ADDITIONAL INFORMATION

January 29, 2024

CURRENT TRADING

The below information is based on preliminary results and is not intended to be a comprehensive statement of our financial or operational results for the quarter ended December 31, 2023. This information has been prepared by, and is the responsibility of, management and has not been audited, reviewed or verified by our statutory auditors. The preliminary results are based on a number of assumptions that are subject to inherent uncertainties and subject to change. In addition, while we believe these assumptions are reasonable, over the course of the next few weeks we will be completing our financial information for the quarter ended December 31, 2023 and our actual results may vary from the preliminary results above. These variations could be material. As such, you should not place undue reliance on the preliminary information set forth below.

Our network sales for the financial quarter ended December 31, 2023 amounted to approximately €333 million (which includes €13 million of networks sales for Agatha and a €(1) million customer loyalty program adjustment), a €13 million, or 4%, increase compared to our network sales for the financial quarter ended December 31, 2022, which amounted to €320 million (which includes €9 million of network sales for Agatha and a €(1) million customer loyalty program adjustment). This increase in network sales was primarily due to a strong performance by our most established brands, such as Histoire d'Or, Stroili and OROVIVO, and was partially offset by weaker performances by our secondary brands, such as Marc Orian and Franco Gioielli. Additionally, Agatha recorded network sales growth of 40% for the financial quarter ended December 31, 2023 compared to the financial quarter ended December 31, 2022. Despite the high discounts seen in the French and Italian markets over the financial quarter ended December 31, 2023, Goldstory and its subsidiaries (the "**Group**") maintained a disciplined discount policy. The average discount rate for retail and e-commerce sales in Italy for the financial quarter ended December 31, 2023 decreased approximately 1.2% and 1.7%, respectively, as compared to the same period in the prior year.

Our network sales in December 2023 amounted to approximately €191 million, a 2% increase as compared to network sales in December 2022.

Our Reported EBITDA for the financial quarter ended December 31, 2023 amounted to approximately €116 million, a €1 million, or 0.8%, increase as compared to the same period in the prior year. This increase was mainly due to the increase in sales.

Our cash and cash equivalents as of December 31, 2023 was approximately €103 million, a €29 million. Or 40%, increase, as compared to December 31, 2022, and we had a net cash inflow of approximately €119 million in the financial quarter ended December 31, 2023. During the financial quarter ended December 31, 2023, we used €30 million of cash to repay the full amount outstanding under our existing €90 million revolving credit facility (our "**Existing Revolving Credit Facility**") and €6.5 million of cash to repay in full bank overdrafts. This increase in cash and cash equivalents as of December 31, 2023, as compared to the prior year, was mainly due to higher sales of gold inventory during the financial quarter (totaling approximately €23 million for the financial quarter ended December 31, 2023, an increase of €13 million as compared to the financial quarter ended December 31, 2022), due to the geopolitical situation in Israel and the resulting increase of the price of gold.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and the capitalization as of September 30, 2023 of Goldstory S.A.S., the reporting entity of the Group ("**Goldstory**"), (i) derived from the audited consolidated financial statements of Goldstory as of and for the financial year ended September 30, 2023 (the "**Audited Consolidated Financial Statements**") on an actual basis and (ii) on an as adjusted basis to give *pro forma* effect to the Transactions (as defined below), as if each had occurred on September 30, 2023.

Goldstory intends to incur senior secured debt (the "**Senior Secured Debt**"), and the proceeds therefrom, which, together with cash on the balance sheet, will be used to (i) satisfy and discharge and subsequently redeem in full the €370.0 million aggregate principal amount of 5.375% senior secured notes due 2026 issued on February 4, 2021 (the "**Existing Fixed Rate Notes**") and the €250.0 million aggregate principal amount of floating rate senior secured notes due 2026 issued on February 4, 2021 (the "**Existing Floating Rate Notes**" and, together with the Existing Fixed Rate Notes, the "**Existing Notes**"), including paying any accrued and unpaid interest to the date of redemption, (ii) fund a distribution to our shareholders and (iii) pay all related fees and expenses. The (i) incurrence of the Senior Secured Debt, together with the use of proceeds therefrom (including the redemption of the Existing Notes and the distribution to our shareholders), (ii) entry into a new revolving credit facility (the "**Revolving Credit Facility**") (and termination of the Existing Revolving Credit Facility) and (iii) related guarantor and collateral matters (including the release of any relevant security interests and guarantees under the Existing Notes and Existing Revolving Credit Facility) are collectively referred to herein as the "**Transactions**".

The financial information in the table below has been derived from and should be read in conjunction with our Audited Consolidated Financial Statements and related notes. Goldstory is a holding company with no material operations of its own.

The as adjusted information below is illustrative only and does not purport to be indicative of what our actual capitalization will be following the completion of the Transactions.

	At September 30, 2023		
	Actual	**Adjustments**	**As Adjusted**
		unaudited (in € millions)	
Cash and cash equivalents[1]	**21.2**	**(6.3)**	**14.9**
Existing Fixed Rate Notes[2]	370.0	(370.0)	—
Existing Floating Rate Notes[3]	250.0	(250.0)	—
Senior Secured Debt[4]	—	850.0	850.0
Other third-party financial debt[5]	285.5	—	285.5
Financial liabilities for long-term leases	274.4	—	274.4
Bank overdrafts	6.5	—	6.5
Other loans	4.6	—	4.6
Existing Revolving Credit Facility[6]	30.0	—	30.0
Revolving Credit Facility[7]	—	—	—
Total third-party financial debt	**935.5**	**230.0**	**1,165.5**
Goldstory's equity[8]	**307.1**	**—**	**307.1**
Total capitalization	**1,242.6**	**230.0**	**1,472.6**

(1) Cash and cash equivalents represents cash on balance sheet and available in bank accounts of Goldstory of €21.2 million, as of September 30, 2023. As of December 31, 2023, we had approximately €103 million of cash and cash equivalents. During the period from September 30, 2023 to December 31, 2023, we used €30.0 million of cash to repay the full amount outstanding under the Existing Revolving Credit Facility and €6.5 million of cash to repay in full bank overdrafts. As adjusted, cash and cash equivalents reflect the receipt of the estimated gross proceeds from the Senior Secured Debt of €850.0 million after the payment of expenses directly related to the Transactions and the use of such proceeds and cash on balance sheet to complete the redemption

of the Existing Notes (including accrued and unpaid interest on the Existing Notes and the call premium for the redemption of the Existing Fixed Rate Notes) (approximately €652.3 million, in aggregate). After giving effect to the Transactions and the use of cash on balance sheet in connection therewith, we expect to have approximately €60.0 million of cash and cash equivalents. The €90.0 million super senior revolving credit facility made available under our Existing Revolving Credit Facility and the bank overdrafts were fully repaid in December 2023.

(2) Excludes debt issuance costs. The carrying value of the principal amount outstanding under the Existing Fixed Rate Notes under IFRS represents €359.1 million, as of September 30, 2023.

(3) Excludes debt issuance costs. The carrying value of the principal amount outstanding under the Existing Floating Rate Notes under IFRS represents €242.6 million, as of September 30, 2023.

(4) Represents the aggregate principal amount of the Senior Secured Debt, excluding any debt issuance costs.

(5) Represents other third-party financial debt of Goldstory, which consists of financial liabilities for long-term leases totaling €274.4 million, bank overdrafts totaling €6.5 million (which were fully repaid in December 2023) and a COVID-19 relief "PGE" loan totaling €4.6 million.

(6) Excludes debt issuance costs of €0.6 million. The total amounts drawn under our Existing Revolving Credit Facility as of September 30, 2023 were repaid in full on December 27, 2023.

(7) In connection with the Transactions, we will enter into a Revolving Credit Facility.

(8) Represents equity attributable to the owners of Goldstory and does not reflect any adjustment for the shareholder distribution.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Any of the risks described below, individually or together, could have a material adverse effect on our business, financial condition, results of operations as well as ability to meet our financial obligations and prospects. The risks described below are not the only risks we face. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment. The sequence in which the risk factors are presented below is not indicative of their importance, their likelihood of occurrence or the scope of their financial consequences.

We are exposed to economic weakness, political uncertainty and other trends that may adversely affect customer spending levels.

Our business depends on customer demand for our products and, consequently, is sensitive to a number of factors that influence customer spending in the jewelry and watches market. Such factors include levels of employment, inflation, growth in gross domestic product, real disposable income, customer confidence and customer willingness to spend. Economic factors affect the availability and cost of customer credit, the level of customer debt, currency exchange and interest rates and the level of taxes affecting customers. Adverse local, regional, national or international political or economic trends or developments that reduce customers' ability or willingness to spend may adversely affect our growth, sales and profitability. Furthermore, the effect of a decline in consumption is felt more strongly in shopping centers (where our stores are primarily located), which attract lower- to mid-income customers who tend to be more price sensitive.

For example, recent developments such as the armed conflicts between Russia-Ukraine and Israel-Palestine, high inflation levels, increasing interest rates, disturbances in energy supply and increasing energy prices have all had a significant negative impact on macroeconomic conditions around the world which, in turn, directly impact customer confidence and average household disposable income (more specifically, the amount of household disposable income allocated to spending on discretionary products like jewelry). Although we sell affordable products, our average customer is in the lower- to mid-income bracket and is therefore sensitive to macroeconomic and socio-political factors.

While global economic growth rebounded in 2021, primarily driven by increased customer spending, the economic outlook deteriorated significantly during 2022 and 2023, where there seems to be consensus among market actors, financial institutions and economists that some degree of economic recession will continue to adversely affect the global economy. The Russia-Ukraine armed conflict and the sanctions and export-control measures instituted by the European Union, among others, against the Russian and Belarusian economy and persons and entities in response to the Russian-Ukrainian armed conflict have contributed, and will likely continue to contribute, to increased inflationary pressures (including increased prices of oil and natural gas), gas supply shortages, supply chain disruptions, market volatility and economic uncertainty, particularly in Europe. In addition, the intensity and duration of the Israel-Palestine armed conflict is difficult to predict, and a possible escalation or involvement of neighboring regions may increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Our repurchases of gold from customers typically increase during times of economic stress, improving the partial coverage of purchase of precious metal requirements. We are most exposed to economic trends in France and Italy, where our network sales together amounted to €891.5 million, or 92.2% of our network sales, in the financial year ended September 30, 2023. Historically, the French jewelry and watches market has been sensitive to changes in French gross domestic product ("**GDP**"), the French economy more broadly and the gold market. We are also exposed to economic trends in Italy, which has experienced weak GDP growth and stagnant economic conditions in recent years.

Additionally, our operations in Germany, Belgium, Luxembourg, Spain and China also expose us to economic trends in such countries. Negative economic trends adversely affect our revenues and profits by discouraging customer spending on items such as jewelry.

Customers tend to lower their non-essential spending in times of ongoing economic uncertainty, deteriorations in economic conditions, rising unemployment levels, growing inflation and high tax rates, all of which are factors outside our control.

The occurrence of unforeseen catastrophic events, such as terrorist attacks or natural disasters as well as protest movements, could have an impact on customer spending, especially in shopping centers.

Western countries, including France, have recently been, and could again in the future be, hit by terrorist attacks. For instance, in 2015, Paris was the scene of mass shootings at various public venues, and on July 14, 2016, Nice was the scene of a terrorist attack at a Bastille Day fireworks display that led to several deaths. Since then, there have been several shootings, bombings and stabbing incidents in France, such as the recent knife attack at a school on October 13, 2023. Such attacks, and possible future attacks targeting shopping centers, could lead to a decrease in customer spending and to a decrease in the footfall in shopping centers. Such decreases in customer spending and footfall could have a material adverse effect on our results of operations, financial condition and prospects. For example, we believe the Group's Parisian in-store sales were adversely impacted by the terrorist attacks in November 2015, which resulted in a decrease of 5.4% between like-for-like in-store sales growth for our stores located in the Paris urban area from November 14 through December 31, 2015, compared to like-for-like in-store sales growth of our stores located elsewhere in France during the same period. Our TrésOr brand, which is more impulse-purchase driven and is therefore more sensitive to variations in customer traffic than our other brands, was most impacted by the November 2015 events.

In addition, other unforeseen catastrophic events such as government-imposed lockdowns, floods, fires, earthquakes, sustained episodes of inclement weather, pandemics or epidemics could lead to a decrease in the footfall in shopping centers and to a decrease in customer spending. Other developments, such as local strikes, demonstrations, boycotts, social instability or similar events, could also have an adverse effect on our operations. The occurrence of any of these events may impact customer morale or have a detrimental impact on tourism, which may in turn adversely affect our business, financial condition, results of operations and prospects.

Furthermore, in the financial year ended September 30, 2023, certain stores, and therefore sales at such locations, were adversely affected by the French pension reform unrest movement and strikes in France. The sustained civilian protests reduced footfall to a number of our retail locations in France that were near areas of protest, which also turned violent at times. We were especially affected by the protests and strikes in the first six months of 2023, which included strikes of public transit workers across France. Mass mobilization of demonstrators, such as the French pension reform protestors, has the potential to disrupt the normal operation of stores and logistics centers if such locations are near high concentrations of protesters and access to our properties are restricted or difficult to access due to walkouts.

We may be unable to implement our business strategy.

Our current business strategy focuses on, among other things, implementing new store concepts for some of our brands (including Histoire d'Or), expanding our product offering (including through our Fashion and wholesale businesses), accelerating the strengthening of our historic brands into destination brands with a strong local presence and developing three distinct but complimentary business units: Timeless, Fashion and Licenses. Our License business, which we believe presents a significant growth opportunity, may not be successful if we are unable to protect our designs when operating internationally or we are unable to collect and enforce license agreements we conclude with third parties. In addition, we aim to continue our commitment to sustainability and focus on improving our ESG performance. In addition, we aim to continue our commitment to sustainability and focus on improving our ESG performance. Given the various risks to which we are exposed and the uncertainties inherent to our business, we cannot guarantee the successful implementation of our business strategy. In particular, we may fail to appropriately diversify our Fashion offerings or we may be negatively impacted by changing fashion trends. If we do not meet our strategic objectives or achieve the results initially expected, our business, results of operations or financial condition and prospects may be adversely affected.

We operate in a competitive sector, and our business and financial results may be adversely affected by actions of our competitors and our failure to respond to competitive pressures.

We conduct our operations principally in the affordable segment of the French and Italian jewelry and watches markets, which are fragmented and competitive. We compete with a large number of independent jewelers, retail chains, hypermarkets and department stores with a dedicated jewelry section or corner, and online retailers. Such competition places pressure on our sales revenue, pricing strategy and profit margins.

We face a variety of competitive challenges, including:

- proactively anticipating and addressing evolving trends and customer demands, as well as creating and sustaining a diverse range of innovative and fashionable products, in particular by maintaining affordable prices and brand attractiveness, and by introducing new designs that cater to customers of different age groups, budgets and tastes;
- securing the most appropriate store network portfolio, including choosing the right store locations and store layouts to attract customers and enhance their shopping experience;
- diversifying sales channels, including improving our online presence;
- offering consistently high-quality of products;
- sourcing merchandise efficiently;
- pricing our products competitively so as to achieve customer perception of value without sacrificing quality;
- facing competition from new market entrants;
- devising effective loyalty programs to foster customer loyalty;
- developing and maintaining a strong brand image through distinctive advertising;
- responding to negative publicity;
- successfully implementing our business growth strategies;
- responding to higher customer expectations regarding ESG commitments;
- complying with increasing levels of regulation, including relating to ESG and cyber security matters;
- competing against dedicated gold buying stores;
- undertaking effective and appropriate in-store promotional activities and responding to discounting promotional activities of our competitors; and
- attracting and retaining the most talented people.

We are, primarily, a “generalist” jewelry retailer, offering a broad range of precious jewelry, watches and costume jewelry. Some of our competitors are also generalists, offering a broad range of precious jewelry as well as watches and costume jewelry. Others are specialist jewelry retailers competing with us only in specific product categories or with only one of our main brands (for instance, value retailers compete more directly with our TrésOr brand). In each case, our competitors may have greater name recognition and stronger brands than we do or may be perceived as offering products of superior quality or greater value for money than we can offer. Their products may also be perceived to be trendier and more fashionable than ours, particularly in the case of costume jewelry, which tends to be more significantly affected by changes in fashion and customer preference than precious jewelry. Some of our competitors are large international costume jewelry competitors that enjoy high brand recognition and a broad market presence. These competitors may have the ability to better adapt to, or anticipate changes in, customer preferences or customer spending behavior more quickly, or to generate higher brand recognition, than we can. Costume jewelry accounted for approximately 32% of the Group’s network sales at its directly operated stores in the financial year ended September 30, 2023, and thus changing customer perceptions of the trendiness of competing products may adversely affect our business and financial results. If our target customers find our competitors' collections more appealing than ours, we may lose existing clientele and our business, results of operations and financial condition may be adversely impacted.

We face competition from hypermarkets that have sections offering jewelry. These may have greater financial resources, be able to achieve better economies of scale, have more leverage to negotiate more favorable terms with suppliers and landlords and have lower cost bases than we do. Consequently, some of them may be able to spend more on marketing and advertising campaigns, or offer more attractive promotions, thereby capturing market share to our detriment. Further, competitors with greater resources may be better positioned to consolidate their presence in the market, to acquire the best store locations, to negotiate lower rents, to offer a broader selection of products and to steer suppliers' product designs. This may also enable them to react more swiftly to changes in market conditions or to jewelry fashion trends.

There can be no assurances that the affordable jewelry retail market will not become more consolidated. Consolidation among our competitors could enhance their market share and financial position, provide them with the ability to achieve better purchasing terms and provide more competitive prices to customers for whom we compete, and allow them to utilize merger synergies and cost savings to increase advertising and marketing budgets to more effectively compete for customers. These consolidated competitors could take sales volume away from us in certain markets, could cause us to change our pricing with a negative impact on our margins or could cause us to spend more money to maintain customers or seek new customers, all of which could negatively impact our business.

Additionally, we face competition from low-cost costume or non-precious jewelry retailers, particularly in times of economic downturns when customers show greater price sensitivity. In addition, structural factors, such as customers' increasing focus on designs rather than on the materials used in their manufacture, contribute to driving demand for costume jewelry. Since the Group's costume jewelry offering is limited, we may not be able to fully capitalize on growing customer enthusiasm and demand for costume jewelry and could lose customers and market share to low-cost jewelry retailers who are better positioned to respond to this trend.

We also expect competition from e-commerce providers to intensify in the future. Barriers to entry for e-commerce providers are minimal, and current and new competitors (including retail competitors) can launch new e-commerce platforms at a relatively low cost, or acquire existing e-commerce platforms. E-commerce providers are able to use the internet as a marketing medium to reach significant numbers of potential customers. We may not be able to move quickly enough to fully take advantage of the increasing customer appeal for online jewelry shopping, particularly in the affordable precious segment. If we are unable to compete effectively with this more convenient shopping method, we may lose existing or potential customers, which would materially adversely affect our business, financial condition, results of operations and prospects. For example, while diversified online shops (for instance, Amazon and Temu) still have a limited presence in the French jewelry market, competition, especially with respect to watches, from such online shops could intensify in the future. In addition, competition from second-hand online shops (such as Vinted, eBay and Collector Square) could also intensify.

In international markets in which we are or may become a relatively new entrant, we are facing similar competition but we are also competing against larger, long-established competitors who are more likely to have developed brand recognition and customer loyalty, existing store and distribution networks and greater knowledge of customer tastes and preferences, particularly among our target customer base.

As a result of these various sources of competition, we may experience pricing pressures and loss of market share, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to climate change and other ESG-related risks.

We are exposed to risks associated with climate change including both transitional risks and physical risks. The transition from a linear economy to a circular economy entails a range of risks to the Group, such as the demand for more sustainable products and packaging. In addition, many governments, regulators, investors, employees, customers, and other stakeholders are increasingly focused on the environmental, social and governance performance of companies, including climate change, greenhouse gas emissions, human and civil rights, diversity, equity and inclusion initiatives, and supply chain initiatives. This has resulted in expanding and increasingly complex expectations and regulations related to reporting, diligence and disclosure on environmental, social and governance matters. Transitioning from a linear economy to a circular economy and responding to the expectations of governments, regulators, investors, employees, customers, and other stakeholders involves risks and uncertainties, and we may incur increased costs or operational restrictions as a result. For example, such restrictions may include (but are not limited to) the implementation of a carbon tax or other carbon-related regulatory costs, more stringent energy efficiency standards or regulated emissions trading schemes.

We are also subject to physical risks related to climate change such as extreme weather patterns affecting supply chains, rising temperatures, changes in precipitation patterns, fluctuations in water levels or more frequent occurrence of extreme temperatures, droughts or other extreme meteorological phenomena, such as cyclones or earthquakes. Such physical effects of climate change can negatively impact the supply chain that we depend on. They can also increase the insurance costs for the Group.

Our failure to identify climate and other environmental risks, to mitigate these risks, or to meet consumer expectations regarding sustainability may adversely affect our ability to attract and retain top talent, negatively impact our reputation and consumer loyalty, disrupt our supply chain, and result in lost sales. In addition, implementing changes to mitigate these risks may result in substantial short and long-term additional operational expenses (such as increased insurance costs for the Group), which may materially affect our profitability.

Compliance with data protection laws and requirements could be costly, and a breach of information security or privacy could adversely affect our business.

A significant number of purchases across all of our channels are made using credit cards and involve the processing of customer Personal Data. Additionally, some of our customers' orders are placed through our e-commerce platform. We also have loyalty programs and currently use CRM platforms as part of our marketing strategy, which will allow us to gather additional information about our customer base. In order for our business to function successfully, we and other market participants need to handle and transmit confidential information, including credit card information, and other categories of Personal Data. We also process Personal Data of other type of individuals such as our employees and our suppliers. We are therefore subject to data protection and privacy legislation, including the EU General Data Protection Regulation 2016/679 (the "**GDPR**"), which came into effect on May 25, 2018, and was immediately binding across all Member States of the European Union. The GDPR increased both the number and the restrictive nature of the obligations applicable to us, regarding the collection, processing, use and transfer of Personal Data. The GDPR obligates European Union-based companies and companies that process Personal Data about individuals who are in the European Union (either as "**Controllers**" or as "**processors**") to comply with a large number of obligations, including, for example (i) the compliance with a certain number of principles when processing Personal Data, including transparency, purpose limitation, data minimization, accuracy, storage limitation, security and confidentiality, (ii) the ability of the controller to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the processing and (iv) the rights of data subjects, such as, among others, transparency, the right of access, the right to rectification and the right to erasure. The GDPR obligates companies to implement a number of formal processes and policies to review and document the privacy implications of the development, acquisition or use of all new products, technologies or types of data. Non-compliance with the GDPR may result in significant penalties, including fines of up to 4.0% of total annual worldwide turnover or €20.0 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease the processing).

In addition, in France, in connection with the processing of Personal Data, the Group is also subject to French law No. 78-17 of January 6, 1978 on information technology, data files and civil liberties, as amended, which incorporates the provisions of the GDPR (the "**French Data Protection Act**"). The French Data

Protection Act also implements certain provisions of the Privacy and Electronic Communications Directive 2002/58/EC in France, and governs the use of cookies on our websites in France. A public authority, the French Data Protection Authority (*Commission Nationale de l'informatique et des Libertés*) ("**CNIL**"), is responsible for ensuring compliance with data protection regulations in France. We are currently involved in an ongoing investigation by the CNIL into a number of alleged violations identified following the issuance of two investigation reports by the CNIL in October 2022 and further exchanges between the Group and the CNIL. These alleged violations mainly relate, but are not limited, to failure to request consent from customers for commercial prospecting (such as newsletters), failure to anonymize data, lack of adequate security in the protection of passwords on the Group's database, failure to maintain satisfactory evidence of customers' consent in connection with commercial prospecting and absence of certain mandatory clauses in the Group's contracts with sub-contractors. To date, the CNIL has not ruled on whether or not the French Data Protection Act (including the GDPR) has been infringed. As a result of these potential breaches, the CNIL may temporarily or permanently restrict our ability to process customer data or impose a fine. The CNIL may also publish its decision on its website. Any of these actions may have a material adverse effect on our business, financial condition and results of operation, and may harm our reputation.

In addition to data protection laws, specific provisions of the French Postal and Electronic Communications Code (*Code des Postes et des Communications Electroniques*), which implement certain provisions of the Privacy and Electronic Communications Directive 2002/58/EC in France, are applicable to certain marketing operations (notably marketing by email) and provide that, in certain circumstances, marketing operations are subject to the prior consent of the targeted individual.

In Italy, in addition to the GDPR, Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018 for adequacy and consistency with the GDPR (the "**Italian Privacy Code**"), provides that the processing of personal data must be conducted according to the fundamental rights of the interested persons (referred to as "**Subjects**") and must comply with specific measures and certain mandatory requirements. A public authority, the Privacy Authority (*Autorità Garante per la protezione dei dati personali*), is specifically responsible for protecting Subjects. According to the Italian Privacy Code, the seller must inform the Subject on the scope of the processing and its modalities and when required by the Italian Privacy Code (for example, in connection with marketing or profiling activities), the seller must obtain the express consent of the Subject. The Subject also has the right to access its Personal Data and the right to rectify or have its personal information erased. The Personal Data must be processed and used in accordance with the law. In respect of sensitive data (such as data concerning health conditions, religion, politics or sexual orientation), the consent of the Subject is required to be obtained in the absence of the other legal basis provided for by the GDPR and the Privacy Code (*e.g.*, legal obligation, necessity to comply with obligations and duties connected to the employment relationship, safety at work, etc.). The seller must also preserve the Personal Data with adequate security measures so that the risk of loss or disclosure of such data is minimized.

The regulatory environment governing our use of data relating to identifiable individuals (customers, employees and others) is complex in Italy. Data protection laws and requirements change frequently, and compliance with them may require us to incur costs to make necessary systems changes and implement new administrative processes. Such laws and regulations also restrict our ability to collect, process and use Personal Data relating to customers, potential customers, business partners and employees, including for marketing purposes. With the consent of our clients, our data retention policies regarding client data retention for marketing and profiling purposes is limited to five years after the initial obtainment of the information and we have explained the underlying reasons for this retention period in our GDPR assessment report. Also in accordance with GDPR, clients can revoke this consent. Although the Privacy Authority's guidelines on data retention for marketing purposes (24 months) and for profiling (12 months) are still applicable, the Privacy Authority stated that data controllers carrying out such activities may determine longer storage periods following a data protection impact assessment. As of September 30, 2023, we are not aware of any non-compliance or investigations in relation to our data retention activities in Italy. However, even if we are making extensive efforts to comply with data protection laws and requirements, we cannot ensure that we will not be subject to regulatory or private action nor that no security breaches involving for instance customer transaction data will occur. Any breach could cause consumers to lose confidence in the security of our websites and deter future purchases. In addition, such laws and regulations restrict our ability to collect, Process and use Personal Data relating to customers, potential customers, business partners and employees, including for marketing purposes. In all cases, our reputation could be damaged and we could experience lost sales, fines or lawsuits that may individually or in the aggregate have a material adverse effect on our business, financial condition and results of operations.

Compliance with and liability under various laws and regulations may be costly, changes in laws could make conducting our business more expensive or otherwise change the way we do business and non-compliance with relevant laws may also expose us to sanctions and other adverse effects.

We are subject to numerous national, EU and Chinese laws and regulations that regulate retailers generally or govern the industry in which we operate. Our ability to predict and adapt to changing regulatory trends is important to our success. Any uncertainty as to regulatory trends or changes in policies in relation to our industry, or otherwise affecting the Group, may delay or prevent the achievement of our strategic plans or increase the cost of implementing such plans. The sale of our products and the provision of our services are subject to the high level of regulation and oversight applicable to the consumer sector. We are also subject to antitrust, labor, health and safety, tax, environmental and other regulations. Regulatory requirements differ across the jurisdictions in which we operate and are subject to change. Also, new regulations may be introduced in the future, and existing regulations and regulatory bodies may be amended or replaced. We could incur high costs of compliance with these regulatory requirements as well as fines or penalties or face other claims, or suffer impacts to our reputation, in the event of a future non-compliance with such regulatory requirements.

We are subject to fire, safety and electricity regulations and we may have inadequate procedures in place regarding these regulations. The Group may be subject to criminal sanctions and fines as well as potential cash compensation obligations in case of accidents for failure to comply with fire, safety and electricity regulations. The Group may potentially also suffer related reputational harm.

Furthermore, the Group's sales of precious metals, which accounted for approximately 2.9% of revenue in France, 7.8% of revenue in Italy and 4.3% of total revenue in the financial year ended September 30, 2023, are heavily regulated in both France and Italy. If we fail to comply with laws and regulations applicable to our gold repurchase and exchange program, we may face adverse consequences such as penalties, administrative fines or other sanctions. For example, starting from end of 2019, we were the subject of several inspections in our stores in Italy in connection with our gold repurchase and exchange program. Eight such inspections led to a report by the Italian Tax Police (*Guardia di Finanza*) for alleged violations of laws and regulations relating to the costumers' on-boarding process and Stroili's reporting requirements applicable to such activities. Out of these eight claims, four claims were settled and non-material fines were paid, and four of such claims are ongoing and have been referred by the inspectors to the Italian Ministry of Economy and Finance. Violations of these laws and regulations could result in the imposition of a fine or the suspension of the gold repurchase and exchange activities of the relevant store for a period ranging from 15 days to three months. In addition, if the rules applicable to the Group's gold repurchase and exchange program are tightened, the Group may no longer be in a position to provide this program to its customers, which may result in a decline in sales, and could adversely impact the Group's results of operations.

In addition to France and Italy, we source certain of our products from other countries including, but not limited to, China, Hong Kong and India. Within the European internal market, the principle of free movement of goods applies. However, with respect to the import of goods from countries that are not members of the European Union, we must comply with national and European foreign trade and customs regulations and, *inter alia*, pay statutory custom duties when our products enter EU territory. At the national level, we may also pay specific custom duties. Such taxes could increase in the future and could have a material adverse effect on our business, financial condition and results of operations. The absence of customs clearance for non-compliant inventory due to inadequate internal procedures may lead to fines of up to three times the value of the relevant products.

Our products, and the third-party manufacturers who supply them, are subject to numerous international, national and ESG laws and regulations, as well as industry and other standards or voluntary commitments. While we believe that we are currently in substantial compliance with all applicable ESG laws and regulations or if such party has not acted in accordance with the public's expectations or industry standards, we could incur fines or penalties or face other claims, or suffer impacts to our reputation, in the event of a future non-compliance with such requirements or an environmental or safety incident associated with our operations or those of our suppliers. In recent years, there has been growing public and regulatory attention on various ESG considerations and we expect we may need to comply with additional, or stricter, ESG laws, and regulations and voluntary standards in the future, and compliance with these laws, and regulations and standards could entail significant expenditures. In addition, in the event environmental conditions relating to any of our prior, existing or future properties requiring costly investigation or remedial measures are identified in the future, we could incur material additional costs or liabilities.

Although we monitor changes in the law applicable to our industry, or otherwise to our Group, we may not be able to predict the content of new legislation and regulations and their effect on our business and we may not adapt to regulations sufficiently, quickly, or in a cost-efficient manner. There can be no assurance that our operations will not be adversely affected by regulatory developments or that the cost of compliance with new regulations will not be material. Any failure to comply with applicable regulations may have an adverse effect on our business, results of operations, financial condition and prospects.

Non-compliance with relevant laws may also expose us to sanctions and other adverse effects. In particular, in Italy, Legislative Decree 231/2001 ("**LD 231/2001**") sets forth the liability of legal entities, including companies, for certain types of criminal conduct, such as fraud against public entities, bribery (including bribery among private individuals), corruption, money-laundering, tax crimes, etc., if committed in their interest or to their advantage by individuals having a functional relationship with them, such as directors and employees (as well as, according to case law, third-party agents, partners or intermediaries). This can lead to the application to companies of disqualification sanctions (*e.g.*, prohibition from running businesses, revocation of authorizations, prohibition from contracting with public authorities, exclusion from subsidies), fines, confiscation of the proceeds of crime, etc., as well as of interim measures during investigations, such as seizures. Pursuant to LD 231/2001, companies may avoid sanctions or be subject to less severe sanctions if they adopt and effectively implement models of organization, management and control suitable to prevent and contrast wrongdoing, and, in certain instances, as long as sufficient evidence is brought that the relevant individuals perpetrating the criminal conduct fraudulently violated such models. In France, the "Sapin 2" Law No. 2016-1691 dated December 9, 2016, relating to transparency, fighting corruption and modernizing economic life ("**Sapin 2 Law**"), entered into force on June 1, 2017. This law places a burden on French companies to put in place anti-corruption and influence peddling measures in each of the markets in which they operate. Sapin 2 Law has also created the status of the whistleblower in France.

Our monitoring systems (including our internal whistleblowing procedures, our internal policies, our model of organization, management and control pursuant to LD 231/2001 and our risk management system) may not be sufficient to prevent, detect and identify inadequate practices, and violations of law by the mentioned individuals, especially given our profile and size. Any of the foregoing circumstances (including our failure to adequately implement such monitoring systems) may expose us to sanctions under LD 231/2001, civil and administrative penalties as well as reputational damage as a result of such occurrences.

Any of the foregoing events materializing may have a material adverse effect on our business, financial condition and results of operations.

Our tax burden could increase due to changes in tax law or their application or interpretation, or as a result of current or future tax audits.

Our tax burden is dependent on certain aspects of tax laws in France and Italy and other countries in which we operate and their application and interpretation. Changes in tax laws or their interpretation or application, either prospectively or retroactively, could increase the Group's tax burden. As a result of future tax audits or other review actions of the relevant financial or tax authorities, additional taxes could be identified, which could lead to an increase in our tax obligations, either as a result of the relevant tax payment being levied directly on us or as a result of our becoming liable for tax as a secondary obligor due to a primary obligor's (such as, for example, an employee's) failure to pay.

VAT rates could increase in the future in France, Italy and other countries in which we operate. If we do not increase the prices of our products to match the increase in VAT, our profit margins will be negatively impacted. If we pass the increase in VAT on to our customers by raising the prices of our products, the demand for our products may decline, materially and adversely affecting our business, financial condition and results of operations. Furthermore, we have VAT risks arising out of our operating activities in the normal course of business and typical acquisition-related VAT risks relating to prior acquisitions and reorganizations.

The occurrence of any of the foregoing tax risks could have a material adverse effect on our business, financial condition and results of operations.

Our sales may be adversely affected by the rise in popularity of costume jewelry and other changes in attitudes of customers towards precious jewelry.

The popularity of costume jewelry may increase over time as customers may see it as an affordable and fashionable alternative to precious jewelry. Customer tastes may also become less driven by the materials used in the manufacture of jewelry and be more focused on their design and style, which could also prompt a shift away from gold and other precious jewelry in favor of costume jewelry. A rise in popularity of costume jewelry could thus result in a decrease in our sales of precious jewelry, which accounted for approximately 52% of the Group's network sales in the financial year ended September 30, 2023.

In addition, customers' attitudes towards gold, silver, other precious metals and gemstones also influence our sales. Attitudes could be affected by a variety of factors including concern over the source of raw materials, the impact of mining and refining of minerals on the environment, labor (including health and safety) conditions in the supply chain, carbon footprint and other sustainability matters and the availability of and customer attitudes towards substitute products such as cubic zirconia or laboratory-created gemstones. Any of these factors could adversely affect customers' perceptions of and preferences for precious jewelry and hence have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, as we grow our Fashion business, if customers' attitudes towards our Fashion offerings become less favorable due to rapid changing Fashion trends, the Group may be adversely affected.

Our success depends on our ability to protect our trade names and other intellectual property rights.

We believe that our Histoire d'Or, Marc Orian, TrésOr, Stroili, Franco Gioielli, OROVIVO and Agatha brands and other intellectual property rights that cover the products and services we offer, including trademarks, unregistered community designs and domain names, are key assets that are fundamental to our success and position. We are therefore dependent on our ability to protect and promote our brands and other intellectual property rights. We cannot guarantee that we are aware of all intellectual property rights of third parties that our products and services may infringe upon, and that our intellectual property rights may not in the future be challenged by third parties, including our competitors. Given that we do not own all the designs of the products we sell, we may, for instance, be subject to intellectual property claims with respect to products that resemble some of our competitors' designs and models. If a court were to determine that one or more of our products or services infringe upon intellectual property rights held by others, we could be required to cease providing these products or services or pay damages or royalties to holders of such intellectual property rights. We also cannot guarantee that third parties will not infringe upon our intellectual property rights, for instance by using our trade names, or that relevant third-parties will not license their designs, concurrently, to the Group and our competitors. In addition, we may be unable to adequately register and protect our intellectual property rights as we enter into new markets or at all. Should our intellectual property rights be challenged or infringed upon, or should we infringe upon intellectual property rights of others, this may have an adverse effect on our business, results of operations, financial condition and prospects.

We are dependent on the reliability and availability of our supply chain, including, in particular, our top suppliers, who manufacture and assemble a large proportion of our products.

Our supply chain is integral to our operating model. Our business model depends on timeliness and quality of product design, development, manufacture and delivery. We do not manufacture our products, but instead source them from various third-party manufacturers, mainly in France, Italy, China, Hong Kong and India, which produce the merchandise according to our specifications. Any disruption to our supply chain caused by issues with our suppliers is likely to have a material adverse effect on our revenues as well as a negative impact on our competitive position.

In the financial year ended September 30, 2023, approximately 61.8% of the Group's supply requirements by value were catered for by 20 suppliers. The Group's largest jewelry supplier in the financial year ended September 30, 2023, supplied approximately 6.5% of our total purchases by value while our largest watches supplier supplied approximately 3.8% of our total purchases by value over the same period. Since our top suppliers manufacture a considerable proportion of our merchandise, we may suffer significant disruption to our supply chain if those suppliers were to fail to meet their supply obligations to us for whatever reason, including unexpected closure or damage to a supplier's factory due to fire, employee strikes, financial difficulties, bankruptcy, political unrest, natural disasters or epidemics, pandemics or public health crises such as the COVID-19 pandemic which, in turn, could have a material adverse effect on our business, results of operations, financial condition or prospects.

Even if we have exclusivity agreements for limited periods with many of our suppliers relating to specific products, it cannot be excluded that these suppliers may sell similar products to certain of our competitors. The singularity of designs and ability of customers to associate designs and styles to a brand foster loyalty; hence, if our suppliers were to manufacture similar pieces of jewelry for other retailers, it could have a material adverse effect on our image, reputation and customer loyalty while eroding our competitive edge. Alternatively, our competitors may enter into arrangements with suppliers that could impair our ability to procure products from those suppliers, including by requiring suppliers to enter into exclusive arrangements, or suppliers could seek reciprocal exclusivity from us, thereby limiting our flexibility to source our products from alternative suppliers (as is the case under a number of the Group's supply agreements in Italy that prohibit the Group from purchasing the relevant products from another supplier). Any of these risks, in isolation or in combination, could adversely affect our business, financial condition and results of operations.

Moreover, our suppliers could respond to any decrease in or any concern with respect to our liquidity or financial results by requiring more stringent payment terms. One or more of our suppliers may slow down or cease shipments or require or condition their sale or shipment of products to us on more stringent payment terms. If these events were to occur and we did not, or were not able to, adequately respond, our business could be materially disrupted. Any such developments could increase our costs of sales and adversely affect our profit margins.

If we experience significant increases in demand or need to replace an existing supplier, additional manufacturing capacity may not be available when required on terms that are acceptable to us and suppliers may not allocate sufficient capacity to us in order to meet our requirements. For any new manufacturing source, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers in our methods, products, quality control standards, and environmental, labor, health, and safety standards. Moreover, in the event of a significant disruption in the supply of gold, silver or other precious metals used by our suppliers in the manufacture of our jewelry, our suppliers might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Any delays, interruption or increased costs in the manufacture of our products could result in higher costs and lower sales and operating results for our business.

Certain of our suppliers in the normal course of business require us to provide letters of credit, supplier financing or letters of guarantee in connection with our purchases of products. We currently have guarantees in place to provide letters of credit to our suppliers. If an event, such as a default or an economic downturn, occurred that impaired our ability to receive letters of credit, we may be unable to source certain lines of products, which will adversely affect our revenues, or the supplier may insist on more stringent terms. This risk may be exacerbated by the expansion of our business and the resulting need for more purchasing capacity. If we are unable to provide sufficient letters of credit, a significant portion of our suppliers may be unwilling to continue supplying products to us or may require more stringent terms from us.

In addition, if our suppliers are unable to obtain credit insurance with respect to the products they supply to us, they may be unable to fund the production of orders we place with them, which could limit the range of suppliers from which we could source our products. If our suppliers are unable to obtain sufficient credit insurance in the future, they may demand earlier payment from us than would otherwise be the case, which could adversely impact our operating cash flow and harm our business and prospects.

We rely on suppliers located in Europe and Asia and the availability of our products and our supply chain costs may be adversely affected by delays or other problems encountered in the sourcing, manufacturing and distribution of products over long distances.

The majority of the Group's products are manufactured by independent suppliers in Europe and Asia, particularly in France, Italy, China, Hong Kong and India. Accordingly, we rely on third parties to transport our products over large geographical distances. Delays in the manufacturing of our products or in the shipment or interruption of delivery of our products due to the unavailability of gold and other precious metals, personnel shortages, factory capacity or transportation issues, work stoppages, strikes, infrastructure congestion, adverse weather conditions, natural disasters, attacks by terrorists, delays in customs inspections, political instability, security requirements, epidemics, pandemics and other public health crises (such as the COVID-19 pandemic) or other factors beyond our control, and costs and delays associated with transitioning between suppliers, could adversely impact our ability to meet customer demand and may result in fewer sales. We may not be able to recover such losses under our contracts with our suppliers or shipping service providers.

In addition, since the Group only has one main warehouse in each of France, Germany and Italy, it is particularly vulnerable to disruptions in its supply chain which could result in material adverse effects on the business, financial condition and results of operations, reputation and prospects.

In addition, our delivery expenses may increase due to increasing oil and gasoline prices or rising toll fees or wage levels for employees of our distribution service providers, all of which are beyond our control.

We are also subject to the general risks associated with conducting business in foreign countries, including:

- failure to maintain quality standards and to adhere to ethical business practices;
- compliance with, and changes to, import and export restrictions and regulations;
- exposure to different legal standards and the burden of complying with a variety of foreign laws and regulations and changing foreign government policies as well as immature and rapidly evolving legal, regulatory and judicial systems that are characterized by gaps, conflicts and ambiguities;
- the imposition of taxes, duties or other charges on imports or exports;
- expropriation or nationalization of assets or properties;
- lack of protection against unauthorized sales of jewelry or other infringements of intellectual property rights;
- political instability, corruption and unrest, international hostilities and sanctions and disruption caused by terrorism, among other things; and
- changes to foreign government regulation, embargoes, strikes, work stoppages or slowdowns and shipment disruptions or delays.

Any of these risks could have a material adverse effect on our business, results of operations, financial condition or prospects.

Our operations may be interrupted or otherwise adversely affected as a result of a failure in our IT systems or a cyber security incident.

We depend upon our IT systems to conduct all aspects of our operations, including processing customer transactions, managing purchases (including tracking individual products), monitoring the performance of our stores, managing our internal financial operations and administrating our online platforms. We have recently migrated our e-commerce websites to a new Salesforce platform. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, software or human errors, computer viruses, security breaches, natural disasters and the delayed or failed implementation of new computer systems. Damage or interruption to our information systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim. Failures in our management information systems, including our failure to generate reports to monitor the business, or telecommunications system problems may disrupt our operations. Any material disruption or slowdown of our systems could cause information, including data related to store orders, to be lost or delayed, which could result in delays in the delivery of products to our stores and lost customer sales.

These systems are also subject to risks associated with growing and evolving cyber incidents or attacks and the Group is, from time to time, subject to cyber security attacks. Cyber security breaches can occur as a result of, among other things, software or human error, fraud or malice, social engineering or phishing attacks, viruses or malware, and other cyberattacks, such as denial-of-service or ransomware attacks. Due to the nature of cyberattacks, breaches to our systems or our service or equipment providers' systems could go undetected for a prolonged period of time. A breach could also compromise or originate from our customers', vendors' or other third-party systems or networks outside of our control. From time to time, we have been the subject of cyber security attacks. To date, none of these incidents have had a material adverse effect on our operations. A security breach may result in legal claims or proceedings against us by our employees, customers, vendors and governmental authorities or we could experience reputational harm.

Also, many of our non-operational employees work remotely a significant amount of their time, which has created certain operational risks, such as an increased risk of security breaches or other cyber incidents or attacks, loss of data, fraud and other disruptions as more fully outlined, above. Working remotely has significantly increased the use of technological and online telecommunication services and remote networking, which enables employees to work outside of our corporate infrastructure and, in some cases, use their own personal devices. This remote work model has resulted in an increased demand for technological resources and may expose us to additional risks of cyber-incidents or attacks, security breaches, loss of data, fraud and other disruptions as a consequence of more employees accessing sensitive and critical information remotely. We have policies and procedures in place aimed at preventing breaches, and we carry out detailed root-caused analyses when a breach occurs in order to ensure that similar occurrences do not arise, but we may not be able to prevent such breaches from occurring in the future.

In 2018, we began migrating our enterprise resource planning (ERP) to Systems Applications and Products (SAP) and to overhaul our IT infrastructure. The initial phase of the migration was successfully implemented in Germany on October 1, 2020. We expect to complete the installation of upgraded systems in Germany in the first half of 2024. We are continuing to work on the migration in France, Italy and the Rest of the World, with completion expected by 2026. We cannot guarantee the success of migrating our ERP to SAP in France, Italy and the Rest of the World, or that our current safety systems, data backup, access protection, user management and emergency planning will be sufficient to prevent information loss or disruptions to our information systems. Moreover, if changes in technology cause our information systems to become obsolete, or if our information systems are inadequate to handle our growth, we could lose customers. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology, with the integration of existing systems in connection with business acquisitions or with the maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Furthermore, while we carry insurance with respect to cyberattacks on our IT systems, it does not cover all possible disruptions to our IT systems. Any material interruptions or failures in our systems may have a material adverse effect on our business, financial condition and results of operations and harm our reputation.

Since the COVID-19 pandemic, we have changed our VPN, set up a new firewall and trained employees in identifying fraudulent emails. Also, we have recently implemented a Security Operations Center ("**SOC**"), which is a monitoring service for the Group's information systems operating 24 hours, every day of the week by external agents. The monitoring aims to detect attacks against users or information systems in order to provide an appropriate technological response. However, such attacks are increasingly sophisticated and we cannot guarantee that the additional measures we have taken will be sufficient or that there will not be a security breach and any such breach may have a material adverse effect on our business, financial condition and results of operations.

We may be unable to manage our growing business activities.

We expect that the complexity of our operations will increase as we continue to implement our growth strategy. Such increased complexity will require that we further expand and develop our operational capabilities and grow, train and manage our new employee base. Developing and refining the internal management systems, compliance tools, risk monitoring structures and financial controls required to manage our future growth and an increasingly complex group structure could place high demands on our Group and strain our resources. We expect that we will require more staffing in these areas, and may also require improvements in existing procedures. Delays in improving these systems and in reaching an appropriate level of staffing may result in business and administrative oversights and errors, which may also lead to higher operating expenses. The delays may also make it more difficult to identify and manage risks, trends and errors on a timely basis and to ensure compliance with applicable laws, regulations and standards on a Group-wide basis.

Moreover, our future expansion is likely to place increased demands on our existing logistics, warehousing and procurement resources. For instance, a considerable increase in the Group's jewelry orders from suppliers could strain the capabilities of its "product-by-product" tracking system. Poorer tracking and monitoring could also increase our inventory levels (in particular, when we expand by acquiring businesses, including their inventory), which could in turn increase the risk that we may be left with large quantities of unsold and undesirable products. Such increased demands could cause our business to operate less effectively, which in turn could cause deterioration in the financial performance of our individual stores or our overall business.

Future growth could make it difficult for us to adequately predict the expenditures we will need to make in the future. Any such growth may also place increased burdens on our suppliers, as we will likely increase the size of our orders. Similarly, it could impact the operational flexibility and reactivity of our supply chain and make us unable to respond as promptly to changing customer demands and new market trends as we have been able to do historically. If we do not make the necessary capital or other expenditures necessary to accommodate our future growth, we may not be successful in our growth strategy. We may not be able to anticipate all of the demands that our expanding operations will impose on our business, personnel, systems and controls and procedures, and our failure to appropriately address such demands could have a material adverse effect on our business.

If we are unable to anticipate, identify and respond to changing customer preferences in a timely manner, and manage our inventory in line with customer demand, our sales levels and profitability may decline.

Jewelry is subject to changing customer tastes and preferences. Our success depends in large part on our ability to gauge, react and adapt to changing customer demands in a timely manner. Our products must appeal to a broad range of customers whose preferences cannot always be predicted with certainty. While many of our pieces are timeless such as engagement and wedding rings, there can be no assurances that we will be able to continue to market products that are attractive to customers or that we will successfully meet customer demands in the future.

For instance, we may fail to devise an optimal product mix between the more traditional jewelry from our traditional base collection, and the products with a more contemporary flavor that we renew on a regular basis. If customer preferences shift materially towards contemporary styles, we may lose market share because of our more traditional offerings. Costume jewelry, which represented approximately 31% of the Group's network sales at its directly operated stores in the financial year ended September 30, 2023, may be particularly susceptible to changes in fashion trends and customer preferences as compared to precious jewelry and such changes could adversely impact the Group's business and financial results. Alternatively, we may underestimate the popularity of one precious metal as compared to another and stock our stores inadequately as a result. Furthermore, as we expand outside of France and Italy, it may become more difficult to meet the demands of customers whose tastes are unfamiliar to us and whose preferences may differ markedly from those of French and Italian customers. Any failure on our part to anticipate, identify or respond effectively and swiftly to changes in customer preferences and demand in any of our markets could adversely affect our sales and results of operations.

To be responsive to shifting customer tastes, we must manage our product selection and inventory levels closely. However, we often place orders with our suppliers several months prior to delivery and frequently before market factors are known. If we misjudge, fail to identify or fail to react swiftly to changes in customer preferences, our sales could decrease and we could see a significant increase in our inventories. The Group has tended to maintain relatively slow-moving inventories in Italy. While we have a contractual right to return a small percentage of our unsold stock to our own-branded suppliers and some of our third-party branded suppliers at the end of the period, this may not provide sufficient protection if our sales decrease materially. Conversely, if we underestimate customer interest in our products, we may experience inventory shortages, unfulfilled orders, increased distribution costs and lower revenue and profitability than we could otherwise have achieved. Inventory shortages and unfulfilled orders could lead to customer dissatisfaction and adversely impact our reputation and brand image.

Our target customers may not find the designs of our Fashion products appealing, which may be due to, among other things, our misjudgment of Fashion trends. Decisions about product designs are often made far in advance (up to one year) from the time the product is available for sale to the end customer. Although we base our product design and collection planning processes on feedback from prior collections, the change in trends could negatively impact customer interest in our new Fashion offerings.

Customers' tastes are also linked to their shopping habits, including their preferences as to how and where they buy jewelry. We may not be able to manage our store network and make strategic decisions relating to store openings, closings and refurbishments quickly enough or in a way that is optimally responsive to changing customer shopping habits and preferences. Additionally, our store concepts and layouts may not correspond to customers' needs and tastes. For example, in 2001, we attempted to extend the Group's successful "red" (Histoire d'Or) and "black" (Marc Orian) layouts by creating a more minimalist, neutral, contemporary-chic "fashion concept" for TrésOr, this concept did not match customer tastes and we suffered losses before we were able to reframe the TrésOr brand. Since 2019, we have also been developing a new store concept in Germany and have been testing the concept in a limited number of stores. The development was delayed as a result of the disruption of our business in Germany due to the COVID-19 pandemic. While the concept would launch full-scale only if results from the testing stage were satisfactory, success at the testing stage does not guarantee success after a full-scale launch of the concept, and the launch could involve a significant amount of capital expenditures and may also divert management's attention for a prolonged period of time. In 2022, Stroili launched its new store concept in 62 stores in Italy, and in 2023 we developed a new store concept for Histoire d'Or in France which is currently being tested in a very limited numbers of stores. Changes to our store concepts and layouts may not match customer taste and we may suffer losses. Failures and delays in optimizing our store network, designs and marketing channels may prevent us from meeting customer demand and may have an adverse effect on our business, results of operations, financial condition and prospects.

In addition, customers who would like to purchase jewelry in spite of poor economic conditions are more likely to seek low-end, affordable products. As a result, we believe that jewelry retailers with the flexibility to shift their offerings to match customers' spending power fare best. We have developed a number of measures to ensure that we can offer gold jewelry at attractive prices. For instance, starting in 2012, we have asked our suppliers to shift from 18-carat to 9-carat gold in their production and have redesigned parts of our collections to reduce the proportion of gold and other precious metals used in the manufacture of our jewelry to continue to offer precious jewelry at attractive prices. More recently, we have offered more products made with synthetic diamonds. We may not be able to implement similar measures in the future successfully or at all. Moreover, the success of this approach remains vulnerable to significant rises in gold prices. An inability to offer jewelry that our customers can afford in difficult economic times could have a material adverse effect on our business, financial condition and results of operations.

Our strategy to expand our network and develop our existing international markets may fail or advance at a slower pace than planned.

As of September 30, 2023, the Group operated 1,115 stores (including 38 through affiliated partner stores), following the gradual expansion of its network in France and internationally, including in Italy, Belgium, Germany, Luxembourg, Spain and China. We intend to expand our operations by focusing on relying on our affiliated partner stores, which tend to operate smaller stores, and by selectively increasing our own stores, mainly in France, Italy and Germany. We have been developing our historical affiliated partner model for the past six years and have started transitioning from our historical affiliated partner model to a new model. As we are in the process of changing our model with regards to how we work with partners, we are managing two models concurrently for a transition period and therefore agreements with existing partners may expire and be replaced, increasing complexity of our operations as well as the reducing our ability to control inventory, prices and set uniform retail standards. In addition, adverse macroeconomic conditions could impair our ability to obtain financing in the future to support our business model and store expansion. Our business model is premised on store expansion either through the opening of new stores or the acquisition of existing stores or establishing relationships with affiliated partner stores and therefore relies to a significant extent on access to financing and our ability to develop and maintain our relationships with our affiliated partner stores. Our ability to implement our new affiliated partner store and acquisition strategies could be materially impaired if we were unable to obtain third-party financing on reasonable terms or at all. This could delay our growth and have a material adverse effect on our business and reputation.

Out of the Group's 580 directly operated stores and corners in France, as of September 30, 2023, approximately 93% were located in medium to very large shopping centers, with the remainder being located in city centers and smaller shopping centers. As part of our expansion plans, we plan to roll out additional flagship stores in city centers in France, city centers and shopping malls in Italy and key city centers in Germany. If our expansion plans in France, Italy and Germany are not successful, it would have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, we compete with other global and regional retailers for store locations. As a result, we may not be able to secure attractive sites for new stores. If we fail to identify and lease attractive store locations, attract and hire skilled sales staff or implement the required infrastructure, our expansion plans may slow down, and the intended increase of our market share may fail to materialize. The success of new stores may also be adversely affected if we fail to correctly estimate customer demand in local markets or are unable to successfully establish our brands. This risk is relatively higher in new markets for the Group such as Belgium, Luxembourg, Germany, Spain and China as we may not be able to adapt the Group's business model to customer preferences outside of our core markets of France and Italy or we may face a lack of local business experience and exposure to economic conditions in these new markets. Our less-established position in these markets also makes it more difficult for us to assess customer demand and the appeal of our product offerings in these markets. As a result, we cannot guarantee that future efforts at expansion, including into new international markets, will be successful. For instance, while we re-entered the Spanish market in 2021 with the Agatha acquisition, there is still a risk that our strategy does not resonate with Spanish customers and, as a result, we may need to exit the Spanish market (as we did in 2009). The Group also discontinued its business in Portugal in September 2014, while Stroili disposed of its businesses in China in March 2013, and in Russia during the course of 2014, and terminated previously-established franchising agreements in China, Russia and the Middle East in September 2014, April 2016 and May 2016, respectively.

In unfamiliar markets, our capital and other expenditures may also be higher than expected due to cost overruns, unexpected delays or other unforeseen factors. Furthermore, depending on customers' shopping habits, new stores could unexpectedly compete with existing ones, causing the number of customers who visit our existing stores to decline and resulting in lower like-for-like sales growth. Based on these risks, we may not achieve results in new countries that are comparable to those achieved in France, Italy or our other international markets, which may subsequently negatively impact our business, financial condition, results of operations and prospects.

If our expansion strategy is not successful or advances at a slower pace than planned, our competitive position and our profitability and growth may be negatively affected, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our ability to attract customers to our stores depends heavily on the success of shopping centers, in which our stores are primarily located, and any decrease in footfall at those shopping centers could adversely impact our revenues.

As of September 30, 2023, approximately 85.1% of the Group's stores were located in shopping centers and represented 81.0% of our network sales for the financial year ended September 30, 2023. Our sales are, to a significant degree, subject to the volume of customer traffic in shopping centers. Over time, our results of operations may suffer from structural changes in customer shopping habits. For instance, shopping centers may become less popular among customers who may demonstrate an increasing preference for alternative shopping environments, such as individual retail stores, including those grouped in retail shopping outlets, or online shopping. Traffic to our stores may also be negatively impacted by the decline in popularity, or the closing, of the anchor stores in shopping centers in which our stores are located or by the emergence of competing retail destinations nearby.

When we are located near other retail stores, we benefit from the latter's ability to generate customer traffic in the vicinity of our stores. As a result, a shopping center's failure to attract popular retail brands could lead to low traffic into the center and consequently to our stores. Similarly, vacancies in, or closures of, shopping centers or store closures by other retailers within the shopping centers may also decrease customers' interest in visiting particular shopping centers.

In addition, cyclical macroeconomic factors may impact traffic to shopping centers and consequently to our stores. Low confidence and spending power could adversely influence customers' decision to visit shopping centers. The Group has observed a reduction of traffic in shopping centers in Italy, potentially as a result of prolonged economic stagnation in the Italian market and the low spending power of Italian customers. In addition, shopping centers and, to a greater extent, hypermarkets in France have been impacted by the economic crisis in the past years due to a decrease in the disposable income of customers visiting shopping centers and hypermarkets, among other factors. Moreover, external factors such as weather conditions can also affect traffic to shopping centers and our stores. For example, warm temperatures can act as a disincentive and drive potential customers away from shopping centers, insofar as they prefer to be outdoors. Conversely, heavy wintry conditions may prevent customers from travelling to shopping centers to make purchases, including during peak periods such as the December holiday season. Additionally, the development of our e-commerce platforms could divert sales away from our physical stores. A reduction in footfall as a result of these or other factors, as well as any lingering effects of the COVID-19 pandemic, could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to continue to secure strategic locations for our stores in shopping centers. We aim to continue to increase our footprint by opening stores in shopping centers in Italy and Germany, and to a lesser extent, in France. The performance of our stores depends upon the location of such shopping centers and the customer traffic they generate. In order to generate customer traffic, we place many of our stores in prominent locations within shopping centers, favoring locations that are positioned strategically to best capture customer flows, near entrances and at the intersection of major avenues in central areas of the shopping centers, enhancing our stores' visibility and accessibility for customers We cannot control the availability of appropriate locations within shopping centers (which, in line with our accessibility criteria, are necessarily limited) or their cost. We also face competition for prominent locations from other retailers who may be preferred by shopping center operators. Furthermore, if our financial condition deteriorates or if our relationships with key shopping center operators are adversely affected, we may not have the opportunity, or be able, to obtain new key locations and continue to maintain existing ones. With respect to our leases in Italy and Germany, which generally do not benefit from contractual or statutory renewal protection, we may be unable to renew our lease agreements on favorable terms or at all in the future. All of these factors relating to our ability to secure high-quality locations in shopping centers could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operating results are subject to seasonal fluctuations, and results for any quarter may not necessarily be indicative of the results that may be achieved for the full financial year.

We have historically realized, and expect to realize, higher sales and profitability in the fourth quarter of the calendar year due to the end-of-year holiday season. Other important trading periods include

Valentine's Day in February and Mother's Day in May or June. For example, the network sales that we generated in France during the months of December 2022, February 2023 and June 2023 represented 37.4% of our total French annual network sales in the financial year ended September 30, 2023 (as compared to 37.0% in the prior year). These peak selling periods in turn impact our working capital, liquidity and inventory levels. Furthermore, demands on our product distribution and delivery network also fluctuate during the year in response to seasonal trends in our business. If we experience lower-than-average results during our usual peak periods, for example due to inclement weather discouraging or preventing customers from visiting our stores or other effects beyond our control such as the COVID-19 pandemic, the adverse impact on our full-year results may be material.

Seasonal fluctuations also impact our liquidity position. Under French law, the Group has, in principle, 30 days following the receipt of the merchandise or performance of the service to pay suppliers. French law also provides that the parties may agree on other payment terms as long as the date for the payment does not exceed 60 days after the date of issuance of the invoice to pay suppliers, or, if expressly provided for in the supplier contract and to the extent it does not constitute a manifest abuse against the creditor, 45 days after the end of the month in which the invoice is issued. However, a special regime applies to our industry, pursuant to which the Group may agree on other payment terms as long as the date for the payment does not exceed the later of (i) 59 days after the end of the month in which the invoice is issued and (ii) 74 days after the date of issuance of the invoice to pay suppliers, and only if these payment terms are expressly provided for in the contract with the supplier and to the extent they do not constitute a manifest abuse against the supplier. Under Italian law, the Group generally has 30 days following the receipt of the goods or performance of the services or receipt of the invoice to pay suppliers (as agreed by the parties), though the parties may agree on other payment terms and may extend the payment term beyond 30 days. Italian law provides that if the parties agree on a payment term longer than 60 days after the date of the receipt of the goods or performance of the services or receipt of the invoice, such agreement may not be excessively unfair to the creditor. These payment terms remain the same throughout the year, even as we experience seasonal fluctuation in our liquidity position. In addition, if sales during our peak trading periods are significantly lower than expected, we may not be able to adjust our expenses in a timely fashion. As a result, we may take certain operational actions, such as ordering fewer supplies for forthcoming quarters, which may reduce our bargaining position with some of our suppliers. Hence, historical period-on-period comparisons of our results of operations are not necessarily indicative of future performance.

Our results may be adversely affected by fluctuations in the price of gold and other precious metals, rises in energy costs and wage inflation.

The precious jewelry industry is subject to fluctuations in the prices of gold, silver and diamonds and, to a lesser extent, other precious and semi-precious stones. Even if 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 and could have a material adverse effect on our business, financial condition and results of operations.

We are conscious of maintaining our reputation as a jewelry retailer that combines quality and value in spite of being constrained by competitive pressures, and aim to avoid pricing our customers out of our markets. If we are unable to pass increases in the prices of gold and other precious metals on to our customers, our costs could increase significantly and our results of operations could be adversely affected. The degree of impact of increases in the prices of gold and other precious metals depends upon their respective importance in our product portfolio. Variations in gold prices have a greater degree of impact on our results of operations, as gold makes up a higher proportion of the materials used in our jewelry than silver or other precious metals.

In addition, increases in the prices of gold and other precious metals could threaten to price some of our customers out of the precious jewelry segment. These customers may decide to switch to the more affordable costume or non-precious segment at a lower price point or to our lower-cost competitors. Since precious jewelry accounted for approximately 52% of the Group's network sales in the financial year ended September 30, 2023, we may be significantly affected by such a change in customers' shopping preferences. We may also be unable to continue to find new ways to produce affordable precious jewelry (such as our switch to using 9-carat gold instead of 18-carat gold for certain portions of our gold collection). Even if we find alternative products that meet customers' focus on affordability, alterations to our product mix could result in lower sales and profit margins. For instance, 9-carat gold jewelry have significantly lower profit margins than equivalent 18-carat gold jewelry, so more sales are required to achieve similar results from a 9-carat collection.

We hedge against fluctuations in the price of gold through hedging arrangements relating to the price of gold and holding physical gold, which physical gold includes gold that we buy or exchange from our customers as well as other gold purchases. The hedging arrangements relating to the price of gold, typically have a one-year duration, and, therefore, do not protect against long-term fluctuations in the price of gold. Our competitors, by contrast, may have hedged against such price increases or otherwise put in place more effective measures than we have. Additionally, the market fluctuations may lead to losses for the Group under our hedging arrangements. Our gold repurchase and exchange programs are also subject to fluctuations in the price of gold, which could impact the prices and availability of the gold that we buy or exchange from our customers. While we enter into certain hedging arrangements relating to the price of gold, such hedging strategies may not be sufficient to insulate us from fluctuations in the price of gold and may even lead to additional losses. As a result, the Group could be affected by such fluctuations as its exchange transactions related to sales of precious metals accounted for €43.2 million, or 4.3%, of revenue in the financial year ended September 30, 2023. Due to the uncertainties resulting from recent political and economic instability, the price of gold has increased significantly during the first half-year of the financial year ending on September 30, 2023, starting from an average price of gold at $1,630 per ounce in November 2022 and rising to $2,052 per ounce by May 2023. As of January 26, 2024, the spot price of gold was $2,017 per ounce.

Energy costs have also fluctuated considerably in the past. Such fluctuations in energy costs may result in increases in utility costs for our stores and overall purchase prices of jewelry from our suppliers. For example, recent energy cost spikes resulting from the Russia-Ukraine war negatively impacted our results of operations for the financial year ended September 30, 2023.

Our supplier base is concentrated in Italy, France, China and Hong Kong and India, meeting approximately 40.2%, 26.0%, 21.5%, and 9.0%, respectively, of our supply requirements for own-branded jewelry by value in the financial year ended September 30, 2023. As a result, our results of operation may be affected by inflationary pressures affecting these countries, such as those that have been experienced recently.

Such trends may continue and may adversely affect our profit margins, as will increases in labor costs in these countries. Inflation and increases in labor costs may also adversely affect our profit margins directly with respect to the Group's own employees.

Our inability to pass on to our customers, in part or at all, such increases in the prices of gold and other precious metals, energy costs, costs associated with inflationary pressures, as well as wage increases could reduce our profit margins and have an adverse effect on our business, financial condition and prospects.

The COVID-19 pandemic materially adversely impacted and disrupted our business, financial performance and condition, operating results, liquidity and cash flows. Any future COVID-19 outbreak or pandemic of any other highly infectious or contagious disease could have a similar impact.

The COVID-19 pandemic caused significant disruption in economic activity globally which led to a decline in discretionary spending. Our sales were negatively impacted by adverse changes in the economic climate, including higher unemployment rates, declines in income levels, increases in taxation and loss of personal wealth resulting from the impact of the COVID-19 pandemic and restrictive measures implemented to respond to it, including store closures. Other factors that negatively impacted our ability to successfully operate during the COVID-19 pandemic included our inability to obtain rent abatements or enter into deferral arrangements with our landlords in certain instances; our inability to react to changes in anticipated customer demand and manage inventories, our inability to rely on our distribution centers to manage the receipt, storage, sorting, packing and distribution of our merchandise due to local and regional factors; scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; a retail environment that caused us to make a greater use of discounts; and an increase in the spot price of gold due to market volatility.

In addition, in response to store closures due to the COVID-19 pandemic, we had to cancel or postpone purchasing orders and negotiated with our non-French suppliers to reschedule our payment schedule.

Although the COVID-19 pandemic has abated in most parts of the world, new outbreaks or variants of the virus that cause COVID-19 and other pandemics of any highly infectious or contagious disease could emerge in the future. New COVID-19 outbreaks or other pandemics could negatively impact our ability to successfully execute our business strategies in the same or new ways.

New COVID-19 outbreaks or other pandemics could pose a risk to our employees, our customers, our suppliers and the communities in which we operate. Potential lockdown measures and other similar restrictions could result in temporary store closures, modified store operating hours, a decrease in customer traffic, work stoppages, slowdowns and delays, travel restrictions, cancellation of events and disruptions to our supply chain, among other effects, thereby negatively impacting our operations. If we do not respond appropriately, in a timely enough manner or at all, to new COVID-19 outbreaks or other pandemics, such as the reopening of our stores if and when they can reopen, or if customers or employees perceive our response to be inadequate, insufficient or inappropriate, our brand, reputation, business, financial condition and results of operations could be materially adversely affected.

In the event new COVID-19 outbreaks or other pandemics cause the closure of some of our stores, the increase in sales from our e-commerce platforms may not be sufficient to offset the overall decline in our sales due to store closures. This may lead to loss of market share to our competitors who may have more developed online sales capabilities.

During COVID-19, we relied on various governmental assistance programs, including furlough schemes for our employees, social security charges deferral, tax deferral and, in Germany, the lowering of the VAT rate. We cannot provide any assurance that, in the event of new COVID-19 outbreaks or other pandemics, such governmental assistance programs, negotiations with landlords or other protective legislation will be available to the same extent as in the past or at all and, if such governmental assistance programs negotiations or protection were not possible or available, our cash outflows to meet additional new COVID-19 outbreaks or other pandemic-related costs would be significantly higher. Were government support not to be available, or to be available on a more limited basis, we would only be able to rely on our ability to suspend capital expenditures, implement cost reductions and defer payments, which could significantly reduce our overall ability to protect our cash position.

We cannot predict when or where new COVID-19 outbreaks or other pandemics may occur, the duration of such outbreaks or pandemics or how far into the future such outbreaks or pandemics may occur nor can we predict with any certainty the impact of such subsequent outbreaks or pandemics, including the impact of future national or local lockdowns or other measures implemented by national or local authorities. Additionally, there may be a further decrease in demand for our products in the event of new COVID-19 outbreaks or other pandemics, public health emergencies or other threats, any of which may necessitate regulatory responses, resulting in temporary store closures, modified store operating hours, a decrease in customer traffic, work stoppages, slowdowns and delays, travel restrictions, cancellation of events or disruptions to our supply chain, among other effects, any of which may materially adversely affect our business, financial condition and results of operations.

Our expanding wholesale business could be adversely affected if we are not able to manage our inventory, successfully negotiate supply agreements with third-party brands or cultivate relationships with our wholesale customers.

We operate a wholesale business via Timeway, reselling third-party brand watches and jewelry to independent retailers located mainly in France and Italy through our wholly owned subsidiaries in France (Timeway France) and in Italy (Timeway Italy), which operate independently from our retail business, in order to further develop our wholesale business in European markets.

With respect to suppliers, our distribution activities of third-party brand watches are mainly governed by exclusive multi-year supply agreements with third-party suppliers such as MOVADO Group, Timex Group and Pierre Lannier. Under those supply agreements, Timeway France and Timeway Italy must meet a minimum volume of purchases that requires us to buy a certain amount of stock each financial year and which may be renegotiated on a yearly basis, except for the agreement pertaining to the Alviero Martini brand, which does not have any minimum volume of purchases.

The products purchased by our wholesale business are then sold to department stores, integrated retail chains and independent jewelers. There can be no guarantee that we will be successful in reselling the purchased stock on satisfactory terms, or at all. In addition, our contractual relationships with the customers of Timeway France and Timeway Italy do not require them to meet any minimum purchase requirement. If we are left with high levels of unsold stock, we could be required to sell some of our products at lower prices, which could negatively affect our operating profits and have a materially adverse impact on our business, financial condition, results of operations and prospects.

Our wholesale business relies on cultivating relationships with third-party suppliers, key accounts of wholesale customers such as department stores, retail chains and independent jewelers. Given our status as a relatively new entrant in the wholesale business, we may not be able to develop strong and durable relationships with suppliers or customers who may already have long-standing relationships with other wholesale businesses. Timeway France and Timeway Italy are still at an early development stage and we may not have as much experience and expertise as other established wholesalers with whom we compete. As a result, we may be unable to keep growing the wholesale business and secure key accounts of suppliers or customers. If we are unable to secure exclusive supply agreements or if we are unable to do so on favorable terms, with the right third-party brands or if we are not able to attract customers or negotiate satisfactory terms with them, this may lead to a materially adverse effect on our business, prospects, results of operations and financial condition.

Our success also depends in part on our ability to attract new customers as the retail watches market remains highly fragmented (with our customers representing over 2,500 independent retailers located mainly in France and Italy) and led by specialist watches retailers. The inability to attract new customers or the loss of existing customers to a competing wholesaler may negatively impact our sales and operating margins. In addition, any deterioration in the reputation of the Group and its brands could indirectly impact Timeway France and Timeway Italy's reputation and lead to reduced sales. Similarly, the potential association between Timeway France and Timeway Italy with our other brands may lead certain of our potential customers or suppliers to turn to other wholesalers rather than doing business with an entity that is part of the Group and that may be perceived as one of their competitors.

Challenging macroeconomic conditions may also lead to increased exposure of our wholesale business to credit risk represented by our customers. Other market factors such as vertical integration by an existing supplier converting to self-distribution or industry consolidation may lead to further downward pressure on margins and reduced sales. Our lack of experience in the wholesale business may also negatively impact our growth if we are not able to react as quickly as more experienced and established wholesalers and take advantage of opportunities relating to market consolidation. Our wholesale business could be negatively impacted if any of those broader market risks were to materialize.

We are exposed to fluctuations in currency exchange rates, which could negatively impact our financial condition and results of operations.

We are subject to foreign exchange risk as most of our sales are in euro, but 19.1% of our cost of goods sold for the financial year ended September 30, 2023 was incurred in U.S. dollars (or otherwise affected by the value of the U.S. dollar) in connection with sourcing and production costs from suppliers in Asia. We purchase certain of our products in euro from suppliers who operate in U.S. dollars and may be affected by fluctuations in the value of the U.S. dollar if the effects are passed on to us by our suppliers. The exchange rate between the U.S. dollar and the euro is subject to significant fluctuations, and if the U.S. dollar appreciates relative to the euro, our sourcing costs may rise. At certain times during 2022, the euro was valued below one U.S. dollar, during which we maintained currency hedging arrangements. Similar currency volatility may occur in the future and we cannot guarantee that we will have appropriate hedging arrangements in place, which may result in a negative impact on our operations and we may be forced to shift our supplier strategy (*e.g.*, by relying more heavily on European suppliers). If the increase in sourcing costs cannot be passed on to customers in a timely manner, this could reduce our profit margins and could have a material adverse effect on our business, financial condition and results of operations. We employ from time to time various hedging strategies to offset the impact of fluctuations in the value of the U.S. dollar on our cash flows and earnings. The Group's hedging arrangements for purchase in U.S. dollars typically have a one-year duration, and therefore do not protect against long-term fluctuations in the exchange rate between the U.S. dollar and the euro. Additionally, the market fluctuations may lead to losses for the Group under our hedging arrangements. As a result, our hedging practices may not insulate us from currency exchange risks and may involve costs and risks of their own since hedging involves speculation and significant judgment. Our hedging activities therefore could also have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.

Our business is subject to the risks and costs associated with our predominantly leasehold property portfolio.

As of September 30, 2023, we operated 580 directly operated stores and corners in France, 389 directly operated stores in Italy, 54 directly operated stores in Germany, 25 directly operated stores in Belgium, one directly operated store in Luxembourg, 26 directly operated stores and corners in Spain and two directly operated stores in China and we leased the premises for almost all of these stores. In France, nearly all of the Group's leases are subject to deposit requirements, periodic rent reviews (subject to the national cost of construction index (*Indice national du coût de la construction* ("*ICC*")) or the commercial rent index (*Indice trimestriel des loyers commerciaux* ("**ILC**"))) and lease expiries and renegotiations. As a result, we are susceptible to changes in the property rental market and increases in our rental costs. In particular, the portion of the Group's leases that is subject to the ICC is at greater risk of experiencing unforeseen increases in rental costs due notably to the fact that the ICC is tied to the price of fuel and energy, the variations of which may not align with movements in customer markets. In the second quarter of calendar year 2023, the ICC went up by 2.21% compared with the first quarter the same year and by 7.99% compared with the second quarter of calendar year 2022.

In Italy, the Group's stores are leased under a combination of business lease agreements and commercial lease agreements. The annual rent under both types of agreement is usually determined based on a percentage of the relevant store's net turnover, subject to a guaranteed minimum annual rent adjusted in accordance with the National Institute of Statistics (*Istituto nazionale di statistica* ("**ISTAT**")) consumer price index. Most of these lease agreements are subject to bank guarantee or deposit requirements. The business lease agreements are typically based on standard contract forms of the lessors and, as a result, are more favorable to such lessors. The business lease agreements also do not benefit from certain statutory protections under Italian law afforded to lessees under commercial lease agreements. In addition, unlike the protections afforded to lease holders in France and certain commercial lease holders in Italy, we may not benefit from a right of renewal of our business lease agreements and commercial lease agreements derogating from Law No. 392/1978 at the time the relevant lease agreement expires in Italy. For example, in 2018, we were unable to renew one of our business lease agreements in Rome at the time the lease agreement expired and had to move the store, which was one of our largest stores in Italy, to a different location. Most of our business lease agreements and certain commercial lease agreements contain non-competition undertakings prohibiting us from opening similar stores within a certain number of kilometers, typically ranging from two to five kilometers, during the term of the agreement and sometimes for a certain period of time following termination. Such non-competition undertakings may restrict our ability to open new stores in locations where we would otherwise do so.

Our ability to effectively renew our existing store leases or to obtain store leases for new stores on suitable terms depends on the availability of store locations that meet our criteria for traffic (specifically, near entry points or at the intersection of major avenues in central areas of shopping centers, square footage, lease economics, demographics and other factors. With respect to the small proportion of our leases in France and the larger proportion of our leases in Italy that do not benefit from contractual or statutory renewal protection, we may be unable to renew our lease agreements on favorable terms or at all in the future.

Additionally, the economic environment and other events beyond our control may at times make it difficult to determine the fair market rent of retail real estate properties. This could impact the quality of our decisions regarding whether or not to obtain new leases and renew expiring leases at negotiated rents. These factors may result in, among other things, significant alterations to rental terms (including increasing rental rates), an inability to effect lease renewals or a failure to secure real estate locations that are desirable, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In modernizing or refurbishing our existing stores, we may require consents from our landlords or local authorities. If any such works are carried out, or have been carried out previously, without such consents, disputes may arise which may result in our having to undertake reinstatement works or the landlord seeking forfeiture of the relevant lease. Even if our landlords consent to such works, certain of our lease agreements may require us to reinstate the leased premises to a perfect or "like new" condition at the end of the lease, which may result in our having to undertake reinstatement works at the end of the lease. As a result of our strategy of closing marginally profitable and unprofitable stores or stores situated in undesirable locations, we may face dilapidation claims from our landlords (whether founded or unfounded) which may require us to make unforeseen payments to our landlords and could have a material adverse effect on our business, financial condition, results of operations and prospects. Under French law, the lessee must comply with legal obligations arising from the statutory regime governing commercial leases, such as the restitution of premises in good condition, and the obligation of the lessee to pay for minor repairs, degradations or losses. In addition, the lease contract may also provide that the lessee will be responsible for some of the lessor's obligations, including taxes or maintenance works (except for certain taxes and charges which the lessor is required to bear). The failure to comply with such legal and contractual obligations could lead to dilapidation claims from the lessor. Under Italian law, the lessee must return the premises to the lessor without delay at the end of the lease in the same condition in which the premises were received, subject to normal deterioration and wear and tear caused by the lessee's use in accordance with the lease. If the lessee is in default of this obligation to return the premises to the lessor, the lessee must continue to pay the agreed rent to the lessor until the premises are returned. This obligation to make continued rent payments is without prejudice to any additional damages suffered by the lessor, for which the lessor may be able to make a claim against the lessee. Additionally, unless otherwise agreed between the parties, the lessee is not entitled to receive any indemnification for improvements made to the premises.

Furthermore, the Group applies a national same-price policy for each of our brands throughout France and Italy, respectively, regardless of the location or sales channel. As such, in regions where we pay higher rents, we may not be able to pass extra rental costs on to our customers through price increases. As a result, we are vulnerable to sharp increases in rent which could have a material adverse effect on our profit margins, business, financial condition and results of operations.

Our marketing and communications strategy may prove insufficient or ineffective.

Historically, we made limited investments in marketing and media communications as we consider retail presence to be one of the main points of contact with our customers. For instance, we implemented our first major television advertising campaign in December 2013. With the advent of a new social media ecosystem, our marketing and communication strategy aims at strengthening our brand awareness and image by shifting our marketing from its focus on traditional media such as television campaigns and local newspapers, to digital media campaigns (*e.g*. targeted advertisements on social media platforms such as Instagram and Facebook, including collaborations with influencers). We also intend to continue to update our CRM program to enable us to better assess customers' tastes and preferences and in-store experiences, allowing us to continuously improve our product offerings and customer service. Our failure to implement our marketing initiatives or CRM systems successfully, or their failure to result in improved profitability, could have an adverse effect on our liquidity, results of operations, financial condition and the implementation of our growth strategy.

Internet search engines drive traffic to our e-commerce platform and our customer growth and retention could decline, and our business, financial condition and results of operations could be adversely affected if we fail to appear prominently in search results.

The Group has expanded its e-commerce presence and now sells five of its seven brands on its e-commerce platform. The Group also distributes Agatha products through third-party digital platforms such as TikTok, JD.com and Tmall in China. Our success depends in part on our ability to attract customers through internet search results on search engines like Google, Yahoo!, and Bing. The number of customers we attract to our platform or products from search engines is due in large part to how and where our website ranks in search results. While we purchase ad words to increase our ranking on these search engines, we try to increase our ranking organically through hits generated by customers clicking on the links to our websites. Also, these rankings can be affected by a number of factors, many of which are not under our direct control and may change frequently. For example, a search engine may change its ranking algorithms, methodologies, or design layouts. Additionally, businesses and individuals are able to pay to have their website appear artificially higher as a Google search result, resulting in other websites appearing artificially lower. In some instances, search engine companies may change these rankings in a way that promotes their own competing products or services or the products or services of one or more of our competitors. Search engines may also adopt a more aggressive auction-pricing system for keywords that would cause us to incur higher advertising costs or reduce our market visibility to prospective customers. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. For example, when our Marc Orian e-commerce platform switched over to a new online platform, it lost its ranking for a few months. Such issues may negatively impact our e-commerce platforms as we switch over to other platforms as we upgrade the online experience for our customers. Any reduction in the number of customers directed to our platform could adversely affect our business, financial condition and results of operations.

Use of social media and influencers may adversely impact our reputation.

The Group faces risks if it is unable to uphold high levels of customer awareness, affiliation and desirability for its brands. There has been a marked increase in use of social media platforms and similar devices or other forms of internet-based communications which allow individuals to access a broad audience of customers and other interested persons. Customers value readily available information concerning retailers, manufacturers and their goods and services and often act on such information without further investigation, authentication and without regard to its accuracy. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. For example, any appearance on social media platforms that we are neglecting sustainability and compliance matters, including topics such as the selection of suppliers, working conditions amongst the suppliers, the sustainability of our products and raw materials and the reduction of emissions, or that we are lagging behind the efforts of competitors could have a significant negative impact on our reputation and market share as customers are increasingly focused on the environmental, social and governance performance of companies. Adverse or inaccurate information concerning the Group or its brands may be published on social media platforms at any time, and such information can quickly reach a wide audience. The harm may be immediate without affording the Group an opportunity for redress or correction, and it is challenging to monitor and anticipate developments on social media in order to respond in an effective and timely manner. Social media platforms could also be used for the dissemination of trade secret information or compromise of other valuable company assets, any of which could harm our business. In addition, negative commentary regarding the social media influencers with whom we have worked, regardless of whether it is connected to their sponsorship of our products, may negatively impact our reputation or the perception of our brand.

We also use social media platforms as marketing tools. For example, we maintain official Instagram accounts for our brands, with Stroili having over 316,000 followers while Histoire d'Or has approximately 142,000 followers as of September 30, 2023. In addition, we have Facebook pages for our brands and use both Instagram and Facebook to advertise to specific target groups. We also maintain relationships with social media influencers by gifting them products to showcase and compensating them with gift cards and other free products. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our network of social media influencers or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our business or subject us to reputational damage, fines or other penalties.

In particular, if any claims in our marketing efforts, such as those in connection with our sustainability or corporate social responsibility ("**CSR**") initiatives or our product descriptions or attributes, are accused of being, or are proven to be, insufficiently substantiated, we could suffer unfavorable backlash and attention from media, customers and regulators, which could lead to reputational and financial harm. Stakeholder activism, negative media coverage and public and private legal actions in response to perceptions that any such claims are insufficiently substantiated could have a material adverse effect on our reputation, business, results of operations, financial condition or prospects.

We risk the theft or the misappropriation of funds and products in our stores.

In the ordinary course of our business, we are exposed to risks of theft of products in our stores and at our warehouses and distribution centers. For example, in the financial year ended September 30, 2023, the Group incurred a loss of approximately €0.7 million due to unknown markdowns, including theft of products in our stores. Products may also be misappropriated during transportation. If a hold-up, burglary or other theft incident becomes violent, we may suffer reputational damage and our customers may become less inclined to visit our stores, which could have an adverse impact on our business and prospects. Furthermore, our insurance coverage may not be sufficient to cover all losses associated with theft incidents or may become more expensive.

In addition, we may from time to time experience misappropriation of funds in our stores or at other levels of our business, including by our employees. We may fail to put in place the requisite level of monitoring and systems of internal control to enable us to detect any such theft or misappropriation. This could have a material adverse effect on our business, financial condition and results of operations, reputation and prospects.

Customer demand for our products may decline as the range of gift alternatives expands, including as a result of technological advances.

Customers typically buy jewelry for special occasions such as Christmas, Mother's Day, Valentine's Day and birthdays. Such purchases are most often intended as gifts. In recent years, more traditional gift options such as jewelry, flowers and chocolates have had to increasingly compete with newcomer alternatives, such as technological products like smartphones, music players and tablet computers. Because the budgets that individuals set for gift purposes tend to be capped, the rise of alternative gift options is more likely to lead to substitutions than to co-existence. Therefore, if the trend favoring technological gifts continues and a fundamental shift in customer preferences occurs, demand for jewelry, including our products, may be eroded, which would have a material adverse impact on our results of operations, financial condition and prospects.

Even if jewelry remains a popular gift option, technological advances may have an adverse impact on certain categories of products or on the demand for the products we offer. For example, demand for affordable watches has waned in recent years as people have become accustomed to reading the time on their mobile phones. Additionally, the rise in the popularity of smart watches may decrease demand for traditional watches. Furthermore, with the rising popularity and affordability of three-dimensional printing, we could see a shift in customer preferences towards homemade, bespoke jewelry. If we are unable to adjust our product range to match shifting customer preferences, such technological progress and other factors could cause a sharp decrease in sales and have a material adverse effect on results of operations, financial condition and prospects.

Our affiliated partner stores are independent operators and we have limited influence over their operations.

As of September 30, 2023, we had 38 affiliated partner stores.

Our affiliated partners are independent operators and many factors that impact the performance of affiliated partner stores are beyond our control. Under our historical affiliated partner model, we do not control how much stock is purchased from the Group or pricing decisions (including with respect to promotional sales). Our branding is heavily focused on making jewelry affordable and accessible, and our pricing policy for our directly operated stores aims to maintain constant and predictable prices with very limited, occasional promotions. However, our affiliated partners may make decisions that are inconsistent with our branding or pricing policy, which may negatively impact our brand image and operations across our network. Under the new affiliated partner model, which we started implementing in 2023, we have more control in respect of how much inventory our affiliated partner stores carry, as we own the inventory, which allows us to optimize inventory management across our network. However, we may be unable to help ensure that the performance of our affiliated partner stores is maximized and consistent with the directly operated stores in our network. For example, our affiliation agreements require affiliated partners to regularly update their store layout to reflect our latest store concept, but affiliated partners are responsible for financing the refurbishment and may delay the process. If our affiliated partners fail to operate their stores efficiently and in a manner consistent with the Group's branding and pricing policies, this may harm our brand image, reputation or otherwise negatively impact our operations across our network.

We also face the risk that affiliated partners may, intentionally or unintentionally, work against our interests. For example, our affiliated partners may share our confidential information or know-how with persons outside the Group. In addition, our current affiliation contracts do not, and our new affiliation contracts will not, include a non-compete clause. Therefore, in the event of non-renewal or termination of a franchise or affiliation agreement, we may face competition from our former affiliated partner stores. Furthermore, affiliated partners may inaccurately report sales figures, which we use to evaluate the performance of affiliated partner stores and to calculate the commission owed by us to the affiliated partners under the new affiliated partner model. While such behavior might violate the terms of the current and new affiliation agreement, it could also have a material adverse effect on our business, results of operations, financial condition and prospects.

Future acquisitions or investments may disrupt our ongoing business, distract management and employees, increase our expenses and adversely affect our business. In addition, we may not be able to identify suitable acquisitions.

In addition to opening new stores, our expansion strategy is also premised on selective acquisitions of jewelry chains, either in France or in other countries and territories that we believe will contribute meaningfully to our growth and future performance. For example, in 2021, we acquired 100 stores from Agatha in France, Belgium, Luxembourg and Spain. The quality of our performance following significant acquisitions depends in part on whether the businesses we acquire successfully add to our revenue and whether we are able to successfully integrate the acquired businesses and their existing operations in an efficient manner and realize any synergies. Such integrations are complex, time-consuming and expensive processes that involve a number of risks, including the possibility of incurring unexpected liabilities in connection with such acquisitions as well as facing unexpected difficulties, diverting management's attention from our daily business, imposing additional demands on management related to the increase in the size and scope of our operations and managing clashes of corporate cultures between the merged entities at the management and staff levels. Acquisitions may also have unanticipated tax and accounting ramifications.

The completion of acquisitions can also introduce a certain amount of uncertainty in our business plans, particularly if such acquisitions provide for the satisfaction of certain conditions prior to closing, or are subject to pre-emption or withdrawal rights by one or both parties. We may not get the full benefit we expect from future acquisitions, including if pre-emption or withdrawal rights are exercised, which could have a material adverse effect on our prospects.

Our brand image may be undermined by breaches of applicable labor, social welfare and ESG laws or of recognized ethical standards relating to the sourcing of precious metals by our suppliers or by the third-party brands that we license or by any failures to meet our own commitments.

We believe that the image of our brands has contributed significantly to the success of our business to date by driving footfall to our stores and generating visits to our e-commerce platform. We also believe that maintaining and enhancing our brands is integral to the success of our business and to the implementation of our expansion strategies. This will require us to make further investments in areas such as marketing and advertising, as well as the day-to-day investments required for store operations, website operations and employee training. Maintaining, promoting and positioning our brands will depend largely on the success of our design, marketing and merchandising efforts, and our ability to provide a good customer experience and identify products and fashion trends that meet our target customers' expectations. Our brands could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity.

We do not manufacture our products ourselves, but instead source our products from various third-party manufacturers. While we conduct controlled quality tests in our sourcing offices in Italy and Asia and conduct product inspections after delivery of products to Italy and France, we depend on third-party manufacturers to ensure that our products comply with relevant environmental, health and safety, social and ethical specifications. If an imperfection or any noncompliance is identified during quality controls, we do not accept delivery of the relevant product. However, we may be unable to replace the rejected product in a timely manner, which may result in supply shortages and a decline in our sales. In addition, there is a risk that our quality control procedures may not detect all imperfections or such noncompliance. In the event that our products fail to meet our customers' standards or any industry, national or international standards, our reputation could be harmed, which would adversely affect our marketing and sales efforts. We cannot assure you that our customers will not experience quality problems with our products. Quality problems with our products could harm our reputation, erode our competitive position and significantly negatively affect our business, financial condition and results of operations.

Increasingly, businesses are assessed by (among other things) their performance in a variety of ethical, social, environmental and health and safety matters. A number of organizations measure the performance of businesses in these areas and the results can be widely publicized. Moreover, large institutional investors have publicly emphasized the importance of these matters in their investment decisions. Our brand image may be impaired if we or our suppliers fail to maintain high ethical, social, environmental and health and safety standards for all operations and activities related to our business or products, if we or our suppliers fail to comply with local laws and regulations or if we experience other negative events or adverse publicity that affect our image or reputation (including third-party claims). While we take various steps to ensure that our suppliers of products and manufacturers comply with applicable labor, social welfare and ESG laws, as well as recognized ethical standards pertaining to the sourcing of precious materials and gemstones such as gold and diamonds from areas that are not in conflict or do not engage in forced labor, from time to time our suppliers or manufacturers may not be in compliance with local labor law (including health and safety standards) or recognized ethical or environmental standards. If it emerges that the suppliers of our products have not complied with such laws and standards, we may be subject to legal proceedings seeking refunds or other damages and the public perception of our business and the reputation of our brands could suffer, possibly damaging our brands and causing a considerable decrease in sales. In addition, an environmental, safety or other incident associated with a supplier, or changing a supplier following the discovery of a violation, could result in additional costs and supply shortages or disruptions. Our brand image or reputation could also be impaired, for example, if in connection with our second-hand gold repurchasing activities, we are accused of, or found to have, accepted stolen goods for repurchase or exchange.

Additionally, through our licenses business, we design and sell products carrying third-party brands using our distribution network. If it emerges that a third-party brand that we license and distribute has not complied with applicable labor, social welfare and ESG laws, even if such non-compliance is not related to our business, we may be subject to legal proceedings seeking refunds or other damages and the public perception of our business and the reputation of such third party-brand, or our brands, could suffer, possibly adversely impacting our sales. In addition, an environmental, safety or other incident associated with a third-party brand that we license could result in the termination of the licensing arrangement and in our licensing business ceasing to distribute such third-party brand.

We have also made a number of ethical, social, environmental and health and safety commitments, relating to our Group and our suppliers, and we may make additional or different commitments in the future. These commitments can be costly to implement and difficult to monitor. Complying with these commitments (or procuring the compliance of our suppliers) may increase our costs and reduce our profit margins. Moreover, we may fail (or be perceived to fail) to comply with these commitments which could harm our reputation. Any failure to maintain a strong brand image could have a significant adverse effect on our business, financial condition, results of operations and prospects.

The social security contributions we are required to make for our employees may increase, changes in labor laws could make conducting our business more expensive or otherwise change the way we do business and the tax credits we benefit from may decrease.

Pursuant to Articles L.241-13 *et seq.* of the French Social Security Code (*Code de la sécurité sociale*), the social security contributions that the Group is required to make in respect of the compensation paid to a large number of its employees are subject to a formula-based reduction. Beginning January 1, 2011, these reductions have been calculated on the basis of annual compensation instead of monthly compensation as in the past. This change has had a negative impact on the Group's profitability, and an additional change in the provisions applicable to this reduction, particularly with respect to the reduction rate or the calculation basis, could result in a further increase in its wage and salary expenses. Furthermore, errors in calculating the applicable rate could be identified during social security audits and result in subsequent contribution reassessments.

In December 2012, the CICE was adopted as part of an overall French government policy to improve the competitive position of companies in France by allocating a tax credit calculated on the basis of gross salaries paid in the course of the calendar year to employees whose wages are below a specified threshold, corresponding to 2.5 times the French statutory minimum wage ("**SMIC**"). In 2019, the CICE was converted into a reduction of 6.0% of employers' social security contributions on remuneration paid to employees whose wages are below 2.5 times the SMIC.

On February 20, 2015, the Italian Council of Ministers approved two legislative decrees (Legislative Decrees No. 23 dated March 4, 2015 and No. 81 dated June 15, 2015, the "**Legislative Decrees**") implementing the statutory law No. 183/2014 (the "**Jobs Act**"). The Jobs Act (which has since been amended by other Italian employment laws) has introduced significant changes to the rules and regulations concerning the termination of ordinary open-ended employment contracts of non-executive employees hired on or after March 7, 2015, when the new regulations came into effect. In particular, reinstatement in the employee's previous job position has been limited to exceptional cases (*e.g.*, discrimination or disciplinary dismissal based on non-existing facts), whereas economic compensation (in the range of 6 – 36 months of global salaries for employers with more than 15 employees) is the general sanction with respect to cases of unlawful or unfair dismissal. The Jobs Act also applies to employees on fixed-term or apprenticeship contracts converted into open-term contracts after March 7, 2015. All other employees will remain subject to the previous labor regulations.

Different termination rules apply to executives, since their employment may be terminated at will and reinstatement is granted only in case of discriminatory dismissal. However, national collective bargaining agreements provide for economic compensation rights of executives in cases of unlawful dismissal, based on seniority.

The Legislative Decrees implementing the Jobs Act also contain a number of provisions concerning the hiring of disabled employees, health and safety at work, simplification and digitalization of certain administrative procedures, simplification of inspection activities and intensification of public actions and initiatives aimed at supporting unemployed people in finding new jobs. The Jobs Act has also considerably modified the regulation of agency work (*somministrazione di lavoro*) and fixed-term contracts in order to allow for greater flexibility in the use of such contracts and of self-employment contracts (*collaborazioni coordinate e continuative*).

On August 1, 2022, Legislative Decree No. 104/2022 (the "**Transparency Decree**"), implementing EU Directive 2019/1152 on transparent and predictable working conditions, entered into force. The Transparency Decree applies to all employment relationships already in force as of August 1, 2022. The Transparency Decree provides for certain specific and complete information to be mandatorily given by employers to employees. In addition, the Transparency Decree strengthens minimum protections for employees with regard to multiple employments, work planning, stability of employment, mandatory training and probation period. The cost of compliance with the Transparency Decree and the stronger employee protections may increase our costs and lead to a less effective workforce.

On May 5, 2023, Italian Decree No. 48/2023 (the "**Labour Decree**") entered into force, providing for specific provisions related to fixed-term employment contracts. In particular, should fixed-term employment agreements have a duration (including extensions/renewals) between 12 and 24 months (*i.e.*, the maximum possible duration), the employer must indicate at least one of the specific business needs that is identified in the Labour Decree and justify the fixed duration of the contract. The Labour Decree also contains a number of provisions concerning the health and safety at work, temporary workers, administrative sanctions in case of non-payment of social security withholdings and smart working. This Labour Decree may reduce the Group's flexibility to hire employees on fixed-term employment contracts and may reduce certainty around employment terms.

In Italy, all employees performing their activity in Italian territory are covered by mandatory social security insurance. This system is financed by contributions from employees and employers, calculated as a percentage of the employee's gross remuneration. These contributions represent a relatively high surcharge on labor costs. Generally, employers' social security contributions range from 29 – 33% of the gross salary, whereas the employees contribute approximately 9 – 10%. Similar rates apply for executives of the Trade Sector, although contributions can be made through different types of specialized funds. Also, in Italy, national insurance contributions to INAIL (the National Institute for Accidents at Work), which covers all professional risks, are mandatory. In addition to these social security measures, employers must set aside in their financial statements (or pay into supplementary pension funds) a mandatory severance payment (the "**TFR**").

Further changes in any of the above-mentioned laws or regulations or the coming into force of any new laws or regulations could substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, financial condition and results of operations.

We face certain risks in relation to our e-commerce business.

We sell five of our brands via our e-commerce platform. Our e-commerce operations are subject to numerous risks, including:

- reliance on third parties for computer hardware and software, the need to keep up with rapid technological change and the implementation of new systems and platforms;
- the risk that our e-commerce platform may become unstable or unavailable due to necessary upgrades or the failure of our computer systems or the related IT support systems as a result of computer viruses, telecommunication failures, electronic break-ins and similar disruptions, or disruption of internet service, whether for technical reasons or for other causes;
- customers finding our e-commerce websites difficult to use, being less willing to use our e-commerce websites than we expect or not being confident that they are secure;
- the incurrence of unexpected costs in connection with the development of our e-commerce platform;
- difficulty in further integrating our e-commerce platform and our store networks, which may result in complications for our e-commerce customers;
- liability for online content, security breaches and customer privacy concerns;
- liability for online credit card fraud and problems adequately securing our payment systems; and
- increased competition from other e-commerce providers.

We also distribute the Agatha brand products through third-party digital platforms such as TikTok, JD.com and Tmall in China. In addition to the risks listed above, our sales through online marketplaces are subject to numerous risks including:

- limited brand visibility on online marketplaces;
- reliance on online marketplace conditions including in relation to pricing and customer service;

- new competing online marketplaces emerging;
- increased reliance on third parties for logistics; and
- limited control over brand content on platforms and increased risk of fraud and reputational harm.

Our failure to respond appropriately to the foregoing risks and uncertainties could result in reduced revenue generated through our e-commerce platforms, as well as in results of operations, brands, reputation and prospects.

We depend on key personnel to manage our business and the departure of such personnel, or the failure to recruit and retain additional personnel, could adversely affect our business.

Our success depends, in part, upon the continued services of key senior management personnel who have extensive experience and knowledge of our business and the jewelry retail industry and in finance and management. For example, Romain Peninque, our Group President, has been with the Group since 2004, when he joined as a sales assistant, was our Chief Executive Officer from 2016 to 2020, and currently serves as our Group President. Retention of senior management is important in our business due to the limited availability of experienced and talented retail executives. If we were to lose the services of members of our senior management team and were unable to employ suitable replacements in a timely manner, our business, results of operations, financial condition and prospects could be materially and adversely affected. Our ability to anticipate and effectively respond to changing customer preferences and tastes depends, in part, on our ability to attract and retain key personnel in our buying, design, IT, marketing and other functions. Competition for such personnel is intense, and we may not be able to attract and retain a sufficient number of qualified personnel in the future which could significantly adversely affect our business and prospects.

A deterioration in the relationships with our employees or trade unions or a failure to extend, renew or renegotiate our collective bargaining agreements on favorable terms could have an adverse impact on our business.

As of September 30, 2023, the Group had approximately 6,024 full-time equivalent employees, 3,179 of whom were located in France and 2,382 of whom were located in Italy. Our business is labor intensive, so maintaining good relationships with our employees, unions and other employee representatives is crucial to our operations. Any deterioration of the relationships with our employees, unions and other employee representatives could have an adverse effect on our business, results of operations and financial condition.

Our employees in France and Italy are covered by national collective bargaining agreements. These agreements typically complement applicable statutory provisions in respect of, among other things, the general working conditions of our employees such as maximum working hours, holidays, termination, retirement, welfare and incentives. National collective bargaining agreements and company-specific agreements also contain provisions that could affect our ability to restructure our operations and facilities or terminate employees. We may not be able to extend existing company-specific agreements, renew them on their current terms or, upon the expiration of such agreements, negotiate such agreements in a favorable and timely manner or without work stoppages, strikes or similar industrial actions. We may also become subject to additional company-specific agreements, or our existing national collective bargaining agreements may be amended. In France, the average salary has generally increased in line with inflation due to compulsory salary negotiations. In Italy, the average gross salary has increased by approximately 3.6% since 2019. Any amendments to national collective bargaining agreements, or additional company-specific agreements, may increase our operating costs and have an adverse effect on our business, results of operations and financial condition.

Credit risks, changes in debit card provider requirements or applicable regulations could adversely affect our business.

Since a substantial portion of our sales are made to customers who pay for their purchases with debit cards rather than cash, we are exposed to a variety of risks associated with debit cards. For debit card payments, we pay interchange and other fees. These fees may increase over time and therefore increase our operating expenses and adversely affect our results of operations. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. Any failure to comply with applicable requirements or regulations may subject us to fines and higher transaction fees, the loss of our ability to accept credit and debit card payments from our customers or the cessation of payments from credit and debit card providers to us for purchases already made.

In addition, customers in France and, to a lesser extent, in Italy, often pay for their purchases by check, exposing us to the possibility that they may not be honored on time or at all. Checks accounted for the payment of approximately 0.4% of the Group's network sales in the financial year ended September 30, 2023.

Furthermore, we have put in place deferred payment plans for our customers in France and more recently in Italy, which enable customers to purchase jewelry and pay for it in three or four equal installments, spread over two or three months. Our deferred payment plans in France (in-store and online) apply to purchases that are under €2,000 and over €100 for those set up in three installments and under €2,000 and over €150 for those comprising four equal installments. Our deferred payment plans in Italy (in-store and online) apply to purchases set up in three installments that are under €1,500. In the financial year ended September 30, 2023, deferred payment plans represented 3.5% of our network sales (excluding VAT). Although the risk of payment default by the borrower is borne by the lending institution, deferred payment plans can delay sales and negatively impact our results of operations. Furthermore, the Group does not control the borrowing terms or the actions of the lending institutions, which, if viewed poorly, could drive customers to our competitors.

Any of the above factors could have a material adverse effect on our business, financial condition and results of operations.

We have recorded a significant amount of goodwill and we may never realize the full value thereof.

We have recorded a significant amount of goodwill in relation to our acquisitions. The total net value of goodwill recorded by the Group, which represents the excess of cost over the fair value of the net assets of the business acquired, was €392.6 million, or 24.0% of the Group's total assets, as of September 30, 2023. We may never realize the full value of our goodwill.

Goodwill is recorded by the Group on the date of acquisition and, in accordance with IFRS, may be reviewed for impairment. Impairment may result from, among other things, deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations and a variety of other factors. The amount of any impairment must be expensed immediately as a charge to the income statement. The Group did not record any charges for goodwill impairment during the financial year ended September 30, 2023. Any future impairment of goodwill may, however, result in material reductions of our income and equity under IFRS and could have a material adverse effect on our results of operations.

We may not have the resources to meet our financial and other reporting requirements or implement effective internal control and other standards, which may adversely affect our business.

Goldstory is required to provide periodic reports within specified timeframes in accordance with the indenture governing the Existing Notes. Goldstory is subject to extensive additional reporting requirements as well. If we do not adequately manage the growing demands on our internal accounting or finance systems, we may be unable to comply with our financial reporting obligations or implement effective internal controls, which may result in errors and disruptions, a default in our obligations or corrections or a restatement of our financial statements. The occurrence of any such event may have an adverse effect on our business, results of operations, financial condition and prospects.

We may incur liabilities that are not covered by insurance.

We carry insurance of various types, including general third-party liability, theft of merchandise, destruction of goods, property damage, business interruption, directors' and officers' liability, and workers' compensation. While we carry insurance with respect to cyberattacks on our IT system, it does not cover all possible disruptions to our IT system, and while we carry insurance with respect to business interruption, it does not cover all possible losses and risks that may result from epidemics, pandemics or other similar outbreaks or health crisis (including the COVID-19 virus). We may not always be able to accurately foresee all activities and situations in order to ensure that they are fully covered by the terms of our insurance policies and, as a result, we may not be covered by insurance in specific instances. While we seek to maintain appropriate levels of insurance, not all claims are insurable and we may experience major incidents of a nature that are not covered by insurance. Furthermore, the occurrence of several events resulting in substantial claims for damages within a given year may have an adverse effect on our insurance premiums. In addition, our insurance costs may increase over time in response to any negative development in our claims history or due to material price increases in the insurance market in general. We may not be able to maintain our current insurance coverage or do so at a reasonable cost, which may have an adverse effect on our business, results of operations, financial condition and prospects.

We are subject to risks from legal and arbitration proceedings, which may adversely affect our financial results and position.

In the ordinary course of our business, we may become involved in various claims, lawsuits, investigations, arbitration and administrative proceedings, such as, for instance, labor, antitrust, landlord and tenant, intellectual property or tax proceedings, some of which may involve substantial claims for damages or other payments. Adverse judgments or determinations in one or more of these proceedings may require us to change the way we do business or use substantial resources in adhering to settlements or pay fines or other penalties. The costs related to such proceedings may individually or in the aggregate basis be significant and even if there is a positive outcome to a particular proceeding, we may still have to bear part or all of our advisory and other costs to the extent they are not reimbursable by other litigants, insurance or otherwise. In addition, provisions made by us when threatened by actual or potential litigation may prove insufficient. This may undermine our brand and reputation and have an adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to successfully differentiate our brands and may experience inter-brand cannibalization.

We aim to further develop our Histoire d'Or, Marc Orian, TrésOr, Stroili, Franco Gioielli, OROVIVO and Agatha brands. As of September 30, 2023, the Group's network included 392 Histoire d'Or stores, 91 Marc Orian stores, 68 TrésOr stores, 340 Stroili stores, 36 Franco Gioielli stores, 54 OROVIVO stores and 96 Agatha stores.

As of September 30, 2023, the product offering of our Marc Orian generalist brand overlapped with that of Histoire d'Or by approximately 69.0% (based on the number of products offered) and has a similar price positioning. We may not be successful in differentiating these two brands, including by implementing distinctive commercial propositions in a way that allows them to successfully coexist without cannibalizing each other's sales. This may present a particular challenge when pursuing our expansion strategy as we sometimes aim to increase our presence in shopping centers by opening a Marc Orian store where we have opened an Histoire d'Or store, and we may face difficulties in managing inter-brand cannibalization as we may overestimate the amount of unmet demand for our overlapping product offering and draw existing Histoire d'Or customers away to Marc Orian. This could have an adverse effect on our results of operations.

Similarly, as of September 30, 2023, substantially all of the Franco Gioielli product offering overlapped with that of Stroili. We may not be successful in differentiating these two brands, including by implementing distinctive commercial propositions in a way that allows them to successfully coexist without cannibalizing each other's sales. This may present a particular challenge when pursuing our expansion strategy as we sometimes aim to increase our presence in shopping centers by opening a Franco Gioielli store where we have opened a Stroili store, and we may face difficulties in managing inter-brand cannibalization as we may overestimate the amount of unmet demand for our generalist product offering and draw existing Stroili customers away to Franco Gioielli. This could have an adverse effect on our results of operations. Stroili and

Franco Gioielli stores may also compete with Histoire d’Or and Marc Orian stores in Italy (and vice versa) to the extent they have similar product offerings (affordable jewelry and watches) and are located in similar locations (predominantly shopping centers).

In addition, sales from our generalist stores in France may also suffer from cannibalization by our TrésOr stores, which offer everyday-low-price value jewelry. Customers may favor our lower-priced TrésOr collection (with an average customer basket excluding VAT of €43.8 in the financial year ended September 30, 2023) to products offered by our generalist brands (with an average customer basket excluding VAT of €74.0 and €81.5, for our Histoire d’Or and Marc Orian brands, respectively, in the financial year ended September 30, 2023), in particular in times of low customer confidence and spending. This could result in cannibalization between our generalist and TrésOr stores located in the same shopping center. If we are unable to successfully monitor and react swiftly to inter-brand cannibalization, this may have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, our in-store sales and, in particular, the sales of our Franco Gioielli and TrésOr brands, which only operate via the physical store channel, may suffer from cannibalization by our e-commerce website sales, which offer a wider range of products than what can be found in stores.

BUSINESS

Overview

Our Group's portfolio consists, primarily, of European affordable jewelry brands, which underpin our strong position in the European affordable jewelry market and, in particular, our leading position in the large French and Italian markets. We generated €966.7 million of network sales and €272.9 million in Reported EBITDA in the financial year ended September 30, 2023 via a network of 1,077 directly operated stores and corners, 38 affiliated partner stores and six e-commerce websites across France, Italy, Belgium, Germany, Luxembourg, Spain and China as of September 30, 2023.

The Group

We specialize in affordable jewelry, with a broad offering of products that cater to all budgets and occasions. Our product offering comprises primarily precious jewelry, complemented by watches and costume jewelry, which accounted for 52%, 14% and 32%, respectively, of our network sales (excluding (i) sales to our affiliated partner stores, (ii) sales of our wholesale business and (iii) any adjustments for customer loyalty program discounts) in the financial year ended September 30, 2023 (with the remaining 3% of network sales attributable to services such as engraving or polishing). As of September 30, 2023, 87% of our generalist brands collection by value consisted of own-branded products or products that were unique to us, with the remaining 13% consisting of third-party brands. Our products are sold in our directly operated stores and corners by customer service-oriented staff, most of whom have been trained at our internal training academy as well as through e-commerce and affiliated partner sales channels.

We are active primarily in France and Italy, where we hold a leading market position in each national market. Our products are available through our network of 1,115 directly operated stores and corners, including 580 directly operated stores and corners in France as well as 38 affiliated partner stores in France (including one store in Monaco), 389 directly operated stores in Italy, 54 directly operated stores in Germany, 25 directly operated stores in Belgium, one directly operated store in Luxembourg, 26 directly operated stores and corners in Spain and two directly operated stores in China as of September 30, 2023. In addition, our products are available through our six e-commerce platforms in France and Belgium (Histoire d'Or, Marc Orian and Agatha), Italy (Stroili), Germany (OROVIVO) and Spain (Agatha). We also distribute the Agatha brand products through third-party digital platforms such as TikTok, JD.com and Tmall in China.

Through our wholesale business, we distribute watches (both our own-brand and third-party brand products) to independent jewelers. Complementing our wholesale business, our new licenses offering provides both own-brand and third-party brand product license opportunities capitalizing on our distribution network. In the financial year ended September 30, 2023, 61.2% of our network sales were generated in France, 31.0% in Italy, 2.9% in Belgium, 3.2% in Germany, 0.2% in Luxembourg, 1.2% in Spain and 0.3% in China, with e-commerce sales (which includes sales through online marketplaces in China) accounting for 6.5% of our network sales. Our stores are primarily located in shopping centers (with stores in shopping centers accounting for over 85.0% of our total stores as of September 30, 2023), and are generally positioned strategically to best capture customer flows, near entrances or at the intersection of major avenues in central areas of the shopping centers, which enhances the stores' visibility and accessibility for customers.

We believe that we have enhanced the accessibility of the jewelry and watches market in the European markets in which we operate by (i) implementing a distinctive open store concept, (ii) taking advantage of our strong relationships with suppliers to fulfill our commitment to provide jewelry at an affordable price, including by reconfiguring our products to better match customers' expectations and taste, such as simplifying designs and introducing 9-carat gold jewelry to maintain affordability of our products and (iii) expanding our store network of generalist and entry-level concepts across our European markets.

Our Brands

We sell our products under our seven distinct main brands: Histoire d'Or, Stroili, Marc Orian, Franco Gioielli, OROVIVO, Agatha and TrésOr. Histoire d'Or, Stroili, Marc Orian, Franco Gioielli, and OROVIVO operate as generalist brands with a strong local presence, offering a wide selection of, primarily, precious jewelry, as well as watches, and costume jewelry across various budgets and occasions. These brands are complemented by a broad range of associated services. Agatha is an international costume jewelry brand with a fashion-oriented positioning, while TrésOr focuses on a narrower range of entry-level items positioned as an everyday-low-price.

- ***Histoire d'Or.*** Our main brand in France, Histoire d'Or, accounted for 53.0% of network sales and recorded a gross margin as a percentage of network sales of 69.6% in the financial year ended September 30, 2023. The Histoire d'Or brand operates via two channels, physical stores and corners and an e-commerce website, each offering the same product range. Histoire d'Or stores have been characterized by a "red concept" layout. In September 2022, Histoire d'Or unveiled its new visual identity and communication campaign and in 2023, we made improvements to the store concept for Histoire d'Or, allowing it to remain in tune with the times, while ensuring that its costs allow us to quickly modernize our entire network of stores. The modernized concept seeks to enhance the brand's image and visual identity by arranging the products thematically, improving product presentation through advanced lighting and new merchandising as well as further developing the in-store customer experience through innovation (including implementation of new mobile payment options). According to a recent study conducted by EY-Parthenon, the Histoire d'Or brand is among the top 10 favorite brands in the French retail market. As of September 30, 2023, the Group operated 392 Histoire d'Or stores averaging 86 square meters of sales area. In the financial year ended September 30, 2023, these stores achieved average in-store sales (excluding VAT) per square meter of approximately €13,589 and each store had a product offering of up to 7,000 products with jewelry and watches priced on average at €67 per unit (with a price range of between €15 and €8,590 per unit). Histoire d'Or also sells its product range via its e-commerce website. This channel, which accounted for €46.7 million of the Group's network sales (excluding VAT) in the financial year ended September 30, 2023, builds on Histoire d'Or's extensive store network, relying on it notably for the click-and-collect option, and enhances the accessibility of its product range. Network sales via the Histoire d'Or e-commerce website in France and Belgium increased by 15.6% in the financial year ended September 30, 2023 compared to the 12-month period ended September 30, 2022 (the "**LTM period ended September 30, 2022**"). For the financial year ended September 30, 2023, Histoire d'Or's average customer basket and average selling price in stores were €74 and €55 (excluding VAT), respectively, compared to €85 and €70 (excluding VAT) for e-commerce. As a generalist brand, Histoire d'Or offers a broad selection of precious jewelry, watches and costume jewelry for a wide range of budgets and occasions, at least two-thirds of which is consistently offered over time, including, for example, engagement and wedding rings. These recurring items constitute its traditional base collection. We supplement our traditional base collection with a selection of contemporary items that are renewed on a regular basis, as well as with a few products that we introduce to gauge customer interest.

- ***Marc Orian.*** Our second main brand in France, Marc Orian, accounted for 7.3% of network sales and recorded a gross margin as a percentage of network sales of 69.9% in the financial year ended September 30, 2023. The Marc Orian brand operates via two channels, physical stores and an e-commerce website, each offering the same product range. Marc Orian is an alternative generalist concept to Histoire d'Or, with a slightly more premium positioning, and is characterized by a "black concept" store layout. As of September 30, 2023, we operated 91 Marc Orian stores averaging 85 square meters of sales area. In the financial year ended September 30, 2023, these stores achieved average in-store sales (excluding VAT) per square meter of approximately €8,828 and each store had a product offering of up to 6,000 products with jewelry and watches priced on average at €73 per unit (with a price range of between €15 and €3,990 per unit). Marc Orian also sells its product range via its e-commerce website in France. This channel, which accounted for €2.5 million of the Group's network sales (excluding VAT) in the financial year ended September 30, 2023 is complementary to Marc Orian's extensive store network, offers a comprehensive and accessible click-and-collect option to its customers and enhances the accessibility of its product range. Network sales via the Marc Orian e-commerce website in France increased by 10.9% in the financial year ended September 30, 2023 compared to the LTM period ended September 30, 2022. In the financial year ended September 30, 2023, Marc Orian's average customer basket and average selling price in stores were €82 and €61 (excluding VAT), respectively, compared to €92 and €74 for e-commerce (excluding VAT). As of September 30, 2023, Marc Orian's product offering overlapped with that of Histoire d'Or by approximately 69.0%. The remaining 31.0% of the Marc Orian collection comprised products with a slightly more elevated design. Marc Orian provides us with the opportunity to establish a second presence in shopping centers large enough to accommodate several generalist jewelry stores, thereby capturing a greater share of customers who would otherwise have been lost to our competitors.

- ***TrésOr.*** Our third main brand in France, TrésOr, accounted for 2.4% of network sales and recorded a gross margin as a percentage of network sales of 69.2% in the financial year ended September 30, 2023. The TrésOr brand currently operates only via the physical store channel. TrésOr is positioned as an everyday-low-price, value jewelry retailer, offering up to 5,000 products per store in the financial year ended September 30, 2023, with jewelry and watches priced on average at €38 per unit (with a price range of between €9 and €799 per unit) and very limited in-store services, unlike our generalist brands. Many of the TrésOr stores have benefitted from a refurbishment over the past five years. As of September 30, 2023, we operated 68 TrésOr stores averaging 39 square meters of sales area. In the financial year ended September 30, 2023, these stores achieved average in-store sales (excluding VAT) per square meter of approximately €8,597 with an average customer basket of €44 (excluding VAT). TrésOr's value-oriented product mix comprises low-cost jewelry manufactured by suppliers on the basis of specific orders and leftover inventory or overstock from suppliers or, in the case of watches, from third-party brands. TrésOr provides us with an important complement to our Histoire d'Or and Marc Orian brands, capturing a different customer segment and enabling us to acquire additional market share.

- ***Stroili.*** Our main brand in Italy, Stroili, accounted for 27.1% of network sales and recorded a gross margin as a percentage of network sales of 69.2% in the financial year ended September 30, 2023. The Stroili brand operates via two channels, physical stores and an e-commerce website, each offering the same product range. As a generalist brand, Stroili offers a broad selection of precious jewelry, watches and costume jewelry. As part of its marketing strategy, Stroili's product offering is updated on a regular basis with new or renewed collections to drive sales volumes. According to a 2023 survey report conducted by Kantar, when customers were prompted to identify jewelry retailers, Stroili was mentioned among the leading players in Italy as measured by "Top-of-Mind" or "Spontaneous Awareness." Stroili stores have been characterized by a "contrasting colors" store concept. In 2022, Stroili launched its new store concept. The new concept is very bright, with a central sales counter. In the same year, Stroili also adopted the Group's check-out system and upgraded its e-commerce website. As of September 30, 2023, we operated 340 Stroili stores averaging 81 square meters of sales area and each store had a product offering of up to 10,900 products with jewelry and watches priced on average at €41 per unit (with a price range of between €4 and €26,900 per unit). In the financial year ended September 30, 2023, our Stroli stores achieved average in-store sales (excluding VAT) per square meter of approximately €9,266. Stroili also sells its product range via its e-commerce website in Italy. Stroili's e-commerce website accounted for €7.8 million of the Group's network sales (excluding VAT) in the financial year ended September 30, 2023, which represented an increase of 26.6% compared to the LTM period ended September 30, 2022. In the financial year ended September 30, 2023, Stroili's average customer basket and average selling price in stores were €63 and €50 (excluding VAT), respectively, compared to €67 and €54 for e-commerce (excluding VAT). Substantially all of Stroili's products overlap with Franco Gioielli's, and new products are generally rolled out across both brands at the same time. These regularly updated offerings are in addition to a traditional base collection of more classic products consistently offered over time, including, for example, engagement and wedding rings.

- ***Franco Gioielli.*** Our second main brand in Italy, Franco Gioielli, accounted for 1.8% of network sales and recorded a gross margin as a percentage of network sales of 68.9% in the financial year ended September 30, 2023. The Franco Gioielli brand currently operates only via the physical store channel. Franco Gioielli is an alternative generalist concept to Stroili with slightly more focus on traditional offerings and a very limited offering of fashion products. Franco Gioielli is also characterized by a store layout designed to provide customers with a comfortable and simple shopping environment. As of September 30, 2023, we operated 36 Franco Gioielli stores averaging 74 square meters of sales area and each store had a product offering of up to 9,300 products with jewelry and watches priced on average at €53 per unit (with a price range of between €4 and €14,500 per unit). In the financial year ended September 30, 2023, these stores achieved average in-store sales (excluding VAT) per square meter of approximately €6,431. In the same financial year, Franco Gioielli stores realized an average customer basket of €66 (excluding VAT). Similar to our Marc Orian brand, Franco Gioielli provides us with the opportunity to establish a second presence in shopping centers large enough to accommodate several generalist jewelry stores, thereby capturing a greater share of customers who would otherwise have been lost to our competitors.

- ***OROVIVO.*** Our main brand in Germany, OROVIVO, accounted for 3.2% of network sales and recorded a gross margin as a percentage of network sales of 65.7% in the financial year ended September 30, 2023. Offering affordable jewelry consisting of precious jewelry, costume jewelry and watches, the OROVIVO brand operates via two channels, physical stores and an e-commerce website, each offering the same product range. OROVIVO stores are characterized by a modern, open and elegant store concept reflecting the "modern meets traditional" positioning of the brand. As of September 30, 2023, we operated 54 OROVIVO stores averaging 90 square meters of total sales area and each store had a product offering of up to 4,247 products with jewelry and watches priced on average at €57 per unit (and a price range of between €7 and €5,999 per unit). In the financial year ended September 30, 2023, these stores achieved average in-store sales per square meter (excluding VAT) of approximately €6,278. OROVIVO also sells its products via its e-commerce website in Germany. OROVIVO's e-commerce website accounted for €0.7 million of the Group's network sales (excluding VAT) in the financial year ended September 30, 2023 which represented an increase of 15.0% compared to the LTM period ended September 30, 2022. In the financial year ended September 30, 2023, OROVIVO's average customer basket and average selling price in stores were €78 and €57 (excluding VAT), respectively, compared to €103 and €77 for e-commerce (excluding VAT).

- ***Agatha.*** Our main fashion-oriented brand with a presence in France, Spain and China offering affordable costume jewelry, Agatha, accounted for 3.1% of network sales and recorded a gross margin as a percentage of network sales of 77.3% in the financial year ended September 30, 2023. The Agatha brand operates via four channels: physical stores and corners, e-commerce websites, third-party digital platforms (including TikTok, JD.com and Tmall), and through the Group's wholesale business with independent jewelers, each offering the same product range. The main points of sales for Agatha include corners (37 corners in France and 23 corners in Spain) with smaller selling areas compared to the other brands, while Agatha operated 36 stores. To reinforce the brand repositioning (from an expensive brand to an affordable premium brand), a new Agatha store concept is currently being tested in two stores in France and China. The aim of the new store concept is to bring back the memories of the brand's golden age and the brand codes: Parisian heritage, dark blue, shiny silver and Scottie, the brand icon. As of September 30, 2023, we operated 96 Agatha stores and corners averaging 22 square meters of sales area. In the financial year ended September 30, 2023, these stores achieved average in-store sales (excluding VAT) per square meter of approximately €11,071 and each store had a product offering of up to 784 products with jewelry and watches priced on average between €15 and €250 per unit. Agatha also sells its product range via its e-commerce websites in France and Spain and via third-party digital platforms (including TikTok, J.D.com and Tmall) in China. Agatha's e-commerce network sales amounted to €5.4 million (of which €2.7 million from websites in France and Spain and €2.6 million from third-party digital platforms) in the financial year ended September 30, 2023. In the financial year ended September 30, 2023, Agatha's average customer basket and average selling price in stores were €52 and €38 (excluding VAT), respectively, compared to €55 and €40 for e-commerce (excluding VAT).

Other Businesses

We also operate a wholesale business reselling third-party brand watches and jewelry, as well as a licenses business distributing our own-brand (Stroili, Agatha, Clyda and Scooter) and third-party brand licensed products manufactured by us (including watches and jewelry) to over 3,038 third-party stores located mainly in France, Italy and Spain. We operate these businesses under the name "Timeway". In the financial year ended September 30, 2023, our wholesale activities in France, Italy and Spain generated sales of €9.4 million, €12.1 million and €1.1 million, respectively, and a gross margin of €3.3 million, €3.6 million and €0.7 million, respectively. Timeway operates independently from our retail business, through two wholly-owned subsidiaries, Timeway Italy and Timeway France. We acquired 100.0% of Venson Paris on August 31, 2021, to develop our wholesale activity in France as well as consolidate our wholesale activity on a European scale enabling us to offer direct and more profitable market access through our wholesale network, while also benefiting from our logistics and distribution platform. Timeway distributes watches from third-party brands such as Guess and Tommy Hilfiger (as well as our own-brand watches) and jewelry from third-party brands such as Clio Blue, not only to our own retail business, but also to department stores, retail chains and independent jewelers. Our distribution activities for both our own-brand and third-party brand watches and jewelry are based on exclusive supply agreements which ensure that no other party can sell these brands wholesale in France or in Italy. Other than in certain limited circumstances, buyers cannot return the watches to Timeway if not sold. We believe that Timeway benefits from our familiarity with the French and Italian markets for branded products in terms of understanding the demand dynamics for the third-party brands we supply. Also, because Timeway uses the same logistics and distribution platform we use to distribute products to our own stores, there is less capital expenditure than other activities of the Group because we can rely on our existing infrastructure. While wholesale margins are lower than those of our retail business, cash needs are lower than the retail business due to lower capital expenditure. Complementing our wholesale business, our new licenses business offers own-brand and third-party brand product license opportunities whereby we sell products designed by us (carrying either third-party brands or our own-brands) using our distribution network. Our licenses business has higher gross margins than our wholesale business.

In addition to network sales, we derive further revenue from our gold repurchase and exchange program, through which we repurchase or exchange (for gift vouchers) customers' gold at a discount to prevailing market prices, which we then resell to gold refining and recovery specialists within a short period of time.

Our gold repurchase and exchange program offered through our generalist brands is heavily regulated in both France and Italy, and we are constantly monitoring the regulations relevant to our business to ensure that we are in compliance with the relevant laws and regulations In the financial year ended September 30, 2023, we generated additional sales of €43.2 million from sales of precious metals, €25.4 million of which was generated by Stroili.

We outsource the manufacturing of all our products while retaining the ability (through a contractual right) to exercise quality control, including through regular in-person site visits supported by our purchasing offices in Italy, China, Hong Kong and India or through quality control checks at our central warehouse in Noisy-le-Grand, France. Our quality standards were met by over 98% of parts manufactured. In the financial year ended September 30, 2023, €214.1 million or 61.8% of our supply requirements by value for jewelry and watch products were catered for by 20 suppliers. Our largest jewelry supplier in the financial year ended September 30, 2023 supplied approximately 6.5% of our total purchases by value (*i.e.*, jewelry and watches) during that period, while our largest watches supplier supplied approximately 3.8% of our total purchases by value during that period. Also, we have a just-in-time product management system based in France that is used to manage the supply of all of our products in France, Belgium, Luxembourg and Germany. This system allows us to maintain low inventories, which is complemented by a mature order-and-demand forecasting system that we update on a weekly basis. We are currently implementing the "just-in-time" product management system in Italy which we expect to be completed during 2026.

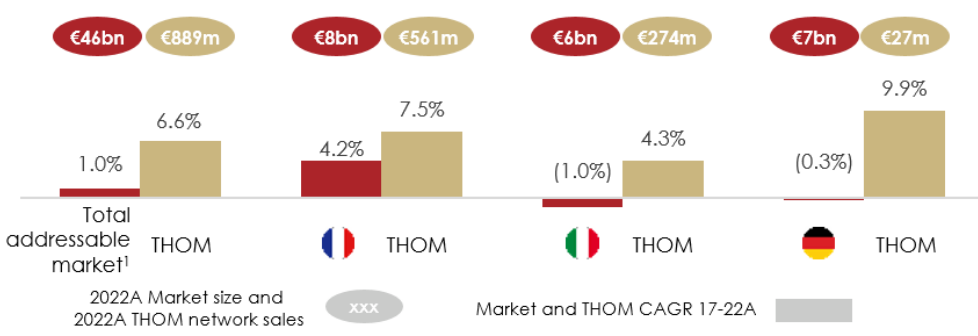
Our Strengths

Undisputed leadership position in Western Europe in a sizeable, growing and historically resilient jewelry & watches market

We are active in the large and fragmented European jewelry and watches market with a proven track record of resiliency. Historically, the Western European jewelry and watches market grew at a CAGR of 1.0% between 2017 and 2022, showing a stable trend and reaching a size of approximately €46.1 billion in 2022, according to Euromonitor. Continuing this trend, the Western European jewelry and watches market is expected to grow to €64.0 billion by 2028, which implies a CAGR of 5.2% between 2023 and 2028, according to Euromonitor.

In Europe, we operate in three of the largest continental jewelry and watches markets (France, Italy and Germany) that accounted for over 45.3% of the total Western European jewelry and watches market, according to Euromonitor. Historically, we believe we have experienced consistently higher CAGR compared to the French, Italian and German markets. Between 2017 and 2022, we grew at a CAGR of 7.5% in France (compared to a CAGR of 4.2% in the French Jewelry and Watches Market), 4.3% in Italy (compared to a CAGR of (1.0%) in the Italian Jewelry and Watches Market) and 9.9% in Germany (compared to a CAGR of (0.3%) in the German Jewelry and Watches Market).

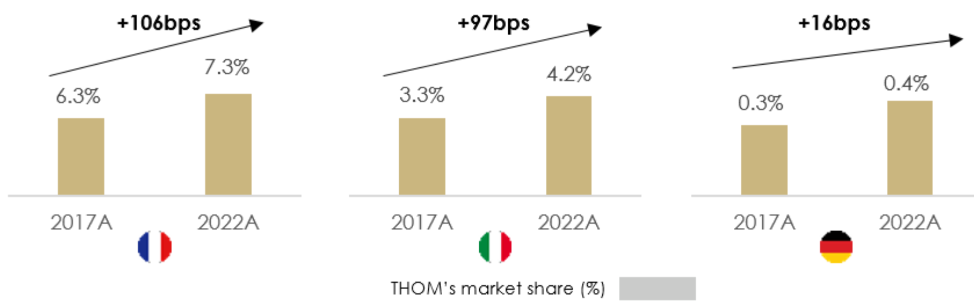
Historical Growth of Jewelry & Watches Market vs. the Group (in € billions and %; 2017-2022)



Source: Company information and Euromonitor
Notes: THOM network sales figures are based on French GAAP excluding customer loyalty program adjustments;
1. Western European Jewellery & Traditional Watches market

Our strong growth has resulted in market share expansion in each of the key markets. In 2022, we estimated our share of the French Jewelry and Watches Market to be approximately 7.3% based on our network sales (up from 6.3% in 2017), implying a 106 basis point increase. We estimated our share of the Italian Jewelry and Watches Market to be approximately 4.2% in 2022 based on our network sales (up from 3.3% in 2017), implying a 97 basis points increase. For the Germany Jewelry and Watches Market, we estimated our share to be approximately 0.4% in 2022 based on our network sales (up from 0.3% in 2017), implying a 16 basis points increase.

The Group's Market Share Evolution in Key Markets (in %; 2017-2022)



Source: Company information and Euromonitor
Notes: THOM network sales figures are based on French GAAP excluding customer loyalty program adjustments

We are a leading European jewelry retailer by number of stores (1,115 as of September 30, 2023) and as measured by sales (with network sales of €966.7 million for the financial year ended September 30, 2023). We also have a strong position in the highly fragmented affordable jewelry sector. In addition, we are the largest multi-country player in the European market, with the majority of our main competitors mostly operating in domestic markets. We are active primarily in France, where we operate 580 directly operated stores and corners, and Italy, where we operate 389 directly operated stores. In our primary markets, we sell products under our leading brands and hold leading market positions among multi-brand generalist jewelry and watches retailers. We are also present in Germany where we operate 54 stores and estimate that we hold the third largest market share, according to company analysis (excluding non-comparable competitors), in Belgium where we operate 25 stores, in Luxembourg where we operate one store, in Spain where we operate 26 stores and in China where we operate two stores.

Portfolio of powerful and complementary brands with a diversified product offering across categories, geographies and purchase occasions

In our primary markets, in France and Italy, we have established ourselves as leaders in the affordable generalist jewelry market. Our three leading generalist brands, Histoire d'Or, Stroili and OROVIVO, are supplemented by our two complementary main brands, Marc Orian and Franco Gioielli. In addition, our brand offerings include TrésOr, a complementary everyday-low-price value brand, and Agatha, our international affordable costume jewelry offering.

According to a recent study tracking consumer expectations and brand awareness conducted by BVA, Histoire d'Or is the leading jewelry retailer in France in 2023 based on "Top-of-Mind" brand awareness and the leading brand in France in 2023 based on attractiveness (calculated as the percentage of the number of in-store visits per consumers showing brand awareness) and conversion rate (calculated as the percentage of customer purchases per in-store visits). During the financial year ended September 30, 2023, we estimate that Histoire d'Or had 50.6 million store visits, 47.6 million website visits and 11.3 million consumers on our CRM database. In addition, based on a 2023 survey report conducted by Kantar, Stroili is one of the leading jewelry retailers in Italy, as measured by "Top-of-Mind" and "Spontaneous Awareness". During the financial year ended September 30, 2023, we estimate that Stroili had 38.1 million in-store visits, 28.7 million website visits and 1.7 million customers on our CRM database.

We believe that our market leadership positions are supported by the following features of our business model:

- **Place**. Large distribution network, comprising 1,077 stores and six e-commerce websites as of September 30, 2023, which are integrated channels.

- **Product**. Extensive product range of approximately 110,680 SKUs ranging across various customer segments.

- **Price**. Affordable product offering, with prices starting at €12 for our gold-based products with a very disciplined discount policy across the Group.

- **Promotion**. We use high quality, targeted promotional activities based on information from our customer database, comprising more than 16.8 million customers.

- **Merchandising.** Strong merchandising know-how, in-store jewelry services and loyalty programs.

- **Communications**. Effective advertising campaigns and strong social media presence with over 3.0 million followers.

- **Store concept**. Distinctive open store concepts, located both in shopping centers and city centers, facilitating individual brand identity. Our retail presence is one of the main points of contact with our customers and a strong tool for promoting brand awareness.

Further, we are able to support our leadership positions by reaching a very broad range of customers through an "all occasions, all budgets" approach and across most age groups. The majority of our network sales are through our Timeless brands (Histoire d'Or, Stroili, OROVIVO, Marc Orian, Franco Gioielli and TrésOr), representing approximately 95.3% of Group network sales (excluding any network sales adjustments from the customer loyalty program) as of September 30, 2023 and consisting primarily of precious jewelry. The precious jewelry market has historically proven to be resilient, with such products being associated with, and purchased for, personal life events (such as weddings, birthdays, religious events and family occasions). Approximately 3.1% of network sales as of September 30, 2023 are through our fashion brands, consisting primarily of costume jewelry, which limits our exposure to a more volatile market, which has higher gross margins but is exposed to fleeting fashion trends. Therefore, we believe we are positioned to capture both impulsive and more classic customers. Furthermore, we have also aimed to limit our dependency on other producers as only 13% of our network sales for generalist brands are from third-party branded products. The approximately 2.0% remaining network sales as of September 30, 2023 are through Timeway.

We believe that our market leadership positions are further supported by the following features of our product offering:

- **Diversified offering**. We offer a full range of affordable precious jewelry products, including 18- and 9-carat gold jewelry, silver products, diamonds, synthetic diamonds and other precious metals. We offer approximately 110,680 SKUs, with approximately 6,017 SKUs per store for our main brands, which results in a diversified and well-balanced offering with the top SKU contributing no more than 0.8% of in-store sales across all geographies as of September 30, 2023.

- **Affordable price**. Affordable product offering, with price points starting at €12 for our gold-based products. We derive most of our sales from low-to-mid-price precious jewelry. We believe that the affordability of our products can serve as a cushion in times of economic downturn and declining customer confidence and spending.

- **Design flexibility**. We believe we are at the forefront of innovation with an approach of matching and supporting customers' purchasing power, including by reconfiguring the composition of our precious jewelry in order to maintain affordability without altering appeal. For example we pioneered a shift from 18-carat to 9-carat gold jewelry and now include synthetic diamonds in our product offerings.

Best-in-class gross margin driven by a business model ensuring flexibility and cost-efficiency

We employ a mixed sourcing strategy, and in the financial year ended September 30, 2023, we fulfilled our purchase requirements for own-branded products (which exclude watches) from Italy (40.2%), France (26.0%) and Asia (31.8%) as a proportion of our total purchases in value. Approximately 61.8% of our products are sourced from our top 20 suppliers.

While our purchasing activities are largely centralized in France and Italy, we have established units in other locations including in China, Hong Kong and India, with the goal of having teams close to production sites to exercise oversight principally over our quality control activities. Such international locations also provide us with the opportunity to participate in jewelry and accessory fairs outside of France and develop long-term relationships with international suppliers. Our sourcing strategy involves negotiations with jewelry suppliers with whom we have developed longstanding relationships, regarding both prices of products purchased and the provision of related services such as the designing, labeling and delivery of products. A goal of our purchasing strategy is to achieve an optimal cost position for the Group.

Another benefit of our longstanding relationships and high flexibility is that we can better ensure our suppliers match our requirements on quality and ESG compliance controls. We carefully select our suppliers and include social and ethical compliance clauses in our contracts with them. In the financial year ended September 30, 2023, 92.5% of our suppliers of own-branded goods were certified by the Responsible Jewellery Council, SMETA 2 pillars or BSCI.

Complementing our sourcing strategy, we benefit from an effective back-office platform as a result of continued focus and investment in our IT and logistics and distribution platforms. In the financial year ended September 30, 2023, we invested a total of approximately €14 million in our IT and logistics and distribution platforms. For example, our inventory management system consists of a large but not deep inventory. Hence, we typically have only one item in stock per store for products with a low turnover rate, with a focus on reactivity and flexibility to enable quick product rotation. The Group has a well-developed forecasting system, updated on a weekly basis, which enables us to carefully assess the expected supply requirements of each of our stores and allocate products to stores based on the probability of sale. Our forecasting and inventory systems are complemented by a "just-in-time" product management system in France, whereby products transit by our logistical platform in France and are dispatched to stores through our automated sorting machine in France, Belgium, Luxembourg and Germany. As a result, the supply requirements of our stores are provided as and when needed, with some stores supplied up to four times per week. We are currently implementing the "just-in-time" product management system in Italy which we expect to be completed during 2026. In addition, as we aim to optimize our inventory management processes and limit associated costs, we do not currently keep inventory in external warehouses outside our stores. We also benefit from the integration between our online platforms and our stores (for instance, the "click-and-collect" and "e-reservation" services and the "store locator" tool on our e-commerce websites). In the financial year ended September 30, 2023, "click-and-collect" represented 32% of e-commerce network sales in France (two-hour "click-and-collect" represented 25% of e-commerce network sales in France in such period).

To limit the Group's exposure to fluctuations in the price of raw materials (mainly through its gold inventory), we deploy an optimized hedging costs strategy according to which we favor stock building of physical gold collected in our stores as opposed to market swaps.

Finally, the Group is in the process of implementing a new warehouse management system across our brands, which we expect will make inventory management more efficient and reliable.

High quality customer experience across channels resulting in high sales densities and conversion rates

We believe that the Group has well-established e-commerce websites operated through a fully-integrated platform, which complement our existing network of stores and enhance the accessibility of our product range. Our e-commerce websites for Marc Orian and Histoire d'Or in France, OROVIVO in Germany, Stroili in Italy and Agatha in Spain and France have all migrated to the Salesforce platform.

As of September 30, 2023, each of our main generalist brands (*i.e.*, Histoire d'Or, Marc Orian, OROVIVO and Stroili) as well as Agatha have an e-commerce website with growing sales year-by-year. As a component of the Group's total network sales of €966.7 million in the financial year ended September 30, 2023, its six main e-commerce websites together generated e-commerce sales of €63.0 million in the same period. We believe that our e-commerce websites provide an opportunity to grow our customer base in areas where we may have fewer stores. Management estimates that new customers accounted for approximately 70% of e-commerce network sales on our Histoire d'Or e-commerce website in the financial year ended September 30, 2023. This digital channel allows the Group to cover territory where the physical network is less dense and offers a wider range than what can be found in stores. It is equally useful for the growing number of customers who research products online before buying them in-store (as of September 30, 2023, 30% of Histoire d'Or's in-store network sales were from people who had researched the products online before buying them in-store). We believe that, in terms of customer experience, the digital channel significantly improves our brands' value propositions by allowing the customers to inform themselves and buy the way they want by finding the same product offer, services and opportunities, regardless of the channel used.

Building upon the know-how acquired since the launch of our Histoire d'Or website in 2013, we expanded our e-commerce platform with the launch of our Marc Orian website in 2016 and the upgrading of our Stroili and OROVIVO websites following the Stroili and OROVIVO acquisitions in 2016. In 2022, we expanded our e-commerce presence with the launch of the Agatha e-commerce websites in France and Spain (following the Agatha acquisition in 2021) and, more recently, we expanded Agatha's online presence with its inclusion on third-party digital platforms such as Tmall, JD.com and TikTok in China. Our Agatha e-commerce websites received an aggregate of approximately 7.7 million new and recurring visitors in the financial year ended September 30, 2023, based on management estimates. Our total e-commerce sales increased from €21.9 million in the financial year ended September 30, 2019 (reported under French GAAP) to €63.0 million in the financial year ended September 30, 2023 (reported under IFRS), representing a CAGR of 30.3%, with e-commerce sales representing 3.1% of the Group's network sales in the financial year ended September 30, 2019 and 6.5% of the Group's network sales in the financial year ended September 30, 2023. We achieved a CAGR of 8.3% of network sales during this same period. We believe that further enhancing the quality of our e-commerce websites, both for desktop and for mobile users, will also help improve the "transformation rate," that is, the transformation of online views by potential customers into actual purchases. In addition, in order to maximize the benefits from the Group's extensive store network, we continuously seek to strengthen the integration between our online platforms and our stores (for instance, by improving the "click-and-collect" and "e-reservation" services and the "store locator" tool on our e-commerce websites), as well as the integration between our stores and online platforms (for instance, by encouraging customers in stores to visit our websites). We believe that this omnichannel approach, which combines our e-commerce capabilities, our high-quality store network and our focus on customer service, allows us to provide customers with a seamless shopping experience.

We believe that we have built a high-quality store network. As of September 30, 2023, we had 1,115 stores, including 580 directly operated stores and corners in France (including one store in Monaco), 389 directly operated stores in Italy, 54 directly operated stores in Germany, 25 directly operated stores in Belgium, one directly operated store in Luxembourg, 26 directly operated stores and corners in Spain and two directly operated stores in China. In addition, we also had 38 stores run by affiliated partners in France. Our stores and corners are primarily located in shopping centers (976 stores, or 90.6% of our total stores, as of September 30, 2023, including 501 stores and 37 corners in France and 348 stores in Italy). We also have 101 stores located in city centers, primarily in large cities (defined as cities with over 100,000 inhabitants). Over time, we have built what we believe to be a store portfolio that covers the most strategic and high-quality locations in shopping centers. These consist primarily of stores located near main entrances and at the intersection of major avenues in the central areas of shopping centers. Our detailed zoning systems within our stores allow us to absorb traffic during peak times and enhance the customer journey. These prime locations are scarce and we believe that our investment in creating a powerful merchandising and clear customer journey, along with the number of years it has taken for us to achieve such positioning suggests that competitors face significant barriers to attaining comparable shopping center presence.

Shopping centers aim to re-create the high street shopping experience. As such, we believe that most of them tend to include jewelry retailers alongside other footfall generators such as apparel or perfumery retailers. We believe that we have developed a strong reputation among shopping center operators for being a resilient and reliable player with modern retail formats and attractive product offerings. We have become an important lessee by number of stores leased for a number of shopping center operators and we believe that as a result, we are considered a "go-to" name for operators selecting retail brands for their premises. We believe that this gives us better visibility on such operators' openings pipeline and early access to the best retail locations, which provides us with a competitive advantage compared to smaller independent players. As a result of the relationships that we have developed over time, we have been successful in securing stores in locations with high customer traffic, providing strong visibility and accessibility for our brands and reducing the need for the Group to incur costs for purposes of enticing customers in the direction of our store locations.

We have a highly motivated and experienced sales force with deep product knowledge and a strong sense of customer service. Our commitment to have well-trained staff is illustrated by our internal management course run by the THOM Academy, which provides sales technique and management training to all levels of our sales force (and is mandatory for all customer service-oriented staff). We have devised customized training sessions for each of our brands and with respect to stores located in city centers to ensure that our staff develops the desired skills set to best serve its customers. In addition, we have specific training for managers, to complement the existing training provided to our staff. In particular, since March 2022, we offer a degree course, the Store Manager Bachelor's degree, to high-potential advisors. The THOM Academy trained more than 5,000 employees in the financial year ended September 30, 2023 and has obtained the Qualiopi certification since March 2022. During the financial year ended September 30, 2023, THOM Academy conducted a total of approximately 58,184 hours of training.

Resilient performance through-the-cycle, combining sales and profitability growth with cash generation

The Group has demonstrated its ability to grow its business, not just in size but also in terms of gross margins and profitability. For the financial year ended September 30, 2019, THOM S.A.S. ("**THOM**") recorded network sales of €703.8 million and had Adjusted EBITDA of €132.9 million, in each case as reported under French GAAP. For the financial year ended September 30, 2023, Goldstory recorded network sales of €966.7 million and had Pre-IFRS 16 Adjusted EBITDA of €203.3 million, in each case as reported under IFRS. IFRS differs in certain respects from French GAAP.

Like-for-like network sales from the financial year ended September 30, 2019 through the financial year ended September 30, 2023 increased 27.1%, representing a CAGR of 6.2% (for purposes of this sentence, like-for-like network sales is determined by excluding network sales from our affiliated partners, our wholesale business, the Agatha business and any directly operated stores / brands that opened or closed during the period from the beginning of the financial year ended September 30, 2019 through the end of the financial year ended September 30, 2023, as well as any network sales adjustments from the customer loyalty program).

The following table sets forth the revenue, network sales and gross margin of THOM for the financial years ended September 30, 2017 through 2021 and of Goldstory for the LTM period ended September 30, 2022 and the financial year ended September 30, 2023.

In €m (except %)	**Financial year ended September 30, 2017(1)**	**Financial year ended September 30, 2018(1)**	**Financial year ended September 30, 2019(1)**	**Financial year ended September 30, 2020(1)**	**Financial year ended September 30, 2021(1)**	**LTM period ended September 30, 2022(2)**	**Financial year ended September 30, 2023(2)**
Revenue	697.4	711.6	737.1	669.7	711.0	932.4	1,011.8
of which Network Sales	*644.3*	*672.7*	*703.8*	*637.3*	*676.5*	*884.9*	*966.7*

Gross Margin	443.6	471.6	495.3	452.6	470.0	616.2	668.0
Gross Margin as a % of Networks Sales	68.9%	70.1%	70.4%	71.0%	69.5%	69.6%	69.1%

(1) Revenue, network sales and gross margin of THOM in each case as reported under French GAAP.
(2) Revenue, network sales and gross margin of Goldstory in each case as reported under IFRS.

In line with our business model, we have generally sought to reduce and target our promotional activities and discounts, limit our dependency on third-party products and maintain efficient cost management.

Reinforced commitment to promote a responsible and ethical development

The Group has been committed to developing our corporate social responsibility for many years. In 2023, the Group launched the WeTHOM Responsible Development Plan (Horizon 2028) bringing together all of our CSR initiatives into one coordinated approach. Our WeTHOM Responsible Development Plan prioritizes, among other things, offering sustainable products and minimizing our climate impact by developing a responsible model. For example, to reduce our environmental impact, we have taken steps to improve the sustainability of our products (including by reusing faulty or unsold products as well as offering shopping bags and packaging that are recyclable) and reduce the energy consumption of our points of sale (including by switching to energy-efficient lighting). 100% of our shopping bags and paper boxes are recyclable. In addition, by 2030, we aim to increase the share of recycled gold in our jewelry, and we are in the process of developing a second-hand product offering. Furthermore, we expect that 100% of our new and renovated stores will conform to "eco-design" criteria.

We take an active role in monitoring compliance with environmental, social and health and safety standards (including working conditions) and our teams close to production sites are able to conduct on-site audits. We prioritize the traceability of our raw materials, and we believe all of our diamond suppliers are committed to the Kimberley Process.

Also as part of our WeTHOM Responsible Development Plan, we prioritize employee development and safety at work. We remain firmly committed to a range of social, economic and environmental issues while putting into practice the five major values that bind the Group: high expectations, commitment, team spirit, simplicity and boldness. In June 2022, the Group created the Disabilities Mission, showing the Group's commitment to maintaining employment, recruiting, training, and integrating people with disabilities. Our ambition includes having over 6% of the Group's employees with a disability, and 90% of the Group's employees having indicated that they are happy to work at the Group.

A total of 20 projects have been launched under the WeTHOM Responsible Development Plan. Each project has a separate action plan, governance resources allocated and monitoring indicators to enable the Group to achieve its targets. The Group has put in place a robust governance structure to manage its CSR strategy. A CSR committee, composed of our Chairman, Chief Executive Officer and Chief Financial Officer, has been implemented in order to ensure that CSR is effectively integrated into the Group's strategy and overseen at the highest level. The CSR committee meets on a quarterly basis.

On May 19, 2021, we won a prize at the Leaders of Human Capital Awards and, in July 2022, we launched the WeTHOM@Work project to gain a better understanding of the expectations and needs of our employees working at our Paris headquarters in order to improve our employee experience and enhance productivity. The project was subsequently expanded to also include our offices in Milan and Hong Kong. Among other resolutions, we adopted new workspace layouts, we updated and extended our remote working policy and we set up a flex-office. Building on this success, the Group is planning to launch WeTHOM@Store, a project aimed at optimizing the experience of our employees working in our stores located in France, Italy and Germany by changing store working conditions in order to improve the well-being of our employees and maintain their loyalty to the Group.

In November 2021, we launched the THOMtogether Employee Shareholding Fund (the "**FCPE**") in which each employee, with a seniority of more than three months, can invest in the Group. The Group has offered to contribute to employees' investments up to a gross amount of €300 per employee. The FCPE allowed 400 of the Group's employees to become indirect shareholders. The second operation launched in May 2023 and was a success, with a total of 1,234 employees (equal to 19.91% of all employees) becoming indirect shareholders of the Group, with an average investment of €996.

Highly experienced management team with proven track record

We have an experienced and proven senior management team with in-depth knowledge of the retail industry, particularly in the jewelry and watches markets. Our team is led by:

- Romain Peninque, who has served as Group President since October 1, 2020, after having most recently served as Chief Executive Officer of the Group. He joined Histoire d'Or in 2004.
- Flavien d'Audiffret, who was appointed Group Chief Executive Officer on November 21, 2023, after having most recently served as Group General Manager Europe. He joined the Group in 2020.

Mr. Peninque and Mr. d'Audiffret are supported in their duties by the considerable expertise of other members of our management team, including Cyrille Palitzyne, our Group Chief Financial Officer, who joined the Group in 2017 and Aurélien Sénéchal, our Group Chief Operating Officer, who joined the Group in 2021. Cyrille Palitzyne will step down as Group Chief Financial Officer with effect from October 1, 2024 (but will remain the Group Chief Financial Officer until his departure). Kévin Aubert, who joined the Group in 2017 and has been the Chief Financial Officer of the Group's French and Benelux operations since 2020, has been appointed as the deputy Group Chief Financial Officer. It is expected that Mr. Aubert will be appointed as the Group Chief Financial Officer upon Mr. Palitzyne's departure.

This senior management team is supported by a talented team of second-line managers. Each of the Group's brands is headed by a general manager with significant experience in the retail industry.

Since 2010, our management team has delivered strong results that have repeatedly outperformed the market, developed successful innovative initiatives and expanded the Group's network from 507 stores as of October 1, 2010 to 1,077 stores as of September 30, 2023. Our management team has also further developed the Group's wholesale business since 2018, by building upon Stroili's experience. This has been achieved in the context of the complex integration of two significant acquisitions: first, the integration of Histoire d'Or and Marc Orian from 2010 and, second, the integration of Stroili Group from 2016. The integration of Stroili Group has involved the implementation of various measures to improve operational efficiency and realize synergies with respect to: (i) the alignment of our purchasing strategy and terms, (ii) improved purchasing scale and (iii) the rationalization of certain central functions. More recently, the Group also acquired Agatha and Venson Paris (presently Timeway France), both in 2021. The integration of Agatha has primarily involved oversight of its business plan and brand revival strategy as well as support from Group functions such as IT, logistics and real estate. Given its distinct features, however, the Agatha brand functions more independently from the Group than the other brands. The integration of Venson Paris also involved the implementation of various measures to improve operational efficiency and realize synergies, in particular, with Timeway Italy. We believe that the expertise and experience of our management team will underpin the continued development of our business.

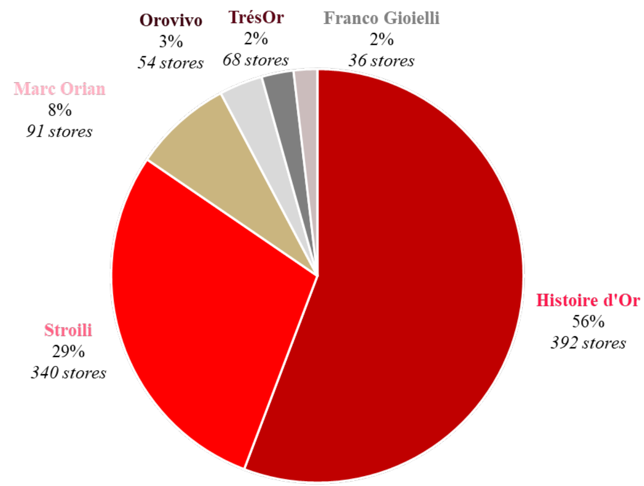
Members of our management currently collectively hold, directly or indirectly, a 21.9% equity interest in the Group and, to provide additional incentives to deliver a strong performance, are expected to participate in the Group's future long-term incentive plan pursuant to which participants may be awarded cash based on performance.

Our Strategy

Focus on the organic growth of our Timeless business unit

Our Timeless business unit gathers our six historic brands in France, Belgium, Luxembourg, Italy and Germany (Histoire d'Or, Stroili, OROVIVO, Marc Orian, Franco Gioielli and TrésOr). In the financial year ended September 30, 2023, the Timeless business unit represented 95.3% of Group network sales (excluding any network sales adjustments from the customer loyalty program) with 981 points of sales as of September

30, 2023. The chart below presents the sales and store distribution by brand as and for the financial year ended September 30, 2023:



Our growth strategy for our Timeless business unit is to accelerate the strengthening of our historic brands into destination brands with a strong local presence through organic growth. The Timeless business unit maintains a leading position in the precious jewelry market, which has demonstrated resilience and high barriers to entry for our competitors. However, such market also has lower gross margins and limited international growth potential.

We aim to strengthen our leadership positions in France and Italy and to seize organic growth opportunities for OROVIVO in Germany. We will also aim to drive organic growth of our Timeless business unit by (i) continuing to create desirable collections for our Timeless brands (Histoire d'Or, Stroili, OROVIVO, Marc Orian, Franco Gioielli and TrésOr) while remaining in our current market price range, (ii) improving the attractiveness and efficiency of our points of sales (both online and in our stores) (*e.g.*, the roll out of Stroili's new store concept in Italy and the upgrade of its e-commerce website) and (iii) driving traffic and customer engagement through digital marketing investments.

While the Group's strategy in the financial year ended September 30, 2023 had been to limit price increases to increase volume growth, we have in parallel tested targeted price increases, specifically in the Belgian market. Based on the positive results in Belgium, we plan to progressively implement price increases in France in waves throughout the financial year ending September 30, 2024 that are projected to fully materialize in the financial year ending September 30, 2025.

Additionally, we intend to expand our Timeless business unit into the accessible luxury market segment (with average prices greater than €1,000 per unit), which segment currently is not addressed by our Timeless brands that primarily target a mass-market clientele. To facilitate this expansion, we intend to acquire smaller companies that will complement our existing portfolio. We expect to target profitable, small companies that we believe have a proven business model and a path for growth with lower levels of risk.

We also intend to continue focusing on our customer experience across all channels, reinforcing our client services and increasing our customer base and its loyalty, by making further investments in (i) omnichannel innovations (*e.g.,* the centralization of our repair workshops, which we expect to reduce delays and improve service; the roll out in our stores of smartphones with the ability to process sales transactions, which we expect to increase the speed of the transactions; and dedicated spaces for wedding-related products and ear piercings in our new store concepts at Stroili and Histoire d'Or) and (ii) the effectiveness of our salesforce.

Moreover, we are focused on developing our new affiliated partner model to expand our network while limiting costs.

Continue our targeted development of our Fashion and Licenses business units

Our Fashion business unit includes costume jewelry brands, such as the Agatha brand (acquired in 2021) and (the much smaller) Be Maad brand (acquired in 2023), which we believe have international growth potential. Although the Be Maad brand mainly operates in France, it is also sold in around 30 countries across Europe, Asia and North America. In particular, Be Maad is currently sold in five cities in the United States and we are exploring the further expansion of Be Maad in the U.S. market through targeted partnerships with retailers. In the financial year ended September 30, 2023, the Fashion business unit represented 3.1% of Group network sales with 96 points of sales in France, Spain and China as of September 30, 2023. Our growth strategy is to capture the potential of the Fashion business unit through a buy-and-build approach.

We believe there is potential for additional growth in our Fashion business unit, which represented only 3.1% of the Group's total network sales for the financial year ended September 30, 2023. The Fashion business unit operates primarily within the costume jewelry market, which has higher gross margins and greater international growth potential than the precious jewelry market. However, compared to the precious jewelry market, the costume jewelry market is also more volatile as it is subject to changing fashion trends and more vulnerable to new market entrants. Sales of costume jewelry have shown a solid increase in France in recent years and such sales are expected to continue to expand according to Euromonitor. In the financial year ended September 30, 2023, costume jewelry represented €299.2 million of the Group's network sales compared to €482.8 million of network sales for precious jewelry over the same period. To capitalize on the advantages of the costume jewelry market, we intend to continue growing our Fashion business unit, with a particular focus on international expansion. However, to limit our exposure to changing fashion trends, we intend to grow our Fashion business unit primarily through a buy-and-build approach, ensuring a diversified portfolio of Fashion brands (for example, our recent acquisition of Be Maad), and completing such portfolio through targeted acquisitions.

Our Licenses business unit covers our wholesale activity and, more recently, we have supplemented this business to include a licenses offering to capitalize on our wholesale distribution network. Through this offering, we seek to sell products designed by us (carrying either third-party brands or our own-brands) using our distribution network. These activities benefit from our distribution network in Europe, which includes our directly operated stores, affiliated partner stores and partnerships with independent retailers.

Our Licenses business unit includes our wholesale activity, Timeway (operating through our subsidiaries, Timeway France and Timeway Italy) and our licenses activity through which we offer both own-branded and third-party product licence opportunities through our large retail network. Most recently, we acquired the Scooter and Clyda brands in 2022. We continue to expand our licenses offering through which we design and manufacture products under either our own brands (Stroili, Agatha, Clyda and Scooter) or third-party brands to be sold via our distribution network. In the financial year ended September 30, 2023, the Licenses business unit represented 2.0% of Group network sales. Our growth strategies is to develop our Licenses business unit through the support of our distribution platform. The Group's current Licenses business unit represented 2% of the Group's network sales for the financial year ended September 30, 2023 compared to 2.1% in the LTM period ended September 30, 2022. The Group's network sales from our wholesale activity increased by 4% in the financial year ended September 30, 2023 compared to the LTM period ended September 30, 2022 and we believe there is still strong growth potential for this activity (including through the development of our licenses offering) which we expect will successfully complement our other two business units. To build on our existing wholesale activities, we will seek to grow our licenses offering (focusing on both third-party and own-branded product licence opportunities) which has higher gross margins than our wholesale activities. We believe that our licenses offering will benefit from our distribution network, including our own stores, affiliated and independent retailers. We expect that our distribution network will allow us to have an excellent overview of the watch and jewelry market, to work with the biggest watch and jewelry brands that have reached critical scale, and to fine-tune our supplies. Our distribution network will also serve as an accelerator for our brands. For example, our distribution subsidiaries have been able to distribute the Agatha and Stroili brands by supplying their wide network of points of sales. We seek to continue expanding our distribution network, including through acquisitions (for example, our recent acquisition of the Scooter and Clyda brands).

Accelerate the development of strong omnichannel and complementary brands across Europe and beyond

Driven by our mission to make jewelry affordable to all, we will aim to accelerate the continued development of a portfolio of strong omnichannel and complementary brands.

We operate a leading jewelry and watches retail chain by number of stores in our principal markets of France and Italy, as well as in Belgium. We also have operations in Germany, Luxembourg, Spain and China. Based on estimates by Euromonitor, the jewelry and watches market sizes of France, Italy and Germany, which are the three largest European continental markets and represented approximately 45.3% of the Western European Jewelry and Watches European Market (as a percentage of total retail value) in 2022, are expected to grow at a CAGR of 3.1%, 3.2% and 3.4%, respectively, between 2023 and 2028.

Our priority is to strengthen our leadership position in France and Italy. However, we also believe that we are well-positioned to consolidate the highly fragmented European market and further develop our international footprint outside of European markets, potentially entering new countries when strategic opportunities arise. In general, we initially access new geographical markets through the acquisition and conversion of existing jewelry retail businesses.

In addition, all our brands, each of which we position as a reference for choice and affordability, are promoted through stores and e-commerce websites with jewelry product lines that have a wide price range. In the financial year ended September 30, 2023 our French stores outperformed the market with average in-store sales (excluding VAT) per square meter of approximately €14,219. In terms of our e-commerce channel, our e-commerce websites received an aggregate of approximately 88.4 million new and recurring visitors in the financial year ended September 30, 2023, based on management estimates. The integration between our various channels into an omnichannel platform has supported our growth in terms of number of visitors and conversion rate.

We intend to continue delivering: (i) attractive omnichannel propositions, (ii) a wide range of own-branded products, (iii) digital media investments and (iv) an effective sales force.

- **Attractive omnichannel propositions**. We will seek to enhance the customer experience, both on our online platforms and in our stores, through new store concepts as well as seamless payment and delivery services (for example, by strengthening the "click-and-collect" and "e-reservation" services and developing additional payment solutions). We believe that reinforcing our omnichannel model and optimizing the customer experience will help support brand positioning.

- **Wide range of own-branded products**. We will seek to continue developing our offering of own-branded products and limit our dependency on third-party brands. For example, we launched own-branded watches for men (Artick) and for children (Upp) to gain market share in the watch market. Stroili also accelerated the development of its private label, Stroili Jewels and Watches, which is also sold through its own wholesale business to independent jewelers and retail chains. Stroili is currently ranked among the leading jewels' brands in Italy, as measured by spontaneous brand awareness and "Top of Mind" based on a 2023 survey report conducted by Kantar.

- **Digital media investments**. To increase brand and product awareness, we intend to prioritize investments in digital media campaigns (such as social networks and media and CRM programs). We believe that improving the brand awareness of our brands will help us recruit new customers and raise the frequency of customers' visits to our stores. We intend to continue updating our CRM program to enable us to take better advantage of customer information to enhance the customer experience, our customer relationships and the efficiency of our sales force.

- **Effective sales force**. We will seek to increase our sales force's effectiveness through further development of our talent detection programs and sales assistant training programs, which are provided through the THOM Academy (both virtually and in-person). In particular, we intend to offer THOM Academy programs in each of the European geographies in which we operate.

Engaging in new growth initiatives, including the development of our affiliated partner model

Our strong omnichannel brands, supported by an integrated back-office platform, have led to the emergence of new growth initiatives. Our expansion strategy is currently focused on expanding through the development of our affiliated partner model, the increase of our footprint in mid-sized city centers and medium-sized shopping malls and further development of our wholesale business.

The launch of our affiliated partner model in 2016 was successful, resulting in an increase of our sales and gross margin, and a decrease in direct and indirect costs. The affiliated partner model is particularly attractive for our business, as it allows for the expansion of our network with limited fixed costs, as the stores are owned by our affiliated partners. Since 2016, we have continued to test the historical affiliated partner model by opening new affiliated partner stores in city centers and shopping centers and converting existing independent jewelers into affiliated partner stores.

As of September 30, 2023, there were 37 Histoire d'Or stores and one Marc Orian store operating under our affiliated partner model. In 2023, to continue to drive growth, the Group began phasing out its historical affiliated partner model and started to phase in its new affiliated partner model. Under the historical affiliated partner model, (i) we have limited control over how much stock is purchased from us by affiliated partners and their pricing decisions (including with respect to promotional sales), as they own the inventory; (ii) the affiliated partners enter into the leases for the stores; and (iii) we are paid a commission by the affiliated partner on sales of our products. Under the new affiliated partners model, (i) we have more control in respect of how much inventory our affiliated partner stores carry, as we will own the inventory, which allows us to optimize inventory management across our network; (ii) we have clear guidelines regarding the prices of our products and services in order to protect our brands and maintain a consistent brand image; and (iii) we pay the affiliated partners a commission on sales of our products. In addition, in order to further accelerate the development of our affiliated partners network, we now fully integrate the affiliated partners within our back-office organization.

We opened our first Histoire d'Or affiliated store under the new model in Alès, France, in April 2023. As of September 30, 2023, of our 38 affiliated partner stores, two stores operated under the new affiliated partner model and 36 under the historical affiliated partner model. As of December 31, 2023, we had 41 affiliated partner stores, eight of which operated under the new affiliated partner model and 33 of which were operated under the historical affiliated partner model. The six additional affiliated partner stores operating under the new model as of December 31, 2023 as compared to September 30,2 2023 resulted from three conversions of stores that were operated under the historical affiliate partner model, one conversion of a directly operated store to a store operated under the new affiliated partner model and three new openings of affiliated partners. In connection with the conversion of the remaining stores operating under our historical affiliated partner stores to the new affiliated partner model, we plan to buy back our inventory from the affiliated partners operating these stores during the financial year ending September 30, 2024. We intend to further develop our network of affiliated partner stores under our new model, with the aim of expanding our network of affiliated partner stores and launching the new model in Italy in the medium term.

Further improve operational efficiency through back-office investments

We believe that a strong back office platform (including IT, purchasing and supply chain) is fundamental to operational efficiency and profitability in the retail industry. At the Group level, our back office is used as an integrated services center for all our brands that can utilize these capabilities at a country level, which we believe leads to lower working capital and higher gross margins. As such, we intend to take steps to further consolidate all our back-office platforms in order to enhance our performance and generate synergies and cost efficiencies.

We expect the continued consolidation of our back-office platform to include further integration of each of the following:

- **IT Systems.** Our core IT applications include primarily packaged solutions as well as systems developed in-house. Over the next several years, we intend to further enhance our IT infrastructure to support our growth. We are continuing to work on the migration of our enterprise resource planning (ERP) to Systems Applications and Products (SAP) in France, Italy and the Rest of the World, with completion expected by 2026. We recently completed the migration of our e-commerce websites (Histoire d'Or, Marc Orian, OROVIVO, Stroili and Agatha) to a new Salesforce platform. In France, the coverage of the Warehouse Management System, currently focused on e-commerce flows only, will, with the arrival of SAP in 2025, be expanded to include the entire distribution scope (particularly in retail). The Warehouse Management System is currently being deployed in Italy, with a view to go-live in June 2024.

- **Purchasing**. While purchasing activities are largely centralized in France and Italy, we have also developed purchasing offices in other locations including in China, Hong Kong and India, with the aim of having teams close to production sites in order to monitor quality control activities and also facilitate pricing negotiations. Product quality has always been among our top priorities and will be a clear focus over the next few years.

- **Supply Chain**. Our supply chain is based on a "just-in-time" product management system that relies on a central logistics platform located in France and which is in charge of the supply in France, Germany, Belgium, Luxembourg and Spain. Our effective inventory management system and our optimized supply chain allow us to provide the supply requirements of our stores as and when needed, with some stores supplied up to four times per week. We do not currently keep inventory in external warehouses outside our stores. For physical stores and e-commerce sales in Italy, our logistical platform stores products and supplies them on demand. We are currently implementing the "just-in-time" product management system in Italy which we expect to be completed during 2026.

Promote responsible, ethical and sustainable development of our business through our ESG roadmap

As part of the Group's commitment to developing its corporate social responsibility and improving our ESG performance, we launched the WeTHOM Responsible Development Plan (Horizon 2028) in 2023, bringing together all of the CSR initiatives into one coordinated approach.

Through targets set out in our WeTHOM Responsible Development Plan, we intend to continue to (i) work towards achieving greater employee satisfaction, (ii) develop a more responsible business model and (iii) offer more sustainable products.

- **Achieving greater employee satisfaction**. We will seek to achieve a gender equality index score of 100 by 2028.

- **Develop a more responsible business model**. Our aim is for all of our suppliers to be RJC certified and committed to reducing their own GHG emissions and other waste by 2028. Further, we have committed to work towards achieving a 30 – 40% reduction in our own GHG emissions linked to transport or on-site energy consumption by 2028.

- **Offer more sustainable products**. We will seek to ensure that all of our jewelry is made using 100% recycled gold by 2030.

The Group's Business

History

We were initially created from the integration of the Histoire d'Or and the Marc Orian businesses following the acquisition of Histoire d'Or Europe S.A.S. and Financière MO Holding S.A.S. ("**FMOH**") by THOM Group (formerly Thom Europe S.A.S.) on October 14, 2010. The transaction resulted in the combination of the two leading players in the French jewelry and watches market at the time, which contributed complementary store footprints to us.

Since 2010, we have rationalized our brand footprint in France, positioning Histoire d'Or as our main generalist brand, Marc Orian as an alternative generalist brand to Histoire d'Or with a slightly more premium positioning and TrésOr as an everyday-low-price, value proposition. We have upgraded and converted the business model and brand positioning of all our stores as part of the integration of the former FMOH group (which we now consider to be complete), and have streamlined our operations and combined central functions to create operational synergies. We increased our number of stores from 507 stores as of October 1, 2010 to 1,077 stores as of September 30, 2023, including through additional acquisitions.

While we have focused on solidifying our leading position by number of stores in France, we have also entered other European markets. Notably, we opened our first stores in Portugal, Italy, Belgium and the Netherlands during the financial years ended September 30, 2006, 2007, 2008 and 2015, respectively. We closed our two stores in Portugal in September 2014 and our only store in the Netherlands in July 2017.

On October 13, 2016, we significantly increased our presence in Italy through the acquisition of Stroili Oro S.p.A., a leading Italian jewelry and watches retail chain, which added the Stroili and the Franco Gioielli brands to our business and combined two leading companies in the affordable jewelry market in France and Italy. On October 17, 2016, we acquired OROVIVO, a jewelry and watches retail chain in Germany, adding the OROVIVO brand to our business and expanding into the German market. In 2017, we made two small acquisitions: a 12 store jewelry and watches retail chain in France formerly operated under the "Piery" brand on February 17, 2017, and a 29 store jewelry and watches retail chain in Italy formerly operated under the "E'Oro" brand on March 31, 2017 (both of which were subsequently absorbed into, and are now covered under, existing brands).

In addition, we launched our Histoire d'Or e-commerce website in France in April 2013, which we extended to Belgium in October 2015, and launched our Marc Orian e-commerce website in France in September 2016. Since the closing of the Stroili Acquisition in 2016, we have also operated the Stroili e-commerce website which launched in June 2013. Also, since our acquisition of OROVIVO, we have also operated the OROVIVO e-commerce website, which launched in July 2016. We recently completed the migration of all these e-commerce websites to a new Salesforce platform.

In the first quarter of 2018, the "Shine 2020" project was launched to migrate our enterprise resource planning (ERP) system to Systems Applications and Products (SAP) and overhaul our IT architecture. The initial phase of the migration was successfully implemented in Germany on October 1, 2020. We expect to complete the installation of our upgraded SAP system in Germany in the first half of 2024. We are continuing to work on the migration in France, Italy and the Rest of the World, with completion expected by 2026. We have invested a significant amount of resources in connection with this migration and the management of SAP is done in-house.

On February 26, 2021, we acquired the jewelry brand Agatha in a 50/50 joint venture with the Renaissance Luxury Group. This joint venture was not consolidated in our financial statements for the 20-month period ended September 30, 2022, as the results of Agatha were not significant compared to the Group's results in the period, and the delay in obtaining Agatha's financial statements. On December 16, 2022, we purchased the remaining 50% shares of Agatha from Renaissance Luxury Group. The Group consolidated Agatha in the consolidated financial statements with effect from October 1, 2022.

On June 11, 2021, we acquired 65% of the start-up Popsell, a social selling platform, to open a new sales channel for the Group that combines the best of e-commerce with the best of stores. The service allows customers to choose a sales advisor from a selection of profiles displayed on the website of Histoire d'Or, to assist them and advise them on their purchase whether they come into the store or browse the website.

On August 31, 2021, we acquired 100% of Venson Paris (presently Timeway France) in order to develop our wholesale activity in France. This acquisition consolidated our wholesale activity (which was only in Italy (Timeway Italy) prior to this acquisition) on a European scale enabling us to offer third-party brands a direct and more profitable access to the market by benefiting from our supply chain.

In December 2022, as part of our licenses activity, we acquired the Scooter and Clyda brands to further develop our license activity offering, leveraging our significant distribution network (including our own stores, affiliated partner stores and independent retailers) to attract third-party brands to grant us licenses to sell their products (as well as our own-brand products).

On September 29, 2023, we acquired 51% of Be Maad. On January 12, 2024, we purchased an additional 24% of Be Maad.

The table below illustrates a few key dates for our business (including events that precede our creation).

1981	Creation of the Histoire d'Or Group
1986	Creation of the Marc Orian Group
1992	Acquisition of the Codhor Group
1998	Acquisition of Pop Bijoux stores
2001	Launch of the "red concept"
2006	Acquisition of Verlor stores
2007	Acquisition of the Charles d'Orville Group
2008	Acquisition of Histoire d'Or Belgium
2010	Acquisition of Marc Orian and creation of THOM Europe
2013	Launch of e-commerce platform for Histoire d'Or
2013	Launch of TrésOr in France
2016	Launch of e-commerce platform for Marc Orian
2016	Acquisition of Stroili and Franco Gioielli in Italy and OROVIVO in Germany
2016	Upgrade of e-commerce platform of Stroili upon acquisition of Stroili
2019	Migration of Marc Orian e-commerce platform to Salesforce
2020	Migration of Histoire d'Or e-commerce platform to Salesforce
2020	Migration of OROVIVO to SAP
2021	Migration of OROVIVO e-commerce platform to Salesforce
2021	Acquisition of Agatha in partnership with Renaissance Luxury Group
2021	Acquisition of Popsell (social selling platform)
2021	Launch of wholesale activity in Italy and acquisition of Venson Paris (presently Timeway France) in France to create Timeway
2022	Purchase of the remaining 50% shares of Agatha from Renaissance Luxury Group
2022	Acquisition of Scooter and Clyda brands in France
2023	Migration of Stroili and Agatha e-commerce platform to Salesforce

2023 Acquisition of Be Maad in France

Brands and Products

We sell our products through seven distinct main brands: Histoire d'Or, Marc Orian, TrésOr, Stroili, Franco Gioielli, OROVIVO and Agatha. Histoire d'Or, Marc Orian, Stroili, Franco Gioielli and OROVIVO are generalist brands positioned within the affordable precious jewelry and watches market segment, while TrésOr lies within the everyday-low-price, costume jewelry and watches segment, anchored in a distinct "value concept". Agatha is our international costume jewelry brand with a fashion-oriented positioning. As of September 30, 2023, over 91% of our stores across our generalist and TrésOr brands were located in shopping centers, the majority of which we believe were strategically positioned to capture customer flows, near entrances and at the intersection of major avenues in central areas of the shopping centers.

Additionally, we are now operating six e-commerce platforms in France, Italy, Germany, Belgium and Spain. These e-commerce platforms are integrated with our extensive store network, and rely on it notably for the "click-and-collect" and "e-reservation" services and "store locator" tool in France and Germany. We believe that our e-commerce channel enhances the accessibility of our product range.

The Group applies a national same-price policy for each of our brands throughout France and Italy, respectively, regardless of the location or sales channel.

Our Histoire d'Or, Marc Orian, Stroili, Franco Gioielli and OROVIVO brands are generalist jewelry retailers offering a broad selection of own-branded precious jewelry, watches and costume jewelry designed and manufactured by third-party suppliers based on our specifications. At least two-thirds of our products are consistently offered over time and constitute our base collection, for example, engagement and wedding rings. We supplement our traditional base collection with a selection of contemporary items that are renewed on a more regular basis as well as with a few products that we introduce to gauge customer interest. We continuously monitor our product portfolio's performance and invest considerable effort in ensuring that the proportion of our product portfolio that is intended to be contemporary does meet prevailing customer preferences. We believe that the risk of fast-changing customer preferences is further mitigated by our ability to return a limited part of the unsold stock to suppliers, subject to certain agreed caps, as part of our commercial agreements with them.

In addition, our generalist brands offer a range of third-party branded watches, including brands such as Boss, Cluse, Diesel, Festina, Fossil, Guess and Tommy Hilfiger. Network sales of watches accounted for 13.7% of network sales in the financial year ended September 30, 2023. While we intend to continue to offer a selection of watches to our customers to support traffic into our stores and to cater to all of our customers' needs pertaining to jewelry and watches, we do not currently envisage altering our product mix in-store to increase the proportion accounted for by watches as they have historically yielded lower gross margins compared to our jewelry items.

Our broad product offering is complemented by a full array of related services, including but not limited to cleaning of jewelry, resizing, replacing of closures, replacing of batteries, personalizing and engraving of jewelry, rethreading of necklaces, rhodium plating and crimping.

Histoire d'Or

Number of Stores and Performance

Histoire d'Or is our main brand with network sales amounting to €512.7 million, or 53.0% of our network sales, and a gross margin as a percentage of network sales of 69.6%, in the financial year ended September 30, 2023. The Histoire d'Or brand operates via two channels, physical stores and corners and an e-commerce website, each offering the same product range. Of the €512.7 million network sales in the financial year ended September 30, 2023, 89% came from our stores and 9% from our e-commerce website. As of September 30, 2023, we operated 429 Histoire d'Or stores (of which 37 were operated by affiliated partner stores), including 392 stores in France, 13 stores in Italy, 23 stores in Belgium and one store in Luxembourg. As of the same date, over 91% of Histoire d'Or stores in France were located in shopping centers and 9% of stores were located in city centers, mainly in large cities (defined as cities with over 100,000 inhabitants). Our Histoire d'Or stores have on average a sales area of 86 square meters and recorded average in-store sales per square meter (excluding VAT) of approximately €13,589 in the financial year ended September 30, 2023.

Store Format

Histoire d'Or stores have been characterized by a "red concept" layout, with a red color coding throughout the store, including red carpeted flooring, grey painted walls and subtle lighting. Another distinctive aspect of the stores is their open character (that is, the absence of closed doors at the entrance of the stores), reflecting our commitment to the democratization of purchases of precious jewelry.

In September 2022, Histoire d'Or unveiled its new visual identity and communication campaign and in 2023, we made improvements to the store concept for Histoire d'Or, modernizing it, while ensuring that its costs allow us to quickly modernize our entire network of stores. The modernized concept seeks to enhance the brand's image and visual identity by arranging the products thematically, improving product presentation through advanced lighting and new merchandising as well as to further developing the in-store customer experience through innovation (including implementation of new mobile payment options).

Collection

Histoire d'Or, as a generalist brand, offers a broad selection of precious jewelry, watches and costume jewelry for all budgets and occasions, complemented by a full array of related services. In the financial year ended September 30, 2023, as a percentage of network sales (excluding wholesale and sales to affiliated partners), Histoire d'Or's collections comprised approximately 55.2% gold jewelry, 28.4% silver and gold-plated jewelry, 13.7% watches and 2.8% of other material-based jewelry. In the financial year ended September 30, 2023, Histoire d'Or had a product offering of up to 16,000 products with jewelry and watches priced on average at €67 per unit (with a price range between €15 and €8,590 per unit). In the financial year ended September 30, 2023, Histoire d'Or's average customer basket and average selling price were respectively €74 and €55 (excluding VAT) in stores compared to €85 and €70 for the e-commerce (excluding VAT). Histoire d'Or's generalist products are sold by customer service-oriented staff, trained at the internal THOM Academy, which trains most of our customer service-oriented staff for all our brands. We offer various value-added services to our customers, including customization of jewelry (such as engravings) and the possibility of using deferred payment plans in France and Italy.

Marc Orian

Number of Stores and Performance

Marc Orian is our second main brand in France, with network sales amounting to €70.8 million, or 7.3%, of our network sales, and a gross margin as a percentage of network sales of 69.9%, in the financial year ended September 30, 2023. The Marc Orian brand operates via two channels, physical stores and an e-commerce website, each offering the same product range. Of the €70.8 million network sales in the financial year ended September 30, 2023, 96% came from our stores and 3% from our e-commerce website. As of September 30, 2023, we operated 91 Marc Orian stores, including 89 stores in France and two stores in Belgium. As of September 30, 2023, all of Marc Orian stores in France (except for one) were located in shopping centers. Marc Orian is positioned as a leading retail concept after Histoire d'Or in the affordable precious jewelry segment. Our Marc Orian stores have an average sales area of 85 square meters and recorded average in-store sales per square meter (excluding VAT) of approximately €8,828 in the financial year ended September 30, 2023.

Store Format

As part of our acquisition of Histoire d'Or and Marc Orian in 2010, we have repositioned the Marc Orian brand as an alternative generalist concept to Histoire d'Or, with a slight premium edge. We have done so by creating distinctive store formats and layouts despite the partial overlap of Marc Orian's product mix with Histoire d'Or's product mix, which stood at approximately 69% of product overlap as of September 30,

2023. Our expansion strategy for Marc Orian stores is premised on opening stores in shopping centers where we have a Histoire d'Or store and which are large enough to accommodate several generalist jewelry stores, thereby enabling us to capture a greater share of customers who would otherwise have been lost to competitors. Marc Orian stores have a distinctive shiny black color coding with contemporary designs. The stores are slightly smaller than Histoire d'Or stores.

Collection

Marc Orian, our second generalist jewelry retailer in France, also offers customers a wide collection of own-branded precious jewelry and watches. As of September 30, 2023, the approximately 31% of Marc Orian's collection that did not overlap with Histoire d'Or's product range consisted mostly of jewelry items with a premium touch. In the financial year ended September 30, 2023, Marc Orian had a product offering of up to 14,000 products with jewelry and watches priced on average at €73 per unit (with a price range between €15 and €3,990 per unit). In the financial year ended September 30, 2023, Marc Orian's average customer basket and average selling price in stores were €82 and €61 (excluding VAT), respectively, compared to €92 and €74 for e-commerce (excluding VAT).

TrésOr

Number of Stores and Performance

TrésOr is our third main brand in France, with network sales amounting to €23.0 million, or 2.4% of our network sales, and a gross margin as a percentage of network sales of 69.2%, in the financial year ended September 30, 2023. TrésOr currently only operates through the physical store channel. As of September 30, 2023, we operated 68 TrésOr stores in France. All TrésOr stores are located in medium to very large shopping centers where one or both of Histoire d'Or or Marc Orian stores are already present. Our TrésOr stores have on average a sales area of 39 square meters and recorded average in-store sales per square meter (excluding VAT) of approximately €8,597 in the financial year ended September 30, 2023.

Store Format

Many of our TrésOr stores have benefitted from a refurbishment over the past five years in order to ensure that such stores present a homogenous store concept, which is in line with TrésOr being a lifestyle brand with collectible products. TrésOr stores offer a slightly less premium range of in-store products, smaller selling areas and more limited services as compared to our two other main brands, as customers tend to make purchases more quickly and with less help from sales associates in light of the lower prices of TrésOr's products.

Collection

The Group positioned the brand as a retailer offering primarily everyday-low-price, entry-level 'value' jewelry starting in the fall of 2012. In the financial year ended September 30, 2023, each of the TrésOr stores had a product offering of up to 5,500 products priced on average at €38 per unit (with a price range between €9 and €799 per unit). In the financial year ended September 30, 2023, TrésOr stores realized an average customer basket of €44 (excluding VAT). Like our generalist brands, TrésOr makes limited use of discounts.

We believe that the Group's TrésOr brand enables us to take advantage of an underserved segment of the jewelry and watches market, namely everyday-low-price quality precious and costume jewelry. At the same time, we believe that this positioning results in minimal cannibalization with our other brands insofar as it captures a different market segment. TrésOr's value-oriented product mix comprises low-cost jewelry manufactured by suppliers based on specific orders and unsold inventory or overstock from suppliers or, in the case of watches, from third-party brands.

TrésOr offers a variety of precious jewelry, made of cheaper metals and differing compositions, hence sold at a lower price point. Silver and gold-plated jewelry represented approximately 55.6% of TrésOr's in-store sales by value during the financial year ended September 30, 2023. We believe that there is an increasing demand for such products, particularly in the current economic environment where some customers express greater price sensitivity.

Stroili

Number of Stores and Performance

Stroili is our main brand in Italy with network sales amounting to €262.1 million, or 27.1% of our network sales, and a gross margin as a percentage of network sales of 69.2% in the financial year ended September 30, 2023. The Stroili brand operates via two channels, physical stores and an e-commerce website, each offering the same range of products. Of the €262.1 million network sales in the financial year ended September 30, 2023, 97% came from our stores and 3% from our e-commerce website. As of September 30, 2023, we operated 340 Stroili stores in Italy, 88% of which were located in shopping centers (299 stores) and 12% stores were located in city centers (41 stores). Stroili stores have on average a sales area of 81 square meters, and recorded average in-store sales per square meter (excluding VAT) of approximately €9,266 in the financial year ended September 30, 2023.

Store Format

Stroili stores have been characterized by a "contrasting colors" store concept, combined with sparkling and gold-finished furniture consistent with its positioning as a premium brand. Another distinctive aspect of Stroili stores located in shopping malls is their open character (that is, the absence of closed doors at the entrance of the stores), reflecting our commitment to the democratization of purchases of precious jewelry. In 2022, Stroili launched its new store concept and began the gradual roll-out of this new store concept throughout Italy. The new concept is very bright, with a central sales counter that makes circulation in the store easier and allows sales teams to provide customers with a better sales experience. In the same year, Stroili also upgraded its e-commerce website.

Collection

Stroili, as a generalist brand, offers a broad selection of own-brand precious jewelry, watches and costume jewelry for all budgets and occasions, complemented by an array of related services. Its product offering is updated on a regular basis with new or renewed collections to drive sales volumes. As of September 30, 2023, substantially all of Stroili's product offering overlapped with that of Franco Gioielli's, and new products are generally rolled out at the same time across both brands. In the financial year ended September 30, 2023, as a percentage of network sales (excluding wholesale and sales to affiliated partners), Stroili's collections comprised approximately 51.3% gold jewelry, 32.0% silver and gold-plated jewelry, 13.7% watches and 3.1% of other material-based jewelry. In the financial year ended September 30, 2023, Stroili had a product offering of up to 46,723 products with jewelry and watches priced on average at €41 per unit (with a price range between €4 and €26,900 per unit). In the financial year ended September 30, 2023, Stroili's average customer basket and average selling price in stores were €63 and €50 (excluding VAT), respectively, compared to €67 and €54 for e-commerce (excluding VAT). Stroili's generalist products are sold by customer service-oriented staff, most of whom have been trained at our internal THOM Academy in Italy. Stroili offers various value-added services to its customers, including customization of jewelry (such as engravings) and the possibility of using deferred payment plans in a few of our stores in Italy.

Franco Gioielli

Number of Stores and Performance

Franco Gioielli is the Group's second main brand in Italy, with network sales amounting to €17.1 million, or 1.8% of our network sales, and a gross margin as a percentage of network sales of 68.9% in the financial year ended September 30, 2023. Franco Gioielli currently only operates through the physical store channel. As of September 30, 2023, we operated 36 Franco Gioielli stores in Italy, all of which are located in shopping centers. Franco Gioielli stores have on average a sales area of 74 square meters, and recorded an average in-store sales per square meter (excluding VAT) of approximately €6,431 in the financial year ended September 30, 2023.

Store Format

We have positioned our Franco Gioielli brand as an alternative generalist concept to Stroili, with a slightly more traditional branding. We have done so by creating distinctive store formats and layouts despite the near-complete overlap of Franco Gioielli's product mix with Stroili's product mix. Franco Gioielli stores are characterized by a traditional "clear" store concept combined with pale brown color coding, light and warm wood and golden surfaces. The stores are slightly smaller than Stroili stores. Our expansion strategy for Franco Gioielli stores is premised on opening stores in shopping centers where we have a Stroili store and which are large enough to accommodate several generalist jewelry stores, thereby enabling us to capture a greater share of customers who would otherwise have been lost to competitors.

Collection

Franco Gioielli also offers customers a wide collection of own-brand precious jewelry. As of September 30, 2023, substantially all of Franco Gioielli's product offering overlapped with that of Stroili, with a focus on a more traditional branding but a more limited offering of fashion products. New products are generally rolled out at the same time across both Stroili and Franco Gioielli brands. Although we may experience limited cannibalization between Franco Gioielli and Stroili as a result of the overlap in product offering, we believe that presence of both a Stroili store and a Franco Gioielli store in large shopping centers allows us to capture a greater share of the market. In the financial year ended September 30, 2023, Franco Gioielli had a product offering of up to 20,211 products with jewelry and watches priced on average at €53 per unit (with a price range between €4 and €14,500 per unit). In the financial year ended September 30, 2023, Franco Gioielli stores realized an average customer basket of €66 (excluding VAT).

OROVIVO

Number of Stores and Performance

OROVIVO is the Group's main brand in Germany and recorded network sales of €31.4 million, or 3.2% of our network sales, and a gross margin as a percentage of network sales of 65.7% in the financial year ended September 30, 2023. The OROVIVO brand operates via two channels, physical stores and an e-commerce website, each offering the same product range. Of the €31.4 million in network sales in the financial year ended September 30, 2023, 98% came from our stores and 2% from our e-commerce website. As of September 30, 2023, we operated 54 OROVIVO stores in Germany, all of which are located in shopping centers. OROVIVO stores have on average a sales area of 90 square meters, and recorded an average in-store sales per square meter (excluding VAT) of approximately €6,278 in the financial year ended September 30, 2023.

Store Format

OROVIVO has a concept designed to reflect the positioning of the brand as "modern meets traditional", focusing on the modernity, openness and accessibility, which are our key values. This concept is realized through the stores' open and classic grey layout.

Collection

As a generalist brand of affordable jewelry, OROVIVO stores offer a selection of approximately 3,100 products consisting of precious jewelry, costume jewelry and watches that accounted respectively for approximately 34%, 46% and 20% of the offer in number of SKUs (as of September 30, 2023). In the financial year ended September 30, 2023, as a percentage of network sales (excluding wholesale and sales to affiliated partners), OROVIVO's collections comprised approximately 51.3% gold jewelry, 27.1% silver and gold-plated jewelry, 21.1% watches and 0.5% of other material-based jewelry. Approximately 11% of the offering is renewed every year to adapt to the changes in the market. In the financial year ended September 30, 2023, OROVIVO had a product offering of up to 4,200 products with jewelry and watches priced on average at €57 per unit (with a price range between €7 and €5,999 per unit). In the financial year ended September 30, 2023, Stroili's average customer basket and average selling price in stores were €78 and €57 (excluding VAT), respectively, compared to €103 and €77 for e-commerce (excluding VAT).

Agatha

Number of Stores and Performance

Agatha is our international costume jewelry brand with a fashion-oriented positioning. In the financial year ended September 30, 2023, Agatha had network sales of €30.0 million, or 3.1% of our network sales, and a gross margin as a percentage of network sales of 77.3%, in the financial year ended September 30, 2023. The Agatha brand operates via four channels: physical stores and corners, e-commerce websites, third-party digital platforms in China (TikTok, Tmall and JD.com), and through our wholesale business with independent jewelers, each offering the same product range. Of the €30.0 million in network sales in the financial year ended September 30, 2023, 77% was realized via our stores and corners, 9% via our e-commerce websites, 9% via third-party digital platforms and 5% via wholesale business. As of September 30, 2023, we operated 96 Agatha stores and corners, including 68 stores in France, 26 stores and corners in Spain and two stores in China. As of the same date, over 82% of Agatha stores and corners in France were in shopping centers and 18% were in city centers, mainly in large cities, including 10% in Paris. Agatha stores and corners have on average a sales area of 22 square meters, and recorded an average in-store sales per square meter (excluding VAT) of approximately €11,071 for the financial year ended September 30, 2023.

Following the Group's acquisition of Agatha, we have streamlined the business and pursued both recovery and growth-oriented activities. For example, we have aligned the retail strategy with that of our Timeless brands and have incorporated all back-office functions into the Group's existing structure. We also launched a store refurbishment program, while also accelerating the development of Agatha's e-commerce sales channel.

Store Format

Agatha has a concept designed to reflect the positioning of the brand as an "accessible premium brand". To reinforce the brand repositioning (from an expensive brand to an affordable premium brand), the new Agatha store concept, which is currently being tested in two stores in France and China, is characterized by its shades of blue throughout the store and its "home style" design with wooden floors, marble and high-quality lighting.

Collection

In January 2023, Agatha launched its new brand platform and a new communication campaign. In the financial year ended September 30, 2023, as a percentage of network sales (excluding affiliates), Agatha's collections comprised approximately 99% of silver and gold-plated jewelry and 1% of precious jewelry. In the financial year ended September 30, 2023, Agatha had a product offering of up to 3,998 products with jewelry and watches priced on average between €15 and €250 per unit. In the financial year ended September 30, 2023, Agatha's average customer basket and average selling price in stores were €52 and €38 (excluding VAT), respectively, compared to €55 and €40 for e-commerce (excluding VAT).

Other Businesses

We also operate a wholesale business, via Timeway (and Agatha), in France, Spain and Italy, reselling third-party branded watches and jewelry (*e.g.*, Guess Watches, Guess Jewellery, GC, Calvin Klein, Ti Sento, Bering, Rebel & Rose, PD Paola, Rosefield, Tommy Hilfiger, Alviero Martini, etc.) to over 3,038 third-party stores in Europe (including our own brands). This activity successfully complements our core business. It allows us to have an overview of the watch market, to work with large watch brands that have reached critical scale, and to fine-tune our supplies. It also serves as an accelerator for our brands. In 2023, the Group's distribution subsidiaries also distribute the Agatha brand through our wide network of points of sales. In the financial year ended September 30, 2023, our wholesale activities in France, Italy and Spain generated sales of €22.8 million and a gross margin of €7.7 million. Timeway operates through our subsidiaries Timeway Italy and Timeway France and distributes third-party products not only to our retail business, but also to department stores, retail chains and independent jewelers. We believe that Timeway benefits from our familiarity with brand demand in the Italian and French markets from our own retail activities in terms of understanding demand for the third-party brands we supply. Also, because Timeway uses the same logistics and distribution platform we use to distribute to our own stores, there is no need to invest in new infrastructure.

Additional Information for our Timeless Brands

In the financial year ended September 30, 2023, our jewelry across our six main Timeless brands included necklaces, rings, earrings, watches, bracelets and other jewelry items as illustrated in the chart below:

	Share of		Average[1]
Products	**Value**	**Volume**	**Price (€)**
Necklaces	25.1%	18.4%	75
Rings	20.7%	10.0%	114
Earrings	21.0%	23.7%	49
Watches	13.8%	9.2%	83
Bracelets	17.1%	19.3%	49
Other	2.3%	19.5%	6
Share of sales	**100%**	**100%**	**-**

(1) Average purchase price paid based on actual transactions (including VAT).

In the financial year ended September 30, 2023, our network sales by brand and their respective breakdown between the total in-store and corners sales and e-commerce sales were as follows:

	Sales (in millions €)			Network Sales
Brand	**Stores**	**E-commerce**	**Other Channels[1]**	**Total**
Histoire d'Or	457.3	46.7	8.7	512.7
Stroili	254.3	7.8	-	262.1
Marc Orian	68.2	2.5	0.1	70.8
Franco Gioielli	17.1	-	-	17.1
TrésOr	23.0	-	-	23.0
OROVIVO	30.7	0.7	-	31.4
Agatha	23.2	5.4	1.4	30.0
Other[2]	1.6	-	21.6	23.2
Customer loyalty program adjustment	-	-	(3.5)	(3.5)
Total Group	**875.3**	**63.0**	**28.4**	**966.7**

(1) Network sales attributed to affiliated partners, our wholesale business and projects.
(2) Network sales recorded under "Other" include network sales of Smizze, one of the Group's smaller brands.

In the financial year ended September 30, 2023, on a like-for-like basis, our network sales by brand and their respective breakdown between the total in-store and corners sales and e-commerce sales were as follows:

	Sales (in millions €)	Network Sales

Brand	Stores	E-commerce	Other Channels[(1)]	Total
Histoire d'Or	454.1	46.7	0.1	500.8
Stroili	245.8	7.8	-	253.5
Marc Orian	67.7	2.5	-	70.2
Franco Gioielli	17.0	-	0.1	17.1
TrésOr	20.9	-	-	20.9
OROVIVO	28.0	0.7	-	28.7
Sales on a like-for-like basis	**833.4**	**57.7**	**0.2**	**891.2**
Change in perimeter	41.9	5.4	28.4	75.5
Total Group	**875.3**	**63.0**	**28.4**	**966.7**

(1) Sales attributed to affiliated partners, our wholesale business and projects.

Gold Repurchase and Exchange Program

Over the years, we have developed a gold repurchase and exchange program at Histoire d'Or and Marc Orian stores as well as at Stroili and Franco Gioielli stores in Italy and OROVIVO in Germany, whereby we acquire a customer's gold upon provision of the relevant documentation and after completion of an authenticity test. Our gold repurchase and exchange program is heavily regulated in both France and Italy, and we are constantly monitoring the regulations relevant to our business to ensure that we are in compliance with the law. We buy gold from customers at a discount of approximately 45% to the prevailing market price if customers request a check or wire transfer. Alternatively, we acquire gold at a lower discount of approximately 33% to the prevailing market price if customers accept a gift voucher in exchange for their gold (the discount is lower but it allows us to achieve an additional margin on the product purchased with this gift voucher). A high proportion of gift vouchers issued in exchange for customers' gold are used immediately upon issuance in our stores. We record these uses of our gift vouchers as network sales. In the financial year ended September 30, 2023, sales of precious metals generated an additional €43.2 million of revenue, €25.4 million of which was generated by Stroili.

Deferred Payment Plans

In line with our dedication to making precious jewelry more affordable, we have put in place deferred payment plans for our Histoire d'Or and Stroili customers in France and in Italy, which enable them to purchase jewelry and pay for it in three or four equal installments, each spread over two or three months, respectively. Our deferred payment plans apply to purchases that are under €2,000 and over €100 for those set up in three equal installments and under €2,000 and over €150 for those comprising four equal installments. All of our deferred payment plans are currently outsourced to external lending institutions, which bear the risk of customer default. In addition, we are currently testing a deferred payment plan in Italy (in our Histoire D'Or stores) with the customer credit company Cofidis as provider. We are planning to deploy similar deferred payment plans across our network through a selection of banks, with the support of Redbridge, a financial management company. Redbridge is in charge of handling the optimization of the bank commissions paid in connection with our customer credit services.

Geographical Footprint

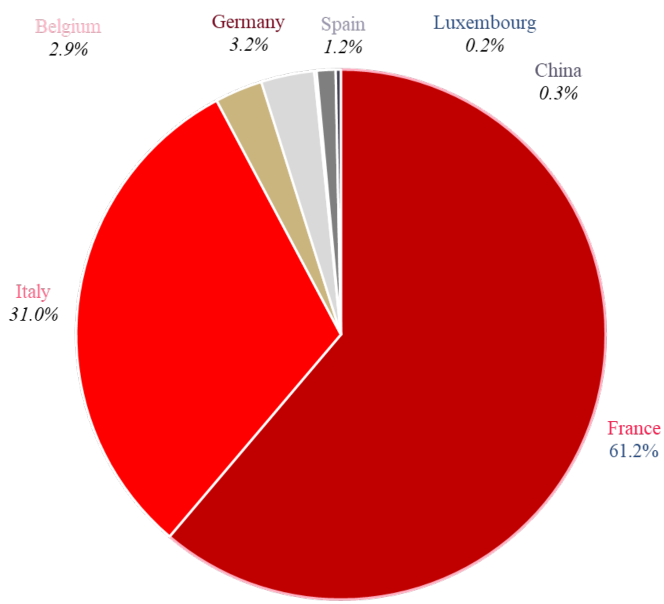
As of September 30, 2023, the Group had 1,121 points of sale (including partners) across seven countries. We are active primarily in France and Italy, where we hold a leading market position in each market. Of the Group's 1,121 points of sale, 1,017 were directly operated-stores, 38 were affiliated partner stores, 60 were corners in department stores with the remainder being six e-commerce platforms (including directly operated-websites and online marketplaces).

The table below shows the number of the Group's points of sale by brand and by country as of September 30, 2023:

	France	Belgium	Luxembourg	Italy	Germany	Spain	China	Total
Directly operated stores	543	25	1	389	54	3	2	1,017
Affiliated partner stores	38	-	-	-	-	-	-	38
Corners	37	-	-	-	-	23	-	60
Directly operated websites	3	-	-	1	1	1	-	6
Total	621	25	1	390	55	27	2	1,121

In the financial year ended September 30, 2023, 61.2% of our network sales were generated in France, 31.0% in Italy, 3.2% in Germany, 2.9% in Belgium, 0.2% in Luxembourg, 1.2% in Spain and 0.3% in China, with e-commerce sales accounting for 6.5% of our network sales.

The following chart presents the breakdown by geography of the Group's network sales for the financial year ended September 30, 2023 :



Our priority is to strengthen our leadership position in France and Italy. However, we believe that we are well positioned to consolidate the highly fragmented European market and further develop our international footprint outside of European markets, potentially entering new countries when strategic opportunities arise. In general, we initially access new geographical markets through the acquisition and conversion of existing jewelry retail businesses. We believe that our business model, largely based on rented stores, has allowed for a disciplined and profitable expansion of our network historically while preserving the scalability and flexibility of our operations, and our e-commerce platforms have successfully enabled us to reduce our capital expenditure by closing less profitable stores while increasing our customer base. Our Group headquarters are in France, and we also have local headquarters in Italy and Germany.

Supply Chain

Sourcing

We employ a mixed sourcing strategy, fulfilling our purchase requirements for own-branded products based on the know-how and expertise of each region. In the financial year ended September 30, 2023, 67.7% of our purchase requirements by value of own-branded goods came from Europe (including 40.2% from Italy and 26.0% from France) and 31.8% from Asia (including 22.5% from China and Hong Kong and 9.0% from India). We are currently working on our future sourcing strategy to improve security and responsiveness, while maintaining quality and compliance controls and the best value for money for our customers. Our purchases of own-branded products amounted to approximatively €282.3 million in the financial year ended September 30, 2023.

Following the consolidation of our supplier base from 2018 to 2020, in the financial year ended September 30, 2023, approximately €214.1 million or 61.8% of our total supply requirements by value were catered for by 20 suppliers. We do not believe that we are dependent on any one supplier or that the loss of any one supplier would have a material adverse effect on our business and we consider that we enjoy considerable flexibility in shifting from one supplier to another. In the financial year ended September 30, 2023, our largest jewelry supplier supplied approximately 6.5% of our total purchases by value in that period, while our largest watches supplier supplied approximately 3.8% of our total purchases by value in that period.

While purchasing activities are largely centralized in France and Italy, we have developed purchasing offices in other locations including in China, Hong Kong and India, with the goal of having teams close to production sites to exercise oversight principally over our quality and compliance control activities through regular quality audits on site and to work directly with suppliers. Historically, the percentage of defective products we have received from suppliers has been low. When the Group identifies a defective product prior to delivery to our central warehouse, we demand reimbursement from suppliers. However, the Group bears the cost of any customer returns of defective products. Product quality has always been among our top priorities and will remain a focus over the next few years. It is a very sensitive issue for our customers, who are now increasingly concerned about the life span of the products that they buy. We must therefore ensure the robustness of our products especially by defining standards that meet expectations and making sure that our suppliers respect them.

Over time, we have also developed a mature sourcing strategy, involving negotiations with suppliers regarding both prices of products purchased and the provision of related services such as the labeling and delivery of products, with the aim of achieving an optimal cost position for us. With each of our suppliers, we sign a yearly contract that details our specifications and requirements in terms of product quality, product delivery, terms of payment, end-of-year discounts, returns of unsold products to the supplier and ethics.

We purchase customized products largely by adapting suppliers' existing products to suit our specific requirements and criteria, including carat weight, weight and design.

Since 2018, the Group prioritized suppliers who have been awarded certifications from the Responsible Jewellery Council ("**RJC**"), Sedex Members Ethical Trade Audit ("**SMETA**") or Business Social Compliance Initiative ("**BSCI**"). The Group audits 99% of its suppliers to ensure that the Group's quality standards are respected and as of September 30, 2023, 92.5% of its purchases of own-branded goods are covered by world class certifications (of which 72.2% were certified RJC, 15.5% were certified SMETA 2 pillars and 4.8% were certified BSCI).

Distribution

We believe we benefit from an effective inventory management system consisting of a large but not deep inventory. Hence, we typically have only one item in stock per store for products with a low turnover rate. We believe we have a well-developed forecasting system, updated on a weekly basis, which enables us to assess the expected supply requirements of each of our stores. In complement of our forecasting and inventory systems, in France, Germany, Belgium and Luxembourg, products ordered for the physical stores transit by the logistical platform in France and are dispatched into stores through our sorting machine.

Our French-based logistics platform is in charge of the supply of France, Germany, Belgium, Luxembourg and Spain. The logistics platform is equipped with a sorting machine, which allows us to implement our "just-in-time" product management for those countries. The sorting machine is able to scan inventory inbounds on an item-by-item basis and allocates products to each store to optimize procurement flows. We believe that this system, which became operational in April 2015, has helped to improve our labor productivity and profit margins and gives us more flexibility to support our development in the future, as we believe we can increase the sorting machine's capacity at limited additional cost.

In Italy, our platform is based on a system that requires stores to order their stocks in advance based on a sales forecast and store them in a central warehouse until they are shipped locally to each store. We are currently implementing the "just-in-time" product management system in Italy which is expected to be completed during 2026, where upon the supply requirements of our stores will be provided each week.

Each of our French and Italian platforms logistically supports both physical stores and our e-commerce channels. In e-commerce where availability is key, we use a "make-to-stock replenishment" method based on sales forecasts in order to build a safety stock in the warehouse. Products are stored at the logistical platform and after each online order, products are sent to customers or to our physical stores in the case of our "click-and-collect" or "e-reservations" services. The e-commerce stock in our stores generally allows us to offer "click-and-collect" in two hours. The stock of products for the e-commerce business is also available for our physical stores in order to supply mainly rings of unusual size or products that are not in the range of the store.

Our distribution platforms and suppliers are centrally monitored via two main distribution centers in France and Italy, enabling us to coordinate purchases and deliveries to our stores. External suppliers provide ancillary distribution services with deliveries directly to stores.

We also benefit from a stock segmentation strategy which is intended to maximize product availability to top sellers.

Merchandising and Sales Force

We consider that the Group possesses a strong merchandising know-how, which drove average in-store sales per square meter of €13,589 (excluding VAT) for Histoire d'Or and €9,266 (excluding VAT) for Stroili in the financial year ended September 30, 2023. We usually adopt a detailed zoning system within our stores with specifically dedicated areas for gold, pearls and precious stones. This zoning system aims to enhance customers' shopping experience by creating clearly defined mini-universes while enabling customers to go directly to any given zone without having to spend time navigating through the full collection. We also continuously update our window displays to ensure that customers are kept informed about new pieces of jewelry that feature in the collection.

We intend to continue delivering attractive retail propositions to our customers, including through the broadening of our own-branded collections. We also aim to maintain our position as a reference for modernity, choice, style and affordability by seeking to keep abreast of customers' tastes and preferences, for example through enhanced store concepts currently under review and through an upgrade of the CRM system, which seeks to collect information about customers' product preferences, purchase history and personal information to support our targeted communication campaigns, in line with GDPR and other relevant regulations.

We offer a wide array of in-store jewelry services and update them to respond to customers' expectations. We have 39 workshops that carry out services such as customization, repair, transformation and refinement, as of September 30, 2023. In stores, we have dedicated spaces for services (piercing, jewelry and watch care, etc.) in order to optimize customer care. For piercings, we have provided our stores with ergonomic chairs and trained our teams to offer services. To simplify and accelerate the customer experience, we have also digitalized certain of our store operations (such as checkout, payment and order pickup). The COVID-19 pandemic required us to quickly equip our stores with mobile phones to carry out operations such as pre-checkout and order delivery without having to go through checkout desks. As of September 30, 2023, 85% of our stores in France were equipped with such services. Our priority now is to complete these mobile services by implementing a payment function.

We seek to foster customer loyalty through our loyalty programs. We issue brand-specific loyalty cards which cannot be used interchangeably across our six main brands. For example, Histoire d'Or provides its customers with a loyalty card upon their first purchase and a discount voucher equal to 10% of their purchases after they purchase five products within five years of receiving the loyalty card (whether in a single purchase or in multiple purchases at different times). In addition, Stroili provides its customers with a discount voucher equal to 10% of their purchases after three visits where purchases are made. In the financial year ended September 30, 2023, we issued approximately 3.5 million cards collectively for our six Timeless brands, including two million cards for Histoire d'Or as well as 0.2 million cards for our Fashion brands (mainly on Agatha). In the financial year ended September 30, 2023, 90% of purchases by value by Histoire d'Or customers (as a percentage of network sales) were attached to a loyalty card, either existing or issued at the time of purchase. Based on historical data, we expect an average of approximately 29% of Histoire d'Or customers who are issued a loyalty card to purchase the five products that are necessary to be awarded a gift voucher within five years of issuance. At the time of the redemption of their gift vouchers, customers typically immediately use the vouchers to buy additional items in store. We aim to continue to strengthen the Group's customer loyalty and to capitalize on the knowledge we have acquired about our customers over time.

Our expertise in merchandizing techniques is further reinforced by our selling agents' deep product knowledge, and strong sense of customer service. Our commitment to having the best-trained staff is illustrated by our internal THOM Academy, which provides sales technique and management training to all levels of our sales force. We have devised customized training sessions for each of our brands and with respect to stores located in city centers to ensure that our staff develops the desired skill set to best serve our customers. In addition, we have specific training for managers, to complement the existing training provided to our staff.

Since May 2022 and with the acquisition of Popsell in 2021 (of which 65% was acquired by the Group), we have developed the social selling Ambassad'Or service for Histoire d'Or, which uses the platform developed by Popsell, and allows customers to choose a sales advisor from a selection of profiles displayed on the brand's website, to assist them and advise them on their purchase both online and in-store. We believe that the Ambassad'Or service is opening a new sales channel for the Group by combining the best of e-commerce with the best of stores.

Sales Channels

Shopping centers

Our stores are primarily located in shopping centers (916 stores, or 85% of our total stores, as of September 30, 2023, including 501 stores in France, 348 in Italy, 39 in Germany, 24 in Belgium, one in Luxembourg, one in Spain and two in China).

We have successfully positioned ourselves over the years, in particular after the Stroili Acquisition, as the leading jewelry retailer in French and Italian shopping centers, with approximately 86% of our stores in France and approximately 90% of our stores in Italy located in shopping centers as of September 30, 2023. We intend to further expand our presence in medium-size shopping centers.

City centers

As of September 30, 2023, we have 101 stores located in city centers, primarily in large cities (including three stores in Paris and three stores in Rome). Although we have positioned ourselves as the leading jeweler located in shopping centers, we believe that we can rely on our brand recognition and reputation for choice, quality, service and accessibility to further penetrate city centers.

Historically, the jewelry and watch market has predominantly been controlled by small, independent jewelers, with retail chains having limited presence. Independent jewelers, primarily situated in city centers, represent more than half of the total market value for jewelry, according to our estimates. Given their higher pricing, lower profit margins, and increased vulnerability to fluctuations in gold prices (due to a greater share of 18-carat products and limited hedging capabilities), independent jewelers are more acutely affected by a decline in consumption, which represents an opportunity for us. This potential allows us to capture market share, particularly in city centers. This can be achieved through the opening of new city center stores or by collaborating with and converting independent jewelers into affiliated partner stores.

We believe that we can successfully adopt the expansion model embraced by several leading apparel and perfume retailers, as well as a few of our competitors, to establish a high performing network of stores located both in shopping centers and city centers, furthering our goal of increasing our footprint in all strategic locations and of being as close as possible to our customers.

To date, our stores located in city centers have generally posted encouraging performances. Our stores are present in most city centers in France. However, we have the possibility of expanding further by establishing additional flagship stores in Paris and other key cities in France. We intend to further expand into mid-sized city centers, and we believe that we are well positioned to compete against independent retailers whose smaller scale, narrower product offering and traditional store layouts put them at a disadvantage compared to our scale, product offering, sourcing capabilities and modern open-concept layouts.

Our current plan is to continue opening approximately 66 new stores per year with three flagship stores in city centers in France, 12 stores in dynamic city centers and tier-one shopping centers in Italy and approximately 11 stores in Germany where our footprint is much smaller.

E-commerce

As of September 30, 2023, five of our brands have e-commerce websites. Our six e-commerce platforms (the Agatha brand has two separate e-commerce websites) together generated sales of €63.0 million (excluding VAT) in the financial year ended September 30, 2023, representing an increase of €13.7 million, or 27.7%, compared to €49.4 million during the LTM period ended September 30, 2022. The Histoire d'Or e-commerce website launched in France in April 2013, followed by the Marc Orian e-commerce website which launched in September 2016. Since the closing of the Stroili and OROVIVO acquisitions in 2016, we have also operated their e-commerce websites which launched in June 2013 and July 2016, respectively. Finally, we also operate the Agatha e-commerce websites in France and Spain, which launched in 2022.

In early 2019, we initiated the migration of our e-commerce websites to a new platform operated through Salesforce. The migration was successfully implemented for our Marc Orian and Histoire d'Or brands in France in 2020, for our OROVIVO brand in Germany in 2021, and for our Stroili brand in Italy and our custom brand Agatha in 2023.

The e-commerce segment represented no more than 12% of the total French jewelry and watch market, and 16% of each of the Italian and German jewelry and watch market by value, in the financial year ended September 30, 2022, according to Euromonitor. We expect e-commerce's share of the market to increase considerably, in particular within the affordable precious jewelry segment, where the culture of ordering affordable jewels online has increased. Our e-commerce websites complement our existing network of stores and enhance the accessibility of our product range.

We have worked with web developers to improve the quality of our e-commerce websites with a view to better highlighting our product offering and promoting the identity of our brands. We believe that further enhancing the quality of our e-commerce websites, both for desktop and for mobile users, will also help improve the "transformation rate", that is, the transformation of online views by potential customers into actual purchases. For our Histoire d'Or, mobile users represented 83% of e-commerce traffic and 70% of e-commerce sales by value during the financial year ended September 30, 2023. For our Marc Orian brand, mobile users represented 80% of traffic and 70% of e-commerce sales by value during the financial year ended September 30, 2023. For our OROVIVO brand, mobile users represented 79% of traffic and 74% of e-commerce sales by value during the financial year ended September 30, 2023. In Italy, mobile users represented 80% of traffic and 63% of e-commerce sales by value during the financial year ended September 30, 2023. For our Stroili brand, mobile users represented 89% of traffic and 75% of e-commerce sales by value during the financial year ended September 30, 2023. For Agatha, mobile users represented 87% of traffic and 69% of e-commerce sales by value during the financial year ended September 30, 2023.

Affiliated Partners

In 2016, we launched the affiliated partner model in France under our Histoire d'Or brand. The launch of our affiliated partner model was successful, resulting in an increase in our sales and gross margin, and a decrease in direct and indirect costs. The affiliated partner model is particularly attractive for our business, as it allows for the expansion of our network with limited fixed costs, as the stores are owned by our affiliated partners. Since 2016, we have continued to test the historical affiliated partner model by opening new affiliated partner stores in city centers and shopping centers and converting existing independent jewelers into affiliated partner stores.

As of September 30, 2023, there were 37 Histoire d'Or stores and one Marc Orian store operating under our affiliated partner model. In 2023, to continue to drive growth, the Group began phasing out its historical affiliated partner model and started to phase in its new affiliated partner model. Under the historical affiliated partner model, (i) we have limited control over how much stock is purchased from us by affiliated partners and their pricing decisions (including with respect to promotional sales), as they own the inventory; (ii) the affiliated partners enter into the leases for the stores; and (iii) we are paid a commission by the affiliated partner on sales of our products. Under the new affiliated partners model, (i) we have more control in respect of how much inventory our affiliated partner stores carry, as we will own the inventory, which allows us to optimize inventory management across our network; (ii) we have clear guidelines regarding the prices of our products and services in order to protect our brands and maintain a consistent brand image; and (iii) we pay the affiliated partners a commission on sales of our products. In addition, in order to further accelerate the development of our affiliated partners network, we now fully integrate the affiliated partners within our back-office organization.

We opened our first Histoire d'Or affiliated store under the new model in Alès, France, in April 2023. As of September 30, 2023, of our 38 affiliated partner stores, two stores operated under the new affiliated partner model and 36 under the historical affiliated partner model. As of December 31, 2023, we had 41 affiliated partner stores, eight of which operated under the new affiliated partner model and 33 of which were operated under the historical affiliated partner model. The six additional affiliated partner stores operating under the new model as of December 31, 2023 as compared to September 30,2 2023 resulted from three conversions of stores that were operated under the historical affiliate partner model, one conversion of a directly operated store to a store operated under the new affiliated partner model and three new openings of affiliated partners. In connection with the conversion of the remaining stores operating under our historical affiliated partner stores to the new affiliated partner model, we plan to buy back our inventory from the affiliated partners operating these stores during the financial year ending September 30, 2024. We intend to further develop our network of affiliated partner stores under our new model, with the aim of expanding our network of affiliated partner stores and launching the new model in the medium term.

Marketing and Communication

We consider our stores as our primary communication channel. Situated in prime locations in shopping centers, near entrances and at the intersection of major avenues in central areas, our stores aim to attract customers through their design and window displays, coupled with an open concept design, all aimed at fostering accessibility and visual appeal to attract customers. Our focus on window displays to drive customer traffic is further complemented by strong in-store customer service (more limited in the case of the TrésOr brand) provided by sales associates, most of whom have been trained at our internal THOM Academy to enhance customer experience.

Historically, we have not relied heavily on media campaigns to drive traffic into our stores. We implemented our first major television campaign in December 2013 during the lead-up to the end-of-year holiday season. This television campaign was followed by shorter campaigns during the period preceding Valentine's Day and, to a more limited extent, Mother's Day in February and May 2014, respectively.

More recently, we have advertised our Histoire d'Or and Marc Orian brands on radio stations as well as on poster campaigns located in public transport and on various streets throughout December 2022 for Christmas and in May 2023 for Mother's Day in France. We believe these campaigns have helped improve brand awareness. To a more limited extent, we also used other communication channels, such as local newspapers, billboards and digital media, with the objective of increasing traffic to our stores.

Furthermore, the focus of our communication strategy has shifted from traditional media, such as television campaigns and local newspapers to social media platforms such as Instagram and Facebook, collaborations with influencers and by targeted advertising to target audiences on Instagram and Facebook. We maintain official Instagram accounts for our brands, with Stroili having over 316,000 followers while Histoire d'Or has approximately 142,000 followers as of September 30, 2023. We aim to continuously adjust our communications strategy in order to optimize our returns on investment and meet our network sales objectives, especially by utilizing Stroili's experiences with using social media as a marketing tool.

We are also working to improve our brand communication in our online and in-store networks by investing in better quality photo shoots featuring our products, 360° views of our products and videos on our e-commerce platforms and using live streaming to reinforce our relationship with our existing and potential customer base.

In the financial year ended September 30, 2023, the Group's advertising and communication expenses amounted to €32.8 million or 3% of network sales.

In addition, we intend to continue updating our CRM program to enable us to take better advantage of the information we gather regarding customers' tastes, shopping habits and personal events (including birthdays and anniversaries), allowing us to generate stronger loyalty among our customers through adequate product offerings and customer service and to develop loyalty programs to maintain our repeat customers.

We currently have two main discount periods, namely the winter sales in January, following the Christmas season, and the summer sales in July, during which we experience limited decreases in our gross margin contributions. For example, our gross margin contribution as a percentage of network sales in the months of January 2023 and July 2023 were, respectively, 2.6 and 1.9 percentage points below our gross margin contribution as a percentage of network sales for the full financial year ended September 30, 2023. Other than these two targeted discount periods, we generally maintain a predictable pricing policy across our stores with limited, occasional promotions. Furthermore, we avoid distortion between our sales channels by extending the same pricing policy to our e-commerce websites.

Seasonality

Our business is seasonal, and we have historically realized a higher portion of network sales and Adjusted EBITDA, and generated higher operating cash flows, in the first quarter of our financial year, due to the impact of the Christmas and New Year holiday season. For example, in December 2022 alone, we generated 18.7% of network sales (excluding Agatha as well as any network sales adjustments from the customer loyalty program) for the financial year ended September 30, 2023. Our working capital requirements fluctuate during the year in response to such seasonal trends, and are therefore the greatest in October and November, as we ramp up our inventory purchases for the end-of-year Christmas season. Network sales, Reported EBITDA and operating cash flow have also historically increased during the lead up to Valentine's Day in February and Mother's Day in May or June.

Properties

As of September 30, 2023, we leased approximately 81,000 square meters, excluding our headquarters, for our 580 stores in France and 389 stores in Italy. Almost all of our real estate property portfolio was leased, not owned, as of September 30, 2023. We rent our stores from a variety of landlords, including individuals and different types of companies. Our most important lessor was Klépierre, accounting for 10.3% of our total rental payments for the financial year ended September 30, 2023.

Most of our leased stores in France are leased pursuant to "commercial leases" (*baux commerciaux*), which grant significant rights under French law to lessees compared to leases in many other jurisdictions. The majority of our commercial leases are for 10 years, while some of them have a 12-year term. Our leases provide termination rights for the tenant at the end of each three-year period upon six months' prior notice. If the lessor chooses not to renew a lease in the absence of breach, the lessor is liable to indemnify the lessee in an amount equal to the value of the going concern, as determined by a third-party expert; *provided* that such value cannot fall below the lessee's annual sales.

Rental expense per square meter varies considerably across our property portfolio. The rent paid under most of our commercial lease agreements in France is a fixed sum which is reviewed annually relative to the ICC or the ILC, both as published by the *Institut National de la Statistique et des Études Économiques*. While approximately 17% of our lease agreements provided for rent to be reviewed relative to the ICC as of September 30, 2023, we increasingly seek to switch to the ILC when renegotiating our lease agreements, as the ILC has historically been less volatile than the ICC (which varies considerably based on factors such as the price of energy). In addition, commercial rents can be adjusted upon the renewal of the lease in accordance with the applicable provisions of the lease agreement or, in the absence of any specific provisions, in accordance with the applicable regulations governing commercial leases. In the case of a dispute upon renewal, the new rents will be determined by a competent court in accordance with the applicable provisions of the lease agreement or the general regulations governing commercial leases, as applicable. Following the mandatory store closures across France due to the COVID-19 pandemic, the Group suspended rent payments for certain impacted stores. The majority of the suspended rent payments for the period were subsequently settled by the Group, either through repayments in full or partial repayments pursuant to settlement agreements entered into with certain institutional landlords. A total of approximately €471,000 remains outstanding in unpaid rent for the period owed by the Group to four institutional landlords, Carmila, Altarea, Mercialys and SCC (relating to 76 leases in total). The Group is currently negotiating settlement agreements with the respective landlords for the outstanding amount of unpaid rent, which are expected to be finalized during 2024.

Most of our leased stores in Italy are leased under business lease agreements (*affitti di ramo d'azienda*), with the remainder leased under commercial lease agreements. Italian law provides significant rights to lessees under commercial lease agreements, while the terms of business lease agreements are less regulated and are generally subject to negotiation between the parties. Most lease agreements are subject to bank guarantee or deposit requirements.

The majority of our Italian commercial leases are for an initial term of not less than six years, renewable for a further period of not less than six years at our election, except in certain limited circumstances. If the lessor chooses not to renew a commercial lease at the end of the first six-year period, in the absence of such circumstances, the lessor is liable to indemnify us in an amount up to a maximum of 48 months of rent. Each of the parties may prevent additional renewals by providing 12 months' prior notice. The tenant may terminate the lease at the end of any six-year period by giving 12-months' advance notice. Business leases, conversely, are generally for a term of five to nine years, renewable by agreement of the parties, and do not provide for mandatory indemnification in the case of non-renewal as a matter of law (though such a provision may be included by negotiation). Commercial leases provide termination rights for the tenant at any time on the basis of serious grounds upon six months' prior notice, while business lease agreements may, if agreed, provide for a right of withdrawal of one or both parties, and may include an indemnification provision related to such withdrawal right. The annual rent under both types of agreement is usually determined based on a percentage of the relevant store's net turnover, subject to a guaranteed minimum annual rent adjusted in accordance with the National Institute of Statistics (*Istituto nazionale di statistica* ("**ISTAT**")) consumer price index. Most business lease agreements and certain commercial lease agreements contain non-competition undertakings prohibiting us from operating similar stores within a certain number of kilometers, generally from two to five kilometers, during the term of the agreement, and sometimes for a certain period following termination.

As of September 30, 2023, we operated 54 stores in Germany, with an average sales area of 90 square meters per store. In general, the terms of the leases in Germany vary from four to 10 years, with renewal option provisions. A number of our leases have renewal provisions that automatically extend the lease for one or two years, unless prior written notice is given within certain timeframes. We estimate that approximately two-thirds of our lease agreements in Germany contain automatic renewal provisions. In case of non-renewal, there are only limited protections of the lessee and there is a risk of eviction.

As of September 30, 2023, we operated 25 stores in Belgium with an average sales area of 57 square meters. In Belgium, our lease agreements are generally for an initial term of nine years. At the end of the nine-year term, we are required to request the renewal of the lease. The leases are not automatically renewable and failure on our part to request the renewal of the lease may lead to eviction from the stores. At the end of the lease, other lessees may bid for the location and offer more favorable terms to the lessor. The rent and any periodic increases are not subject to any specific regulatory regime.

As of September 30, 2023, we operated three stores and 23 corners in Spain with an average sales area of 14 square meters. In Spain, the terms of our lease agreements vary from four to 10 years.

In the ordinary course of our business, we are exposed to risks of theft of products in our stores and at our distribution centers. Our products may also be misappropriated during transportation. In the financial year ended September 30, 2023, we incurred losses of approximately €0.7 million due to the theft of products in our stores, consisting of burglaries or holdups, all of which were covered by our insurance policies. Such risks of theft are, however, limited by the fact that we maintain low inventory levels in our stores and a large proportion of our product offering (over 51% by value in the financial year ended September 30, 2023) consists of nine-carat gold jewelry, sold at a lower price point.

Intellectual Property

We own the rights to the “Histoire d’Or”, “Marc Orian,” “TrésOr”, “Stroili,” “Franco Gioielli”, “OROVIVO” and “Agatha” names, which are our most important trademarks and which we have registered as European Community and international trademarks. We use the “Histoire d’Or”, “Marc Orian” and “TrésOr” names as trade names, trademarks in connection with certain merchandise and as service marks. We have registered the “Histoire d’Or” domain name with the appropriate authorities in France. We monitor the renewal of trademark registrations with the assistance of a third-party. We also own certain intellectual property rights with respect to our customer database. We believe that our trademarks, product designs and copyrighted works have significant value and we vigorously protect them against infringement.

Information Technology (“IT”)

Our business depends on the ability of our employees to process transactions on secure information systems and our capacity to store, retrieve, process and manage information. Our IT systems are managed in-house by a team of approximately 60 IT professionals who are supported by third parties. In the financial year ended September 30, 2023, we spent approximately €14 million on IT-related capital expenditures (excluding IT capital expenditures at the store level). Our core IT applications include primarily packaged solutions and partly in-house developed systems (for example, our “Horizon” system). Our key front-office IT systems are used to manage, track and deliver orders, monitor stock and quality control, and interface with suppliers and other business relations. We also rely on licensed software for our back-office operations, including managing our cash register system, as well as for our financial and human resources activities. We monitor and update our IT systems and processes to ensure compliance with required levels of reliability, business continuity and performance. Key IT systems are replicated and stored at an external site and all of our stores are linked to the head office as well as to a backup site. Our data is backed up daily. Various business continuity plans have been created to respond to possible incidents. These plans are regularly reviewed, tested and updated. As a result of the COVID-19 pandemic, we have implemented additional measures to prevent data security breaches especially since the risk of a breach is higher with remote working arrangements. For example, we are conducting training for our employees to identify fraudulent emails, have put in place extra layers of verification before payments are made and have invested in a new firewall to prevent intrusions during remote log-ins. We have also invested in several cyber security measures including, but not limited to, in BitDefender to ensure anti-malware protection, in Palo Alton for internet navigation security, in CISO to ensure the Group’s governance security, in Endpoint Detection and Response (EDR) to better protect user workstations, in Proofpoint to strengthen email security, in Zscaler to secure internet browsing (including on mobile devices), in MFA to secure O365 authentication and in the SOC that monitors the entire Group's Information System. Over the next several years, we intend to further enhance our IT infrastructure to support our growth including the further development of our CRM program.

For example, the "Shine 2020" project was launched to migrate our enterprise resource planning (ERP) to Systems Applications and Products (SAP) and overhaul our IT architecture. The initial phase of the migration was successfully implemented in Germany on October 1, 2020. We expect to complete the installation of upgraded systems in Germany in the first half of 2024. We are continuing to work on the migration in France, Italy and the Rest of the World, with completion expected by 2026. We have invested a significant amount of resources in connection with this migration and the management of SAP is done in-house.

Employees

For the financial year ended September 30, 2023, we had an average of 6,024 full-time equivalent employees, 3,179 of whom were based in France and 2,382 of whom were based in Italy.

The following table provides certain information about our full-time equivalent employees in France and Italy and in all of our other operations combined as of September 30, 2022 and 2023:

	As of September 30	
Country	**2022**	**2023**
France	2,830	3,179
Italy	1,736	2,382
Other	417	463
Total number of employees	4,983	6,024

All our French employees benefit from a legal profit-sharing mechanism based on our financial results (*participation des salariés aux résultats de l'entreprise*). Most of our French and Italian employees and some employees in the other countries in which we operate are employed under collective bargaining agreements. We have not recently encountered any material disruption to our business as a result of strikes, work stoppages or other labor disputes involving our employees. We also launched the THOMtogether FCPE in November 2021 in which each employee, with a seniority of more than three months, can invest in the Group.

Insurance

We maintain insurance against various risks related to the ordinary operations of our business. This includes general third-party liability, theft of merchandise, destruction of goods, property damage, business interruption, directors' and officers' liability, and workers' compensation. Also, the management has implemented a cyber security insurance for our IT systems. All of our policies are underwritten with reputable insurance providers, and we conduct periodic reviews of our insurance coverage, both in terms of coverage limits and deductibles. We consider our insurance policies to be adequate to cover the major risks of our business and consistent with industry standards, but there can be no assurance that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim.

Environmental, Social and Governance Matters

Our products, and the third-party manufacturers who supply them, are subject to numerous international, national and local environmental, health and safety laws and regulations, as well as industry and other standards or voluntary commitments. While we believe that we are currently in substantial compliance with all applicable environmental, health and safety laws and regulations, we could incur fines or penalties or face other claims, or suffer negative impacts to our reputation, in the event of a future non-compliance with such requirements or an environmental or safety incident associated with our operations or those of our suppliers. In recent years, there has been growing public and regulatory attention on various environmental, health and safety considerations and we expect we may need to comply with additional, or stricter, environmental, health and safety laws and regulations in the future, and compliance with these laws and regulations could entail significant expenditures. In addition, in the event environmental conditions relating to any of our prior, existing or future properties requiring costly investigation or remedial measures are identified in the future, we could incur material additional costs or liabilities.

Applicable laws and regulations include the following:

Restrictions with respect to our products and suppliers

We are required to comply with the requirements of Regulation (EC) No. 1907/2006 of the European Parliament and of the council of December 18, 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) (the "**REACH Regulation**") with respect to certain types of products we sell.

Although we are not a producer or importer of chemical substances, we are subject to the REACH Regulation because we sell finished products ("articles") which can contain chemical substances. Therefore, we are required to comply with certain specific obligations, including in particular:

- checking any restrictions contained in Annex XVII of the REACH Regulation (as modified in particular by Regulation (EC) No. 494/2011 of the European Commission of 20 May 2011 modifying the REACH Regulation concerning Annex XVII and Regulation (EC) No. 836/2012 of the European Commission of September 18, 2012 modifying the REACH Regulation concerning Annex XVII) to ensure that our products do not contain any substance subject to a restriction on use. In this respect, we are required to ensure that the products we sell do not contain a concentration of cadmium equal to or greater than 0.01% by weight of the metal or a concentration of lead (expressed as metal) equal to or greater than 0.05% by weight; and

- communicating information about any substance of very high concern ("**SVHC**") for human health and environment (which is included in the Candidate List of Substances for Authorization), which is present in one of our finished products in a concentration above 0.1% weight by weight (w/w). Also, upon request by a consumer, we are required to provide sufficient information to allow safe use of the finished product (such information consisting of at least the name of the substance). The relevant information must be provided free of charge within 45 days of receipt of the request.

REACH Regulation is implemented in Articles L.521-1 *et seq*. and R.521-1 *et seq*. of the French Environmental Code (*Code de l'environnement*). Any breach of these provisions could lead to administrative sanctions such as fines (up to a maximum amount of €15,000 per breach, and a daily penalty of €1,500 per breach) or the prohibition of importing, manufacturing, or selling finished products that contain prohibited substance as outlined in Article L. 521-18 of the French Environmental Code.

Italian Legislative Decree No. 133/2009 sets forth provisions for cases where there is a violation of REACH Regulation. In particular, Legislative Decree No. 133/2009 provides for a set of administrative sanctions ranging from €3,000 to €90,000 in relation to any breach of provisions set forth in the REACH Regulation, including by suppliers, with the condition that the breach itself does not amount to a crime under the Italian law. In such a scenario, a criminal sanction would be issued. Furthermore, Articles 14 and 16 of Legislative Decree 133/2009 provide for criminal sanctions, in particular in the case of the placing on the market or the use of substances included in Annexes XIV and XVII (substances subject to authorization or restriction) of REACH Regulation.

In response to the REACH Regulation, we have changed our practice and include a specific provision in our new supply agreements to require from our own-branded suppliers a representation that they are not selling us products that contain (i) any chemical substance subject to any restriction on use as provided for by Annex XVII of the REACH Regulation and (ii) any chemical substance which is or may be included in the Candidate List of Substances for Authorization, including SVHCs.

In case chemical substances are classified as hazardous, Regulation (EC) No. 1272/2008 ("**CLP Regulation**") on classification, labeling, and packaging of substances and mixtures also applies. In particular, specific obligations under the CLP Regulation depend upon the role of the supplier in the supply chain. In this regard, by way of example, distributors must comply with obligations concerning the labeling and packaging of the substances and mixtures placed on the market and the information required for the purposes of classification and labeling under the CLP Regulation must be kept available, together with the information required pursuant to REACH Regulation, for a period of at least 10 years after supplying a substance or mixture.

Pursuant to Italian Legislative Decree No. 186/2011, failure to comply with the CLP Regulation may lead to administrative sanctions ranging from €3,000 to €90,000, or criminal sanctions in case of a breach of the CLP Regulation's provision that prohibits carrying out tests on human beings. French Legislative Decree No. 2012-530 dated April 19, 2012, also provides for criminal sanctions of up to €3,000 in case of failure to comply with the CLP Regulation.

Disclosure regimes

Directive (EU) 2022/2464, also known as the Corporate Sustainability Reporting Directive (the "**CSRD**"), replaces the existing non-financial reporting directive (UE 2014/95) and sets a new disclosure framework regarding sustainability that certain companies, including Goldstory, must abide by in their annual sustainability and non-financial reporting. More specifically, it requires certain companies to publish, in addition to the usual financial statements, an ESG report. The CSRD was transposed into French law through Ordinance No. 2023-1142 relating to the publication and certification of information regarding sustainability and ESG obligations and through Decree No. 2023-1394. Those new provisions are entering in force in France in a staggered manner starting on January 1, 2024. Under the CSRD, companies that are subject to these requirements are mainly required to (i) provide information relating to the impact of the company's activities on society, environment and climate and (ii) explain how sustainability issues impact the company, its activities and its value chain. To comply with these new reporting obligations, covered companies must dedicate a section of their annual management report to sustainability information. Companies must make their annual report containing the CSRD disclosure framework freely accessible on their website. Such CSRD disclosure framework must conform with the European Sustainability Reporting Standards (ESRS) which cover ESG matters and be certified by an independent auditor (*Commissaire aux comptes* or *Organisme Tiers independent*) designated by the shareholders at the company's annual general meeting. The Group will be required to publish its first set of sustainability information under the CSRD framework for the financial year ended September 30, 2026.

Increasingly, businesses are assessed by (among other things) their performance in a variety of ethical, social, environmental and health and safety matters. A number of organizations measure the performance of businesses in these areas and the results can be widely publicized. Moreover, large institutional investors have publicly emphasized the importance of these matters in their investment decisions. In light of the heightened customer and investor focus on these topics, we increased our emphasis on ethical, social, environmental and health and safety matters for all operations and activities related to our business or products. We have also taken a number of proactive steps (including by publicly setting targets) with respect to such concerns including, but not limited to, the following:

- In May 2022, we created a Group CSR Department and appointed a CSR Director to create a formal structure to facilitate and accelerate our ongoing CSR commitments;

- In September and October 2022, we launched a greenhouse gas ("**GHG**") emissions assessment (on scopes 1, 2 and 3) and a materiality study;

- Since 2018, we have prioritized suppliers with RJC, SMETA or BSCI certifications and as of September 30, 2023, 92.5% of our suppliers of own-branded goods were certified RJC, SMETA 2 pillars or BSCI. We have also prioritized oversight of our suppliers with teams located near production sites who conduct on-site audits;

- We have invested heavily in the development, satisfaction and well-being of our employees, including with the THOM Academy and the THOMtogether, WeTHOM@Work and

WeTHOM@Store programs. In 2023, we received a gender equality index score of 94/100; and

- In October 2023, we communicated our WeTHOM Responsible Development Plan (Horizon 2028), which sets out targets for achieving greater employee satisfaction, a more responsible business model and offering more sustainable products. These targets include, but are not limited to:

- Achieve a gender equality index score of 100 by 2030

- All of our employees having trained at THOM Academy by 2030

- All suppliers to be RJC certified and committed to reducing their own GHG emissions and other waste by 2030

- 30% to 40% reduction in our own GHG emissions linked to transport or on-site energy consumption by 2030

- Jewelry to be made by 100% recycled gold by 2030

These targets set out in our WeTHOM Responsible Development Plan are based on information currently available to us and may be updated annually based on new information, scientific and technological developments or other events.

Legal Proceedings

We have been involved from time to time in various claims and lawsuits arising in the ordinary course of our business, including, among others, employee claims, disputes with suppliers, disputes with lessors at the renewal of commercial leases and intellectual property disputes. Like other jewelry retailers, we sell products that are influenced by the work of various designers. As a result, from time to time, allegations of intellectual property infringement, particularly copyright and design right infringement, may be made against us. In the course of our business, we are also subject to other proceedings, such as regulatory and tax investigations and audits as well as inspections by tax and other regulatory authorities, which may expose us to criminal or civil enforcement actions. Except as otherwise disclosed herein, we are not currently involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations. We note, however, that the outcome of legal proceedings can be difficult to predict and we offer no assurance in this regard.

FACTORS AFFECTING OUR RESULTS OF OPERATION

Factors Impacting Our Results of Operations

Our results of operations and the operating metrics discussed in this section have historically been, and may continue to be, affected by certain key factors set forth below.

General economic conditions and industry environment

Our results of operations are affected by global economic conditions as well as local economic conditions in the markets in which we operate. Such conditions include levels of employment, inflation, growth in gross domestic product, levels of taxation, real disposable income, currency exchange and interest rates, the availability of customer credit, customer confidence and customer willingness to spend. Customer purchases of non-essential items, such as jewelry and watches, generally decrease in unfavorable economic environments, especially when disposable income decreases. A decline in customer purchases is typically felt more strongly in shopping centers, where most of our store network is located, as shopping centers attract lower to mid-income customers who tend to be more price sensitive. However, as we are positioned with more affordable price points and a wider portfolio relative to some of our competitors, our business may be more resilient to economic downturns as compared to such competitors. Such periods of economic downturn, present both risks that total network sales will decline, but also opportunities for our main Timeless brands (such as Histoire d'Or, Stroili, OROVIVO) to gain market share over our more expensive or independent competitors. TrésOr, our third main brand in France, proposes a value-oriented product mix comprising mostly low-cost jewelry. Conversely, poor performance by independent jewelers may have an adverse effect on our wholesale business. TrésOr offers a variety of precious jewelry, made of cheaper metals and differing compositions, which is sold at a lower price point than some of the products sold under our other more premium brands. We believe that there is an increasing demand for such products, particularly in the current economic environment where customers express greater price sensitivity, particularly in light of the economic uncertainty that has been caused by, among other things, market volatility, political unrest and inflationary pressures.

Seasonal effects

In all of our operations, like other retailers, we are affected by seasonal variations. Our network sales are significantly dependent on specific events such as Christmas, Valentine's Day and Mother's Day. For example, the network sales that we generated in France during the months of December 2022, February 2023 and June 2023 represented 37.4% of our total French annual network sales in the financial year ended September 30, 2023 (as compared to 37.0% in the LTM period ended September 30, 2022). Peak months contribute to the seasonality of our Adjusted EBITDA. Notwithstanding the foregoing, our fixed costs, including those relating to personnel expenses, real estate leases and general and administrative expenses, are more evenly distributed over our financial year.

In addition, our working capital is affected by seasonal trading patterns. Our investment in inventory generally increases significantly in October and November in relation to the Christmas season. Our working capital typically reaches a peak from September to November and reaches its lowest level at the end of December as the Christmas season unwinds.

Furthermore, we offer limited discounts on certain products during two months each year, in January and July. Discounts have a slight negative impact on our gross margin. For example, our gross margin in January 2023 was 2.1 percentage points below our gross margin for the financial year ended September 30, 2023, and our gross margin in July 2023 was 1.3 percentage points below our gross margin for the financial year ended September 30, 2023.

As a result of the foregoing seasonal trends, it can be difficult to annualize the results of our operations based on quarterly performance or compare our results of operations on a quarterly basis and our network sales. Adjusted EBITDA and free cash flow generation can exhibit sizeable variation from quarter to quarter. In addition, the concentrated nature of our seasonal sales means that our operating results could be adversely affected by temporary store closures as a result of severe weather conditions, natural disasters, disruptive political events, labor strikes, logistics interruptions and work stoppages that occur prior to or during our peak months, particularly if such events reduce footfall at our stores. Furthermore, our monthly and quarterly sales levels are affected by the particular days on which public and religious holidays and school vacations fall in a given year, as this shifts footfall in our stores from one week to another.

Supply chain and sourcing fundamentals

Our results of operations and financial condition are affected by our ability to successfully manage our supply chain, maintain adequate inventory levels, fulfill orders and resupply stores efficiently and optimize costs of goods sold generally. We source the vast majority of our products from selected suppliers, with whom we have long-term relationships. Our supply chain process is managed by a dedicated team located at our headquarters in France, with smaller teams on site for purposes of performing quality control checks in France, Italy, China, Hong Kong and India.

We believe our strong market position and the significant sales volumes we generate provide us with purchasing power and negotiation strength with our suppliers. This in turn enables us to achieve economies of scale and cost efficiencies across our supply chain and allows us access to sufficient stock of products (as we do not manufacture any of our own products), to maintain high quality standards, secure competitive pricing and protect a certain amount of product exclusivity. These factors have a positive effect on our profit margins. As with any other retailer in our industry, we are also subject to fluctuations in the prices of the raw materials that we use (in particular, the price of gold) and, as gold is priced in U.S. dollars, we are also subject to fluctuations in the exchange rate between the euro and the U.S. dollar in general since our sales and lease costs are denominated almost entirely in euros.

Other than in our wholesale business, we typically do not enter into contracts with suppliers that commit us to a predetermined purchasing volume. Instead, we make purchases over the course of the year based on our business needs, and we maintain the flexibility to return unsold products to our suppliers, thereby managing our inventory risk. We have used a sorting machine in our main distribution center since 2015, which has helped to improve our labor productivity and profit margins and give us more flexibility to support the Group's development.

Product mix

Our gross margins vary depending on our product mix, which in turn is affected by our strategy, consumer purchases and supply of products, including their cost. In the financial year ended September 30, 2023, we sold over 20.4 million items, of which 18.5 million were jewelry items and 1.9 million were watches, with the different categories of jewelry items in our collections generating different financial results and gross margins. Sales of rings and necklaces are generally more profitable per volume sold than watches, earrings and bracelets. Furthermore, sales of precious jewelry and costume jewelry items, which have risen in popularity, tend to result in higher gross margins than sales of third parties' watches. Our current strategy is to (i) continue growing organically our offering of precious jewelry through our Timeless brands (including our historical leader brands Histoire d'Or and Stroili), which we believe are more resilient to market volatility, and (ii) grow our Fashion business into a portfolio of fashion jewelry brands, through targeted acquisitions and international expansion. We are also planning to grow our Licenses business, which is expected to generate gross margins consistent with the rest of the Group and higher than the rest of the wholesale business.

The following sets forth a summary of the product mix for each of our seven distinct main brands in the financial year ended September 30, 2023:

- Histoire d'Or's sales by collection comprised approximately 55.2% gold jewelry, 28.4% silver and gold-plated jewelry, 13.7% watches and 2.8% of other material-based jewelry;

- Marc Orian's collections comprised approximately 55.1% gold jewelry, 25.9% silver and gold-plated jewelry, 15.4% watches and 3.5% of other material-based jewelry. Most of the jewelry items have a premium touch and approximately 31.0% of Marc Orian's jewelry items did not overlap with Histoire d'Or's product range;

- TrésOr’s sales by collection comprised a variety of precious jewelry, consisting of approximately 29.4% gold jewelry, 55.6% silver and gold-plated jewelry, 14.0% watches and 1.0% of other material-based jewelry. TrésOr’s precious jewelry is made of cheaper metals and differing compositions, hence sold at a lower price point with costume, non-precious jewelry or silver items represented approximately 55.6% of TrésOr’s in-store sales;

- Stroili’s sales by collection comprised approximately 51.3% gold jewelry, 32.0% silver and gold-plated jewelry, 13.7% watches and 3.1% of other material-based jewelry;

- Franco Gioelli’s sales by collection comprised approximately 49.2% gold jewelry, 28.2% silver and gold-plated jewelry, 17.5% watches and 5.1% of other material-based jewelry;

- Orovivo’s sales by collection comprised approximately 51.3% gold jewelry, 27.1% silver and gold-plated jewelry and 21.1% watches and 0.5% of other material-based jewelry; and

- Agatha sales by collection comprised approximately 99.0% silver and gold-plated jewelry.

Cost structure

Cost of goods sold

Our results of operations can be impacted by changes in our cost of goods sold. Our cost of goods sold accounted for 33.9% of our revenue (each as defined under “*—Description of Key Income Statement Line Items*”) in the LTM period ended September 30, 2022 and 34.0% of our revenue in the financial year ended September 30, 2023. Our cost of goods sold can be impacted by raw material costs (in particular, the price of gold), as purchases of raw materials generally constitute a relatively significant portion of our costs, as well as by the evaluation of our product mix. For example, gold-based products represented approximately 56.2% of our purchases by cost in the financial year ended September 30, 2023 and approximately 55.5% of our purchases by cost in the LTM period ended September 30, 2022. The bargaining power we have with our suppliers, our ability to build our gold repurchase activity and our experience with gold hedging represent our principal levers to reduce cost of goods sold relative to revenue, and reduce exposure to gold prices.

A fluctuation in the price of our principal raw materials, such as gold and silver metals, has a direct impact on our gross margin. For example, changes in gold metal prices in the financial years ended September 30, 2022 and 2023 significantly impacted our industry, as the average product price increased as a result of higher costs of goods sold and had a negative impact on volumes sold in the jewelry market over these periods. However, in past years our capacity to innovate in new model designs reducing the proportion of raw materials had a positive effect on our gross margins. Our capacity to switch successfully from 18-carat to 9-carat gold products also contributed to limiting the impact of raw material price increases and to improving our gross margin for these categories of products. We also have a gold repurchase and exchange program through which we repurchase or exchange customers’ gold, which we then resell to gold refining and recovery specialists within a short period of time. As a general rule, when gold prices rise, margins on our network sales are adversely affected but margins on our gold repurchase and exchange program increase, allowing us to offset part of the gross margin decrease on our network sales. Conversely, when gold prices drop, volumes as well as margins on our gold repurchase and exchange program decrease but our network sales become more profitable, as we do not typically lower our prices in line with weaker raw material costs. In addition, we have also increased our inventory of gold as a physical hedge against fluctuations in the price of gold. Fluctuations in the price of gold, however, have a limited impact on our gross margin for our watches product category, as our watches are not made with gold.

Changes in the U.S. dollar/euro foreign exchange rate, including the fluctuations in the exchange value of the U.S. dollar against the euro experienced during the financial years ended September 30, 2022 and 2023, also have an impact on our cost of goods sold, as most of the products that we import directly from Asia are invoiced in U.S. dollars (Asian suppliers representing approximately 25.9% of our total purchases of own-branded goods in the LTM period ended September 30, 2022 and approximately 31.8% of our total purchases of our own-branded goods in the financial year ended September 30, 2023) and the price of gold is quoted in U.S. dollars, while substantially all our sales are denominated in euro. For the financial year ended September 30, 2023, we did not experience cost increases due to the U.S. dollar/euro foreign exchange rate. Nonetheless, further price fluctuations and potential changes in competitive dynamics may restrict our ability to pass all or part of these additional costs on to our customers in the future. We employ from time-to-time various hedging strategies to offset the impact of fluctuations in the U.S. dollar/euro foreign exchange rate on our cost of goods sold. Our foreign currency hedging practices, including the use of forward foreign exchange contracts, may not completely insulate us from currency exchange risks and may involve costs and risks of their own since hedging involves speculation and significant judgment. In order to maintain our margins, we also focus on implementing an efficient sourcing policy and utilizing our increasing bargaining power with suppliers.

Variable, semi-variable and fixed costs

Our cost base comprises a mixture of variable, semi-variable and fixed costs. Due to the seasonality of our sales volumes, fixed costs can have a disproportionate impact on our margins and cash generation in certain quarters, particularly the second and fourth quarters of our financial year. Variable costs include our costs of goods sold, including packaging expenses, transportation costs on purchases from our suppliers, taxes and employee profit-sharing. Our main levers to address variable costs include ongoing efforts to centralize purchasing, rationalizing our logistics operations and streamlining our suppliers across the countries in which we operate and our brands. Our ability to unlock economies of scale and maintain control over costs may also affect our results of operations.

Semi-variable costs include marketing costs and, to a limited extent, variable rental expenses. The variable rental expenses relate to stores, and the variable portion of the lease is calculated as a percentage of the store's sales.

Personnel costs have both fixed and semi-variable components. Personnel costs include the costs of staffing our stores, headquarters and central office functions. The compensation of our store employees includes a variable component mainly based on the level of sales that they generate. We can also control personnel costs in our stores by maintaining rational staffing levels at particular stores in anticipation of customer traffic and by making seasonal hires. However, our personnel costs can be impacted by changes in prevailing wage levels, such as adjustments to national or local minimum wage levels. For example, when we open some of our stores on Sundays in accordance with applicable French labor law, wage levels are higher (currently set at 120.0% of regular wages in shopping centers where there is an agreement for recurring openings on Sundays and at 200.0% of regular wages and an additional day of holiday for "*Dimanches du Maire*" (*i.e*., certain Sundays on which stores are open) and other exceptional openings and our personnel costs on these days are therefore increased.

Under our historical and new affiliated partner model, which represents 3.4% of our store count as of September 30, 2023, we incur very limited fixed and variable costs, as our affiliated partners shoulder any real estate and personnel expenses. However, we started implementing a new affiliated partner model, which differs from our current model in a few key respects, including that, unlike under our historical affiliated partner model, we own the inventory, manage stock and set prices for our products sold at the stores operated by our affiliated partners. Under the new affiliated partner model, our variable costs will increase relative to our current model, as we own the inventory. In addition, as our network expands under the new affiliated partner model, we would expect fixed costs relating to back-office IT and accounting support functions to increase in order to support such expansion.

In the event of a decrease in network sales, we may not be able to preserve our margins by reducing our cost base in a timely manner, in particular with respect to our fixed costs.

Electricity Prices

For the financial year ended September 30, 2023, average electricity prices for the Group in France, Italy and Germany were approximately €450 per Megawatt, compared to approximately €190 per Megawatt in the LTM period ended September 30, 2022. We have entered into contracts to fix the price we pay for electricity in France, Italy and Germany in the financial years ending September, 30 2024 and 2025, under which we will pay fixed prices for energy in those periods. Under these contracts, in France, we will pay approximately €270 and €230 per Megawatt for the financial years ending September 30, 2024 and 2025, respectively, in Italy, we will pay approximately €280 per Megawatt for each of the financial years ending September 30, 2024 and 2025 and in Germany, we will pay approximately €240 per Megawatt for each of the financial years ending September 30, 2024 and 2025. As a result, if the price of energy in the financial years ending September 30, 2024 and 2025 is lower than the price fixed by such contracts over such periods, we will not benefit from such lower energy prices.

Expansion through new openings and acquisitions

A portion of our network sales growth during the periods under review is attributable to the opening of new stores. Changes in the size of our directly operated store network as a result of opening or acquiring new stores can have a significant impact on our network sales and expenses from one period to the next, which affects the comparability of our results during the relevant periods. Given the changes in our network over time, management finds it useful to analyze network sales and gross margin growth on a like-for-like basis in order to understand the evolution of store performance, excluding the effects of the expansion and closures in our store network.

As of September 30, 2023, we operated 1,077 directly operated stores and corners. In the financial year ended September 30, 2023, we have carried out a disciplined and moderate expansion, primarily in France. In prior years, we have expanded into other European markets, including Spain through our acquisition of Agatha in the financial year ended September 30, 2021. Over the two-year period ended September 30, 2023, we opened or acquired 36 directly operated stores and corners, representing an average capital expenditure of €0.4 million per directly operated store or corner. Based on historical data, we generally expect our stores to be fully refurbished once every 15 years.

Our current plan is to open approximately 30 new stores per year, mainly in France, Italy, Germany and Spain, of which approximately 20 are expected to be Timeless brands, subject to market conditions and the availability of real estate meeting our requirements. As of September 30, 2023, 976 out of our 1,077 directly operated stores and corners were located in shopping centers. Most of the remaining directly operated stores and corners were located in city centers. As a result, we depend on the continued popularity of shopping centers to maintain our results of operations. Similarly, as of September 30, 2023, approximately 93% of our 580 directly operated stores and corners in France were located in medium-sized to very large shopping centers. Consequently, we expect that our future results and growth may be tied to (i) the opening of medium-sized to very large shopping centers; (ii) the increase of our presence in shopping centers in which we already have a directly operated store or corner; (iii) the expansion of our presence in smaller shopping centers (*i.e.*, medium to small shopping centers) in a selective manner; and (iv) the successful development of our presence in city centers. We expect our new stores will be concentrated in large city centers in France and in commercial centers in Italy and Germany.

The opening of a new store entails capital expenditures, working capital, as well as rental and personnel expenses. We strive to maintain discipline in our expansion strategy. We analyze the demographics of a prospective location to ensure access to our target customers, while taking into account the expected impact of the opening on the sales of our existing stores in the surrounding area so as to minimize potential cannibalization. We consider opening a new store only if it would be located in an attractive location at an appropriate cost.

In the two-year period ended September 30, 2023, we closed 48 mainly unprofitable or low-profit stores as part of our portfolio management. A portion of these closures were due to store management in shopping centers where we have several stores, in an effort to optimize our network.

The table below shows the opening and closing of stores operated by the Group during the relevant periods.

Number of stores	LTM period ended September 30, 2022	Financial year ended September 30, 2023
Beginning of the period	993	979
Opening/Acquisition	9	27
Closing	(23)	(25)
Change in Scope – Agatha[(1)]	-	96
End of the period	**979**	**1,077**

(1) Agatha stores are included for the financial year ended September 30, 2023, and not the LTM period ended September 30, 2022, because Agatha was not consolidated prior to the financial year ended September 30, 2023. On October 1, 2022, Agatha had 98 stores, and during the financial year ended September 30, 2023, there were two openings and four closings.

The impact of the COVID-19 Pandemic

Our results of operations were affected by the COVID-19 pandemic. Although the COVID-19 pandemic has abated in most parts of the world, the COVID-19 pandemic disrupted our business and had a material adverse effect on our business, financial performance and condition, operating results, liquidity and cash flows particularly in the financial years ended September 30, 2021 and September 30, 2020. Material operational challenges during the pandemic included rapidly changing legal frameworks, a lack of visibility in terms of dates for temporary store closures and reopenings, the implementation of new health and safety policies and heightened sanitary measures for employees, decreases in supplier credit due to the global decrease in demand for jewelry, costume jewelry and watches, difficulties regarding inventory management, the rapid scaling up of our online offerings and managing remote working arrangements for certain categories of employees.

In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. For example, in March 2020, France and Italy, our two main markets, imposed nationwide lockdowns in which, among other things, non-essential retail stores, such as our stores, were required to close in order to control the spread of COVID-19. Other European markets in which we operate, such as Germany, as well as countries from which we source our products, were also affected by lockdowns and similar restrictive measures. Even when our stores reopened, the COVID-19 pandemic impacted our ability to attract customers to our reopened stores during the financial years ended September 30, 2021 and September 30, 2020, given the risks, or perceived risks, of gathering in public places and the general economic uncertainty that followed the COVID-19 pandemic.

All of our stores were temporarily closed during lockdown periods. For example, in France and Belgium, all stores were closed from March 15, 2020 to May 11, 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 Italy, all stores were closed from March 10, 2020 and reopened on May 18, 2020. In Germany, where the first lockdown was put in place on March 20, 2020, stores gradually reopened from April 20, 2020. A second lockdown period was put in place in France, Belgium and Italy from the end of October 2020. In France and Belgium, all of our stores closed from October 28, 2020 to November 28, 2020. During this period, our click-and-collect service was operational and was used by certain stores in France. In Italy, where general lockdown measures were put in place from November 6 to December 3, 2020, all our stores were closed in several regions, including Northern Italy, where our footprint is most concentrated. During the lockdown emergency periods when only a limited number of stores were allowed to remain open, there was an overall decline in our sales due to temporary store closures. Our activities relating to our gold repurchase program were also put on hold during the lockdown periods due to temporary store closures. In addition, due to the decrease in volume during this period, we received a lower amount of volume rebates from our suppliers as we did not meet volume requirements.

Following the mandatory store closures across France in the period from March 15, 2020 to May 11, 2020 due to the COVID-19 pandemic, the Group suspended rent payments for certain impacted stores. The majority of the suspended rent payments for the period were subsequently settled by the Group, either through repayments in full or partial repayments pursuant to settlement agreements entered into with certain institutional landlords. A total of approximately €471,000 remains outstanding in unpaid rent for the period owed by the Group to four institutional landlords, Carmila, Altarea, Mercialys and SCC (relating to 76 leases in total). The Group is currently negotiating settlement agreements with the respective landlords to repay (part of) the outstanding amount which are expected to be finalized during 2024.

In the LTM period ended September 30, 2022, the Group received €11.4 million of credit notes and subsidies in respect of COVID-19 related to the financial year ended September 30, 2021, with €4.5 million credit notes for rent obligations received from landlords in Italy and France, a €1.6 million subsidy for real estate rent received from the French government and a €3.1 million subsidy received from the German government (the remaining €2.2 million of such €11.4 million is reported as other income). In the financial year ended September 30, 2023, the Group received €0.8 million of subsidies in respect of COVID-19. In addition, Agatha entered into a COVID-19 relief "PGE" loan totaling €4.6 million, which loan remained outstanding as of September 30, 2023.

Forward Looking Statements

This press release may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "anticipates," "believes," "estimates," "expects," "intends," "may," "should" or "will" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding Goldstory's intentions, beliefs or current expectations concerning, among other things, Goldstory's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that Goldstory's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this press release. In addition, even if the Issuer's results of operations, financial condition and liquidity, and the development of the industry in which Goldstory operates are consistent with the forward looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.