INVESTORS REPORT

NINE-MONTH PERIOD ENDED AS AT JUNE 30, 2021

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

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

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

About THOM GROUP

We are a leading European jewelry retailer by number of stores, with a strong position in Europe in the affordable jewelry sector. Our product offering comprises primarily precious jewelry, complemented by watches and costume jewelry. We are active primarily in France and Italy, where we hold a leading market position in each national market. Our products are available through our network of 998 directly operated stores, including 519 stores in France (including one store in Monaco), 400 stores in Italy, 52 stores in Germany, 26 stores in Belgium and one store in Luxembourg as of June 30, 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 28 affiliated partner stores in France.

We sell our products under our six complementary main banners: Histoire d'Or (394 stores), Marc Orian (92 stores), TrésOr (67 stores), Stroili (344 stores), Franco Gioielli (40 stores) and OROVIVO (52 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 nine-month period ended June 30, 2021.

b) Accounting principles

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

c) Key performance indicators

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

- ***Network sales by perimeter***. Network sales by perimeter represents the apportionment of our network sales among France, Italy and Rest of Europe through all sales channels operated by the Group (*i.e.*, our stores, e-commerce platforms, sales to our affiliated partners and wholesale business).
- ***Gross margin***. Gross margin represents the sum of our network sales, revenue from the sale of precious metals, proceeds from insurance for theft and rebates re-invoiced to our suppliers, net of our total cost of goods sold. As we do not operate or own any manufacturing facilities, we rely on independent third parties for the manufacturing of our products. We also consider our gross margin performance by perimeter, consistent with our network sales, and allocate certain income and expenses among perimeters such as rebates received from suppliers and packaging and transportation costs based on business assumptions.
- ***Like-for-like network sales growth and gross margin growth*****.** Like-for-like network sales growth consists of network sales from like-for-like perimeters in any given period compared with the corresponding financial period of the 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 represents regional levies on French companies (*Contribution Economique Territoriale*) that includes CVAE and payroll-related taxes.
- ***Personnel expenses***. Personnel expenses represents the wages and salaries of the employees located in our stores and in our headquarters and logistics centers. It includes the gross fixed amount due to our employees and the social contributions that must be paid by employers, and reductions in social security contributions (which replaced the *Crédit d'impôt pour la compétitivité et l'emploi* (CICE), effective January 1, 2019). Charges related to any legal profit-sharing schemes are also reported under this line item, as well as any bonus or variable remuneration paid to our employees, based mainly on sales results.
- ***Change in depreciation, amortization and provisions net of provision reversals***. Change in depreciation, amortization and provisions net of provision reversals represents the depreciation and amortization of our fixed assets, the provisions for depreciation of our current assets (such as inventories and trade receivables) and the provisions for contingencies, liabilities, and our loyalty program. Reversals of provisions are also reported in this line item.
- ***Operating income***. Operating income represents operating revenue net of operating expenses described above, before financial expenses, non-recurring items, income tax, goodwill amortization and non-consolidated interests.

- ***Financial expense***. Until February 26, 2021, financial expense mostly represented interest on our 2017 Term Loan B Facilities (the "TLB"), net of hedging of interest rate instruments, and capitalized interest on convertible bonds. The remaining part was composed of financial expenses relating to interest on bilateral loans and the revolving credit facility (the "RCF") in place until then, amortization of the Original Issue Discount, customers' deferred payments and foreign currency expenses. Since February 26, 2021, finance expense mostly represents interest on our proceed loans and intercompany loan with Goldstory S.A.S, net of hedging of interest rate instruments. The remaining part is composed of financial expenses related to interest on our new revolving credit facility (the "New RCF"), full amortization of the remaining bond redemption premium in relation of the TLB reimbursement, customers' deferred payments and foreign currency expenses.
- ***Non-recurring income and expenses***. Non-recurring income and expenses represents all items that are not directly related to our operations or core businesses, and that are considered by management as non-recurring by their nature, such as rental or personnel expenses incurred by stores prior to opening or during renovation work if the latter results in the long-term closure of stores.

2) Results of Operations for nine-month period ended June 30, 2021 compared to nine-month period ended June 30, 2020

A. Income Statement

The table below sets forth certain line items from our income statement for the three-month and the nine-month periods ended June 30, 2021 and 2020.

		Third Quarter				Year-to-Date			
In €m		**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Total Sales	**a)**	**85.6**	**143.6**	**58.1**	***67.9%***	**492.4**	**489.5**	**(2.8)**	***(0.6)%***
Other operating income		0.9	6.1	5.2	*564.1%*	3.9	13.4	9.5	*245.6%*
Cost of goods sold	b)	(26.8)	(44.3)	(17.5)	*65.5%*	(161.3)	(151.4)	9.9	*(6.1)%*
Personnel expenses	f)	(25.3)	(38.1)	(12.8)	*50.5%*	(127.0)	(122.6)	4.4	*(3.5)%*
Direct and indirect operating costs	g)	(29.9)	(41.1)	(11.2)	*37.5%*	(117.6)	(122.9)	(5.3)	*4.5%*
Taxes and duties	h)	(1.1)	(2.2)	(1.1)	*95.5%*	(6.2)	(5.9)	0.4	*(5.8)%*
Depreciation, amortisation & provisions, Net	i)	(12.5)	(1.9)	10.6	*(84.7)%*	(26.3)	(23.7)	2.6	*(10.0)%*
Operating income	**e)**	**(9.1)**	**22.1**	**31.2**	***(343.8)%***	**57.9**	**76.6**	**18.7**	***32.3%***
Financial income (expense)	j)	(14.8)	(11.0)	3.8	*(25.8)%*	(46.6)	(38.1)	8.5	*(18.2)%*
Income (expense) from recurring operations		**(23.9)**	**11.2**	**35.1**	***(146.7)%***	**11.4**	**38.5**	**27.1**	***238.9%***
Non-recurring income (expense)	k)	(2.1)	(2.3)	(0.2)	*10.7%*	(9.4)	(12.8)	(3.4)	*36.5%*
Income tax	l)	4.2	(2.2)	(6.4)	*(153.4)%*	(7.2)	(5.6)	1.6	*(22.0)%*
Non-controlling interests		(0.0)	(0.0)	(0.0)	*5,113.3%*	(0.0)	(0.0)	(0.0)	*108.8%*
Net income (loss)		**(21.8)**	**6.6**	**28.4**	***(130.2)%***	**(5.2)**	**20.1**	**25.3**	***(489.5)%***

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

		Third Quarter				Year-to-Date			
In €m		**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Total Sales	**a)**	**85.6**	**143.6**	**58.1**	***67.9%***	**492.4**	**489.5**	**(2.8)**	***(0.6)%***
Cost of goods sold	b)	(26.8)	(44.3)	(17.5)	*65.5%*	(161.3)	(151.4)	9.9	*(6.1)%*
Cost reinvoiced		(0.1)	(0.1)	0.0	*(30.7)%*	(0.7)	(0.6)	0.1	*(18.7)%*
Gross margin	**c)**	**58.6**	**99.2**	**40.6**	***69.2%***	**330.4**	**337.6**	**7.2**	***2.2%***
As a % of Network sales		*71.5%*	*69.3%*		*(2.2)pp*	*70.9%*	*70.1%*		*(0.8)pp*
Total Network direct costs		(44.2)	(57.9)	(13.7)	*31.0%*	(189.9)	(178.6)	11.3	*(5.9)%*
Network contribution	**d)**	**14.4**	**41.3**	**26.9**	***186.1%***	**140.5**	**159.0**	**18.5**	***13.1%***
As a % of Network sales		*17.6%*	*28.8%*		*11.2 pp*	*30.2%*	*33.0%*		*2.9 pp*
Indirect Costs		(10.6)	(16.8)	(6.3)	*59.5%*	(53.5)	(57.3)	(3.8)	*7.1%*
Closed Stores		(0.2)	(0.2)	0.0	*(19.9)%*	0.2	0.0	(0.2)	*(89.0)%*
Reported EBITDA	**e)**	**3.7**	**24.3**	**20.6**	***562.1%***	**87.3**	**101.8**	**14.4**	***16.5%***
As a % of Network sales		*4.5%*	*17.0%*		*12.5 pp*	*18.7%*	*21.1%*		*2.4 pp*

a) Total sales

The table below presents the detail of our total sales for the three-month and the nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network sales	**82.0**	**143.2**	**61.2**	**74.6%**	**466.0**	**481.6**	**15.6**	**3.4%**
Sales of precious metals	3.3	0.0	(3.3)	(100.0%)	24.7	6.5	(18.2)	(73.8%)
Invoicing to suppliers	0.1	0.3	0.3	374.2%	1.0	0.8	(0.1)	(11.8%)
Purchasing & logistics services	0.0	0.1	0.1	125.0%	0.2	0.3	0.1	31.7%
Other	0.1	(0.0)	(0.1)	(114.0%)	0.5	0.3	(0.2)	(43.2%)
Other Sales	**3.5**	**0.4**	**(3.1)**	**(87.7%)**	**26.4**	**7.9**	**(18.5)**	**(70.1%)**
Total Sales	**85.6**	**143.6**	**58.1**	**67.9%**	**492.4**	**489.5**	**(2.8)**	**(0.6%)**

Total sales amounted to €143.6 million in the three-month period ended June 30, 2021, an increase of €58.1 million, or 67.9%, from €85.6 million in the three-month period ended June 30, 2020, mainly due to a €61.2 million increase in our network sales. Network sales' strong increase in the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020 was due to a lower number of stores closed during the period (39% in the three-month period ended June 30, 2021, compared to 48% in the same period last year), to a faster recovery of sales after stores' reopening compared to last year and to the development of e-commerce sales.

Total sales amounted to €489.5 million in the nine-month period ended June 30, 2021, a decrease of €2.8 million, or 0.6%, from €492.4 million in the nine-month period ended June 30, 2020, mainly due to a €18.2 million decrease in our sales of precious metals only partially offset by a €15.6 million increase in network sales. This increase in network sales was attributable to the good performance of stores when open and to a faster recovery of sales after stores reopening as compared to last year, despite a network closed 44% of the time during the nine-month period ended June 30, 2021 compared to 26% in the same period last year. The decrease in sales of precious metals was largely voluntary, as the Group decided not to resell gold collected in stores to foundries 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 pricing fluctuations.

Our e-commerce platforms benefited from a partial shift from retail to online offerings, contributing €55.6 million to our network sales during the nine-month period ended June 30, 2021 and €15.6 million during the three-month period ended June 30, 2021, representing, respectively, an increase of €31.8 million, or 134.2%, and an increase of €7.3 million, or 87.9%, 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 nine-month period ended June 30, 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 as well, and from March 20, 2021 a regional lockdown in four French regions, including the Ile-de-France area, was enforced, resulting in 80% of stores being closed in March 2021.
- In addition, a 6 p.m. curfew was in place from January 16, 2021 until March 20, 2021, when it was pushed back to 7 p.m.
- From April 3, 2021 until May 3, 2021, the country was in full lockdown, but stores remained closed until May 18, 2021.

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 as the stores were located in a "red zone."
- In April and May 2021, regional lockdowns were still in place in regions where infection rates were high. 49% of our store network was closed in April 2021 and 22% in May 2021.

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.

- In April and May 2021, many local and national regulations were still in place, resulting in 83% of our network being closed in April 2021 and 50% in May 2021.

Reopening of the network

Following a long period of COVID-19 pandemic related restrictions and lockdowns, the Group was eventually able to reopen almost all of its stores from May 19, 2021.

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

The tables below present the number of stores closed due to COVID-19 pandemic restrictions across our geographies for the twelve-month period ended June 30, 2021, compared to the twelve-month period ended June 30, 2020:

	LTM ended June 2020												
				YTD ended June 2020									
				1Q20			2Q20			3Q20			
In %	**juil-19**	**aug-19**	**sept-19**	**oct-19**	**nov-19**	**dec-19**	**jan-20**	**fev-20**	**mar-20**	**apr-20**	**may-20**	**jun-20**	**YTD20**
France	0%	0%	0%	0%	0%	0%	0%	0%	55%	100%	40%	0%	25%
Italy	0%	0%	0%	0%	0%	0%	0%	0%	68%	100%	55%	0%	28%
Germany	0%	0%	0%	0%	0%	0%	0%	0%	45%	74%	4%	0%	15%
Belgium	0%	0%	0%	0%	0%	0%	0%	0%	48%	100%	69%	0%	27%
Luxembourg	0%	0%	0%	0%	0%	0%	0%	0%	48%	100%	100%	10%	33%
Thom Group	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**59%**	**99%**	**45%**	**0%**	**26%**

	LTM ended June 2021												
				YTD ended June 2021									
				1Q21			2Q21			3Q21			
In %	**jul-20**	**aug-20**	**sept-20**	**oct-20**	**nov-20**	**dec-20**	**jan-21**	**feb-21**	**mar-21**	**apr-21**	**may-21**	**jun-21**	**YTD21**
France	0%	0%	0%	6%	90%	0%	0%	72%	80%	99%	58%	0%	51%
Italy	0%	0%	0%	0%	50%	39%	45%	26%	60%	49%	22%	0%	37%
Germany	0%	0%	0%	0%	0%	48%	98%	98%	71%	83%	50%	0%	54%
Belgium	0%	0%	0%	0%	100%	0%	0%	0%	15%	4%	0%	0%	14%
Luxembourg	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Thom Group	**0%**	**0%**	**0%**	**3%**	**69%**	**18%**	**23%**	**53%**	**70%**	**75%**	**42%**	**0%**	**44%**
Thom Group - Var in pp	***+0***	***+0***	***+0***	***+3***	***+69***	***+18***	***+23***	***+53***	***+10***	***-23***	***-3***	***-0***	

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 June 30, 2021, the Group enjoyed a lower number of closed stores compared to the three-month period ended June 30, 2020, particularly in April 2021.

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 nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network sales France	56.7	79.5	22.8	40.3%	298.6	302.1	3.6	1.2%
Network sales Italy	16.5	49.3	32.8	198.6%	123.9	136.2	12.3	9.9%
Network sales RoE	5.7	7.8	2.0	35.3%	28.5	25.2	(3.3)	(11.6%)
Total network sales on a LFL basis	**78.9**	**136.6**	**57.6**	**73.0%**	**451.0**	**463.5**	**12.5**	**2.8%**
Change in perimeter	3.1	6.6	3.5	114.8%	15.0	18.1	3.1	20.7%
Network sales	**82.0**	**143.2**	**61.2**	**74.6%**	**466.0**	**481.6**	**15.6**	**3.4%**

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 nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Store & corner	70.2	120.0	49.8	70.9%	424.4	405.2	(19.3)	(4.5%)
Wholesale	0.4	1.0	0.6	162.9%	2.4	2.7	0.3	12.3%
E-commerce	8.3	15.6	7.3	87.9%	23.7	55.6	31.8	134.2%
Other	0.1	0.0	(0.1)	(91.9%)	0.4	0.0	(0.3)	(96.5%)
Total network sales on a LFL basis	**78.9**	**136.6**	**57.6**	**73.0%**	**451.0**	**463.5**	**12.5**	**2.8%**
Change in perimeter	3.1	6.6	3.5	114.8%	15.0	18.1	3.1	20.7%
Network sales	**82.0**	**143.2**	**61.2**	**74.6%**	**466.0**	**481.6**	**15.6**	**3.4%**

The table below presents the detail of our network sales by banner on a like-for-like basis for the three-month and the nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Histoire d'Or	49.5	72.4	22.9	46.3%	259.0	271.5	12.5	4.8%
Stroili	15.2	44.5	29.3	192.8%	110.1	122.8	12.7	11.5%
Marc Orian	7.4	10.4	3.0	41.0%	41.8	37.7	(4.1)	(9.8%)
Franco Gioielli	1.0	3.3	2.3	225.4%	9.0	9.0	(0.1)	(0.6%)
TrésOr	2.2	2.7	0.4	19.3%	13.4	11.3	(2.1)	(15.7%)
Orovivo	3.3	2.8	(0.5)	(15.7%)	15.6	9.4	(6.2)	(39.5%)
Other	0.3	0.5	0.2	69.6%	2.0	1.7	(0.2)	(12.7%)
Total network sales on a LFL basis	**78.9**	**136.6**	**57.6**	**73.0%**	**451.0**	**463.5**	**12.5**	**2.8%**
Change in perimeter	3.1	6.6	3.5	114.8%	15.0	18.1	3.1	20.7%
Total network sales	**82.0**	**143.2**	**61.2**	**74.6%**	**466.0**	**481.6**	**15.6**	**3.4%**

On a like-for-like basis, our network sales increased by €57.6 million, or 73.0%, to €136.6 million in the three-month period ended June 30, 2021 compared to €78.9 million in the three-month period ended June 30, 2020. The increase in like-for-like sales is mainly explained by a lower number of stores closed during the period (39% in the three-month period ended June 30, 2021, compared to 48% in the same period last year), to a faster recovery of sales after stores' reopening compared to last year and to the development of e-commerce.

Our network sales, on a like-for-like basis, increased by €12.5 million, or 2.8%, to €463.5 million in the nine-month period ended June 30, 2021 compared to €451.0 million in the nine-month period ended June 30, 2020. This increase was attributable to the good performance of stores when open and to a faster recovery of sales after stores reopening as compared to last year, despite a network closed 44% of the time during the nine-month period ended June 30, 2021 compared to 26% in the same period last year.

Our two main banners, Histoire d'Or and Stroili, performed well despite all the restrictions, with 4.8% and 11.5% increases, respectively, in network sales in the nine-month period ended June 30, 2021 compared to the same period last year, due to a strong performance of stores when open and of e-commerce platforms, as well as a faster recovery of sales after stores' reopening as compared to last year, particularly in Italy. Germany (OroVivo) has endured strong restrictions from December until mid-May.

The change in perimeter increased by €3.5 million, or 114.8%, to €6.6 million in the three-month period ended June 30, 2021, from €3.1 million in the three-month period ended June 30, 2020.

In the nine-month period ended June 30, 2021, the change in perimeter totaled €18.1 million, an increase of €3.1 million, or 20.7%, compared to €15.0 million in the nine-month period ended June 2020, mainly due to a lower net number of store closures in each period (9 in the nine-month period ended June 30, 2021 vs. 15 in the same period last 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 nine-month periods ended June 30, 2021 and 2020.

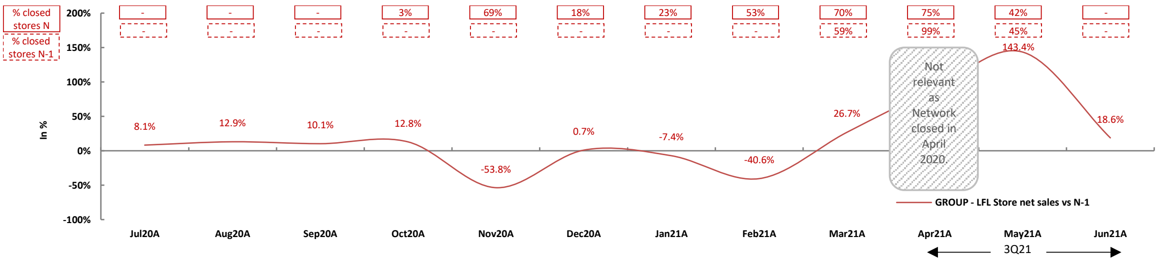
	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
E-commerce sales France	6.5	13.7	7.2	111.2%	20.2	47.8	27.6	137.1%
E-commerce sales Italy	1.5	1.6	0.1	9.0%	3.0	6.8	3.9	129.9%
E-commerce sales RoE	0.3	0.2	(0.1)	(30.3%)	0.6	1.0	0.3	57.4%
Total e-commerce sales	**8.3**	**15.6**	**7.3**	**87.9%**	**23.7**	**55.6**	**31.8**	**134.2%**

Monthly network sales

The table below presents our network sales monthly for the nine-month period ended June 30, 2021 (unaudited) and for the financial years ended September 30, 2020, 2019 and 2018 (audited).

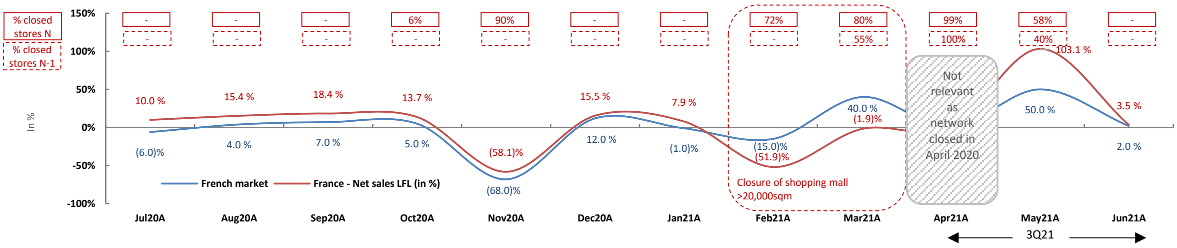
	Audited	Audited	Audited	Unaudited
In €m	**2018**	**2019**	**2020**	**2021**
October	40.7	43.4	47.2	52.9
November	46.5	48.7	55.1	26.1
December	143.7	147.1	152.1	153.4
January	44.4	45.2	49.5	46.0
February	53.5	56.4	62.3	37.1
March	45.0	44.6	17.8	22.9
April	41.5	46.4	3.3	18.7
May	59.2	64.0	23.3	58.3
June	51.3	52.0	55.4	66.2
July	52.3	57.0	61.1	
August	46.9	49.8	56.0	
September	47.5	49.1	54.2	
Network sales	**672.7**	**703.8**	**637.3**	**481.6**

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



Excluding the months affected by lockdown periods (November 2020 and January to April 2021), our network sales showed strong growth across geographies over the twelve months ended June 30, 2021. At the Group level, in the three-month period ended June 30, 2021, network sales on a like-for-like basis increased by €57.6 million, or 73.0%, compared to the three-month period ended June 30, 2020, which is explained by a successful recovery of stores this year (particularly in Italy where the recovery after the first lockdown in 2020 was very slow), by a lower number of stores closed in the three-month period ended June 30, 2021 (39%) compared to the three-month period ended June 30, 2020 (48%), and by an excellent performance of e-commerce.

France

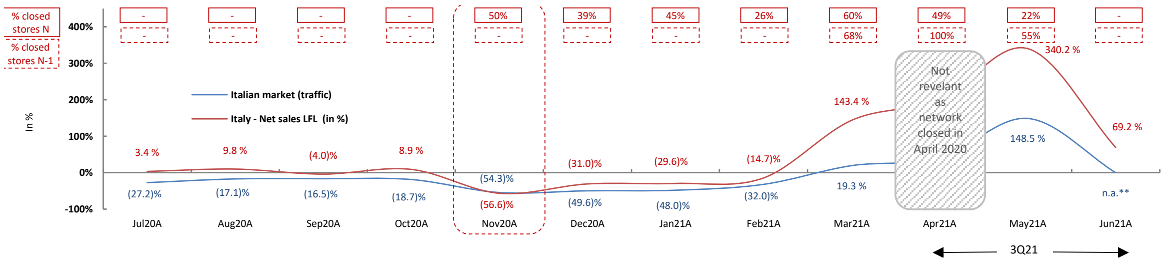


"Market" refers to the French Jewelry and Watches Market. Source: Francéclat.

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 sqm were closed starting February 1, 2021 and from March 6, 2021, the threshold was lowered to 10,000 spm.

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. In April 2021, France was in full lockdown, like in the previous year. From mid-May, the group benefitted from a successful reopening of stores and was able to welcome its customers on Mother's day, one of the busiest periods of the year.

Italy



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

Italy performed better than market during the three-month period ended June 30, 2021 (except in April 2021 where we weren't provided with market data). The recovery following the reopening of the stores was much more dynamic in the three-month ended June 30, 2021 than in the three-month period ended June 30, 2020.

b) Cost of goods sold

The table below presents the detail of our cost of goods sold for the three-month and the nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Purchase of finished goods	(10.1)	(24.2)	(14.1)	139.8%	(121.6)	(154.6)	(33.0)	27.2%
Change in inventories - finished goods	(14.7)	(17.1)	(2.4)	16.2%	(13.7)	18.4	32.1	(234.3%)
COGS - Finished Goods	**(24.8)**	**(41.3)**	**(16.5)**	**66.6%**	**(135.3)**	**(136.2)**	**(0.9)**	**0.7%**
Purchase of raw materials	(3.2)	(7.0)	(3.8)	120.2%	(25.3)	(27.0)	(1.7)	6.5%
Change in inventories - raw materials	1.1	3.9	2.8	239.5%	(0.6)	11.8	12.4	(1,996.4%)
COGS - Raw materials	**(2.0)**	**(3.1)**	**(1.1)**	**52.4%**	**(26.0)**	**(15.2)**	**10.8**	**(41.6%)**
Cost of goods sold	**(26.8)**	**(44.3)**	**(17.5)**	**65.5%**	**(161.3)**	**(151.4)**	**9.9**	**(6.1%)**

In the three-month period ended June 30, 2021, cost of goods sold totaled €44.3 million, an increase of €17.5 million, or 65.5%, from €26.8 million in the three-month period ended June 30, 2020, mainly impacting France (€8.7 million increase) and Italy (€8.5 million increase), and resulting from the strong performance of sales during the three-month period ended June 30, 2021.

Cost of goods sold totaled €151.4 million in the nine-month period ended June 30, 2021, a decrease of €9.9 million, or 6.1%, from €161.3 million in the nine-month period ended June 30, 2020. The decrease was mainly explained by the decrease in COGS-Raw materials of € 10.8 million representing gold stock building as the Group decided to stop reselling the gold collected in stores for hedging and cash protection purposes in the nine-month period ended June 30, 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 nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network sales	82.0	143.2	61.2	74.6%	466.0	481.6	15.6	3.4%
Sales of precious metals	3.3	0.0	(3.3)	(100.0%)	24.7	6.5	(18.2)	(73.8%)
Invoicing to suppliers	0.1	0.3	0.3	374.2%	1.0	0.8	(0.1)	(11.8%)
Purchasing & logistics services - reinvoicing	0.0	0.1	0.1	125.0%	0.2	0.3	0.1	31.7%
Other - reinvoicing	0.1	(0.0)	(0.1)	(114.0%)	0.5	0.3	(0.2)	(43.2%)
Total Sales	**85.6**	**143.6**	**58.1**	**67.9%**	**492.4**	**489.5**	**(2.8)**	**(0.6%)**
Cost of goods sold	**(26.8)**	**(44.3)**	**(17.5)**	**65.5%**	**(161.3)**	**(151.4)**	**9.9**	**(6.1%)**
Costs reinvoiced	**(0.1)**	**(0.1)**	**0.0**	**(30.7%)**	**(0.7)**	**(0.6)**	**0.1**	**(18.7%)**
Gross Margin	**58.6**	**99.2**	**40.6**	**69.2%**	**330.4**	**337.6**	**7.2**	**2.2%**
As a % of network sales	*71.5%*	*69.3%*		*(221.5)*	*70.9%*	*70.1%*		*(81.1)*

In the three-month period ended June 30, 2021, gross margin totaled €99.2 million, an increase of €40.6 million, or 69.2%, from €58.6 million in the three-month period ended June 30, 2020. The decrease in gross margin contribution as a percentage of network sales of 221.5 basis point, from 71.5% in the three-month period ended June 30, 2020 to 69.3% in the three-month period ended June 30, 2021 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.

Gross margin totaled €337.6 million in the nine-month period ended June 30, 2021, an increase of €7.2 million, or 2.2%, from €330.4 million in the nine-month period ended June 30, 2020. Our gross margin contribution as a percentage of network sales showed resilience at 70.1% in the nine-month period ended June 30, 2021, a decrease of 81.1 basis points from 70.9% in the nine-month period ended June 30, 2020, mainly explained by an increase in the price of gold, 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 nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Total Sales - excluding Sales of precious metals	82.2	143.6	61.4	74.7%	467.6	483.0	15.4	3.3%
COGS - excluding COGS of precious metals	(24.8)	(41.3)	(16.5)	66.6%	(135.3)	(136.2)	(0.9)	0.7%
Costs reinvoiced	(0.1)	(0.1)	0.0	(30.7%)	(0.7)	(0.6)	0.1	(18.7%)
Gross Margin - exclu. Sales of precious metals	**57.3**	**102.3**	**45.0**	**78.4%**	**331.7**	**346.3**	**14.6**	**4.4%**
As a % of network sales	*69.9%*	*71.4%*		*154.0*	*71.2%*	*71.9%*		*72.8*

The above table shows that, excluding the impact of sales of precious metals (as the Group has a strategy, this year, of building up a stock of gold), the gross margin rate as a percentage of network sales has improved in the three-month period ended June 30, 2021 as well as in the nine-month ended June 30, 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 nine-month periods ended June 30, 2021 and 2020.

Gross margin in value

In €m	Third Quarter 2020	2021	Var. m€	Var. %	Year-to-Date 2020	2021	Var. m€	Var. %
Gross Margin France	40.9	54.9	14.0	34.3%	213.8	213.2	(0.6)	(0.3%)
Gross Margin Italy	11.9	34.8	22.9	192.4%	88.7	96.4	7.8	8.7%
Gross Margin RoE	3.8	5.6	1.8	48.0%	19.2	17.5	(1.7)	(8.8%)
Gross Margin on a LFL basis	**56.6**	**95.3**	**38.7**	**68.4%**	**321.6**	**327.1**	**5.5**	**1.7%**
Change in perimeter	2.0	3.7	1.7	82.9%	8.9	10.1	1.2	13.6%
Other income & expenses	0.0	0.2	0.2	458.5%	(0.1)	0.4	0.5	(573.1%)
Gross Margin	**58.6**	**99.2**	**40.6**	**69.2%**	**330.4**	**337.6**	**7.2**	**2.2%**

Gross margin as a percentage

In €m	Third Quarter 2020	2021	Var in bp	Year-to-Date 2020	2021	Var in bp
Gross Margin France	72.1%	69.0%	(308.9)	71.6%	70.6%	(103.4)
Gross Margin Italy	72.1%	70.6%	(148.3)	71.6%	70.8%	(75.6)
Gross Margin RoE	66.2%	72.4%	621.0	67.3%	69.5%	214.8
Gross Margin on a LFL basis	**71.7%**	**69.8%**	**(190.0)**	**71.3%**	**70.6%**	**(74.2)**
Change in perimeter	65.3%	55.6%	(970.6)	59.1%	55.6%	(347.0)
Gross Margin	**71.5%**	**69.3%**	**(221.5)**	**70.9%**	**70.1%**	**(81.1)**

In the three-month period ended June 30, 2021, gross margin on a like-for-like basis totaled €95.3 million, an increase of €38.7 million, or 68.4%, from €56.6 million in the three-month period ended June 30, 2020. Our gross margin as a percentage of network sales on a like-for-like basis was 69.8% in the three-month period ended June 30, 2021, a decrease of 190.0 basis points from 71.7% in the three-month period ended June 30, 2020.

Gross margin on a like-for-like basis totaled €327.1 million in the nine-month period ended June 30, 2021, an increase of €5.5 million, or 1.7%, from €321.6 million in the nine-month period ended June 30, 2020. Our gross margin as a percentage of network sales on a like-for-like basis showed resilience at 70.6% in the nine-month period ended June 30, 2021, a decrease of 74.2 basis points from 71.3% in the nine-month period ended June 30, 2020. The 74.2 basis points deterioration was driven mainly by the intentional decrease in sales of precious metals as the Group is building up a physical stock of gold.

d) Network contribution

The table below presents the detail of our network contribution for the three-month and the nine-month periods ended June 30, 2021 and 2020.

In €m	Third Quarter 2020	2021	Var. m€	Var. %	Year-to-Date 2020	2021	Var. m€	Var. %
Gross Margin	**58.6**	**99.2**	**40.6**	**69.2%**	**330.4**	**337.6**	**7.2**	**2.2%**
Personnel expenses - network	(19.7)	(28.1)	(8.4)	42.7%	(99.1)	(90.1)	9.1	(9.2%)
Rent & charges - network	(15.6)	(22.7)	(7.1)	45.9%	(57.1)	(58.2)	(1.1)	2.0%
Marketing costs - network	(2.9)	(3.5)	(0.6)	20.2%	(10.5)	(13.6)	(3.1)	29.8%
Taxes - network	(0.9)	(1.9)	(1.0)	110.1%	(4.0)	(4.9)	(0.9)	22.2%
Overheads - network	(5.1)	(1.7)	3.4	(66.5%)	(19.1)	(11.8)	7.3	(38.3%)
Total network direct costs	**(44.2)**	**(57.9)**	**(13.7)**	**31.0%**	**(189.9)**	**(178.6)**	**11.3**	**(5.9%)**
As a % of network sales	*-53.9%*	*-40.4%*		*1,345.5*	*-40.8%*	*-37.1%*		*366.5*
Network contribution	**14.4**	**41.3**	**26.9**	**186.1%**	**140.5**	**159.0**	**18.5**	**13.1%**
As a % of network sales	*17.6%*	*28.8%*		*1,124.0*	*30.2%*	*33.0%*		*285.4*

In the three-month period ended June 30, 2021, network contribution totaled €41.3 million, an increase of €26.9 million, or 186.1%, from €14.4 million in the three-month period ended June 30, 2020. Over the period, the network contribution as a percentage of net sales improved by 1,124.0 basis points from 17.6% in the three-month ended June 30, 2020 to 28.8% in the three-month ended June 30, 2021. This improvement was mainly due to the strong performance of stores this quarter compared to the same quarter last year, and to the accrual of a French government subsidy in the amount of €5.0 million in the three-month period ended June 30, 2021.

In the nine-month period ended June 30, 2021, network contribution totaled €159.0 million, an increase of €18.5 million, or 13.1%, from €140.5 million in the nine-month period ended June 30, 2020. We demonstrated through a €11.3 million, or 5.9%, 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 285.4 basis points, from 30.2% in the nine-month period ended June 30, 2020 to 33.0% in the nine-month period ended June 30, 2021. This improvement in network contribution was mainly due to the decrease in personnel expenses resulting from the streamlining of staff resources with the recourse to state-funded furlough schemes during the lockdown period and €7.9 million in French subsidies accrued (in respect of March and April 2021). The increase in marketing costs was due to the higher level of e-commerce sales, with a €4.2 million increase in e-commerce marketing costs in the nine-month period ended June 30, 2021 compared to the same period last year, and €0.9 million increase in the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020. Conversely, retail marketing costs decreased by €1.6 million in the nine-month period ended June 30, 2021, compared to the nine-month period ended June 30, 2020, and by €0.4 million in the three-month period ended June 30, 2021 compared to the three-month period ended June 30, 2020.

The table below presents the bridge between network contribution and Reported EBITDA for the three-month and the nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Network Contribution	**14.4**	**41.3**	**26.9**	**186.1%**	**140.5**	**159.0**	**18.5**	**13.1%**
Indirect Costs	(10.6)	(16.8)	(6.3)	59.5%	(53.5)	(57.3)	(3.8)	7.1%
Contribution of closed stores	(0.2)	(0.2)	0.0	(19.9%)	0.2	0.0	(0.2)	(89.0%)
Reported EBITDA	**3.7**	**24.3**	**20.6**	**562.1%**	**87.3**	**101.8**	**14.5**	**16.6%**

e) Reported EBITDA to Operating Income

The table below presents the bridge from Reported EBITDA to operating income for the three-month and the nine-month periods ended June 30, 2021 and 2020.

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Reported EBITDA	**3.7**	**24.3**	**20.6**	***558.7%***	**87.3**	**101.8**	**14.4**	***16.5%***
Depreciation, amortisation & provisions, net	(12.5)	(1.9)	10.6	(84.7)%	(26.3)	(23.7)	2.6	(10.0)%
Business tax (CVAE)	(0.5)	(0.4)	0.1	(22.9)%	(2.8)	(1.4)	1.4	(49.4)%
Contribution of closed stores	0.2	0.2	(0.0)	(19.9)%	(0.2)	(0.0)	0.2	(89.0)%
Operating Income	**(9.1)**	**22.1**	**31.2**	**(343.8)%**	**57.9**	**76.6**	**18.7**	**32.3 %**

Monthly Reported EBITDA

The table below presents our Reported EBITDA monthly for the nine-month period ended June 30, 2021 (unaudited) and for the financial years ended September 30, 2020, 2019 and 2018 (audited).

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)	(3.3)
May	12.4	14.1	0.8	12.8
June	8.5	7.8	11.6	15.1
July	7.7	9.4	13.0	
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**	**101.8**

In the three-month period ended June 30, 2021, the Group strongly benefited from successful stores' reopening which resulted in a Reported EBITDA (excluding closed stores) of €24.6 million compared to €3.9 million for the same period last year, an increase of €20.7 million, or 533.8%.

Reported EBITDA (excluding closed stores) totaled €102.1 million in the nine-month period ended June 30, 2021, an increase of €15.0 million, or 17.3%, from €87.1 million in the nine-month period ended June 30, 2020. In the nine-month period ended June 30, 2021, the Group benefited from (i) the successful reopening of stores from mid-May in France and Italy, (ii) strong embedded growth when stores were open outside lockdown periods, (iii) the digitalization of sales and (iv) a €7.9 million French solidarity fund subsidy.

f) Personnel expenses

In the three-month period ended June 30, 2021, personnel expenses totaled €38.1 million, an increase of €12.8 million, or 50.5%, from €25.3 million in the three-month period ended June 30, 2020, explained by the strong performance of stores since their reopening in mid-May 2021.

In the nine-month period ended June 30, 2021, personnel expenses totaled €122.6 million, a decrease of €4.4 million, or 3.5%, from €127.0 million in the nine-month period ended June 30, 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 €6.8 million in the nine-month period ended June 30, 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

In the three-month period ended June 30, 2021, direct and indirect expenses totaled €41.1 million, an increase of €11.2 million, or 37.5%, from €29.9 million in the three-month period ended June 30, 2020, driven by the higher performance of stores as compared to last year.

In the nine-month period ended June 30, 2021, direct and indirect operating expenses totaled €122.9 million, an increase of €5.3 million, or 4.5%, from €117.6 million in the nine-month period ended June 30, 2020. This increase in direct and indirect operating expenses was mainly attributable to (i) a €2.0 million increase in transportation costs related to the increase in e-commerce sale, (ii) a €1.1m increase in IT maintenance costs due mainly to implementation of smart working for most of the head-office employees and (iii) a €2.2 million increase in various direct and indirect costs in relation with the strong performance of stores since their reopening.

In response to the COVID-19 pandemic, the Group has implemented cost reduction initiatives, including contractual negotiations with our major landlords, the reduction in activity of our logistics platform when stores were closed, the cost reduction action plan we implemented at our headquarters level and the suspension of marketing operations, resulting in a good performance (+16.5% Reported EBITDA in the nine-month period ended June 30, 2021, compared to June 30, 2020).

h) Taxes and duties

Taxes and duties totaled €5.9 million in the nine-month period ended June 30, 2021, a decrease of €0.4 million, or 5.8%, from €6.2 million in the nine-month period ended June 30, 2020.

Our taxes and duties mainly include the CVAE (€1.4 million in the nine-month period ended June 30, 2021), a tax on commercial premises (*Cotisation foncière des entreprises* (CFE)), payroll-related taxes and a levy on French companies to fund social security (*Contribution sociale de solidarité* (CSS)). The main driver of the decrease in taxes and duties in this period was the reduction in CVAE, which was in turn a result of a lower added value considering the reduction in activity 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 €1.9 million in the three-month period ended June 30, 2021, a decrease of €10.6 million, or 84.7%, from €12.5 million in the three-month period ended June 30, 2020. During the three-month period ended June 30, 2021. Change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €7.0 million in amortization of fixed assets (stable compared to the same period last year), (ii) a €2.7 million reversal of provision for risk and charges following rent negotiations with landlords, and (iii) a €2.4 million reversal of provision for inventories due to a faster recovery of sales than expected. The comparison with the three-month period ended June 30, 2020 is not relevant as the Group was at the beginning of the COVID-19 pandemic crises and negotiations with landlords had just started, there were significant accruals for both provisions for risks and charges and provisions for inventory.

Change in depreciation, amortization and provisions net of provision reversals totaled €23.7 million in the nine-month period ended June 30, 2021, a decrease of €2.6 million, or 10.0%, from €26.3 million in the nine-month period ended June 30, 2020 and were mainly composed of: (i) €20.7 in million amortization of fixed assets (fairly stable compared to €21.3 million in the same period last year), (ii) a €1.6 million reversal of provision for risk and charges, compared to a €3.9 million accrual of provision in the nine-month period ended June 30, 2020, and (iii) a €3.9 million increase in provision for inventories related to higher inventory volumes following the reduction in sales due to the lockdowns, compared to €0.1 million in the nine-month period ended June 30, 2020.

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

j) Financial income (expense)

In the nine-month period ended June 30, 2021, financial expense totaled €38.1 million, a decrease of €8.5 million, or 18.2%, from €46.6 million in the nine-month period ended June 30, 2020. In the three-month period ended June 30, 2021, financial expense totaled €11.0 million, a decrease of €3.8 million, or 25.8%, from €14.8 million in the three-month period ended June 30, 2020.

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

In the nine-month period ended June 30, 2021, our financial expense mainly consisted of (i) interests related to 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 in respect of former convertible bonds and €3.1 million in amortization of the bond redemption premium, (ii) €13.1 million in accrued interest related to the proceeds loans and intercompany loan with Goldstory entered into connection with the Notes and (iii) €0.7 million of interests on the New RCF line drawn in April 2021.

The €8.5 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.

k) Non-recurring income and expenses

Non-recurring expenses totaled €2.3 million in the three-month period ended June 30, 2021, relatively stable compared to €2.1 million in the three-month period ended June 30, 2020.

Non-recurring expenses totaled €12.8 million in the nine-month period ended June 30, 2021, an increase of €3.4 million, or 36.5%, from €9.4 million in the nine-month period ended June 30, 2020. This increase was primarily due to a €4.4 million expense relating to the extraordinary amortization of issuance borrowing costs related to the TLB reimbursed on February 26, 2021, which was partially offset by other non-recurring income and expenses.

l) Income tax

Income tax includes current and deferred income taxes. Income tax expense totaled €5.6 million in the nine-month period ended June 30, 2021, a decrease of €1.6 million, or 22.0%, from €7.2 million in the nine-month period ended June 30, 2020, due to a €4.0 million decrease in deferred taxes related mostly to the decrease in tax losses carried forward between the nine-month period ended June 30, 2020 and the nine-month period ended June 30, 2021, which was partially offset by a €2.1 million increase in income tax related to a higher 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 nine-month periods ended June 30, 2021 and 2020.

In €m	Third Quarter				Year-to-date			
	2020	2021	in m€	in %	2020	2021	in m€	in %
Reported EBITDA	**3.7**	**24.3**	**20.6**	**558.7%**	**87.290**	**101.8**	**14.5**	**16.6%**
Business tax (CVAE) & store closure expenses	(0.3)	(0.2)	0.1	-24.3%	(3.1)	(1.5)	1.6	-52.5%
Change in working capital (includ. employee profit sharing paid)	22.8	(25.6)	(48.4)	-212.1%	24.9	11.1	(13.8)	-55.5%
Income tax paid	(1.7)	(1.2)	0.4	-25.3%	(0.7)	(3.2)	(2.4)	339.3%
Other non-recurring income (expenses)	(3.2)	(1.6)	1.6	-48.7%	(5.0)	(4.5)	0.5	-9.8%
Net cash provided by operating activities	**21.3**	**(4.4)**	**(25.8)**	**-120.7%**	**103.4**	**103.7**	**0.3**	**0.3%**
Acquisition of tangible, intangible assets	(5.7)	(5.4)	0.2	-4.1%	(17.3)	(20.4)	(3.1)	17.6%
Disposal of tangible, intangible assets	0.0	0.2	0.1	406.9%	0.1	0.8	0.6	434.5%
Change in working capital on fixed assets	1.5	(1.2)	(2.7)	-177.2%	(5.6)	(0.8)	4.8	-86.0%
Net cash used in investing activities	**(4.1)**	**(6.5)**	**(2.3)**	**56.5%**	**(22.8)**	**(20.4)**	**2.4**	**-10.3%**
Free Cash Flow	**17.2**	**(10.9)**	**(28.1)**	**-163.2%**	**80.6**	**83.3**	**2.6**	**3.3%**
As a % of Reported EBITDA	*467.0%*	*-44.8%*		*(511.8)pp*	*92.3%*	*81.8%*		*(10.5)pp*
Interest paid on Term Loan B and RCF	(5.8)	-	5.8	-100.0%	(18.5)	(14.7)	3.8	-20.6%
Interest paid on Proceeds and Intercompany loans	-	(2.8)	(2.8)	n/a	-	(2.8)	(2.8)	n/a
Goldstory current account	-	(2.0)	(2.0)	n/a	-	(2.0)	(2.0)	n/a
Other interest paid	0.0	(0.1)	(0.1)	-1800.0%	(0.3)	(0.1)	0.3	-84.1%
Other cash flows used in financing activities	(0.0)	(4.3)	(4.3)	66042.0%	(0.4)	(4.3)	(3.9)	1098.4%
Net cash used in financing activities	**(5.8)**	**(9.1)**	**(3.4)**	**57.9%**	**(19.2)**	**(23.8)**	**(4.6)**	**24.1%**
Net cash before change in debt, specific events and RCF	**11.4**	**(20.0)**	**(31.5)**	**-275.1%**	**61.4**	**59.4**	**(2.0)**	**-3.2%**
Revolving credit facilities, Net of Repayment	**-**	**90.0**	**90.0**	**n/a**	**89.0**	**0.2**	**(88.8)**	**-100%**
Net cash before change in debt & specific events, after RCF	**11.4**	**70.0**	**58.5**	**512.1%**	**150.4**	**59.6**	**(90.8)**	**-60.4%**
Change in Debt	-	(0.0)	(0.0)	n/a	-	(124.0)	(124.0)	n/a
Financing cost	-	-	-	n/a	-	(1.4)	(1.4)	n/a
FY21 refinancing and change in shareholders	**-**	**(0.0)**	**(0.0)**	**n/a**	**-**	**(125.4)**	**(125.4)**	**n/a**
Equity Injection	52.4	0.0	(52.4)	-100.0%	52.8	-	(52.8)	-100.0%
Repayment of convertible bonds	-	-	-	n/a	(52.2)	-	52.2	-100.0%
Agatha acquisition	-	(1.3)	(1.3)	n/a	-	(3.0)	(3.0)	n/a
Popsell Acquisition	-	(1.9)	(1.9)	n/a	-	(1.9)	(1.9)	n/a
Specific events	**52.4**	**(3.2)**	**(55.5)**	**-106.1%**	**0.6**	**(4.9)**	**(5.5)**	**-870.3%**
Net increase / (decrease) in cash and cash equivalents	**63.8**	**66.8**	**3.0**	**4.7%**	**151.0**	**(70.6)**	**(221.6)**	**-146.8%**
Cash and cash equivalents at the beginning of the period	**151.9**	**59.3**	**(92.6)**	**-61.0%**	**64.7**	**196.7**	**132.1**	**204.3%**
Cash and cash equivalents at the end of the period	**215.7**	**126.1**	**(89.6)**	**-41.5%**	**215.7**	**126.1**	**(89.6)**	**-41.5%**
Change in cash	**63.8**	**66.8**	**3.0**	**4.7%**	**151.0**	**(70.6)**	**(221.6)**	**-146.8%**

Free cash flow totaled €83.3 million in the nine-month period ended June 30, 2021, an increase of €2.6 million, or 3.3%, from €80.6 million in the nine-month period ended June 30, 2020. This increase was mainly due to the combination of:

- The €14.4 million increase in Reported EBITDA for, resulting from the good performance of stores since reopening, the strong growth of stores when opened outside lockdown periods, the development of e-commerce and the €7.9 million French solidarity subsidy, more than fully offset by:

- the negative change in working capital, which increased by €13.8 million in the nine-month period ended June 30, 2021, compared to (i) the same period last year due mainly to the accrual of a €7.9 million French subsidy and to (ii) a €5.2 million increase of accounts receivables compared to the nine-month period ended June 30, 2020 mainly due to the development of wholesale activity. The build-up of a physical stock of gold of €29.8 million was offset by both higher trade payables (€15.0 million), mainly due to outstanding rent, and the increase in social liabilities (postponements in respect of COVID-19 pandemic);

- the positive effect of net cash used in investing activities, which decreased by €2.4 million, primarily due to a €4.8 million to change in working capital on fixed assets partially offset by a €3.1 million increase in capital expenditure acquisition. The context and the visibility are more favorable than last year and we have focused on smaller projects, notably with respect to store refurbishments in Italy; and
- a €2.4 million increase in our income tax payments resulting from €3.2 million in income tax paid in the nine-month period ended June 30, 2021 compared to €0.7 million in income tax paid in the nine-month period ended June 30, 2020, mostly due to a €4.0 million CICE receivable accounted for in the nine-month period ended June 30, 2020 and not accrued in the nine-month period ended June 30, 2021.

Net cash used financing activities totaled €23.8 million, a decrease of €4.6 million, or 24.1%, from €19.2 million in the nine-month period ended June 30, 2020, mainly due to a €3.6 million pledge paid in Italy as rent guaranty in the nine-month period ended June 30, 2021.

Net cash flow before change in debt, specific events and RCF totalled €59.4 million for the nine-month period ended June 30, 2021, a decrease of €2.0 million, or 3.2%, from €61.4 million in the nine-month period ended June 30, 2020, showing strong cash generation after financing activities and before refinancing and specific events.

In the three-month period ended June 30, 2021, the Group has drawn in full the €90.0 million RCF available under the new 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 nine-month periods ended June 30, 2021 and 2020:

	Third Quarter				Year-to-Date			
In €m	**2020**	**2021**	**Var. m€**	**Var. %**	**2020**	**2021**	**Var. m€**	**Var. %**
Maintenance Capital Expenditure	(1.8)	(1.5)	0.2	*(13.7)%*	(3.5)	(4.3)	(0.8)	*22.9 %*
Refurbishment Capital Expenditure	(0.2)	(0.7)	(0.5)	*193.3 %*	(1.8)	(2.6)	(0.8)	*43.5 %*
Expansion Capital Expenditure	(0.9)	(0.7)	0.2	*(24.3)%*	(2.9)	(2.7)	0.3	*(9.8)%*
Store Capital Expenditure	**(2.9)**	**(2.9)**	**0.0**	***(0.4)%***	**(8.2)**	**(9.5)**	**(1.3)**	***15.6 %***
Shine 2020 - IT Project Capital Expenditure	(2.0)	(1.0)	1.0	*(49.7)%*	(5.5)	(5.8)	(0.3)	*4.7 %*
Other Capital Expenditure	(0.8)	(1.6)	(0.8)	*93.9 %*	(3.6)	(5.1)	(1.5)	*41.8 %*
IT & Corporate Capital Expenditure	**(2.8)**	**(2.6)**	**0.2**	***(8.0)%***	**(9.1)**	**(10.9)**	**(1.8)**	***19.4 %***
Total Capital Expenditure	**(5.7)**	**(5.4)**	**0.2**	***(4.1)%***	**(17.3)**	**(20.4)**	**(3.1)**	***17.6 %***

Total capital expenditure was €5.4 million in the three-month period ended June 30, 2021, fairly stable compared to €5.7 million in the three-month period ended June 30, 2020.

In the nine-month period ended June 30, 2021, total capital expenditure was €20.4 million, an increase of €3.1 million, or 17.6%, from €17.3 million in the nine-month period ended June 30, 2020. This was mainly due to (i) a €1.5 million increase in ongoing or terminated IT-related projects and (ii) maintenance capital expenditure, mainly in Italy, related to stores refurbishments.

C. Pro forma Goldstory SAS

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

a) Pro forma Information

This 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 June 30, 2021, that are specific to the Issuer and do not apply to the Company:

- €620 million aggregate principal amount of Senior Secured Notes corresponding to:
  - €370 million aggregate principal amount of 5.375% senior secured notes due 2026
  - €250 million aggregate principal amount of floating rate notes due 2026 (with a margin of EURIBOR plus 550 basis points)
- €13.7 million in accrued interest on the Senior Secured Notes, out of which €4.5 million was paid on June 30, 2021
- €19.9 million in financing costs, which will be amortized over the life of the Senior Secured Notes
- €0.6 million in cash and cash equivalents
- other operating expenses resulting in an impact of €0.0 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	Non-used RCF interests	GS Capital	FG Merger	Acquisition of THG	GOLDSTORY PROFORMA
	2021.06								2021.06
Reported EBITDA	**101.8**	**(0.0)**	**-**	**-**	**-**	**-**	**-**	**-**	**101.7**
Business tax (CVAE) & store closure expenses	(1.5)								(1.5)
Change in working capital (includ. employee profit sharing paid)	11.1	(2.6)							8.4
Income tax paid	(3.2)	-							(3.2)
Other non-recurring income (expenses)	(4.5)	-							(4.5)
Net cash provided by operating activities	**103.7**	**(2.7)**	**-**	**-**	**-**	**-**	**-**	**-**	**101.0**
Acquisition of tangible, intangible assets	(20.4)	(0.0)							(20.4)
Disposal of tangible, intangible assets	0.8	-							0.8
Change in working capital on fixed assets	(0.8)	0.2							(0.5)
Net cash used in investing activities	**(20.4)**	**0.2**	**-**	**-**	**-**	**-**	**-**	**-**	**(20.2)**
Free Cash Flow	**83.3**	**(2.4)**	**-**	**-**	**-**	**-**	**-**	**-**	**80.8**
As a % of Reported EBITDA	*81.8%*								*79.5%*
Interest paid on Term Loan B and RCF	(14.7)				(0.1)				(14.8)
Interest paid on Proceeds and Intercompany loans	(2.8)		2.8						-
Interest on SSN				(4.5)					(4.5)
Goldstory current account	(2.0)		2.0						0.0
Other interest paid	(0.1)								(0.1)
Other cash flows used in financing activities	(4.3)	(0.0)							(4.3)
Net cash used in financing activities	**(23.8)**	**(0.0)**	**4.8**	**(4.5)**	**(0.1)**	**-**	**-**	**-**	**(23.6)**
Net cash before change in debt, specific events and RCF	**59.4**	**(2.4)**	**4.8**	**(4.5)**	**(0.1)**	**-**	**-**	**-**	**57.2**
Revolving credit facilities, Net of Repayment	**0.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**
Net cash before change in debt & specific events, after RCF	**59.6**	**(2.4)**	**4.8**	**(4.5)**	**(0.1)**	**-**	**-**	**-**	**57.4**
Change in Debt	**(124.0)**	**-**	**(441.0)**	**620.0**		**-**		**-**	**55.0**
Financing cost	**(1.4)**			***(19.9)***					**(21.3)**
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	**(125.4)**	**-**	**(441.0)**	**600.1**		**359.9**	**-**	**(516.2)**	**(122.5)**
Agatha acquisition	(3.0)								(3.0)
Popsell acquisition	(1.9)								(1.9)
Change in equity	-								-
Specific events	**(4.9)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.9)**
Net increase / (decrease) in cash and cash equivalents	**(70.6)**	**(2.4)**	**(436.2)**	**595.6**	**(0.1)**	**359.9**	**-**	**(516.2)**	**(70.0)**
Cash and cash equivalents at the beginning of the period	**196.7**								**196.7**
Cash and cash equivalents at the end of the period	**126.1**	**0.6**							**126.7**
Change in cash	**(70.6)**	**0.6**	**-**	**-**	**-**	**-**	**-**	**-**	**(70.0)**

The €2.4 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
- €21.3 million in financing costs, €19.0 million of which related to the Senior Secured Notes and €1.4 million of which related to the "New RCF"
- An equity injection of €359.9 million
- The purchase of Thom Group for €514.7 million
- The reimbursement of Financière Goldfinger's bank loan for €1.5 million

c) Capitalization

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

	At June 30, 2021		
	THOM GROUP		**GOLDSTORY**
In €m	**Actual**	**Adjustments**	**Proforma**
Cash and cash equivalents	**126.1**	**0.6**	**126.7**
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	(1.2)	0.0	(1.2)
Financial liabilities for long-term leases	(1.2)	-	(1.2)
Other loans	-	0.0	0.0
Revolving Credit Facility *(4)*	(90.7)	0.0	(90.7)
Total third-party financial debt	**(732.8)**	**20.9**	**(711.9)**
Issuer's Equity	**208.3**	**148.3**	**356.6**
Total capitalization	**(398.5)**	**169.8**	**(228.6)**

(1) represents the two proceed loans between the Issuer and Thom Group for the net proceeds of the issuance of the Fixed Rate Notes and the Floating Rate Notes
(2) represents the intercompany loan between the Issuer and Thom Group following the conversion of former convertible bonds
(3) represents the aggregate principal amount of Senior Secured Notes released from escrow on the acquisition date (February 26, 2021) excluding any debt issuance costs
(4) represents the €90 million New RCF, which will be available for 4.5 years and which was fully drawn as of June 30, 2021

D. Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of June 30, 2021, they included:

- *Post-employment benefits* in France totaling €0.7 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. All pledges were completed by June 30, 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 June 30, 2021, we had entered into forwards in a notional amount of $56.3 million, $51.3 million of which have maturities of less than one year and $5.0 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 July 2021 to September 2021 and June 2022 to July 2022. These derivative instruments were complemented with physical gold held in inventory, which represented approximately seven months of purchases as of June 30, 2021, thus providing us with an overall hedge of twelve months relating to gold price fluctuations.
- *Commitments received: As of June 30, 2021, the Group had a €90 million New RCF, which had been fully 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 nine-month period ended June 30, 2021. We have historically been able to pass on to final customers any foreign effect impact. We also hedge U.S. dollar foreign exchange rate risks via forwards and collars. As of June 30, 2021, $56.3 million in notional amount of forwards and collars with maturities between July 2021 and June 2022 were contracted. Historically, we hedge through forwards and collars nearly all our anticipated purchases denominated in U.S. dollars for one year.

b) Commodity price risk

We are subject to commodity price risk associated with changes in the prices of gold, silver, and diamonds and, to a lesser extent, other precious and semi-precious stones, through our purchase of precious jewelry. Although we do not generally directly purchase the metals and other components of the jewelry we sell, price increases and availability of gold, silver, diamonds, and other precious metals are reflected in the manufacturing and assembling prices that we pay to our suppliers. Variations in gold prices have a greater impact than variations in the prices of other commodities, as the proportion of the price of gold to the total price that we pay for a given piece of gold jewelry is much higher than the proportion of the price of the metals and other components used to the total price of other jewelry items. We adjust our activities through our gold repurchase and exchange program based on our hedging needs. For example, we decreased our gold repurchase activities in the financial year ended September 30, 2019, because of the decrease in the spot price for gold from August to September 2019. In addition, we adjust our 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, 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 June 30, 2021, we were beneficiaries of synthetic call options, allowing us to purchase up to 8,000 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 June 30, 2021.

c) Interest rate risk

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

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

d) Credit and counterparty risk

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

e) Liquidity risk

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

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

F. Selected Critical Accounting Policies and Estimates

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

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

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

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

Impairment of non-financial assets

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

Employee benefit liabilities

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

Provisions

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

Taxes

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

Accounting for period-end accruals

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

G. Key developments since June 30, 2021

COVID-19 pandemic measures

Health Pass in France

From August 9, 2021, a COVID-19 health pass has been implemented in France to access a certain number of places (cinema, museums, amusement park, restaurants, bars, etc.). Access to some shopping centers that are bigger than 20,000 sqm is similarly restricted to people who hold a health pass in areas with a rate of infection higher than 200 cases for 100,000 people.

The impact of these new COVID-19 pandemic measures is not yet known.

H. Risk Factors

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