as of December 31, 2022, thus providing us with an overall hedge of nearly four months relating to gold price fluctuations. The notional amount covered is explained by the physical stock of 10,781 ounces which represented a value of €19.7 million as of December 31, 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 €19.3 million as of December 31, 2022, at Goldstory S.A.S level. 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 December 31, 2022, the Group has an RCF line of €90.0 million (not drawn), as well as 7 bank facilities for a total of €31.0 million.

D. Qualitative and Quantitative Disclosures About Market Risks

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

a) *Foreign currency exchange rate risk*

Our functional currency for sales and costs (other than cost of goods sold) is the euro. We have limited foreign currency exposure, principally derived from purchases from certain suppliers which are conducted in U.S. dollars. Approximately 25% of our costs of goods sold were denominated in U.S. dollars in 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 December 31, 2022, $83.3 million in notional amount of forwards and collars with maturities between January 2023 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 10,781 ounces or €19.7 million at the end of December 31, 2022) as a physical hedge against fluctuations in the price of gold. In the fiscal 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 December 31, 2022, we were beneficiaries of synthetic call options, allowing us to purchase up to 2,200 ounces (approximately 68 kilograms of gold). Combining such derivatives and our physical gold inventory, we hedged our gold purchasing needs for almost four months following the end of the three-month period ended December 31, 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 €19.3 million as of December 31, 2022, is at Goldstory S.A.S level and 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.

E. Selected Critical Accounting Policies and Estimates

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

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

The items reported in the Group’s future consolidated financial statements may differ from current estimates due to changes in the assumptions made and economic circumstances at the reporting date.

The main assumptions relating to future events and other sources of estimation uncertainty at the reporting date that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are presented below.

Impairment of non-financial assets

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

Employee benefit liabilities

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

Provisions

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

Taxes

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

Accounting for period-end accruals

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

F. Key developments since December 31, 2022

No significant subsequent event to be noted.

G. Risk Factors

There have been no material changes to the risk factors disclosed in the FY 2022 Annual Report released on January 27, 2023.