INVESTORS REPORT

SIX-MONTH PERIOD ENDED AS AT MARCH 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 Unaudited Consolidated Financial Statements and the notes thereto for the six-month period ended March 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 includes forward-looking statements that reflect our plans, estimates and beliefs, which are based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements.

About THOM GROUP

We are a leading European jewelry retailer by number of stores, with a strong position in Europe in the affordable jewelry sector. Our product offering comprises primarily precious jewelry, complemented by watches and costume jewelry. We are active primarily in France and Italy, where we hold a leading market position in each national market. Our products are available through our network of 999 directly operated stores, including 520 stores in France (including one store in Monaco), 402 stores in Italy, 51 stores in Germany, 25 stores in Belgium and one store in Luxembourg as of March 31, 2021, as well as through four e-commerce platforms in France and Belgium (histoiredor.com and marc-orian.com), Italy (stroilioro.com) and Germany (orovivo.de). We also have 25 affiliated partner stores in France.

We sell our products under our six complementary main banners: Histoire d'Or (395 stores), Marc Orian (91 stores), TrésOr (68 stores), Stroili (344 stores), Franco Gioielli (41 stores) and OROVIVO (51 stores). We also operate, in France, seven additional stores under the Smizze banner, as well as two stores under the generalist J'M banner.

1) Financial Information

a) Reporting

This quarterly report is 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% 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 six-month period ended March 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 previous 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 previous 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 previous 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) to 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 was composed of financial expenses related to interest on revolving credit facility (the "RCF"), full amortization of the remaining bond redemption premium in relation of the Term Loan B 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 six-month period ended March 31, 2021 compared to six-month period ended March 31, 2020

A. Income Statement

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

		Second Quarter				Year-to-Date			
In €m		**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Total Sales	**a)**	**140.0**	**106.3**	**(33.8)**	***(24.1)%***	**406.8**	**345.9**	**(60.9)**	***(15.0)%***
Other operating income		1.7	4.5	2.8	*170.0%*	3.0	7.3	4.3	*146.6%*
Cost of goods sold	b)	(50.6)	(33.7)	16.9	*(33.5)%*	(134.5)	(107.0)	27.4	*(20.4)%*
Personnel expenses	f)	(43.7)	(36.6)	7.1	*(16.2)%*	(101.7)	(84.5)	17.2	*(16.9)%*
Direct and indirect operating costs	g)	(38.7)	(38.1)	0.6	*(1.6)%*	(87.7)	(81.8)	5.9	*(6.7)%*
Taxes and duties	h)	(2.0)	(1.5)	0.5	*(26.6)%*	(5.1)	(3.7)	1.4	*(27.7)%*
Depreciation, amortisation & provisions, Net	i)	(7.5)	(10.5)	(3.0)	*40.5%*	(13.8)	(21.8)	(7.9)	*57.3%*
Operating income	**e)**	**(0.8)**	**(9.6)**	**(8.8)**	***1,121.0%***	**67.0**	**54.5**	**(12.5)**	***(18.7)%***
Financial income (expense)	j)	(15.3)	(14.2)	1.1	*(6.9)%*	(31.7)	(27.1)	4.6	*(14.6)%*
Income (expense) from recurring operations		**(16.1)**	**(23.8)**	**(7.8)**	***48.4%***	**35.3**	**27.3**	**(7.9)**	***(22.4)%***
Non-recurring income (expense)	k)	(3.5)	(2.7)	0.8	*(22.8)%*	(7.2)	(10.4)	(3.2)	*44.0%*
Income tax	l)	4.0	9.6	5.6	*141.3%*	(11.3)	(3.4)	8.0	*(70.3)%*
Non-controlling interests		(0.0)	(0.0)	(0.0)	*164.1%*	(0.0)	(0.0)	(0.0)	*53.2%*
Net income (loss)		**(15.6)**	**(17.0)**	**(1.4)**	***8.7%***	**16.7**	**13.5**	**(3.1)**	***(18.8)%***

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 and the six-month periods ended March 31, 2021 and 2020.

		Second Quarter				Year-to-Date			
In €m		**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Total Sales	**a)**	**140.0**	**106.3**	**(33.8)**	***(24.1)%***	**406.8**	**345.9**	**(60.9)**	***(15.0)%***
Cost of goods sold	b)	(50.6)	(33.7)	16.9	*(33.5)%*	(134.5)	(107.0)	27.4	*(20.4)%*
Cost reinvoiced		(0.2)	(0.2)	(0.0)	*2.9%*	(0.6)	(0.5)	0.1	*(16.0)%*
Gross margin	**c)**	**89.2**	**72.4**	**(16.8)**	***(18.9)%***	**271.8**	**238.4**	**(33.4)**	***(12.3)%***
As a % of Network sales		*68.8%*	*68.3%*		*(0.5)pp*	*70.8%*	*70.4%*		*(0.3)pp*
Total Network direct costs		(63.7)	(52.9)	10.8	*(17.0)%*	(145.7)	(120.7)	25.0	*(17.2)%*
Network contribution	**d)**	**25.5**	**19.5**	**(6.0)**	***(23.6)%***	**126.1**	**117.7**	**(8.4)**	***(6.7)%***
As a % of Network sales		*19.7%*	*18.4%*		*(1.3)pp*	*32.8%*	*34.8%*		*1.9 pp*
Indirect Costs		(18.1)	(18.3)	(0.3)	*1.4%*	(42.9)	(40.4)	2.5	*(5.8)%*
Closed Stores		(0.3)	0.1	0.4	*(134.5)%*	0.1	(0.1)	(0.1)	*(233.4)%*
Reported EBITDA	**e)**	**7.2**	**1.3**	**(5.9)**	***(82.6)%***	**83.2**	**77.2**	**(6.0)**	***(7.3)%***

a) Total sales

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

In €m	Second Quarter 2020	Second Quarter 2021	Second Quarter Var. m€	Second Quarter Var. %	Year-to-Date 2020	Year-to-Date 2021	Year-to-Date Var. m€	Year-to-Date Var. %
Network sales	**129.6**	**106.0**	**(23.6)**	**(18.2%)**	**384.0**	**338.4**	**(45.5)**	**(11.9%)**
Sales of precious metals	9.9	0.0	(9.9)	(100.0%)	21.4	6.5	(14.9)	(69.7%)
Invoicing to suppliers	0.4	0.1	(0.3)	(82.4%)	0.9	0.5	(0.4)	(43.7%)
Purchasing & logistics services	0.1	0.1	0.0	20.0%	0.2	0.2	0.0	9.1%
Other	0.1	0.1	(0.0)	(8.8%)	0.4	0.3	(0.1)	(27.9%)
Other Sales	**10.4**	**0.3**	**(10.2)**	**(97.3%)**	**22.8**	**7.5**	**(15.4)**	**(67.3%)**
Total Sales	**140.0**	**106.3**	**(33.8)**	**(24.1%)**	**406.8**	**345.9**	**(60.9)**	**(15.0%)**

Total sales amounted to €106.3 million in the three-month period ended March 31, 2021, a decrease of €33.8 million, or 24.1%, from €140.0 million in the three-month period ended March 31, 2020, mainly due to a €23.6 million decrease in our network sales and a €9.9 million decrease in our sales of precious metals. Network sales were more adversely impacted in the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020 due to a higher number of stores closed during the period, especially during Valentine's Day in France.

Total sales amounted to €345.9 million in the six-month period ended March 31, 2021, a decrease of €60.9 million, or 15.0%, from €406.8 million in the six-month period ended March 31, 2020, mainly due to a €45.5 million decrease in our network sales and a €14.9 million decrease in our sales of precious metals. This decrease in network sales was attributable to the impact of the COVID-19 pandemic and related lockdowns imposed in all countries in which we operate, which resulted in a higher number of temporary closures of our stores in our retail network than in the same period last year (see details below). The decrease in sales of precious metals was largely voluntary, as the Group decided not to resell gold collected in stores to foundries in order to build up a gold stock for (i) cash protection (to offset potential cash outlays in respect of payments postponed during the COVID-19 pandemic, in order to avoid distortion of working capital) and (ii) hedging purposes to cover gold fixing fluctuations.

Our e-commerce platforms benefited from a partial shift from retail to online offerings, contributing €40.0 million to our network sales during the six-month period ended March 31, 2021 and €14.6 million during the three-month period ended March 31, 2021, representing, respectively, an increase of €24.6 million, or 158.9%, and an increase of €9.2 million, or 171.2%, compared to the same periods last year. These increases were primarily driven by an increase in the volume of sales as opposed to an increase in average basket size or average price.

Closed stores evolution related to the COVID-19 pandemic during the six-month period ended March 31, 2021

Since March 2020, the Group's activity has been impacted by three waves of the COVID-19 pandemic and the strict lockdown rules imposed in our main countries, which resulted in our stores being temporarily closed.

i. France was impacted by the following restrictions:

In FY20

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

In FY21

- From October 28 to November 28, 2020, the country was in full lockdown.
- From February 1, 2021, all stores located in shopping malls bigger than 20,000 sqm² had to close (72% of our stores impacted).

- From March 6, 2021, all stores located in shopping malls bigger than 10,000 sqm² had to close and from March 20, 2021 a regional lockdown in four French regions, including the Ile-de-France area, was enforced, resulting in 80% of stores being closed in March 2021.
- In addition, a 6 p.m. curfew was in place from January 16, 2021 until March 20, 2021, when it was pushed back to 7 p.m.

ii. Italy was impacted by the following restrictions:

In FY20

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

In FY21

- From November 6 to December 3, 2020, all our stores were closed in several regions, including Northern Italy, where our footprint is most important. In other regions, stores were closed only during weekdays. Since December 3, 2020, some stores that were fully closed reopened during weekdays but all remained closed on weekends, public holidays and on the eve of public holidays, resulting in 50% of our stores being closed in November 2020, and 39% in December 2020.
- In January and February 2021, stores remained closed over weekends and public holidays and were also fully closed depending on the "color" of the regions in which they were located (COVID-19 pandemic-related restrictions vary from one region to another depending on the region's classification as red, orange or green). From January 17 to January 24, 2021, Northern Italy where most of our Italian stores are located was in full lockdown. The measures resulted in 45% of our stores being closed in January 2021 and 26% in February 2021.
- From March 15, 2021, almost 60% of our network was closed because the stores were located in a "red zone."

iii. Germany was impacted by the following restrictions:

In FY20

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

In FY21

- From December 16, 2020 (or, in the case of a few stores, December 14, 2020) until March 8, 2021, stores were fully closed, resulting in 49% of our stores being closed in December 2020 and 100% in January and February 2021.
- From March 2021, depending on the rates of infection in each länder and on local regulations, some shops were authorized to fully reopen, some only in Click&Meet and most stores had to remain closed, resulting in 71% of our network being closed in March 2021.

The tables below present the number of stores closed due to COVID-19 pandemic restrictions across our geographies for the twelve-month period ended March 31, 2021, compared to the twelve-month period ended March 31, 2020:

	LTM ended March 2020											
							YTD ended March 2020					
							1Q20			2Q20		
In %	**apr-19**	**may-19**	**jun-19**	**juil-19**	**aug-19**	**sept-19**	**oct-19**	**nov-19**	**dec-19**	**jan-20**	**fev-20**	**mar-20**
France	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	55%
Italy	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	68%
Germany	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	45%
Belgium	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	48%
Luxembourg	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	48%
Thom Group	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**59%**

	LTM ended March 2021											
							YTD ended March 2021					
							1Q21			2Q21		
In %	**apr-20**	**may-20**	**jun-20**	**jul-20**	**aug-20**	**sept-20**	**oct-20**	**nov-20**	**dec-20**	**jan-21**	**feb-21**	**mar-21**
France	100%	40%	0%	0%	0%	0%	6%	90%	0%	0%	72%	80%
Italy	100%	55%	0%	0%	0%	0%	0%	50%	39%	45%	26%	60%
Germany	74%	4%	0%	0%	0%	0%	0%	0%	49%	100%	100%	71%
Belgium	100%	69%	0%	0%	0%	0%	0%	100%	0%	0%	0%	15%
Luxembourg	100%	100%	10%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Thom Group	**99%**	**45%**	**0%**	**0%**	**0%**	**0%**	**3%**	**69%**	**18%**	**23%**	**53%**	**70%**
Thom Group - Var in pp	***+99***	***+45***	***+0***	***+0***	***+0***	***+0***	***+3***	***+69***	***+18***	***+23***	***+53***	***+10***

The monthly network closure average is the monthly average of the percentage of stores closed for each day during the month. In the three-month period ended March 31, 2021, the Group faced a much higher number of closed stores compared to the three-month period ended March 31, 2020.

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 and the six-month periods ended March 31, 2021 and 2020.

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network sales France	82.9	64.2	(18.8)	(22.6%)	241.9	222.6	(19.3)	(8.0%)
Network sales Italy	34.2	32.3	(1.9)	(5.7%)	107.4	86.9	(20.5)	(19.1%)
Network sales RoE	8.3	5.5	(2.8)	(33.3%)	22.7	17.4	(5.3)	(23.4%)
Total network sales on a LFL basis	**125.4**	**102.0**	**(23.5)**	**(18.7%)**	**372.0**	**326.9**	**(45.1)**	**(12.1%)**
Change in perimeter	4.2	4.0	(0.2)	(3.9%)	11.9	11.5	(0.4)	(3.7%)
Network sales	**129.6**	**106.0**	**(23.6)**	**(18.2%)**	**384.0**	**338.4**	**(45.5)**	**(11.9%)**

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

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Store & corner	119.2	86.7	(32.5)	(27.2%)	354.2	285.2	(69.0)	(19.5%)
Wholesale	0.8	0.7	(0.1)	(9.4%)	2.0	1.7	(0.3)	(16.7%)
E-commerce	5.4	14.6	9.2	171.2%	15.5	40.0	24.6	158.9%
Other	0.1	0.0	(0.1)	(98.5%)	0.3	0.0	(0.3)	(97.4%)
Total network sales on a LFL basis	**125.4**	**102.0**	**(23.5)**	**(18.7%)**	**372.0**	**326.9**	**(45.1)**	**(12.1%)**
Change in perimeter	4.2	4.0	(0.2)	(3.9%)	11.9	11.5	(0.4)	(3.7%)
Network sales	**129.6**	**106.0**	**(23.6)**	**(18.2%)**	**384.0**	**338.4**	**(45.5)**	**(11.9%)**

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

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Histoire d'Or	72.2	61.6	(10.6)	(14.6%)	209.5	199.1	(10.4)	(5.0%)
Stroili	30.4	29.2	(1.1)	(3.8%)	94.9	78.3	(16.6)	(17.5%)
Marc Orian	11.6	6.0	(5.6)	(48.5%)	34.5	27.3	(7.1)	(20.7%)
Franco Gioielli	2.5	2.1	(0.4)	(17.2%)	8.0	5.7	(2.3)	(28.8%)
TrésOr	3.9	2.0	(1.8)	(47.4%)	11.2	8.6	(2.5)	(22.7%)
Orovivo	4.4	0.6	(3.7)	(85.8%)	12.3	6.7	(5.6)	(45.8%)
Other	0.5	0.4	(0.1)	(23.7%)	1.7	1.2	(0.4)	(26.9%)
Total network sales on a LFL basis	**125.4**	**102.0**	**(23.5)**	**(18.7%)**	**372.0**	**326.9**	**(45.1)**	**(12.1%)**
Change in perimeter	4.2	4.0	(0.2)	(3.9%)	11.9	11.5	(0.4)	(3.7%)
Total network sales	**129.6**	**106.0**	**(23.6)**	**(18.2%)**	**384.0**	**338.4**	**(45.5)**	**(11.9%)**

On a like-for-like basis, our network sales decreased by €23.5 million, or 18.7%, to €102.0 million in the three-month period ended March 31, 2021 compared to €125.4 million in the three-month period ended March 31, 2020. The percentage of decrease was higher in the three-month period ended March 31, 2021 compared to the three-month period ended December 31, 2020, mainly due to a higher number of stores closed in relation to COVID-19 pandemic restrictions, in place in all the countries where we operate.

Our network sales, on a like-for-like basis, decreased by €45.1 million, or 12.1%, to €326.9 million in the six-month period ended March 31, 2021 compared to €372.0 million in the six-month period ended March 31, 2020. This decrease was mainly due to the impact of the COVID-19 pandemic and the higher level of lockdowns and restrictions affecting all countries where the Group operates, as described above, compared to the same period last year.

Our main banner, Histoire d'Or, performed relatively well despite all the restrictions, with only a 5.0% decrease in network sales in the six-month period ended March 31, 2021 compared to the same period last year, due to a strong performance of stores when open and of its e-commerce platform. Banners in Italy (Stroili and Franco Gioielli) and Germany (OroVivo) suffered the most from the COVID-19 pandemic restrictions as they have endured strong restrictions since November for Italy and December for Germany.

The change in perimeter was stable with a net positive contribution of €11.5 million in network sales in the six-month period ended March 31, 2021 and €4.0 million in the three-month period ended March 2021, representing, respectively, a €0.4 million (or 3.7%) and a €0.2 million (or 3.9%), decrease compared to the net positive contribution of €11.9 million in the six-month period ended March 31, 2020 and €4.2 million in the three-month period ended March 31, 2020, mainly due to a comparable net number of store closures in each period (8 in the six-month period ended March 31, 2021 vs. 5 in the same period last year). We opened 10 stores between October 1, 2020 and March 31, 2021 (as compared to 6 stores in the same period the previous year) and closed 18 stores during the same period (as compared to 11 stores in the same period the previous year).

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 and the six-month periods ended March 31, 2021 and 2020.

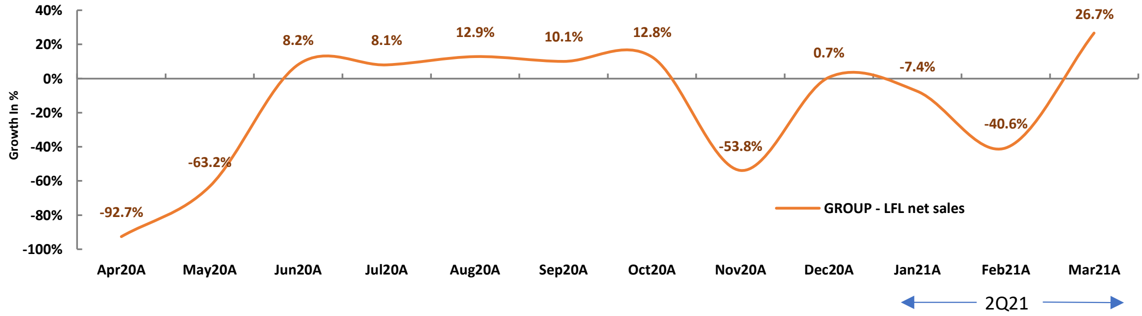
	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
E-commerce sales France	4.6	12.3	7.7	168.4%	13.7	34.1	20.4	149.4%
E-commerce sales Italy	0.7	2.1	1.4	206.3%	1.5	5.2	3.7	254.3%
E-commerce sales RoE	0.1	0.2	0.1	84.9%	0.3	0.8	0.4	128.7%
Total e-commerce sales	**5.4**	**14.6**	**9.2**	**171.2%**	**15.5**	**40.0**	**24.6**	**158.9%**

Monthly network sales

The table below presents our network sales on a monthly basis for the six-month period ended March 31, 2021 (unaudited) and for the financial years ended September 30, 2020, 2019 and 2018.

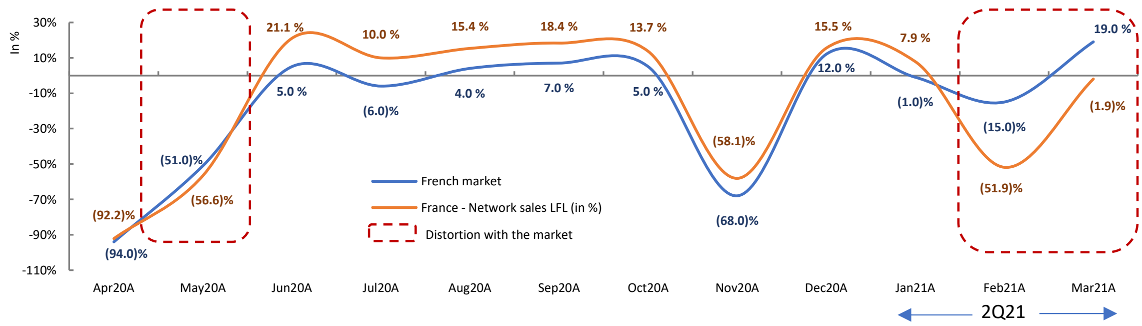
In €m	Audited 2018	Audited 2019	Audited 2020	Unaudited 2021
October	40.7	43.4	47.2	52.9
November	46.5	48.7	55.1	26.1
December	143.7	147.1	152.1	153.4
January	44.4	45.2	49.5	46.0
February	53.5	56.4	62.3	37.1
March	45.0	44.6	17.8	22.9
April	41.5	46.4	3.3	
May	59.2	64.0	23.3	
June	51.3	52.0	55.4	
July	52.3	57.0	61.1	
August	46.9	49.8	56.0	
September	47.5	49.1	54.2	
Network sales	**672.7**	**703.8**	**637.3**	**338.4**

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



Excluding the months affected by lockdown periods (April to May 2020 and November 2020 to March 2021), our network sales showed strong growth across geographies over the twelve months ended March 31, 2021. At the Group level, in the three-month period ended March 31, 2021, network sales on a like-for-like basis decreased by €23.5 million, or 18.7%, compared to the three-month period ended March 31, 2020, which is explained by the higher impact of the COVID-19 pandemic on the same period last year.

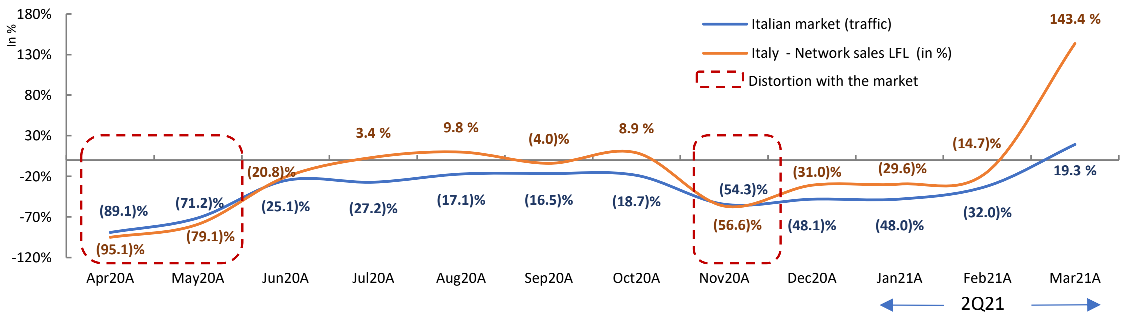
France



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

In February and March 2021, the lower performance of the Group compared to market trends was due to a distortion of competition resulting from the Group's network footprint having a much greater presence in large shopping centers than the broader market: all shopping centers larger than 20,000 sqm² were closed starting February 1, 2021 and from March 6, 2021, the threshold was lowered to 10,000 spm². Stores in city centers and smaller shopping centers remained open over the period, except for 4 regions starting on March 17, 2021, and benefitted from the transfer of sales from closed stores.

Italy



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

Italy performed better than market during the three-month period ended March 31, 2021. There was no distortion of competition as the rules were the same by region for all shops (except during the weekend, when the city centers could remain open).

b) Cost of goods sold

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

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Purchase of finished goods	(42.2)	(48.9)	(6.7)	15.7%	(111.5)	(130.4)	(18.9)	17.0%
Change in inventories - finished goods	1.2	17.1	15.9	1,276.4%	1.0	35.5	34.5	3,612.1%
COGS - Finished Goods	**(41.0)**	**(31.7)**	**9.2**	**(22.6%)**	**(110.5)**	**(94.9)**	**15.6**	**(14.1%)**
Purchase of raw materials	(7.9)	(6.8)	1.1	(14.4%)	(22.2)	(20.0)	2.2	(9.8%)
Change in inventories - raw materials	(1.7)	4.8	6.6	(381.0%)	(1.8)	7.9	9.7	(546.4%)
COGS - Raw materials	**(9.6)**	**(1.9)**	**7.7**	**(79.8%)**	**(23.9)**	**(12.1)**	**11.9**	**(49.5%)**
Cost of goods sold	**(50.6)**	**(33.7)**	**16.9**	**(33.5%)**	**(134.5)**	**(107.0)**	**27.4**	**(20.4%)**

In the three-month period ended March 31, 2021, cost of goods sold totaled €33.7 million, a decrease of €16.9 million, or 33.5%, from €50.6 million in the three-month period ended March 31, 2020, mainly impacting Italy (€7.9 million decrease) and France (€7.6 million decrease).

Cost of goods sold totaled €107.0 million in the six-month period ended March 31, 2021, a decrease of €27.4 million, or 20.4%, from €189.6 million in the six-month period ended March 31, 2020. The decrease in purchase of finished goods was mainly driven by the decrease in sales as a result of the COVID-19 pandemic and mainly impacted Italy, where cost of goods sold decreased by €16.9 million compared to the same period last year. The decrease in raw materials COGS is mainly due to € 7.4 million of gold stock building as the Group decided to stop reselling the gold collected in stores for hedging and cash protection purposes in the six-month period ended March 31, 2021.

c) Gross margin

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

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network sales	129.6	106.0	(23.6)	(18.2%)	384.0	338.4	(45.5)	(11.9%)
Sales of precious metals	9.9	0.0	(9.9)	(100.0%)	21.4	6.5	(14.9)	(69.7%)
Invoicing to suppliers	0.4	0.1	(0.3)	(82.4%)	0.9	0.5	(0.4)	(43.7%)
Purchasing & logistics services - reinvoicing	0.1	0.1	0.0	20.0%	0.2	0.2	0.0	9.1%
Other - reinvoicing	0.1	0.1	(0.0)	(8.8%)	0.4	0.3	(0.1)	(27.9%)
Total Sales	**140.0**	**106.3**	**(33.8)**	**(24.1%)**	**406.8**	**345.9**	**(60.9)**	**(15.0%)**
Cost of goods sold	**(50.6)**	**(33.7)**	**16.9**	**(33.5%)**	**(134.5)**	**(107.0)**	**27.4**	**(20.4%)**
Costs reinvoiced	**(0.2)**	**(0.2)**	**(0.0)**	**2.9%**	**(0.6)**	**(0.5)**	**0.1**	**(16.0%)**
Gross Margin	**89.2**	**72.4**	**(16.8)**	**(18.9%)**	**271.8**	**238.4**	**(33.4)**	**(12.3%)**
As a % of network sales	*68.8%*	*68.3%*		*(54.8)*	*70.8%*	*70.4%*		*(34.0)*

In the three-month period ended March 31, 2021, gross margin totaled €72.4 million, a decrease of €16.8 million, or 18.9%, from €89.2 million in the three-month period ended March 31, 2020. The decrease in gross margin contribution as a percentage of network sales of 54.8 basis point, from 68.8% in the three-month period ended March 31, 2020 to 68.3% in the three-month period ended March 31, 2021 is explained by (i) stores closed during Valentine's Day in France, (ii) the reduction of monthly provision for year-end rebates in the three-month period ended March 31, 2021 due to a reduction in sales volumes and (iii) the impact of an increase in the price of gold compared to the prior year, which had been anticipated by management.

Gross margin totaled €238.4 million in the six-month period ended March 31, 2021, a decrease of €33.4 million, or 12.3%, from €271.8 million in the six-month period ended March 31, 2020. Our gross margin contribution as a percentage of network sales showed resilience at 70.4% in the six-month period ended March 31, 2021, a decrease of 34.0 basis points from 70.8% in the six-month period ended March 31, 2020, mainly explained by 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.

The table below focuses on the detail of gross margin excluding sales of precious metals for the three-month and the six-month periods ended March 31, 2021 and 2020.

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Total Sales - **exclu. Sales of precious metals**	130.2	106.3	(23.9)	(18.4%)	385.4	339.4	(46.0)	(11.9%)
COGS - **exclu. Sales of precious metals**	(41.0)	(31.7)	9.2	(22.6%)	(110.5)	(94.9)	15.6	(14.1%)
Costs reinvoiced	(0.2)	(0.2)	(0.0)	2.9%	(0.6)	(0.5)	0.1	(16.0%)
Gross Margin - exclu. Sales of precious metals	**89.0**	**74.3**	**(14.7)**	**(16.5%)**	**274.3**	**244.0**	**(30.3)**	**(11.1%)**
As a % of network sales	*68.7%*	*70.1%*		*145.0*	*71.4%*	*72.1%*		*65.2*

The above table shows that, if sales of precious metals are excluded from the gross margin calculation (as the Group has a strategy, this year, of building up a stock of gold), the gross margin rate as a percentage of network sales has improved in the three-month period ended March 31, 2021 as well as in the six-month ended March 31, 2021, compared to the comparable periods in the previous year.

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 and the six-month periods ended March 31, 2021 and 2020.

Gross margin in value

In €m	Second Quarter 2020	2021	Var. m€	Var. %	Year-to-Date 2020	2021	Var. m€	Var. %
Gross Margin France	58.0	44.2	(13.8)	(23.8%)	172.9	158.3	(14.6)	(8.4%)
Gross Margin Italy	23.5	22.2	(1.3)	(5.5%)	76.8	61.7	(15.1)	(19.7%)
Gross Margin RoE	5.6	3.7	(1.9)	(33.2%)	15.4	11.9	(3.5)	(22.8%)
Gross Margin on a LFL basis	**87.1**	**70.1**	**(16.9)**	**(19.5%)**	**265.0**	**231.8**	**(33.2)**	**(12.5%)**
Change in perimeter	2.4	2.1	(0.3)	(11.1%)	6.9	6.4	(0.5)	(6.8%)
Other income & expenses	(0.3)	0.1	0.4	(132.7%)	(0.1)	0.2	0.3	(249.8%)
Gross Margin	**89.2**	**72.4**	**(16.8)**	**(18.9%)**	**271.8**	**238.4**	**(33.4)**	**(12.3%)**

Gross margin as a percentage

In €m	Second Quarter 2020	2021	Var in bp	Year-to-Date 2020	2021	Var in bp
Gross Margin France	69.9%	68.9%	(107.2)	71.5%	71.1%	(36.5)
Gross Margin Italy	68.7%	68.9%	13.9	71.5%	70.9%	(54.7)
Gross Margin RoE	67.4%	67.6%	17.5	67.6%	68.1%	54.6
Gross Margin on a LFL basis	**69.4%**	**68.8%**	**(64.4)**	**71.2%**	**70.9%**	**(33.5)**
Change in perimeter	57.1%	52.8%	(424.7)	57.5%	55.6%	(185.9)
Gross Margin	**68.8%**	**68.3%**	**(54.8)**	**70.8%**	**70.4%**	**(34.0)**

In the three-month period ended March 31, 2021, gross margin on a like-for-like basis totaled €70.1 million, a decrease of €16.9 million, or 19.5%, from €87.1 million in the three-month period ended March 31, 2020. Our gross margin as a percentage of network sales on a like-for-like basis was 68.3% in the three-month period ended March 31, 2021, a decrease of 54.8 basis points from 68.8% in the three-month period ended March 31, 2020.

The €33.4 million, or 12.3%, decrease in gross margin in the six-month period ended March 31, 2021 as compared to the six-month period ended March 31, 2020 was mainly attributable to the impact of the COVID-19 pandemic. Gross margin on a like-for-like basis totaled €231.8 million in the six-month period ended March 31, 2021, a decrease of €33.2 million, or 12.5%, from €265.0 million in the six-month period ended March 31, 2020. Our gross margin as a percentage of network sales on a like-for-like basis showed resilience at 70.4% in the six-month period ended March 31, 2021, a decrease of 34.0 basis points from 70.8% in the six-month period ended March 31, 2020. The 34.0 basis points deterioration was driven mainly by 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.

d) Network contribution

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

In €m	Second Quarter 2020	2021	Var. m€	Var. %	Year-to-Date 2020	2021	Var. m€	Var. %
Gross Margin	**89.2**	**72.4**	**(16.8)**	**(18.9%)**	**271.8**	**238.4**	**(33.4)**	**(12.3%)**
Personnel expenses - network	(33.8)	(26.2)	7.6	(22.4%)	(79.4)	(61.9)	17.5	(22.0%)
Rent & charges - network	(19.2)	(18.0)	1.2	(6.4%)	(41.6)	(35.5)	6.0	(14.5%)
Marketing costs - network	(2.7)	(3.9)	(1.2)	43.5%	(7.6)	(10.1)	(2.5)	33.5%
Taxes - network	(1.4)	(1.4)	0.1	(3.7%)	(3.1)	(3.0)	0.1	(2.9%)
Overheads - network	(6.5)	(3.4)	3.1	(48.3%)	(14.0)	(10.1)	3.9	(28.0%)
Total network direct costs	**(63.7)**	**(52.9)**	**10.8**	**(17.0%)**	**(145.7)**	**(120.7)**	**25.0**	**(17.2%)**
As a % of network sales	*-49.1%*	*-49.9%*		*(75.2)*	*-37.9%*	*-35.7%*		*227.7*
Network contribution	**25.5**	**19.5**	**(6.0)**	**(23.6%)**	**126.1**	**117.7**	**(8.4)**	**(6.7%)**
As a % of network sales	*19.7%*	*18.4%*		*(129.9)*	*32.8%*	*34.8%*		*193.7*

For the three-month period ended March 31, 2021, network contribution totaled €19.5 million, a decrease of €6.0 million, or 23.6%, from €25.5 million in the three-month period ended March 31, 2020. In the six-month period ended March 31, 2021, as a result of temporary store closures during the lockdown period, recourse to state-funded furlough schemes and negotiated rent abatements, we demonstrated through a €25.0 million, or 17.2%, decrease of total network direct costs the flexibility of our cost structure. This decrease in total network direct costs led to an increase in network contribution as a percentage of sales of 193.7 basis points. This improvement in network contribution was principally due to the decrease in personnel expenses resulting from the streamlining of staff resources and a decrease in rent expenses relating to negotiations with our landlords. The increase in marketing costs was due to the higher level of e-commerce sales, with a €3.6 million increase in e-commerce marketing costs in the six-month period ended March 31, 2021 compared to the same period last year, and €1.4 million increase in the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020. Conversely, retail marketing costs decreased by €1.1 million in the six-month period ended March 31, 2021, compared to the six-month period ended March 31, 2020, and by €0.4 million in the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020.

Network contribution totaled €117.7 million in the six-month period ended March 31, 2021, a decrease of €8.4 million, or 6.7%, from €126.1 million in the six-month period ended March 31, 2020. Over the period, the network contribution as a percentage of net sales improved by 193.7 basis points from 32.8% in the six-month period ended March 31, 2020 to 34.8% in the six-month period ended March 31, 2021. This improvement in network contribution was principally due to the decrease in personnel expenses resulting from the streamlining of staff resources and a decrease in rent relating to negotiations with our landlords.

The 48.3% decrease in overheads in the three-month period ended March 31, 2021 compared to the three-month period ended March 31, 2020 was due to the accrual of a French government subsidy which partly offset €2.8 million in operating losses in France.

The table below presents the bridge between network contribution and Reported EBITDA for the three-month and the six-month periods ended March 31, 2021 and 2020.

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network Contribution	**25.5**	**19.5**	**(6.0)**	**-23.6%**	**126.1**	**117.7**	**(8.4)**	**-6.7%**
Indirect Costs	(18.1)	(18.3)	(0.3)	1.4%	(42.9)	(40.4)	2.5	(5.8%)
Contribution of closed stores	(0.3)	0.1	0.4	(134.5%)	0.1	(0.1)	(0.1)	(233.4%)
Reported EBITDA	**7.2**	**1.3**	**(5.9)**	**(82.6%)**	**83.2**	**77.2**	**(6.0)**	**(7.3%)**

e) Reported EBITDA to Operating Income

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

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Reported EBITDA	**7.2**	**1.3**	**(5.9)**	***(82.5)%***	**83.2**	**77.2**	**(6.0)**	***(7.3)%***
Depreciation, amortisation & provisions, net	(7.5)	(10.5)	(3.0)	40.5 %	(13.8)	(21.8)	(7.9)	57.3 %
Business tax (CVAE)	(0.7)	(0.2)	0.5	(66.4)%	(2.3)	(1.0)	1.3	(55.2)%
Contribution of closed stores	0.3	(0.1)	(0.4)	(134.5)%	(0.1)	0.1	0.1	(233.4)%
Operating Income	**(0.8)**	**(9.6)**	**(8.8)**	**1,121.0 %**	**67.0**	**54.5**	**(12.5)**	**(18.7)%**

Monthly Reported EBITDA

The table below presents our Reported EBITDA on a monthly basis for the six-month period ended March 31, 2021 (unaudited) and for the financial years ended September 30, 2020, 2019 and 2018.

In €m	Audited 2018	Audited 2019	Audited 2020	Unaudited 2021
October	(0.0)	0.8	1.9	8.3
November	3.5	3.7	7.0	(1.6)
December	63.3	64.7	66.8	69.5
January	1.2	1.4	2.7	2.0
February	8.5	8.6	10.1	2.3
March	3.6	3.0	(5.3)	(3.1)
April	1.1	4.6	(8.6)	
May	12.4	14.1	0.8	
June	8.5	7.8	11.6	
July	7.7	9.4	13.0	
August	6.5	6.6	9.7	
September	7.1	5.3	10.1	
Adjutsment for closed stores	0.5	2.1	0.7	(0.3)
Reported EBITDA	**123.9**	**132.1**	**120.6**	**77.2**

Reported EBITDA (excluding closed stores) totaled €77.2 million in the six-month period ended March 31, 2021, a decrease of €5.7 million, or 6.8%, from €83.2 million in the six-month period ended March 31, 2020. In the three-month period ended March 31, 2021, the Group suffered from the various lockdowns of the stores in the entire network which resulted in a Reported EBITDA (excluding closed stores) of €1.3 million compared to €7.4 million for the same period last year, a decrease of €6.2 million, or 82.9%.

f) Personnel expenses

Personnel expenses totaled €84.5 million in the six-month period ended March 31, 2021, a decrease of €17.2 million, or 16.9%, from €101.7 million in the six-month period ended March 31, 2020. In the three-month period ended March 31, 2021, personnel expenses totaled €36.6 million, a decrease of €7.1 million, or 16.2%, from €43.7 million in the three-month period ended March 31, 2020.

The decrease in personnel expenses was primarily due to the impact of the COVID-19 pandemic and reflects the Group's ability to adjust its cost base to the decrease in sales activity and operations through (i) the recourse to various furlough schemes in the countries in which we operate with furlough payments amounting to an aggregate of €5.4 million in the six-month period ended March 31, 2021, (ii) optimization of staffing in stores (recruitment freeze and decision not to renew short-term contracts) and (iii) variable bonuses based on sales targets, which were lower as compared to the prior period due to a reduction in sales in light of the COVID-19 pandemic.

g) Direct and indirect operating expenses

Direct and indirect operating expenses totaled €81.8 million in the six-month period ended March 31, 2021, a decrease of €5.9 million, or 6.7%, from €87.7 million in the six-month period ended March 31, 2020. In the three-month period ended March 31, 2021, direct and indirect expenses totaled €38.1 million, a decrease of €0.6 million, or 1.6%, from €38.7 million in the three-month period ended March 31, 2020.

This decrease in direct and indirect operating expenses was mainly attributable to the cost reduction initiatives we initiated in response to the COVID-19 pandemic, including contractual negotiations with our major landlords resulting in a €6.0 million decrease in rental costs and other initiatives, such as the reduction in activity of our logistics platform when stores were closed, the cost reduction action plan we implemented at our headquarters level and the suspension of marketing operations.

h) Taxes and duties

Taxes and duties totaled €3.7 million in the six-month period ended March 31, 2021, a decrease of €1.4 million, or 27.7%, from €5.1 million in the six-month period ended March 31, 2020.

Our taxes and duties mainly include the CVAE (€1.0 million in the six-month period ended March 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 decrease in taxes and duties in this period was the reduction in CVAE, which was in turn a result of a lower added value in light of the reduction in activity due to the COVID-19 pandemic, as well as a reduction in payroll-related taxes also due to the COVID-19 pandemic.

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

Change in depreciation, amortization and provisions net of provision reversals totaled €21.8 million in the six-month period ended March 31, 2021 (€10.5 million in the three-month period ended March 31, 2021), an increase of €7.9 million, or 57.3%, from €13.8 million in the six-month period ended March 31, 2020 (€7.5 million in the three-month period ended March 31, 2020), due mainly to the net variation of our provision for depreciation of inventories of €7.3 million related to (i) a €4.4 million increase in our inventory provision in France (€3.0 million in the three-month period ended March 31, 2021) tac as well as an increase in provision related to higher inventory volumes following the reduction in sales due to the lockdowns and (ii) a €2.7 million increase in our inventory provision in Italy (a decrease of €0.2 in the three-month period ended March 31, 2021) as we took a conservative view on the risks relating to products not sold during all the months the stores were partially closed.

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

j) Financial income (expense)

Financial expense totaled €27.1 million in the six-month period ended March 31, 2021, a decrease of €4.6 million, or 14.6%, from €31.7 million in the six-month period ended March 31, 2020. In the three-month period ended March 31, 2021, financial expense totaled €14.2million, a decrease of €1.1 million, or 6.9%, from €15.3 million in the three-month period ended March 31, 2020.

In the six-month period ended March 31, 2021, our financial expense mainly consisted of (i) interests related to our the financing structure that was in place until February 26, 2021, composed of €11.0 million of interest paid on our TLB and RCF, €9.4 million of capitalized interests on our convertible bonds and €3.1 million in amortization of the bond redemption premium and (ii) accrued interest related to the new proceed loans for the period February 26, 2021 until March 31, 2021, corresponding to €2.5 million of interest owed to the Issuer under the €441.0 million proceeds loans entered in connection with the Notes and to €1.1 million of interest owed to Goldstory under the €199.9 intercompany loan. The €4.6 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 the repayment of the remaining convertible bonds on February 26, 2021 in the amount of €199.9 million, which was partially offset by the €2.8 million impact of the full amortization of the remaining bond redemption premium in relation with the reimbursement of the TLB loan and the accrued interest under the proceeds loans and the intercompany loan totaling €3.6 million.

k) Non-recurring income and expenses

Non-recurring expenses totaled €10.4 million in the six-month period ended March 31, 2021, an increase of €3.2 million, or 44.0%, from €7.2 million in the six-month period ended March 31, 2020. This increase was primarily due to (i) a €4.4 million expense relating to the extraordinary amortization of issuance borrowing costs related to the TLB reimbursed on February 26, 2021, (ii) €0.6 million in fees in respect of ongoing acquisition projects and (iii) a €0.9 million expense for a non-recurring indemnity.

Non-recurring expenses decreased by €0.8 million, or 22.8%, from €3.5 million in the three-month period ended March 31, 2020 to €2.7 million in the three-month period ended March 31, 2021, mainly due to a higher level of assets disposed in the three-month period ended March 31, 2020 compared to the three-month period ended March 31, 2021.

l) Income tax

Income tax includes current and deferred income taxes. Income tax expense totaled €3.4 million in the six-month period ended March 31, 2021, a decrease of €8.0 million, or 70.3%, from €11.3 million in the six-month period ended March 31, 2020, due to a lower performance compared to the same period last year.

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 and the six-month periods ended March 31, 2021 and 2020.

In €m	Second Quarter				Year-to-date			
	2020	2021	Var. m€	Var. %	2020	2021	Var. m€	Var. %
Reported EBITDA	**7,2**	**1,3**	**(5,9)**	**-82,5%**	**83,2**	**77,2**	**(6,0)**	**-7,2%**
Business tax (CVAE) & store closure expenses	(0,5)	(0,3)	0,1	-28,6%	(2,4)	(1,0)	1,4	-59,4%
Change in working capital (includ. employee profit sharing paid)	(48,9)	(26,7)	22,2	-45,4%	2,1	36,7	34,6	1681,6%
Income tax paid	1,9	(0,6)	(2,5)	-133,9%	0,9	(1,9)	(2,9)	-304,2%
Other non-recurring income (expenses)	(0,7)	1,6	2,3	-346,7%	(1,8)	(2,9)	(1,1)	59,8%
Net cash provided by operating activities	**(40,9)**	**(24,8)**	**16,1**	**-39,3%**	**82,0**	**108,1**	**26,1**	**31,8%**
Acquisition of tangible, intangible assets	(5,7)	(6,6)	(0,9)	16,3%	(11,7)	(14,9)	(3,3)	28,2%
Disposal of tangible, intangible assets	0,1	0,1	0,0	11,4%	0,1	0,6	0,5	432,1%
Change in working capital on fixed assets	(1,4)	2,8	4,2	-294,2%	(7,1)	0,4	7,5	-105,5%
Net cash used in investing activities	**(7,0)**	**(3,8)**	**3,3**	**-46,4%**	**(18,7)**	**(14,0)**	**4,7**	**-25,2%**
Free Cash Flow	**(47,9)**	**(28,6)**	**19,3**	**-40,4%**	**63,4**	**94,1**	**30,7**	**48,5%**
As a % of Reported EBITDA	*-667,8%*	*-2279,8%*		*(1 611,9)pp*	*76,2%*	*121,9%*		*45,8 pp*
Interest paid on Term Loan B and RCF	(6,4)	(8,4)	(2,1)	32,9%	(12,7)	(14,7)	(2,0)	15,5%
Other interest paid	-	0,0	0,0	n/a	(0,3)	0,0	0,3	-103,1%
Other cash flows used in financing activities	(0,2)	0,0	0,2	-100,5%	(0,4)	(0,0)	0,4	-99,9%
Net cash used in financing activities	**(6,6)**	**(8,4)**	**(1,8)**	**27,8%**	**(13,4)**	**(14,7)**	**(1,3)**	**9,5%**
Net cash before change in debt, specific events and RCF	**(54,5)**	**(37,0)**	**17,5**	**-32,1%**	**50,0**	**79,4**	**29,5**	**59,0%**
Revolving credit facilities, Net of Repayment	**89,0**	**(89,3)**	**(178,3)**	**(0,0)**	**89,0**	**(89,8)**	**(178,8)**	**-201%**
Net cash before change in debt & specific events, after RCF	**34,5**	**(126,3)**	**(160,8)**	**-466,2%**	**139,0**	**(10,4)**	**(149,3)**	**-107,5%**
Change in Debt	-	(124,0)	(124,0)	n/a	-	(124,0)	(124,0)	n/a
Financing cost	-	(1,4)	(1,4)	n/a	-	(1,4)	(1,4)	n/a
FY21 refinancing and change in shareholders	**-**	**(125,3)**	**(125,3)**	**n/a**	**-**	**(125,3)**	**(125,3)**	**n/a**
Equity Injection	-	0,0	0,0	n/a	0,5	(0,0)	(0,5)	-100,0%
Repayment of convertible bonds	(52,0)	-	52,0	-100,0%	(52,2)	-	52,2	-100,0%
Agatha acquisition	-	(1,7)	(1,7)	n/a	-	(1,7)	(1,7)	n/a
Specific events	**(52,0)**	**(1,7)**	**50,3**	**-96,7%**	**(51,7)**	**(1,7)**	**50,0**	**-96,7%**
Net increase / (decrease) in cash and cash equivalents	**(17,6)**	**(253,3)**	**(235,8)**	**1343,4%**	**87,2**	**(137,4)**	**(224,7)**	**-257,5%**
Cash and cash equivalents at the beginning of the period	**169,4**	**312,6**	**143,2**	**84,5%**	**64,7**	**196,7**	**132,1**	**204,3%**
Cash and cash equivalents at the end of the period	**151,9**	**59,3**	**(92,6)**	**-61,0%**	**151,9**	**59,3**	**(92,6)**	**-61,0%**
Change in cash	**(17,6)**	**(253,3)**	**(235,8)**	**1343,4%**	**87,2**	**(137,4)**	**(224,7)**	**-257,5%**

Free cash flow totaled €94.1 million in the six-month period ended March 31, 2021, an increase of €30.7 million, or 48.5%, from €63.4 million in the six-month period ended March 31, 2020. This increase was mainly due to the combination of:

- the positive effect of net cash provided by operating activities, which increased by €26.1 million to €108.1 million in the six-month period ended March 31, 2021 from €82.0 million in the six-month period ended March 31, 2020, mainly driven by the positive change in working capital, which increased by €34.6 million in the six-month period ended March 31, 2021, compared to the same period last year due to the delay in purchase plans resulting from the COVID-19 pandemic (which led to the postponement of invoice payments to suppliers in the first half of 2021 as compared to the prior year), and to a decrease of stores inventory on a like-for-like basis (payments postponed in respect of the COVID-19 pandemic were fully offset by the build-up of a physical stock of gold worth €24.9 million).

- the positive effect of net cash used in investing activities, which decreased by €4.7 million, primarily due to the postponement of store openings across the countries in which we operate during the COVID-19 pandemic.

- a €2.8 million decrease in our income tax payments resulting in an income tax rebate of €1.9 million in the six-month period ended March 31, 2021 compared to an income tax payment of €0.9 million in the six-month period ended March 31, 2020, due to the decrease in total sales in the first half of 2021 compared to the first half of 2020.

Net cash flow from financing activities was relatively stable compared to the same period last year at €14.7 million in the six-month period ended March 31, 2021, a difference of €1.3 million as compared to €13.4 million of financing cash flow in the six-month period ended March 31, 2020.

Net cash flow before change in debt, specific events and RCF totalled €79.4 million for the six-month period ended March 31, 2021, an increase of €29.5 million, or 59.0%, from €50.0 million in the six-month period ended March 31, 2020, showing strong cash generation after financing activities and before refinancing and specific events.

In the three-month period ended March 31, 2021, the Group reimbursed in full the €89.8 million outstanding under the RCF.

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

- Reimbursement of the TLB in the amount of €565.0 million
- Repayment of convertible bonds in the amount of €199.9 million and conversion into an intercompany loan between Goldstory S.A.S and Thom Group S.A.S
- Implementation of two new proceeds loans between Goldstory S.A.S and Thom Group S.A.S in a combined amount of €441.0 million:
    - Fixed rate proceeds loan in the amount of €263.2 million at a 5.88% interest rate
    - Floating rate proceeds loan in the amount of €177.8 million at a 6.00% interest rate + 3 months EURIBOR
- Financing cost in the amount of €1.4 million

b) Capital expenditure

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

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

	Second Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Maintenance Capital Expenditure	(1.3)	(1.3)	0.0	*(0.7)%*	(1.4)	(2.7)	(1.3)	*95.0 %*
Refurbishment Capital Expenditure	(0.5)	(0.6)	(0.1)	*16.5 %*	(1.7)	(1.9)	(0.2)	*12.6 %*
Expansion Capital Expenditure	(0.7)	(1.0)	(0.3)	*36.4 %*	(2.0)	(2.0)	0.1	*(3.4)%*
Store Capital Expenditure	**(2.6)**	**(2.9)**	**(0.3)**	***13.3 %***	**(5.1)**	**(6.6)**	**(1.5)**	***28.9 %***
Shine 2020 - IT Project Capital Expenditure	(1.8)	(2.1)	(0.3)	*16.0 %*	(3.6)	(4.8)	(1.2)	*34.9 %*
Other Capital Expenditure	(1.2)	(1.5)	(0.3)	*23.0 %*	(3.0)	(3.6)	(0.6)	*19.0 %*
IT & Corporate Capital Expenditure	**(3.1)**	**(3.7)**	**(0.6)**	***18.8 %***	**(6.6)**	**(8.4)**	**(1.8)**	***27.6 %***
Total Capital Expenditure	**(5.7)**	**(6.6)**	**(0.9)**	***16.3 %***	**(11.7)**	**(14.9)**	**(3.3)**	***28.2 %***

Total capital expenditure was €6.6 million in the three-month period ended March 31, 2021, an increase of €0.9 million, or 16.3%, from €5.7 million in the three-month period ended March 31, 2020, primarily attributable to (i) a corporate capital expenditure increase of €0.6 million, or 18.8%, related mainly to a number of ongoing or now terminated IT-related projects (including our payroll system and salesforce platform) and (ii) an expansion capital expenditure increase of €0.3 million attributable to the opening of 4 stores in the three-month period ended March 31, 2021 compared to 2 stores in the three-month period ended March 31, 2020.

In the six-month period ended March 31, 2021, total capital expenditure was €14.9 million, an increase of €3.3 million, or 28.2%, from €11.7 million in the six-month period ended March 31, 2020. This was mainly due to (i) the Shine 2020 project (migration to SAP) expenses totaling €1.2million and other ongoing or terminated IT-related projects and (ii) maintenance capital expenditure, mainly in Italy, related to the renovation of our stores.

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 purpose of the acquisition, a bidco, Goldstory S.A.S., was created above Thom Group.

a) Pro forma Information

This investors report includes the consolidated financial information of the Company, Thom Group, on which the FY21 annual audit review will be performed. However, the restrictive covenants included in the indenture for the Senior Secured Notes will apply to Goldstory S.A.S. and its restricted subsidiaries. Set forth below are the principal items reflected in the Goldstory S.A.S. financial statements, as at and for the period from February 26, 2021 through March 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)
- €5.3 million in accrued interest
- €19.4 million in financing costs, which will be amortized over the life of the Senior Secured Notes
- €4.7 million in cash and cash equivalents
- other operating expenses resulting in an impact of €0.1 million on EBITDA

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

In €m	THOM GROUP	Operating GS/EJ1/EJ2	Interco loan	Impact SSN	GS Capital	FG Merger	Acquisition of THG	GOLDSTORY PROFORMA
	2021.03							2021.03
Reported EBITDA	**77.2**	**(0.1)**	**-**	**-**	**-**		**-**	**77.1**
Business tax (CVAE) & store closure expenses	(1.0)							(1.0)
Change in working capital (includ. employee profit sharing paid)	36.7	0.6						37.3
Income tax paid	(1.9)	(0.0)						(2.0)
Other non-recurring income (expenses)	(2.9)	0.0						(2.8)
Net cash provided by operating activities	**108.1**	**0.5**	**-**	**-**	**-**		**-**	**108.6**
Acquisition of tangible, intangible assets	(14.9)	(0.0)						(15.0)
Disposal of tangible, intangible assets	0.6	-						0.6
Change in working capital on fixed assets	0.4	0.9						1.339
Net cash used in investing activities	**(14.0)**	**0.9**	**-**	**-**	**-**		**-**	**(13.0)**
Free Cash Flow	**94.1**	**1.4**	**-**	**-**	**-**		**-**	**95.6**
As a % of Reported EBITDA	*121.9%*							*123.9%*
Interest paid on Term Loan B and RCF	(14.7)							(14.7)
Other interest paid	0.0							0.0
Other cash flows used in financing activities	(0.0)	0.0						0.0
Net cash used in financing activities	**(14.7)**	**0.0**	**-**	**-**	**-**		**-**	**(14.7)**
Net cash before change in debt, specific events and RCF	**79.4**	**1.4**	**-**	**-**	**-**	**-**	**-**	**80.8**
Revolving credit facilities, Net of Repayment	**(89.8)**	**-**	**-**	**-**	**-**		**-**	**(89.8)**
Net cash before change in debt & specific events, after RCF	**(10.4)**	**1.4**	**-**	**-**	**-**	**-**	**-**	**(9.0)**
Change in Debt	(124.0)	-	(441.0)	620.0	-		-	55.0
Financing cost	(1.4)			*(19.4)*				(20.8)
Equity injection (Goldstory)	-				359.9			359.9
Thom Group Acquisition	-						(514.7)	(514.7)
Reimbursement of FG loans							(1.5)	(1.5)
FY21 refinancing and change in shareholders	**(125.3)**	**-**	**(441.0)**	**600.6**	**359.9**	**-**	**(516.2)**	**(122.1)**
Repayment of convertible bonds	-							-
Agatha acquisition	(1.7)							(1.7)
Change in equity	(0.0)	0.0						-
Specific events	**(1.7)**	**0.0**	**-**	**-**	**-**	**-**	**-**	**(1.7)**
Net increase / (decrease) in cash and cash equivalents	**(137.4)**	**1.4**	**(441.0)**	**600.6**	**359.9**	**-**	**(516.2)**	**(132.7)**
Cash and cash equivalents at the beginning of the period	**196.7**							**196.7**
Cash and cash equivalents at the end of the period	**59.3**	**4.7**						**64.0**
Change in cash	**(137.4)**	**4.7**	**-**	**-**	**-**	**-**	**-**	**(132.7)**

The €1.4 million difference in free cash flow between the Company and the Issuer is mainly due to acquisition fees impacting working capital.

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

- A change in debt of €55.0 million, resulting from the €565.0 million TLB reimbursement and from the €620.0 million in proceeds from the issuance of the Senior Secured Notes
- €20.8 million in financing costs, €19.4 million of which relate to the Senior Secured Notes and €1.4 million relate to a new revolving credit facility (the "New RCF")
- An equity injection of €359.9 million
- The purchase of Thom Group for €514.7 million
- The reimbursement of Financière Goldfinger's bank loan for €1.5 million

c) Capitalization

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

	At March 31, 2021		
In €m	**THOM GROUP Actual**	**Adjustments**	**GOLDSTORY Proforma**
Cash and cash equivalents	**59.3**	**4.7**	**64.0**
Proceed Loans *(1)*	(441.0)	441.0	-
Intercompany Loan *(2)*	(199.9)	199.9	-
Senior Secured Notes *(3)*		(620.0)	(620.0)
Other third-party financial debt	(1.3)	(0.1)	(1.4)
Financial liabilities for long-term leases	(1.3)	-	(1.3)
Other loans	-	(0.1)	(0.1)
Revolving Credit Facility *(4)*	(0.0)	0.0	-
Total third-party financial debt	**(642.2)**	**20.8**	**(621.4)**
Issuer's Equity	**198.1**	**161.9**	**360.0**
Total capitalization	**(384.8)**	**187.4**	**(197.4)**

(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 was not drawn as of March 31, 2021

D. Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of March 31, 2021, they included:

- *Post-employment benefits* in France totaling €0.7 million.
- *Pledges granted for the benefit of the noteholders under the Senior Secured Notes and the banks under the New RCF agreement (Pledges at the Issuer and the Company are completed as of March 31, 2021. All the pledges at THOM and Stroili are under completion as of March 31, 2021 and have be completed by June 25, 2021):*
  - *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 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 held by THOM;*
  - *Pledge over THOM's material bank accounts;*
  - *Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between THOM and any member of the Group;*
  - *Pledge over THOM's material trademarks (Histoire d'Or and Marc Orian);*
  - *Pledge over Stroili's material bank accounts;*
  - *Pledge over receivables above a specified threshold arising under certain intragroup loans between Stroili and any member of the Group ; and*
- *Bank guarantees granted to certain lessors totaling €18.3 million, including €1.9 million in France, €15.4 million in Italy 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 March 31, 2021, we had entered into forwards in a notional amount of $50.3 million, $34.3 million of which have maturities of less than one year and $16.0 million of which have maturities of more 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 April 2021 to September 2021. These derivative instruments were complemented with physical gold held in inventory, which represented approximately six months of purchases as of March 31, 2021, thus providing us with an overall hedge of twelve months relating to gold price fluctuations.
- *Commitments received: As of March 31, 2021, the Group had a €90 million New RCF, which had not been 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 the six-month period ended March 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 March 31, 2021, $50.3 million in notional amount of forwards and collars with maturities between May 2021 and February 2022 were contracted. Historically, we hedge through forwards and collars nearly all of 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, as a result of the decrease in the spot price for gold from August to September 2019. In addition, we adjust our gold inventory as a physical hedge against fluctuations in the price of gold. In the financial year ended September 30, 2020, gold-based products accounted for 54% 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, in order to hedge our exposure to fluctuations in the price of gold, we also enter into derivative financial instruments, such as synthetic swaps and calls. As of March 31, 2021, we were beneficiaries of synthetic call options, allowing us to purchase up to 6,400 ounces (approximately 181 kilograms) of gold. Combining such derivatives and our physical gold inventory, we have hedging of our gold purchasing needs for the twelve months following the end of the period ended March 31, 2021.

c) *Interest rate risk*

As of March 31, 2021, we were exposed to interest rate risk on drawings under the New RCF and the Floating Rate Notes. The Group is currently working on its EURIBOR interest rate hedge to adapt it to the new financing structure in place since February 26, 2021.

The majority 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 on the basis of the remaining contractual maturities of the associated financial liabilities. Future floating interest rate payments are set on the basis of the most recent coupon for the current period and on the basis of 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 with regard to 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 March 31, 2021

COVID-19 pandemic measures

Third wave

On March 31, 2021, the French government announced new measures in response to the COVID-19 pandemic. While part of the country had been placed under regional lockdown since mid-March, the government decided to extend the lockdown to the entire country until May 3, 2021 but with stores closed until on May 18th, 2021.

In Italy, regional lockdowns are still in place in the various regions where infection rates are high. 49% of our store network was closed in April 2021 and 22% in May 2021.

In Germany, many local and national regulations have remained in place since March 31, 2021, resulting in 83% of our network closed in April and 50% in May.

During this period, the Group's activity has been materially adversely impacted by the partial or total shutdown of its subsidiaries' activity. Employees impacted by shops closings as well as some employees at the headquarters have been placed in partial unemployment.

A similar kind of cost saving plan as for the first and second lockdowns has been implemented to manage stores' shutdowns.

Reopening of the network

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

This allowed the Group to welcome its customers during Mother's Day in France, which is a big period of the year.

H. Risk Factors

There have been no material changes to the risk factors disclosed in the offering memorandum dated January 28, 2021.