MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS FISCAL YEAR ENDED AS AT SEPTEMBER 30, 2022

The following discussion and analysis of the financial condition and results of operations of Thom Group S.A.S. (the "Company") and its subsidiaries (collectively, the "Group") is based upon the consolidated financial information of the Company and its subsidiaries and should be read in conjunction with the Audited Consolidated Financial Statements and the notes thereto for the fiscal year ended September 30, 2022. The consolidated financial information of the Company, included herein, has been prepared in accordance with French GAAP.

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

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

About THOM GROUP

We are a leading European jewelry retailer by number of stores, with a strong position in Europe in the affordable jewelry sector. Our product offering comprises primarily precious jewelry, complemented by watches and costume jewelry. We are active primarily in France and Italy, where we hold a leading market position in each national market. Our products are available through our network of 1,016 stores directly operated stores and 65 corners, including 551 stores and wedding fairs in France as well as 40 corners (including one store in Monaco), 385 stores in Italy, 50 stores in Germany, 25 stores and wedding fairs in Belgium as well as 2 corners, 3 stores and 23 corners in Spain and 2 stores in Luxembourg as of September 30, 2022, as well as 6 e-commerce platforms in France and Belgium (histoiredor.com and marc-orian.com, agatha.fr), Italy (stroilioro.com), Spain (agatha.es) and Germany (orovivo.de). We also have 35 affiliated partner stores in France (7 openings during the fiscal year ended September 30, 2022) as well as wholesale activity through our French subsidiary (Venson Paris) and our Italian subsidiary (Thom Trade Italy).

We sell our products under our seven complementary main banners: Histoire d'Or (393 stores), Stroili (336 stores), Agatha (36 stores and 65 corners), Marc Orian (90 stores), TrésOr (66 stores), OROVIVO (50 stores) and Franco Gioielli (36 stores). We also operate, in France, 9 additional stores under the Smizze banner. As of September 30, 2022, we have no more stores under the generalist J'M banner.

1) Financial Information

a) Reporting

This discussion and analysis is part of the report required under the indenture dated as of February 4, 2021, governing €370 million aggregate principal amount of Goldstory S.A.S's 5.375% Fixed Rate Senior Secured Notes (the "Fixed Rate Notes") and €250 million aggregate principal amount of its Floating Rate Senior Secured Notes (the "Floating Rate Notes" and, together with the Fixed Rate Notes, the "Senior Secured Notes") for the fiscal year ended September 30, 2022.

b) Accounting principles

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

c) Key performance indicators

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

- ***Network sales by perimeter***. Network sales by perimeter represents the apportionment of our network sales among France, Italy and Rest of Europe through all sales channels operated by the Group (*i.e.*, our stores, e-commerce platforms, sales to our affiliated partners and wholesale business).

- ***Gross margin***. Gross margin represents the sum of our network sales, revenue from the sale of precious metals, proceeds from insurance for theft and rebates re-invoiced to our suppliers, net of our total cost of goods sold. As we do not operate or own any manufacturing facilities, we rely on independent third parties for the manufacturing of our products. We also consider our gross margin performance by perimeter, consistent with our network sales, and allocate certain income and expenses among perimeters such as rebates received from suppliers and packaging and transportation costs based on business assumptions.

- ***Like-for-like network sales growth and gross margin growth***. Like-for-like network sales growth consists of network sales from like-for-like perimeters in any given period compared with the corresponding financial period of the prior financial year, expressed as a percentage change between the two periods. Like-for-like gross margin growth represents gross margin from like-for-like perimeters in any given period compared with the corresponding period of the prior financial year, expressed as a percentage change between the two periods. Like-for-like perimeters includes our stores, e-commerce platforms, sales to our affiliated partners and historical Stroili wholesale business for its own house brands, including only stores that were open for the entire duration of the two periods being compared and excluding stores opened or closed during those periods. To improve the clarity of the presentation, when a change of perimeter takes place due to a conversion among banners, the perimeter reported for such store in a conversion year is also used as the perimeter reported for such store for the preceding year (regardless of what its banner was in the prior year).

  In the specific context of COVID-19 pandemic, the like-for-like sales and gross margin should be read carefully: the perimeters of stores from one year to another are indeed like-for-like, however the comparison of the performance is distorted by lockdowns period. Like-for-like sales and gross margin are not restated from comparable store opening period from one period to another.

- ***Network contribution.*** Network contribution represents the sum of our gross margin and our total network direct costs.

- ***Reported EBITDA.*** Reported EBITDA is defined as net income (loss) attributable to owners of the Company excluding (i) net income (loss) attributable to non-controlling interests, (ii) goodwill amortization, (iii) income tax, (iv) financial income and expense, (v) the change in depreciation, amortization and provisions net of provision reversals, (vi) the contribution of the stores closed during the period, (vii) the *cotisation sur la valeur ajoutée des entreprises* ("**CVAE**"), and (viii) non-recurring income and expenses, corresponding to all items that are not directly related to our operations or core businesses and that are deemed by management to be non-recurring by their nature, including rental or personnel expenses incurred by stores prior to their opening or during renovation works (if such renovation work results in the long-term closure of the store during the renovation). Reported EBITDA is presented in Note 1(d) of our Audited Consolidated Financial Statements.

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

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

d) Description of Key Income Statement Line Items

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

- ***Total sales***. Total sales represent total network sales and other sales.
- ***Total network sales*** represent total revenue recognized in stores located in France, Italy, and Rest of Europe. It also includes revenue generated by our e-commerce platforms, wholesale activities and sales to our affiliated partners. Total network sales are reported net of VAT and discounts granted.
- ***Other sales*** include primarily sales of precious metals and invoicing to suppliers. Sale of precious metals to foundries consists of revenue recognized either from the gold bought through our gold repurchase and exchange program, which we resell at market prices, or from the gold products that cannot be sold and that are melted down and which we subsequently resell at market prices.
- ***Cost of goods sold***. Cost of goods sold is our single largest cost item. It comprises the purchase of finished goods, the purchase of gold bought from individuals (including gift vouchers), changes in inventories, rebates and discounts, customs, breakages, and packaging costs.
- ***Direct and indirect operating costs***. Direct and indirect operating costs represent our "other operating expenses" as reported in our financial statements. Our "other operating expenses" represents mainly our rental and rental-related expenses, maintenance costs, marketing and advertising costs, transport costs, professional fees, communication costs, energy related expenses and bank fees mainly associated with payments from customers.
- ***Taxes and duties***. Taxes and duties primarily represent regional levies on French companies (*Contribution Economique Territoriale*) that includes CVAE and payroll-related taxes.
- ***Personnel expenses***. Personnel expenses represents the wages and salaries of the employees located in our stores and in our headquarters and logistics centers. It includes the gross fixed amount due to our employees and the social contributions that must be paid by employers. Charges related to any legal profit-sharing schemes are also reported under this line item, as well as any bonus or variable remuneration paid to our employees, based mainly on sales results.
- ***Change in depreciation, amortization and provisions net of provision reversals***. Change in depreciation, amortization and provisions net of provision reversals represents the depreciation and amortization of our fixed assets, the provisions for depreciation of our current assets (such as inventories and trade receivables) and the provisions for contingencies, liabilities, and our loyalty program. Reversals of provisions are also reported in this line item.
- ***Operating income***. Operating income represents operating revenue net of operating expenses

described above, before financial expenses, non-recurring items, income tax, goodwill amortization and non-consolidated interests.

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

2) Results of Operations for the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021

A. Income Statement

The table below sets forth certain line items from our income statement for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

		Fourth Quarter				Full Year			
In €m		**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Total Sales	a)	**221.5**	**213.5**	**(8.0)**	***(3.6)%***	**711.0**	**937.4**	**226.4**	***31.8%***
Other operating income	b)	4.5	4.7	0.3	*5.8%*	17.9	9.6	(8.3)	*(46.4)%*
Cost of goods sold	c)	(89.7)	(70.6)	19.1	*21.3%*	(241.0)	(319.1)	(78.1)	*(32.4)%*
Personnel expenses	g)	(51.2)	(57.1)	(5.9)	*(11.5)%*	(173.8)	(232.6)	(58.8)	*(33.8)%*
Direct and indirect operating costs	h)	(41.4)	(55.5)	(14.1)	*(34.1)%*	(164.3)	(198.6)	(34.3)	*(20.9)%*
Taxes and duties	i)	(2.1)	(2.2)	(0.1)	*(4.2)%*	(8.0)	(9.5)	(1.6)	*(19.7)%*
Depreciation, amortisation & provisions, Net	j)	(13.9)	(11.4)	2.4	*17.5%*	(37.6)	(30.6)	6.9	*18.5%*
Operating income	f)	**27.6**	**21.3**	**(6.3)**	***(22.8)%***	**104.3**	**156.5**	**52.3**	***50.2%***
Financial income (expense)	k)	(11.8)	(8.6)	3.2	*27.1%*	(49.9)	(30.6)	19.3	*38.7%*
Income (expense) from recurring operations		**15.8**	**12.7**	**(3.1)**	***(19.7)%***	**54.3**	**126.0**	**71.6**	***131.8%***
Non-recurring income (expense)	l)	(0.6)	(2.2)	(1.5)	*(253.4)%*	(13.4)	3.9	17.3	*129.0%*
Income tax	m)	(10.0)	(4.6)	5.4	*54.0%*	(15.6)	(40.7)	(25.1)	*(161.0)%*
Non-controlling interests		0.0	0.1	0.1	*n/a*	0.0	0.2	0.2	*n/a*
Net income (loss)		**5.2**	**6.0**	**0.8**	***15.5%***	**25.4**	**89.4**	**64.0**	***252.5%***

The table below sets forth our operating KPIs derived from the income statement, namely gross margin, network contribution and Reported EBITDA, for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

		Fourth Quarter				Full Year			
In €m		**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Total Sales	a)	**221.5**	**213.5**	**(8.0)**	***(3.6)%***	**711.0**	**937.4**	**226.4**	***31.8%***
Cost of goods sold	c)	(89.7)	(70.6)	19.1	*21.3%*	(241.0)	(319.1)	(78.1)	*(32.4)%*
Cost reinvoiced		(0.4)	(1.0)	(0.5)	*(113.1)%*	(0.7)	(1.2)	(0.4)	*(60.9)%*
Gross margin	d)	**131.3**	**141.9**	**10.6**	***8.1%***	**469.2**	**617.1**	**147.9**	***31.5%***
As a % of Network sales		*67.4%*	*70.6%*		*3.2 pp*	*69.4%*	*69.4%*		*0.1 pp*
Total Network direct costs		(68.5)	(82.2)	(13.7)	*(20.0)%*	(247.2)	(326.5)	(79.3)	*(32.1)%*
Network contribution	e)	**62.8**	**59.7**	**(3.1)**	***(5.0)%***	**222.1**	**290.6**	**68.5**	***30.9%***
As a % of Network sales		*32.2%*	*29.7%*		*(2.5)pp*	*32.8%*	*32.7%*		*(0.1)pp*
Indirect Costs		(20.8)	(26.4)	(5.6)	*(26.8)%*	(78.3)	(100.8)	(22.4)	*(28.7)%*
Closed Stores		(0.3)	0.0	0.4	*114.2%*	0.1	0.4	0.3	*191.9%*
Reported EBITDA	f)	**41.7**	**33.4**	**(8.3)**	***(20.0)%***	**143.9**	**190.2**	**46.3**	***32.2%***
As a % of Network sales		*21.4%*	*16.6%*		*(4.8)pp*	*21.3%*	*21.4%*		*0.1 pp*

a) Total sales

The table below presents the detail of our total sales for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**
Sales of precious metals	26.0	11.3	(14.7)	(56.6%)	32.5	45.9	13.4	41.4%
Invoicing to suppliers	0.2	0.2	0.1	46.1%	1.0	1.2	0.2	19.9%
Purchasing & logistics services	0.1	0.1	0.0	0.0%	0.4	0.4	0.0	0.0%
Other	0.3	0.9	0.5	145.8%	0.6	1.1	0.5	84.5%
Other Sales	**26.6**	**12.5**	**(14.1)**	**(53.1%)**	**34.5**	**48.7**	**14.2**	**41.0%**
Total Sales	**221.5**	**213.5**	**(8.0)**	**(3.6%)**	**711.0**	**937.4**	**226.4**	**31.8%**

In the three-month period ended September 30, 2022, total sales amounted to €213.5 million, a decrease of €8.0 million, or 3.6%, from €221.5 million in the three-month period ended September 30, 2021, mainly due to a €14.7 million decrease in our sales of precious metal explained by a significant sale and buy back operation with foundries in September 2021 (one off operation with no impact on Gross Margin), partly offset by an increase of €6.2 million increase in our network sales showing the ongoing growing performance of the group. Network was fully open both in the three-month periods ended September 30, 2022 and 2021.

In the fiscal year ended September 30, 2022, total sales amounted to €937.4 million an increase of €226.4 million, or 31.8%, from €711.0 million in the fiscal year ended September 30, 2021, mainly due to a €212.3 million increase in our network sales and to a €13.4 million increase in our sales of precious metal. Network sales' increase in the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021 was due to a limited impact of sanitary constraints compared to the fiscal year ended September 30, 2021 when the network was closed 29% of the time and to a very good performance of France and Italy, which benefited from the reorganization of the salesforce, the development of a new offering and a new brand positioning. Sales of precious metals of €26.4 million in France and €19.5 million in Italy mainly related to hedging operations in France and to sales to foundries in the regular course of business in Italy. In 2021, the Group has decided to build up a gold inventory and therefore limited sales of gold were achieved in France.

Our e-commerce platforms contributed €9.8 million to our network sales during the three-month period ended September 30, 2022 and €49.2 million during the fiscal year ended September 30, 2022, representing, respectively, an increase of €1.3 million, or 15.2% and a decrease of €14.9 million, or 23.2%, as compared to the same periods in the prior year. The decrease of 23.2% in the fiscal year ended September 30, 2022 happened after an increase of +116% in the fiscal year ended September 30, 2021 as compared to the fiscal year ended September 30, 2020 (whereas the market only grew by +46% in the same period) due a to switch from offline to online during Covid19. The level of digital sales is diluted by the strong recovery of stores but remains at a good level of 8% of network sales in France.

Closed stores evolution related to the COVID-19 pandemic during the fiscal year ended September 30, 2022 and September 30, 2021

During the fiscal year ended September 30, 2022, the Group has not been significantly impacted by COVID-19 pandemic restrictions unlike in the fiscal year ended September 30, 2021, when the Group's activity was strongly impacted by the COVID-19 pandemic and the strict lockdown rules imposed in our main countries, which resulted in our stores being temporarily closed as follows:

i. France was impacted by the following restrictions:

In YTD 2021

- From October 28 to November 28, 2020, the country was in full lockdown. All of our stores were closed.
- From February 1, 2021, all stores located in shopping centers bigger than 20,000 sqm had to close (72% of our stores impacted).
- From March 6, 2021, all stores located in shopping centers bigger than 10,000 sqm

had to close as well, and from March 20, 2021 a regional lockdown in four French regions, including the Ile-de-France area, was enforced, resulting in 80% of stores being closed in March 2021.

- In addition, a 6 p.m. curfew was in place from January 16, 2021 until March 20, 2021, when it was pushed back to 7 p.m, impacting with a lesser impact our stores.
- From April 3, 2021 until May 3, 2021, the country was in full lockdown, and stores remained closed until May 18, 2021.
- From August 9, 2021, a health pass was necessary in France to access certain places (cinema, museums, amusement parks, restaurants, bars...). Access to some shopping centers that are larger than 20,000 sqm was similarly restricted to people who hold a health pass in areas with a rate of infection higher than 200 cases per 100,000 inhabitants. The traffic in our stores slowed down for a few weeks (by approx. 10%), until the health pass was removed in shopping centers in September 2021.

In YTD 2022

- No lockdown or stores closed related to COVID-19 related restrictions in France. However, France's activity and stores organization were slightly impacted in January and February 2022 by COVID-19 cases among our employees which compelled the Group to close temporarily certain of its stores or to suffer from the lack of employees in some stores.

ii. Italy was impacted by the following restrictions:

In YTD 2021

- From November 6 to December 3, 2020, all our stores were closed in several regions, including Northern Italy, where our footprint is most important. In other regions, stores were closed only during weekends. Since December 3, 2020, some stores that were fully closed reopened during weekdays but all remained closed on weekends, public holidays and on the eve of public holidays, resulting in 50% of our stores being closed in November 2020, and 39% in December 2020.
- In January and February 2021, stores remained closed over weekends and public holidays and were also fully closed depending on the "color" of the regions in which they were located (COVID-19 pandemic-related restrictions vary from one region to another depending on the region's classification as red, orange, yellow or white). From January 17 to January 24, 2021, Northern Italy, where most of our Italian stores are located, was in full lockdown. The measures resulted in 45% of our stores being closed in January 2021 and 26% in February 2021.
- From March 15, 2021, almost 60% of our network was closed because the stores were located in a "red zone."
- In April and May 2021, regional lockdowns were still in place in the various regions where infection rates were high. 49% of our store network was closed in April 2021 and 22% in May 2021.
- No further restrictions were imposed in June 2021.

In YTD 2022

- No specific restrictions were imposed the fiscal year ended September 30, 2022.

iii. Germany was impacted by the following restrictions:

In YTD 2021

- From December 16, 2020 (or, for some stores, December 14, 2020) through March 8, 2021, all stores were fully closed, resulting in a closure rate of 49% in December 2020 and 100% in January and February 2021.

- From March 2021, depending on the rates of infection in each länder and on local regulations, some shops were authorized to fully reopen, some only in Click&Meet and most stores had to remain closed, resulting in 71% of our network being closed in March 2021.
- In April and May 2021, many local and national regulations were still in place, resulting in 83% of our network being closed in April 2021 and 50% in May 2021.
- No further restrictions were imposed in June 2021.

In YTD 2022

- Stores' access was restricted to vaccinated or recovered customers (the "2G" rule) starting November 2021 in some regions and starting December 8, 2021 for the others due to COVID-19 pandemic. Vaccination rate in Germany were still low and the traffic in our stores was slowed down. Also, due to COVID-19, some shops were heavily impacted by absences of employees and sales assistants had to be replaced by people from other stores, when possible. Some stores were even running without a manager.
- Since February 2022, there were no more restrictions to access stores.

In the fiscal year ended September 30, 2022, the Group didn't face any COVID-19 related restrictions. The network was open 100% of the time.

As a reminder, the tables below present the network closure average which is the monthly average of the percentage of stores closed for each day during the month due to COVID-19 pandemic restrictions across our geographies for the fiscal year ended September 30, 2022 (29% on average for FY 2021 compared to 0% in FY 2022).

	Q1 2021			Q2 2021			Q3 2021			Q4 2021				
In %	**oct-20**	**nov-20**	**dec-20**	**jan-21**	**feb-21**	**mar-21**	**apr-21**	**may-21**	**jun-21**	**juil-21**	**aug-21**	**sep-21**	**FY 2021**	**FY 2022**
France	6%	90%	-	-	72%	80%	99%	58%	-	-	-	-	34%	-
Italy	-	50%	39%	45%	26%	60%	49%	22%	-	-	-	-	25%	-
Germany	-	-	48%	98%	98%	71%	83%	50%	-	-	-	-	37%	-
Belgium	-	100%	-	-	-	15%	4%	-	-	-	-	-	10%	-
Luxembourg	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Thom Group	**3%**	**69%**	**18%**	**23%**	**53%**	**70%**	**75%**	**42%**	**-**	**-**	**-**	**-**	**29%**	**-**

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

The table below presents the network sale by activity for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Stores - LFL	177.5	179.8	2.3	1.3%	583.1	790.6	207.6	35.6%
Stores - Change in perimeter	5.4	3.9	(1.5)	(27.8%)	12.492	15.2	2.7	22.0%
E-commerce	8.5	9.8	1.3	15.2%	64.1	49.2	(14.9)	(23.2%)
Total BtoC	**191.4**	**193.5**	**2.1**	**1.1%**	**659.7**	**855.1**	**195.5**	**29.6%**
Wholesale - LFL	0.8	(0.0)	(0.9)	(105.7%)	3.6	0.5	(3.0)	(85.6%)
Wholesale - Change in perimeter	1.4	5.3	3.8	263.2%	6.3	21.5	15.2	240.8%
Affiliates	1.1	2.2	1.2	105.9%	6.3	11.3	4.9	78.3%
Total BtoB	**3.4**	**7.4**	**4.1**	**122.3%**	**16.2**	**33.2**	**17.1**	**105.5%**
Other Incubating Projects - LFL	0.1	0.1	0.0	17.5%	0.1	0.2	0.2	199.5%
Other Incubating Projects - Change in Perimeter	0.1	0.0	(0.1)	(100.0%)	0.6	0.1	(0.4)	(74.8%)
Total Incubating Projects	**0.1**	**0.1**	**(0.1)**	**n/a**	**0.6**	**0.4**	**(0.3)**	**(39.9%)**
Total Network Sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

The table below presents the detail of our network sales by perimeter on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Network sales France	111.7	114.8	3.0	2.7%	417.0	536.1	119.1	28.6%
Network sales Italy	64.2	63.2	(1.0)	(1.6%)	198.0	255.4	57.4	29.0%
Network sales RoE	10.9	11.6	0.7	6.7%	35.8	49.0	13.2	37.0%
Total network sales on a LFL basis	**186.8**	**189.6**	**2.7**	**1.5%**	**650.7**	**840.5**	**189.8**	**29.2%**
Change in perimeter	8.0	11.4	3.4	42.5%	25.7	48.2	22.5	87.3%
Network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

The table below presents the detail of our network sales by distribution channel on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Store & corner	177.5	179.8	2.3	1.3%	583.1	790.6	207.6	35.6%
E-commerce	8.5	9.8	1.3	15.2%	64.1	49.2	(14.9)	(23.2%)
Wholesale (*)	0.8	(0.0)	(0.9)	(105.7%)	3.6	0.5	(3.0)	(85.6%)
Other	0.0	0.0	(0.0)	(58.7%)	0.0	0.1	0.1	732.6%
Total network sales on a LFL basis	**186.8**	**189.6**	**2.7**	**1.5%**	**650.7**	**840.5**	**189.8**	**29.2%**
Change in perimeter	8.0	11.4	3.4	42.5%	25.7	48.2	22.5	87.3%
Network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

(*) The life-for-like perimeter for wholesale represents only the historical part of wholesale included in the Italian subsidiary Stroili. The data is not easily readable as there has been change in scope for this activity. Please refer to Network Sales by activity above for a full view of the wholesale activity.

The table below presents the detail of our network sales by banner on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Histoire d'Or	98.3	102.0	3.7	3.8%	372.5	474.1	101.6	27.3%
Stroili	57.8	57.1	(0.7)	(1.2%)	179.4	231.4	51.9	28.9%
Marc Orian	15.3	14.9	(0.4)	(2.8%)	53.4	70.7	17.3	32.4%
Franco Gioielli	4.5	4.3	(0.2)	(4.4%)	12.8	16.7	3.9	30.5%
TrésOr	4.7	4.5	(0.1)	(2.7%)	15.8	21.1	5.3	33.5%
Orovivo	5.9	6.3	0.5	8.2%	15.0	24.6	9.6	63.8%
Other	0.4	0.4	0.0	3.6%	1.8	2.0	0.2	12.2%
Total network sales on a LFL basis	**186.8**	**189.6**	**2.7**	**1.5%**	**650.7**	**840.5**	**189.8**	**29.2%**
Change in perimeter	8.0	11.4	3.4	42.5%	25.7	48.2	22.5	87.3%
Total network sales	**194.8**	**201.0**	**6.2**	**3.2%**	**676.5**	**888.7**	**212.3**	**31.4%**

In the three-month period ended September 30, 2022, on a like-for-like basis, our network sales increased by €2.7 million, or 1.5%, to €189.6 million compared to €186.8 million in the three-month period ended September 30, 2021. The increase in like-for-like sales was mainly due to the very good performance of stores in France and Germany, not offset by the slightly lower performance in Italy in the three-month period ended September 30, 2022 compared to the three-month period ended September 30, 2021, after a significant increase of +30% notably in July 2021 compared to July 2020 driven by the successful recovery of sales after stores reopening in May 2021. Doing better than the three-month period ended September 30, 2021, which was an exceptional quarter, was challenging. In this respect, the performance of the three-month period ended September 30, 2022 is a strong achievement.

In the fiscal year ended September 30, 2022, on a like-for-like basis, our network sales increased by €189.8 million, or 29.2%, to €840.5 million compared to €650.7 million in the fiscal year ended September 30, 2021. The increase in like-for-like sales was mainly due to a limited impact of sanitary constraints compared to the same period in prior year, explained by a network fully open the fiscal year ended September 30, 2022 compared to a 29% network closed on average in the fiscal year ended September 30, 2021 and to store sales growth at a higher pace than market in Italy and France. France benefited from an increase in brand attractiveness and the development of omnichannel sales (+21% inventory 2.0 vs. last year). Italy benefited from a reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning.

Our two main banners, Histoire d'Or and Stroili, performed very well, with 27.3% and 28.9% increases, respectively, in network sales in the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021, mainly due to the absence of Covid-19 related restrictions compared to the same period last year as well as the increase in brand attractiveness in France and to a new brand positioning in Italy.

The table below presents the detail of the change in perimeter for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Wholesale (exclu. LFL)	1.4	5.3	3.8	263.2%	6.3	21.5	15.2	240.8%
Affiliates	1.1	2.2	1.2	105.9%	6.3	11.3	4.9	78.3%
Other Change in perimeter	5.5	3.9	(1.5)	(28.1%)	13.1	15.5	2.4	18.0%
Total Change in perimeter	**8.0**	**11.4**	**3.4**	**42.5%**	**25.7**	**48.2**	**22.5**	**87.3%**

In the three-month period ended September 30, 2022, the change in perimeter increased by €3.4 million, or 42.5%, to €11.4 million compared to €8.0 million in the three-month period ended September 30, 2021.

In the fiscal year ended September 30, 2022, the change in perimeter increased by €22.5 million, or 87.3% to €48.2 million, from €25.7 million in the fiscal year ended September 30, 2021. The increase is mainly explained by the full year impact of Venson's acquisition and the development of the wholesale business for €15.2 million as well as the affiliates activity for €4.9 million (+7 stores opened in the fiscal year ended September 30, 2022).

E-commerce sales by perimeter

The table below presents the detail of our e-commerce sales by perimeter on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
E-commerce sales France	7.0	8.0	1.0	14.3%	54.8	41.4	(13.4)	(24.4%)
E-commerce sales Italy	1.2	1.4	0.2	16.0%	8.1	6.1	(1.9)	(24.1%)
E-commerce sales RoE	0.3	0.4	0.1	34.4%	1.2	1.7	0.5	37.4%
Total e-commerce sales	**8.5**	**9.8**	**1.3**	**15.2%**	**64.1**	**49.2**	**(14.9)**	**(23.2%)**

In the three-month period ended September 30, 2022, e-commerce sales amounted to €9.8 million, an increase of €1.3 million, or 15.2%, from €8.5 million in the three-month period ended September 30, 2021 showing e-Commerce embedded growth when compared to a period which was not impacted by Covid19 .

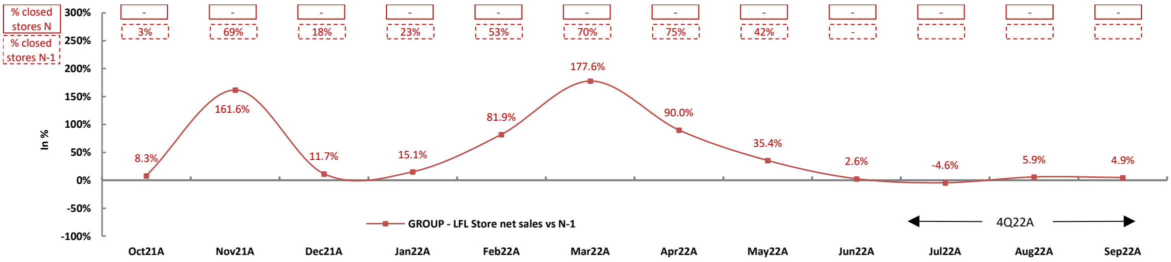
In the fiscal year ended September 30, 2022, e-commerce sales amounted to €49.2 million, a decrease of €14.9 million, or 23.2%, from €64.1 million in the fiscal year ended September 30, 2021. The decrease in the fiscal year ended September 30, 2022, is mainly explained by the extremely strong performance of e-commerce in the fiscal year ended September 30, 2021, which benefited from the shift in sales from offline to online due to lockdowns (+116% compared to the fiscal year ended September 30, 2020). The level of e-commerce sales in the fiscal year ended September 30, 2022 remained at a good level of 8% network sales in France.

Quarterly network sales

The table below presents our network sales quarterly for the fiscal years ended September 30, 2022, 2021, 2020, 2019 and 2018 (audited).

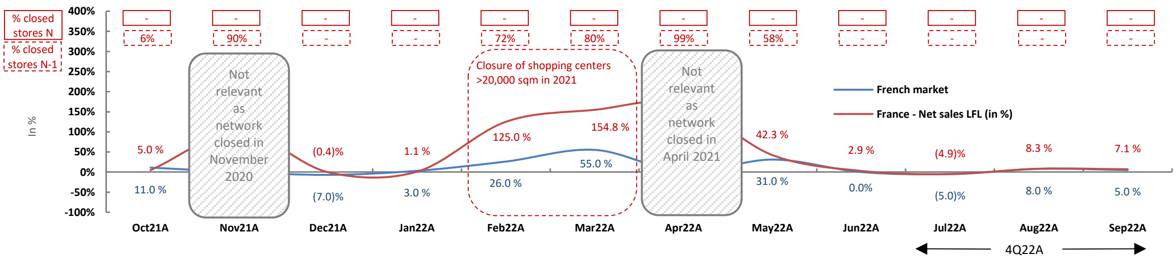
	Audited	Audited	Audited	Audited	Audited
In €m	**2018**	**2019**	**2020**	**2021**	**2022**
Quarter 1 (Oct - Dec)	230.9	239.2	254.4	232.4	304.9
Quarter 2 (Jan - Mar)	143.0	146.2	129.6	106.0	179.5
Quarter 3 (Apr - June)	152.1	162.5	82.0	143.2	203.4
Quarter 4 (July - Sep)	146.8	155.9	171.3	194.8	201.0
Network sales	**672.7**	**703.8**	**637.3**	**676.5**	**888.7**

The graph below presents the growth of our like-for-like network sales monthly for the twelve months ended September 30, 2022, as compared to the same months in the prior year.



Our network sales showed strong growth across geographies over the fiscal year ended September 30, 2022, with significant increase during the months closed for lockdowns over the fiscal year ended September 30, 2021 (November 2020 to May 2021), except for July 2022 for which the growth rate compared to July 2021 was -4.6% as the sales in July 2021 (+22.1%) were boosted by the recent reopening of the stores. At the Group level, in the fiscal year ended September 30, 2022, network sales on a like-for-like basis increased by €189.8 million, or 29.2%, compared to the fiscal year ended September 30, 2021, mainly due the limited impact of Covid-related restrictions and to store sales growth at a higher pace than market.

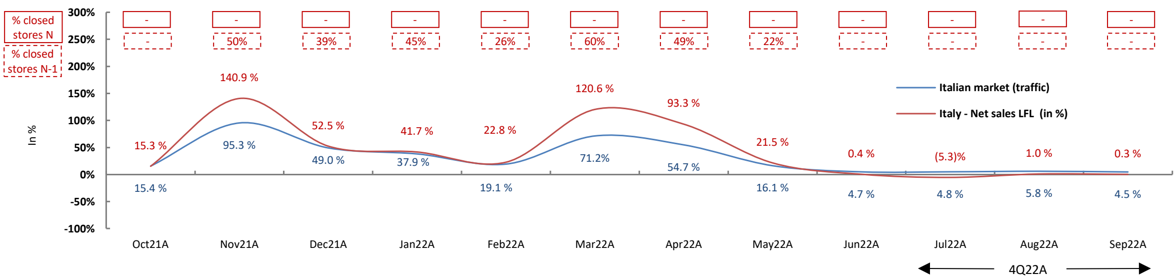
France



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

In the fiscal year ended September 30, 2022, France benefited from an increase in brand attractiveness and the development of omnichannel sales (+21% inventory 2.0 vs. prior year). Overall market decrease in December is due to the switch of Black Friday to November (December last year), France managed however to outperformed the market in December 2021 due to the embedded growth of stores. In January 2022, the group applied strict policy to close all stores if a COVID-19 case occurred within employees for cleaning, which had an unfavourable impact vs. market (2/3 of the stores were closed at least one time). From February to May 2022, the strong increase in network sales compared to February to May 2021 was explained by the closure of all shopping centers of more than 20.000 sqm in February 2021 and more than 10,000 sqm in March 2021 and national lockdown from April 3 to May 3, 2021 with stores remaining closed until May 18, 2021. In June and July 2022, the growth rates compared to June and July 2021 were respectively 2.9% and -4.9 % as the sales in June (+18.6%) and July (+22.1%) 2021 were boosted by the recent reopening of the stores.

Italy



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

Italy performed much better than market during the fiscal year ended September 30, 2022, except from July to September 2022 mainly due to the significant over-performance versus market in the same period in 2021 (+27pps in July, 20pps in August and September). Italy benefited from a reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning.

b) Other Operating Income

Other Operating Income amounted to €9.6 million in the fiscal year ended September 30, 2022, a decrease of €8.3 million, or 46.4%, from €17.9 million in the fiscal year ended September 30, 2021. The decrease is mainly explained by the €10.4 million subsidy received from the French government via a Fixed Cost Coverage Plan and French solidarity fund subsidy for which THOM S.A.S. was eligible as well as a €0.2 million subsidy received by Venson Paris in each case in the context of the COVID-19 in the fiscal year ended September 30, 2021 compared to none this year.

c) Cost of goods sold

The table below presents the detail of our cost of goods sold for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Purchase of finished goods	(50.5)	(78.2)	(27.6)	54.7%	(205.1)	(308.5)	(103.4)	50.4%
Change in inventories - finished goods	(14.8)	19.4	34.2	(231.1%)	3.6	50.7	47.0	1,293.6%
COGS - Finished Goods	**(65.3)**	**(58.8)**	**6.5**	**(10.0%)**	**(201.5)**	**(257.9)**	**(56.4)**	**28.0%**
Purchase of raw materials	(27.9)	(16.0)	11.9	(42.6%)	(54.8)	(55.2)	(0.4)	0.7%
Change in inventories - raw materials	3.5	4.1	0.7	18.9%	15.3	(6.1)	(21.4)	(139.8%)
COGS - Raw materials	**(24.4)**	**(11.9)**	**12.5**	**(51.3%)**	**(39.6)**	**(61.3)**	**(21.7)**	**54.9%**
Cost of goods sold	**(89.7)**	**(70.6)**	**19.1**	**(21.3%)**	**(241.0)**	**(319.1)**	**(78.1)**	**32.4%**

In the three-month period ended September 30, 2022, cost of goods sold totaled €70.6 million, a decrease of €19.1 million, or 21.3%, from €89.7 million in the three-month period ended September 30, 2021, mainly impacting Italy (€10.2 million increase) and France (€8.1 million increase) and resulting from the anticipation of Christmas purchases and the building of a security stock.

In the fiscal year ended September 30, 2022, cost of goods sold totaled €319.1 million, an increase of €78.1 million, or 32.4%, from €241.0 million in the fiscal year ended September 30, 2021, mainly due to France (€51.5 million increase) and Italy (€22.7 million increase out of which €5.4 million for the wholesale). The €78.1 million increase is resulting from (i) the limited impact of Covid-19 restrictions compared to the same period last year, (ii) to the strong performance of sales during the fiscal year ended September 30, 2022 as compared to the fiscal year ended September 30, 2021, and, (iii) to a lesser extent to the change in gold inventories for €21.4 million (the variation in change in inventories reflected the build-up of gold inventory in the fiscal year ended September 30, 2021 and the use of this gold inventory in the fiscal year ended September 30, 2022), not offset by (iv) the €47.0 million variation in change in inventories (detailed hereafter). In the fiscal year ended September 30, 2022, change in inventory for finished goods for €50.7 million is mainly explained by (i) €10.2 million euros by the activity effect, (ii) €9.5 million euros by an anticipation of Christmas inventories, (iii) €9.3 million euros by the building of a security stock in order for the group to anticipate potential logistic issues ahead of the festive season and to ensure the good availability of products in stores, (iv) €10.7 million euros by an increase of products range width (new references), (v) €6.0 million euros by the optimization of shortage rate in stores and (vi) €5.2 million euros by the increase in inventories related to the development of group’s wholesale business in France (Venson Paris) and in Italy (Thom Trade Italy), compared to a €3.6 million with lower activity and a stock cleaning policy in the fiscal year ended September 30, 2021.

d) Gross margin

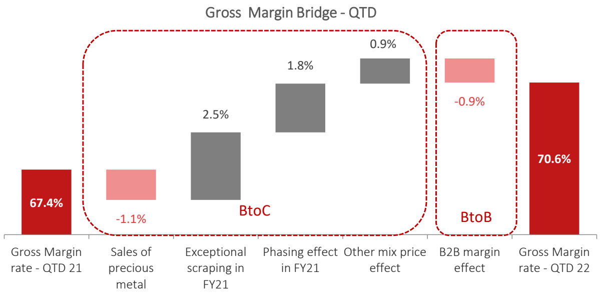
The table below presents the detail of gross margin in value and as a percentage of network sales for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

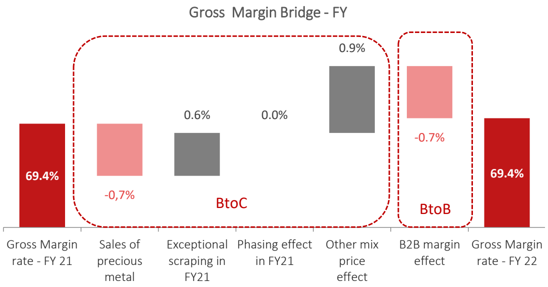
	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Network sales	194.8	201.0	6.2	*3.2%*	676.5	888.7	212.3	*31.4%*
Sales of precious metals	26.0	11.3	(14.7)	*(56.6)%*	32.5	45.9	13.4	*41.4%*
Invoicing to suppliers	0.2	0.2	0.1	46.1%	1.0	1.2	0.2	19.9%
Purchasing & logistics services - reinvoicing	0.1	0.1	0.0	0.0%	0.4	0.4	0.0	0.0%
Other - reinvoicing	0.3	0.9	0.5	145.8%	0.6	1.1	0.5	84.5%
Total Sales	**221.5**	**213.5**	**(8.0)**	**(3.6%)**	**711.0**	**937.4**	**226.4**	**31.8%**
Cost of goods sold	**(89.7)**	**(70.6)**	**19.1**	**21.3%**	**(241.0)**	**(319.1)**	**(78.1)**	**(32.4%)**
Costs reinvoiced	**(0.4)**	**(1.0)**	**(0.5)**	**(113.1%)**	**(0.7)**	**(1.2)**	**(0.4)**	**(60.9%)**
Gross Margin	**131.3**	**141.9**	**10.6**	**8.1%**	**469.2**	**617.1**	**147.9**	**31.5%**
As a % of network sales	*67.4%*	*70.6%*		*319.6*	*69.4%*	*69.4%*		*7.1*

In the three-month period ended September 30, 2022, gross margin totaled €141.9 million, an increase of €10.6 million, or 8.1%, from €131.3 million in the three-month period ended September 30, 2021. The increase in gross margin contribution as a percentage of network sales of 319.6 basis point, from 67.4% in the three-month period ended September 30, 2021 to 70.6% in the three-month period ended September 30, 2022, was mainly explained by the exceptional scraping in Italy and Germany in the three-month period ended September 30, 2021 for circa €5.0m and by a phasing effect of scraping in the three-month period ended September 30, 2022 (spread throughout the year in the fiscal year ended September 30, 2022 vs. focused on the three-month period ended September 30, 2021 due to Covid lockdowns). .

In the fiscal year ended September 30, 2022, gross margin totaled €617.1 million, an increase of €147.9 million, or 31.5%, from €469.2 million in the fiscal year ended September 30, 2021. Gross margin contribution as a percentage of network sales remained stable at 69.4% in the fiscal year ended September 30, 2022, explained by the exceptional scraping in Italy and Germany in the fiscal year ended September 30, 2021 for circa €5.0m fully offset by the dilutive effect of B to B activities (wholesale and affiliated partners) particularly as the wholesale activity is growing and has structurally lower margin than our B to C activity (stores and ecommerce) and also, by the impact of sales of precious metal.

The bridge below set forth the change in gross margin as a percentage of total sales between the fiscal years ended September 30, 2022 and 2021, as well as in the three-month periods ended September 30, 2022 and 2021.





__Gross margin by perimeter__

The tables below present the detail of gross margin in value and as a percentage of network sales by perimeter on a like-for-like basis for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

Gross margin in value

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Gross Margin France	81.2	84.4	3.1	3.9%	296.7	380.2	83.5	28.1%
Gross Margin Italy	39.2	43.1	3.8	9.8%	133.9	178.0	44.1	32.9%
Gross Margin RoE	6.4	8.1	1.7	26.8%	23.6	34.0	10.3	43.7%
Gross Margin on a LFL basis	**126.8**	**135.5**	**8.7**	**6.9%**	**454.3**	**592.3**	**138.0**	**30.4%**
Change in perimeter	4.5	6.4	1.9	41.7%	14.2	23.1	8.9	62.5%
Other income & expenses	0.0	0.0	0.0	n.a.	0.7	1.7	1.0	150.3 %
Gross Margin	**131.3**	**141.9**	**10.6**	**8.1%**	**469.2**	**617.1**	**147.9**	**31.5%**

Gross margin as a percentage

	Fourth Quarter			Full Year		
In €m	**2021**	**2022**	**Var in bp**	**2021**	**2022**	**Var in bp**
Gross Margin France	72.7%	73.5%	80.9	71.2%	70.9%	(23.4)
Gross Margin Italy	61.1%	68.2%	708.5	67.7%	69.7%	205.5
Gross Margin RoE	58.4%	69.5%	1,105.0	66.1%	69.3%	323.4
Gross Margin on a LFL basis	**67.9%**	**71.5%**	**360.6**	**69.8%**	**70.5%**	**64.8**
Change in perimeter	56.1%	55.8%	(32.9)	55.4%	48.0%	(731.7)
Gross Margin	**67.4%**	**70.6%**	**319.6**	**69.4%**	**69.4%**	**7.1**

In the three-month period ended September 30, 2022, gross margin on a like-for-like basis totaled €135.5 million, an increase of €8.7 million, or 6.9%, from €126.8 million in the three-month period ended September 30, 2021. Our gross margin as a percentage of network sales on a like-for-like basis was 71.5% in the three-month period ended September 30, 2022, an increase of 360.6 basis points from 67.9% in the three-month period ended September 30, 2021. This was mainly explained by the exceptional scraping in Italy and Germany in the three-month period ended September 30, 2021 for circa €5.0m and by a phasing effect of scraping in the three-month period ended September 30, 2022 (spread throughout the year in the fiscal year ended September 30, 2022 vs. focused on the three-month period ended September 30, 2021 due to Covid lockdowns).

In the fiscal year ended September 30, 2022, gross margin on a like-for-like basis totaled €592.3 million, an increase of €138.0 million, or 30.4%, from €453.3 million in the fiscal year ended September 30, 2021. Our gross margin as a percentage of network sales on a like-for-like basis was 70.5% in the fiscal year ended September 30, 2022, an increase of 64.8 basis points from 69.8% in the fiscal year ended September 30, 2021. This was mainly due to the exceptional scraping in Italy and Germany in the fiscal year ended September 30, 2021 for circa €5.0m, fully offset by the dilutive effect of B to B activities (wholesale and affiliated partners) particularly as the wholesale activity is growing and has structurally lower margin than our B to C activity (stores and ecommerce) and also, by the impact of sales of precious metal.

e) Network contribution

The table below presents the detail of our network contribution for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

In €m	Fourth Quarter 2021	Fourth Quarter 2022	Fourth Quarter Var. m€	Fourth Quarter Var. %	Full Year 2021	Full Year 2022	Full Year Var. m€	Full Year Var. %
Gross Margin	**131.3**	**141.9**	**10.6**	**8.1%**	**469.2**	**617.1**	**147.9**	**31.5%**
Personnel expenses - network	(38.4)	(44.1)	(5.6)	14.7%	(128.5)	(177.3)	(48.9)	38.0%
Rent & charges - network	(21.4)	(25.4)	(4.0)	18.5%	(79.7)	(92.9)	(13.2)	16.6%
Marketing costs - network	(2.9)	(4.0)	(1.1)	39.7%	(16.5)	(17.8)	(1.2)	7.4%
Taxes - network	(1.6)	(1.8)	(0.2)	9.3%	(6.5)	(7.4)	(0.9)	13.6%
Overheads - network	(4.2)	(6.9)	(2.8)	66.5%	(16.0)	(31.1)	(15.1)	94.8%
Total network direct costs	**(68.5)**	**(82.2)**	**(13.7)**	**20.0%**	**(247.2)**	**(326.5)**	**(79.3)**	**32.1%**
As a % of network sales	*-35.2%*	*-40.9%*		*(573.3)*	*-36.5%*	*-36.7%*		*(20.1)*
Network contribution	**62.8**	**59.7**	**(3.1)**	**(5.0%)**	**222.1**	**290.6**	**68.5**	**30.9%**
As a % of network sales	*32.2%*	*29.7%*		*(253.7)*	*32.8%*	*32.7%*		*(13.0)*

In the three-month period ended September 30, 2022, network contribution totaled €59.7 million, a decrease of €3.1 million, or 5.0%, from €62.8 million in the three-month period ended September 30, 2021 mainly explained by a stretched cost structure in the three-month period ended September 30, 2021 following a long period of Covid-19 pandemic restrictions (from November 2020 to May 2021). The increase in direct cost expenses was mainly explained by (i) the inflation and activity impact for €7.4m, (ii) a €2.7 subsidy for Fixed Cost Coverage Plan accrued in overheads in the three-month period ended September 30, 2021 compared to none in the three-month period ended September 30, 2022, (iii) a €2.5 accrual for variable rent explained by a timing effect in the three-month period ended September 30, 2022 due to very high level of sales in the period, and (iv) a €1.5m extraordinary bonus ("Macron" bonus) in the three-month period ended September 30, 2022, compared to none in the three-month period ended September 30, 2021.

In the fiscal year ended September 30, 2022, network contribution totaled €290.6 million, an increase of €68.5 million, or 30.9%, from €222.1 million in the fiscal year ended September 30, 2021. Over the period, the network contribution as a percentage of net sales slightly decreased by 13.0 basis point as compared to the fiscal year ended September 30, 2021. The increase in absolute value of €68.5 million is mainly explained by the strong performance of stores compared to the same period prior year and not offset by the significant increase in network direct costs, mainly explained by costs reduction like furlough schemes, rent abatements negotiations, as well as lower activity, in the fiscal year ended September 30, 2021 due to the impact of COVID-19 pandemic restrictions.

The table below presents the bridge between network contribution and Reported EBITDA for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

In €m	Fourth Quarter 2021	Fourth Quarter 2022	Fourth Quarter Var. m€	Fourth Quarter Var. %	Full Year 2021	Full Year 2022	Full Year Var. m€	Full Year Var. %
Network Contribution	**62.8**	**59.7**	**(3.1)**	**-5.0%**	**222.1**	**290.6**	**68.5**	**30.9%**
Indirect Costs	(20.8)	(26.4)	(5.6)	26.8%	(78.3)	(100.8)	(22.4)	28.7%
Contribution of closed stores	(0.3)	0.0	0.4	(114.2%)	0.1	0.4	0.3	191.9%
Reported EBITDA	**41.7**	**33.4**	**(8.3)**	**(20.0%)**	**143.9**	**190.2**	**46.3**	**32.2%**

In the three-month period ended September 30, 2022, indirect costs totaled €26.4m, a €5.6m increase, or 26.8% compared to €20.8m in the three-month period ended September 30, 2021, mainly due to (i) €3.4m extraordinary bonuses paid to employees following the good performance of the year, (ii) €1.0m marketing cost related to the new media campaign and (iii) €0.8m impact of higher activity and inflation.

f) Reported EBITDA to Operating Income

The table below presents the bridge from Reported EBITDA to operating income for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Reported EBITDA	**41.7**	**33.4**	**(8.3)**	***(20.0)%***	**143.9**	**190.2**	**46.3**	***32.2%***
Depreciation, amortisation & provisions, net	(13.9)	(11.4)	2.4	17.5 %	(37.6)	(30.6)	6.9	18.5 %
Business tax (CVAE)	(0.5)	(0.5)	0.0	2.3 %	(2.0)	(2.6)	(0.7)	(33.4)%
Contribution of closed stores	0.3	(0.0)	(0.4)	(114.2)%	(0.1)	(0.4)	(0.3)	(191.9)%
Operating Income	**27.6**	**21.3**	**(6.3)**	**(22.7)%**	**104.3**	**156.5**	**52.3**	**50.2 %**

Quarterly Reported EBITDA

The table below presents our Reported EBITDA quarterly for the fiscal years ended September 30, 2022, 2021, 2020, 2019 and 2018 (audited).

In €m	Audited **2018**	Audited **2019**	Audited **2020**	Audited **2021**	Audited **2022**
Quarter 1 (Oct - Dec)	66.8	69.3	75.7	76.2	101.9
Quarter 2 (Jan - Mar)	13.2	13.0	7.4	1.3	13.2
Quarter 3 (Apr - June)	22.0	26.4	3.9	24.6	41.3
Quarter 4 (July - Sep)	21.3	21.3	32.9	41.7	33.3
Adjustment for closed stores	0.5	2.1	0.7	0.1	0.4
Reported EBITDA	**123.9**	**132.1**	**120.6**	**143.9**	**190.2**

In the three-month period ended September 30, 2022, reported EBITDA (excluding closed stores adjustment) of €33.3 million compared to €41.7 million for the same period the prior year, a decrease of €8.4 million, or 20.1%, mainly explained by (i) a phasing effect due to Covid 19 in 2021 related notably to scrapping seasonality in the fiscal year ended 30 september 2021, the positive effect of a subsidy confirmed in the three-month period ended September 30, 2021 for a higher amount than provision (+€2.7m), and provisions for variable rents in the fiscal year ended 30 september 2022, and (ii) by extraordinary bonuses of €(4.9)m provisioned in the three-month September 30, 2022 (none in the three-month period ended September 30, 2021) due to the extraordinary performance in FY2022. Restated from these two effects the decrease in EBITDA of €(1.4)m mainly stems from the investment in Marketing for the new Histoire d'Or poster campaign (€(1)m), and to inflation.

In the fiscal year ended September 30, 2022, reported EBITDA (excluding closed stores adjustment) totaled €189.8 million, an increase of €46.0 million, or 32.0% from €143.8 million in the fiscal year ended September 30, 2021, as the Group benefited from the strong performance of stores and from a limited impact of restrictions relating to the COVID-19 pandemic compared to the fiscal year ended September 30, 2021 (29% of store network was closed). The strong performance of stores is mainly due to the increase in brand attractiveness and the development of omnichannel sales in France and to the reorganization of the salesforce, the development of a new offering (to both develop sales and benefit from Group purchasing synergies), and a new brand positioning in Italy.

This very good performance was also made possible due to a continuous focus on profitability which allowed the Group to reach a 21.4% EBITDA rate as a percentage of Network Sales in the fiscal year ended September 30, 2022 compared to 21.3% in the fiscal year ended September 30, 2021.

g) Personnel expenses

In the three-month period ended September 30, 2022, personnel expenses totaled €57.1 million, an increase of €5.9 million, or 11.5% from €51.2 million in the three-month period ended September 30, 2021, mainly due to a reduced number of employees in the three-month period ended September 30, 2021, after a long period of Covid-19 restrictions, compared to a now regular staffing in stores in the three-month period ended September 30, 2022 and to a €4.9 extraordinary bonus (on top of regular contractual bonuses) paid to employees (direct and indirect) resulting from the very good performance of the fiscal year end September 30, 2022.

In the fiscal year ended September 30, 2022, personnel expenses totaled €232.6 million, an increase of €58.8 million, or 33.8% from €173.8 million in the fiscal year ended September 30, 2021, mainly due to (i) the strong performance of stores compared to prior year, (ii) to the recourse, in the fiscal year ended September 30, 2021 to various furlough schemes in the countries in which the Group operates, with furlough payments amounting to an aggregate of €10.5 million (none this year), (iii) to the optimization, prior year, of staffing in stores (recruitment freeze and a decision not to renew short-term contracts) which does not apply anymore the fiscal year ended September 30, 2022 and (iv) to the increase, in the fiscal year ended September 30, 2022, of variable bonuses based on sales targets, which were much higher this year compared to the same period prior year due to the increase in sales.

h) Direct and indirect operating expenses

In the three-month period ended September 30, 2022, direct and indirect expenses totaled €55.5 million, an increase of €14.1 million, or 34.1%, from €41.1 million in the three-month period ended September 30, 2021, mainly explained by the activity and inflation impact, by a €2.5m accrual for variable rent explained by a timing effect in the three-month period ended September 30, 2022 due to very high level of sales in the period which triggered higher provision than in the same period last year and by €1.0m for the new Histoire d'or communication campaign

In the fiscal year ended September 30, 2022, direct and indirect expenses totaled €198.6 million, an increase of €34.3 million, or 20.9%, from €164.3 million in the fiscal year ended September 30, 2021. This increase in direct and indirect operating expenses was mainly attributable to the full recovery of the activity in the fiscal year ended September 30, 2022 compared to the fiscal year ended September 30, 2021, impacted by Covid-19 pandemic restrictions (29% of the store network was closed during the period), when the group had a strict cost saving plan in place. The increase in other direct and indirect operating expenses is however relatively limited (20.9%) compared to the increase in network sales (31.8%), mainly due to the continuous focus of the Group on cost control to ensure a high profitability.

i) Taxes and duties

Taxes and duties totaled €9.5 million in the fiscal year ended September 30, 2022, an increase of €1.6 million, or 19.7%, from €8.0million in the fiscal year ended September 30, 2021.

Our taxes and duties mainly include the CVAE (€2.6 million in the fiscal year ended September 30, 2022), a tax on commercial premises (*Cotisation foncière des entreprises* (CFE)), payroll-related taxes and a levy on French companies to fund social security (*Contribution sociale de solidarité* (CSS)). The main driver of the increase in taxes and duties in this period was the increase in CVAE, as a result of a higher added value in the fiscal year ended September 30, 2022, compared to the same period in prior year.

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

In the three-month period ended September 30, 2022, change in depreciation, amortization and provisions net of provision reversals totaled a net provision accrual of €11.4 million, a decrease of €2.4 million, or 17.5% from a net provision accrual of €13.9 million in the three-month period ended September 30, 2021. During the three-month period ended September 30, 2022, the €11.4 million change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €10.6 million in amortization and provision of fixed assets and to (ii) a €0.9 million provision for inventories. The €2.4 million increase compared to the three-month period ended September 30, 2021 was due to (i) €5.7 million net variation of inventory provision due to a €4.8 million reversal of provision in the three-month period ended September 30, 2021 after a high level of provision at the end of June, 2021 following a conservative view on the risks related to products not sold during lockdowns, compared to a normative level of provision accrual of €0.9 million in the three-month period ended September 30, 2022 and to (ii) €8.2 million net variation in amortization and provision of fixed assets mainly due to the lower amount of provision for leasehold in the three-month period ended September 30, 2022 compared to the three-month period ended September 30, 2022 where leaseholds were significantly provisioned as a result of deteriorated impairment tests due to Covid-19 pandemic.

In the fiscal year ended September 30, 2022, change in depreciation, amortization and provisions net of provision reversals totaled a provision accrual of €30.6 million, a decrease in provision of €6.9 million, or 18.5% from a net provision of €37.6 million in the fiscal year ended September 30, 2021. During the fiscal year ended September 30, 2022, the €30.6 million change in depreciation, amortization and provisions net of provision reversals were mainly composed of: (i) €30.5 million in amortization and provision of fixed assets and (ii) a €0.8 million reversal of provision for risk and charges mainly due to closed negotiations with landlords in France and Italy during the period almost offset by a €0.7 million provision for inventory. The €6.9 million decrease compared to the fiscal year ended September 30, 2021 was mainly due to a €9.0 million net variation of amortization and provision of fixed assets mainly in France with a €11.5 million leasehold depreciation in the fiscal year ended September 30, 2021 compared to a €3.8 million this year and the increase in reversal of amortization in Italy for €0.9 million this year, not offset by the change in inventory provision for €1.6 million or the change in provision for risk and charges for €0.9 million.

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

k) Financial income (expense)

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

In the three-month period ended September 30, 2022, financial expense totaled €8.6 million, a decrease of €3.2 million, or 27.1%, from €11.8 million in the three-month period ended September 30, 2021, mainly attributable to the conversion, in September 2021, of the intercompany loan between Goldstory and Thom Group into capital increase for €175.0m.

In the fiscal year ended September 30, 2022, financial expense totaled €30.6 million, a decrease of €19.3 million, or 38.7%, from €49.9 million in the fiscal year ended September 30, 2021. In the fiscal year ended September 30, 2022, our financial expense mainly consisted of €19.8 million in interest related to the proceeds loans and intercompany loan with Goldstory entered into connection with the Senior Secured Notes.

The €19.3 million decrease in financial expense was mainly attributable to (i) a €11.7 million interest expense on TLB (former financing) in the fiscal year ended September 30, 2021 compared to none in the fiscal year ended September 30, 2022, to (ii) a €9.4 million decrease in interest payment obligations resulting from the repayment of €152.2 million of convertible bonds in the financial year ended September 30, 2020 and to the conversion, on February 26, 2021, of the remaining convertible bonds totaling €199.9 million into an intercompany loan with Goldstory, bearing interest at a rate of 5.93% per annum, further reduced by €175.0 million as a result of the capital increase on September 24, 2021 (for the same amount) and to reach €24.9 million at the end of September 30, 2022 and to (iii) a €3.1 million in amortization of the bond redemption premium expensed in the fiscal year ended September 30, 2021 compared to none this year, not offset by (iv) a €5.1 million increase in interest expense on intercompany loan with Goldstory (new financing) explained by seven-month interest accounted for in the fiscal year ended September 30, 2021 (refinancing on February 26, 2021) compared to twelve-month interest in the same period this year.

l) Non-recurring income and expenses

The table below presents the detail of our total sales for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Pre-opening costs	(0.5)	(0.7)	(0.3)	*57.8%*	(1.2)	(1.4)	(0.2)	19.1%
Fees in respect of ongoing M&A processes	0.1	(0.0)	(0.1)	-100.0%	(1.1)	(0.0)	1.1	-100.0%
Non-recurring indemnity	(0.2)	(0.6)	(0.5)	298.0%	(1.1)	(0.6)	0.5	-42.8%
WeTHOM plan	-	0.0	0.0	n.a.	-	(0.2)	(0.2)	n.a.
Extra. amortization of TLB issuance borrowing costs	-	-	-	n.a.	(4.4)	-	4.4	-100.0%
Subsidy for Real Estate Rents	-	(2.2)	(2.2)	n.a.	-	1.6	1.6	n.a.
Subsidy from German government (Covid)	-	0.1	0.1	n.a.	-	3.1	3.1	n.a.
Credit Notes for Rents related to COVID-19 pandemic	-	0.3	0.3	n.a.	-	4.4	4.4	n.a.
Other income (expense)	0.7	0.2	(0.4)	-64.3%	(0.2)	0.4	0.6	-250.8%
Non-recurring loss from operations	**0.1**	**(2.8)**	**(3.0)**	**-2040.0%**	**(8.0)**	**7.3**	**15.3**	**-190.6%**
Income from disposal of leasehold rights	0.0	0.0	0.0	1161.9%	0.8	0.1	(0.7)	-89.8%
NBV intangible asset disposals	(0.6)	(0.0)	0.6	-98.8%	(5.3)	(4.0)	1.3	-24.7%
NBV tangible asset disposals	(0.3)	(0.6)	(0.3)	98.9%	(1.0)	(0.8)	0.2	-19.5%
Other Income from disposal of FA/ reversal of prov.	0.2	1.3	1.1	624.3%	0.2	1.3	1.1	619.3%
Non-recurring loss from disposed assets	**(0.8)**	**0.7**	**1.4**	**n.a.**	**(5.3)**	**(3.4)**	**1.9**	**-36.3%**
Non-recurring income (expense)	**(0.6)**	**(2.2)**	**(1.5)**	**253.4%**	**(13.4)**	**3.9**	**17.3**	**-129.0%**

In the three-month period ended September 30, 2022, non-recurring expenses totaled €2.2 million compared to non-recurring expenses of €0.6 million in the three-month period ended September 30, 2021. The increase was mainly due to the reclassification of a €2.2 million subsidy for real estate rents received from the French government for the part not covered by negotiation with landlords.

In the fiscal year ended September 30, 2022, non-recurring income totaled €3.9 million, a change of €17.3 million, or 129.0%, compared to non-recurring expenses of €13.4 million in the fiscal year ended September 30, 2021. The change was mainly due to (i) a €4.4 million expense relating to the extraordinary amortization of issuance borrowing costs related to the TLB reimbursed on February 26, 2021 compared to none in the fiscal year ended September 30, 2022, to (ii) a €4.5 million credit notes for rents received from landlords in France and Italy in the fiscal year ended September 30, 2022 and related to lockdown periods in the previous financial year, to (iii) a €1.6 million subsidy for Real Estate Rents received from the French government (following Ministerial Decree n° 2021-1488 dated November 16, 2021) for a part of the total amount received (€3.8 million), to (iv) a €3.1 million subsidy received from the German government to support companies who suffered during 2021 Covid-19 pandemic and to (v) a €1.1 million decrease related to fees in respect of ongoing M&A processes and a €0.5 million decrease in non-recurring indemnity in the fiscal year ended September 30, 2022 compared to none the fiscal year ended September 30, 2021.

m) Income tax

Income tax includes current and deferred income taxes.

In the three-month period ended September 30, 2022, income tax expense totaled €4.6 million, a decrease of €5.4 million, or 54.0%, from a €10.0 million tax expense in the three-month period ended September 30, 2021 mainly due to a change in deferred tax assets.

In the fiscal year ended September 30, 2022, income tax expense totaled €40.7 million an increase of €25.1 million, or 161.0%, from €15.6 million in the fiscal year ended September 30, 2021. The increase was due to the strong operating performance of the Group benefitting from the embedded growth of stores in France and Italy and from the limited impact of COVID-19 pandemic related restrictions.

B. Liquidity and Capital Resources

a) Free cash flow

Our free cash flow is seasonal, with a peak in December after the Christmas season once we have recorded payment for our products sold, and a low point in September to November reflecting inventory build-up ahead of the Christmas season. The main drivers of the seasonality of our free cash flows are Reported EBITDA, changes in working capital (mainly trade payables and, to a lesser extent, inventories) and capital expenditure, consisting of growth capital expenditure, maintenance, and refurbishment expenditures.

The following table summarizes our free cash flow for the three-month periods and the fiscal years ended September 30, 2022 and 2021.

In €m	Fourth Quarter				Full Year			
	2021	2022	in m€	in %	2021	2022	in m€	in %
Reported EBITDA	**41.7**	**33.4**	**(8.4)**	**(20.1%)**	**143.9**	**190.2**	**46.3**	**32.2%**
Business tax (CVAE) & store closure expenses	(0.2)	(0.6)	(0.4)	(152.8%)	(2.1)	(3.1)	(0.9)	(43.7%)
Change in working capital (includ. employee profit sharing paid)	19.3	(9.7)	(29.0)	(150.1%)	30.4	(4.3)	(34.7)	(114.2%)
Income tax paid	(11.8)	(10.0)	1.8	15.6%	(15.0)	(29.3)	(14.3)	(95.6%)
Other non-recurring income (expenses)	(0.0)	(3.6)	(3.5)	(10456.5%)	(4.5)	6.1	10.7	234.9%
Net cash provided by operating activities	**49.0**	**9.5**	**(39.4)**	**(80.5%)**	**152.6**	**159.7**	**7.0**	**4.6%**
Acquisition of tangible, intangible assets	(7.2)	(15.8)	(8.6)	(119.7%)	(27.6)	(39.3)	(11.7)	(42.4%)
Disposal of tangible, intangible assets	0.0	0.0	0.0	1161.9%	0.8	0.1	(0.7)	(89.8%)
Change in working capital on fixed assets	2.7	5.8	3.0	110.3%	2.0	5.5	3.6	180.7%
Net cash used in investing activities	**(4.4)**	**(10.0)**	**(5.5)**	**(125.1%)**	**(24.9)**	**(33.7)**	**(8.8)**	**(35.5%)**
Free Cash Flow	**44.5**	**(0.4)**	**(45.0)**	**(100.9%)**	**127.8**	**126.0**	**(1.8)**	**(1.4%)**
As a % of Reported EBITDA	*106.7%*	*-1.2%*		*(107.9)pp*	*88.8%*	*66.2%*		*(22.6)pp*
Interest paid on Term Loan B and RCF	(0.8)	(0.0)	0.8	99.9%	(15.5)	(0.0)	15.5	100.0%
Interest paid on Proceeds and Intercompany loans	(16.9)	(11.4)	5.5	32.7%	(19.7)	(28.7)	(8.9)	(45.2%)
Other interest paid	(0.9)	(0.0)	0.8	94.5%	(0.9)	(0.2)	0.7	77.0%
Other cash flows used in financing activities	(3.5)	(1.8)	1.7	n/a	(7.8)	(2.7)	5.1	n/a
Net cash used in financing activities	**(22.2)**	**(13.2)**	**8.9**	**40.2%**	**(44.0)**	**(31.6)**	**12.4**	**28.2%**
Net cash before change in debt, specific events and RCF	**22.4**	**(13.7)**	**(36.0)**	**(161.0%)**	**83.8**	**94.4**	**10.6**	**12.7%**
Revolving credit facilities, Net of Repayment	**(90.0)**	**22.0**	**112.0**	**124.4%**	**(89.8)**	**22.0**	**111.8**	**124.5%**
Net cash before change in debt & specific events, after RCF	**(67.6)**	**8.3**	**76.0**	**112.3%**	**(6.0)**	**116.4**	**122.4**	**2025.5%**
Change in Debt	(175.0)	-	175.0	100.0%	(299.0)	-	299.0	100.0%
Financing cost	-	-	-	n/a	(1.4)	-	1.4	100.0%
FY21 refinancing and change in shareholders	**(175.0)**	**-**	**175.0**	**100.0%**	**(300.4)**	**-**	**300.4**	**100.0%**
Equity Injection	175.0	-	(175.0)	(100.0%)	175.0	-	(175.0)	(100.0%)
Goldstory current account	(0.8)	(52.8)	(52.0)	(6650.0%)	(2.8)	(136.3)	(133.5)	(4854.1%)
Dividend paid to Goldstory	-	0.0	0.0	n/a	-	(30.1)	(30.1)	n/a
Agatha acquisition	(0.3)	-	0.3	100.0%	(3.3)	-	3.3	100.0%
Popsell Acquisition	(0.1)	-	0.1	100.0%	(1.9)	-	1.9	100.0%
Venson Paris Acquisition	(2.0)	-	2.0	**100.0%**	(2.0)	-	2.0	**100.0%**
Specific events	**171.8**	**(52.8)**	**(224.6)**	**(130.7%)**	**165.0**	**(166.4)**	**(331.4)**	**(200.9%)**
Net increase / (decrease) in cash and cash equivalents	**(70.8)**	**(44.4)**	**26.4**	**37.2%**	**(141.4)**	**(50.0)**	**91.3**	**64.6%**
Cash and cash equivalents at the beginning of the period	**126.1**	**50.1**	**(76.0)**	**(60.3%)**	**196.7**	**55.7**	**(141.0)**	**(71.7%)**
Change in perimeter (Agatha)	0.4	-	(0.4)	**(100.0%)**	**0.4**	-	(0.4)	**(100.0%)**
Cash and cash equivalents at the end of the period	**55.7**	**5.7**	**(50.0)**	**(89.8%)**	**55.7**	**5.7**	**(50.0)**	**(89.8%)**
Change in cash	**(70.8)**	**(44.4)**	**26.4**	**37.2%**	**(141.4)**	**(50.0)**	**91.3**	**64.6%**

Free cash flow totaled €126.0 million in the fiscal year ended September 30, 2022, a decrease of €1.8 million, or 1.4%, from €127.8 million in the fiscal year ended September 30, 2021. This decrease was mainly due to the combination of:

- the €46.3 million increase in Reported EBITDA, resulting from a limited impact of COVID-19 pandemic restrictions compared to a strong impact in the fiscal year ended September 30, 2021 with a store network closing rate of 29% and from the very good performance of stores in France and in Italy in the fiscal year ended September 30, 2022;

- the €10.7 million positive change in other non-recurring expenses mainly related to (i) €9.2 million in respect of Covid19 credit notes and subsidies received related to fiscal year ended 30 september 2021 with a €4.5 credit notes for rents received from landlords in Italy and France,a €1.6 million subsidy for Real Estate Rents received from the French government received in the fiscal year ended September 30, 2022 (remaining €2.2 million subsidy received is reported operating result) and a €3.1 million subsidy received from the German government; to (ii) a €1.1 million fees in respect of M&A processes compared to none the fiscal year ended September 30, 2022 and to (iii) €1.1 million non-recurring indemnity paid in the fiscal year ended September 30, 2021 compared to €0.6 million in the fiscal year ended September 30, 2022

- more than offset by the €34.7 million decrease in change in working capital in the fiscal year ended September 30, 2022, compared to the fiscal year ended September 30, 2021, mainly due to an anticipation of Christmas procurement plan, to the building of a security stock to secure in order for the group to anticipate potential logistic issues ahead of the festive season and to ensure the good availability of products in stores, and to an increase of products range width (new references) mainly in Italy.;
- the €14.3 million increase in income tax payments resulting from €29.3 million in income tax paid the fiscal year ended September 30, 2022, compared to €15.0 million in income tax paid in the fiscal year ended September 30, 2021.
- The €8.8 million negative effect of net cash used in investing activities mainly related to the increase in other group IT projects (SAP, Salesforce, Front office in Italy…);

Net cash used in financing activities totaled €31.6 million, a decrease of €12.4 million, or 28.2%, from €44.0 million in the fiscal year ended September 30, 2021, mainly due to the change in debt structure and to a €5.7 million pledge paid in Italy as rent guaranty in the fiscal year ended September 30, 2021.

Net cash flow before change in debt, specific events and RCF totalled €94.4 million for the fiscal year ended September 30, 2022, an increase of €10.6 million, or 12.7%, from €83.8 million in the fiscal year ended September 30, 2021, showing strong cash generation after financing activities and before refinancing and specific events.

b) Capital expenditure

Our total capital expenditures consist mainly of (i) the maintenance and refurbishment of our stores, as well as the opening of new stores and (ii) structuring group IT projects like Shine (implementation of the SAP ERP). We benefit from low maintenance capital expenditure requirements, which give us flexibility to protect our free cash flow. We generally perform a full refurbishment of our stores once every 12 to 15 years.

The following table provides the detail of our capital expenditure for the three-month periods and fiscal years ended September 30, 2022 and 2021:

	Fourth Quarter				Full Year			
In €m	**2021**	**2022**	**Var. m€**	**Var. %**	**2021**	**2022**	**Var. m€**	**Var. %**
Maintenance Capital Expenditure	(0.5)	(5.2)	(4.7)	*971.4 %*	(4.7)	(9.4)	(4.6)	*98.0 %*
Refurbishment Capital Expenditure	(2.1)	(3.0)	(0.8)	*39.2 %*	(4.7)	(7.2)	(2.5)	*53.1 %*
Expansion Capital Expenditure	(0.9)	(1.6)	(0.7)	*79.2 %*	(3.6)	(3.4)	0.2	*(5.1)%*
Store Capital Expenditure	**(3.5)**	**(9.8)**	**(6.3)**	***178.2 %***	**(13.0)**	**(19.9)**	**(7.0)**	***53.6 %***
Shine 2020 - IT Project Capital Expenditure	(2.3)	(2.0)	0.3	*(14.5)%*	(8.1)	(7.4)	0.7	*(9.1)%*
Other Capital Expenditure	(1.4)	(4.0)	(2.7)	*195.9 %*	(6.5)	(12.0)	(5.5)	*84.4 %*
IT & Corporate Capital Expenditure	**(3.7)**	**(6.0)**	**(2.3)**	***63.4 %***	**(14.6)**	**(19.3)**	**(4.7)**	***32.5 %***
Total Capital Expenditure	**(7.2)**	**(15.8)**	**(8.6)**	***119.6 %***	**(27.6)**	**(39.3)**	**(11.7)**	***42.4 %***

In the three-month period ended September 30, 2022, total capital expenditure amounted to €15.8 million, an increase of €8.6 million or 119.6%, compared to €7.2 million in the three-month period ended September 30, 2021, mainly due to in increase in store capital expenditure and other corporate capex.

Total capital expenditure was €39.3 million the fiscal year ended September 30, 2022, an increase of €11.7 million or 42.4%, compared to €27.6 million in the fiscal year ended September 30, 2021 mainly explained by (i) the €7.0 million increase in store capex as the group performed important refurbishment and maintenance work mainly in the last quarter of fiscal year ended September 30, 2022 in France and Italy (development of the new store concept) and (ii) the € 5.5 million increase in other IT projects in France and Italy mainly (cash register software in Italy, e-commerce replatforming, Popsell) as well as the increase in marketing CAPEX for the wholesale business as the activity is developing.

C. Pro forma Goldstory SAS

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

a) Pro forma Information

This discussion and analysis include the consolidated financial information of the Company, Thom Group. However, the restrictive covenants included in the indenture for the Senior Secured Notes will apply to Goldstory S.A.S. and its restricted subsidiaries. Set forth below are the principal items reflected in the Goldstory S.A.S. financial statements, as at and for the period from October 1, 2021 through September 30, 2022, that are specific to the Issuer and do not apply to the Company:

- €620 million aggregate principal amount of Senior Secured Notes corresponding to:
  - €370 million aggregate principal amount of 5.375% senior secured notes due 2026
  - €250 million aggregate principal amount of floating rate notes due 2026 (with a margin of EURIBOR plus 550 basis points)
- €28.7 million interest on the Senior Secured Notes, which was paid during the fiscal year ended September 30, 2022 and €2.8 million accrued on the Balance Sheet as of September 30, 2022
- €15.5 million in financing costs remaining as of September 30, 2022 and which will be amortized over the life of the Senior Secured Notes
- €0.9 million in cash and cash equivalents
- other operating expenses resulting in an impact of €0.2 million on EBITDA
- €1.1 million of other non-recurring expenses specific to Goldstory
- €1.8 million of positive change in working capital specific to Goldstory
- €0.9 million of fees for non-utilization of our Revolving Credit Facility

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

In €m	THOM GROUP	Operating GS	Interco (GS/THG)	SSN Impact	Non-used RCF interests	Change in equity	GOLDSTORY PROFORMA
	2022.09						2022.09
Reported EBITDA	**190.2**	**0.2**	**-**	**-**	**-**	**-**	**190.5**
Business tax (CVAE) & store closure expenses	(3.1)						(3.1)
Change in working capital (includ. employee profit sharing paid)	(4.3)	(1.8)					(6.1)
Income tax paid	(29.3)						(29.3)
Other non-recurring income (expenses)	6.1	(1.1)					5.0
Net cash provided by operating activities	**159.7**	**(2.7)**	**-**	**-**	**-**	**-**	**157.0**
Acquisition of tangible, intangible assets	(39.3)	(0.0)					(39.3)
Disposal of tangible, intangible assets	0.1	-					0.1
Change in working capital on fixed assets	5.5	-					5.5
Net cash used in investing activities	**(33.7)**	**(0.0)**	**-**	**-**	**-**	**-**	**(33.7)**
Free Cash Flow	**126.0**	**(2.7)**	**-**	**-**	**-**	**-**	**123.3**
As a % of Reported EBITDA	*80.8%*						*64.8%*
Interest paid on RCF	-				(0.9)		(0.9)
Interest paid on Proceeds and Intercompany loans	(28.7)		28.7				-
Interest on SSN	-			(33.9)			(33.9)
Other interest paid	(0.2)						(0.2)
Other cash flows used in financing activities	(2.7)	(0.1)					(2.9)
Net cash used in financing activities	**(31.6)**	**(0.1)**	**28.7**	**(33.9)**	**(0.9)**	**-**	**(37.9)**
Net cash before change in debt, specific events and RCF	**94.4**	**(2.8)**	**28.7**	**(33.9)**	**(0.9)**	**-**	**85.5**
Revolving credit facilities, Net of Repayment	**22.0**	**-**	**-**	**-**	**-**		**22.0**
Net cash before change in debt & specific events, after RCF	**116.4**	**(2.8)**	**28.7**	**(33.9)**	**(0.9)**	**-**	**107.5**
FY21 refinancing and change in shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend paid to Altastory						(160.6)	(160.6)
Dividend paid to Goldstory	(30.1)		30.1				-
Goldstory current account	(136.3)		136.3				-
Specific events	**(166.4)**	**-**	**166.4**	**-**	**-**	**(160.6)**	**(160.6)**
Net increase / (decrease) in cash and cash equivalents	**(50.0)**	**(2.8)**	**195.1**	**(33.9)**	**(0.9)**	**(160.6)**	**(53.1)**
Cash and cash equivalents at the beginning of the period	**55.7**	**4.0**					**59.7**
Cash and cash equivalents at the end of the period	**5.7**	**0.9**					**6.6**
Change in cash	**(50.0)**	**(3.1)**	**-**	**-**	**-**	**-**	**(53.1)**

The €2.7 million difference in free cash flow between the Company and the Issuer was mainly due to Goldstory EBITDA, change in working capital and non-recurring expenses.

The €160.6 million in dividend paid to Altastory were used as follow, on September 30, 2022:

- €100.0 million paid as share premium to shareholders
- €60.0 million used to repay vendor loan (out of €110m in aggregate principal amount of bonds issued by Topco to the Bridgepoint Affiliate and Qualium Investissement on the Acquisition Date) in June and August 2022 for respectively €10.0 and €50.0 million.
- €0.6 million used by Altastory to repurchase 0.2% of its own shares

c) Capitalization

The following table presents the total capitalization as of September 30, 2022 on an actual basis and on a pro forma basis for the transactions described above.

	At September 30, 2022		
	THOM GROUP		GOLDSTORY
In €m	**Actual**	**Adjustments**	**Proforma**
Cash and cash equivalents	**5.7**	**0.9**	**6.6**
Proceed Loans *(1)*	(441.0)	441.0	-
Intercompany Loan *(2)*	(24.9)	24.9	-
Senior Secured Notes *(3)*		(620.0)	(620.0)
Other third-party financial debt	(0.7)	-	(0.7)
Revolving Credit Facility *(4)*	(22.1)	(0.1)	(22.1)
Total third-party financial debt	**(488.7)**	**(154.1)**	**(642.8)**
Issuer's Equity ***(5)***	**433.6**	**(234.3)**	**199.3**
Total capitalization	**(49.4)**	**(387.6)**	**(437.0)**

(1) *represents the two proceed loans between the Issuer and Thom Group for the net proceeds of the issuance of the Fixed Rate Notes and the Floating Rate Notes*
(2) *represents the intercompany loan between the Issuer and Thom Group following the conversion of former convertible bonds*
(3) *represents the aggregate principal amount of Senior Secured Notes released from escrow on the acquisition date (February 26, 2021) excluding any debt issuance costs*
(4) *represents the €90 million New RCF, which will be available for 4.5 years and which was drawn as of September 30, 2022 for € 22.0 million*
(5) *represents the Share Capital and the Share Premium of the Company and the Issue*

D. Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of September 30, 2022, they included:

- Post-employment benefits in France totaling €1.2 million.
- Pledges listed below are granted for the benefit of the noteholders under the Senior Secured Notes and the banks under the New RCF agreement:
  - Pledge over shares in the Company held by the Issuer;
  - Pledge over the Issuer's material bank accounts;
  - Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between the Issuer and any member of the Group;
  - Pledge over shares in THOM S.A.S. held by the Company;
  - Pledge over the Company's material bank accounts;
  - Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between the Company and any member of the Group;
  - Pledge over shares in Stroili Oro S.p.A. held by THOM S.A.S.;
  - Pledge over THOM S.A.S.'s material bank accounts;
  - Pledge over receivables above a specified threshold arising under certain intragroup loans (proceeds loan and cash pool) between THOM S.A.S. and any member of the Group;
  - Pledge over THOM S.A.S.'s material trademarks (Histoire d'Or and Marc Orian);
  - Pledge over Stroili Oro S.p.A.'s material bank accounts;
  - Pledge over receivables above a specified threshold arising under certain intragroup loans between Stroili Oro S.p.A. and any member of the Group ; and
- Bank guarantees (collateral security or guarantee on first demand) in favor of certain lessors and suppliers totaling €16.6 million, including €3.0 million in France, €11.6 million in Italy, €1.0 in Belgium and €1.0 million in Germany.
- Hedges:
  - We hedge against fluctuations in the U.S. dollar/euro foreign exchange rate by entering into forwards and collars. As of September 30, 2022, we had entered into forwards in a notional

amount of $35.0 million, 29% of which have maturities of less than one year; and into collars in a notional amount of $83.3 million, 62% of which have maturities of less than one year;

- We have entered into euro-denominated derivative instruments relating to fluctuations in the price of gold, which cover the period from October 2022 to February 2023. These derivative instruments were complemented with physical gold held in inventory, which represented approximately four months of purchases as of September 30, 2022, thus providing us with an overall hedge of nearly seven months relating to gold price fluctuations. The notional amount covered is explained by the physical stock of 14,286 ounces which represented a value of €24.9 million as of September 30, 2022.
- We also have Euribor hedge, related to the floating rate senior secured notes (FRN) and to the new RCF, refinanced in February 2021, for a total of €18.3 million as of September 30, 2022, at Goldstory S.A.S level, the entity bearing the senior secured notes and the RCF. This includes €0.9 million of premium paid for caps and used hedging EURIBOR interest rates related to the FRN and RCF, that have been recognized on balance sheet and amortized over the duration of the contracts.

- Commitments received: As of September 30, 2022, the Group has an RCF line of €90.0 million, drawn for €22.0 million, as well as 7 bank facilities for a total of €31.0 million.

E. Qualitative and Quantitative Disclosures About Market Risks

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

a) *Foreign currency exchange rate risk*

Our functional currency for sales and costs (other than cost of goods sold) is the euro. We have limited foreign currency exposure, principally derived from purchases from certain suppliers which are conducted in U.S. dollars. Approximately 25% of our costs of goods sold were denominated in U.S. dollars in the fiscal year ended September 30, 2022. We have historically been able to pass on to final customers any foreign effect impact. We also hedge U.S. dollar foreign exchange rate risks via forwards and collars. As of September 30, 2022, $118.3 million in notional amount of forwards and collars with maturities between October 2022 and August 2024 were contracted. Historically, we hedge through forwards and collars nearly all our anticipated purchases denominated in U.S. dollars for one year.

b) *Commodity price risk*

We are subject to commodity price risk associated with changes in the prices of gold, silver, and diamonds and, to a lesser extent, other precious and semi-precious stones, through our purchase of precious jewelry. Although we do not generally directly purchase the metals and other components of the jewelry we sell, price increases and availability of gold, silver, diamonds, and other precious metals are reflected in the manufacturing and assembling prices that we pay to our suppliers. Variations in gold prices have a greater impact than variations in the prices of other commodities, as the proportion of the price of gold to the total price that we pay for a given piece of gold jewelry is much higher than the proportion of the price of the metals and other components used to the total price of other jewelry items. We adjust our activities through our gold repurchase and exchange program based on our hedging needs. In addition, we adjust our gold inventory (totaling 14,286 ounces or €24.9 million at the end of September 30, 2022) as a physical hedge against fluctuations in the price of gold. In the financial year ended September 30, 2022, gold-based products accounted for 60% of our purchases by cost, with 55% of such costs being attributable to the purchase of gold and the remainder to manufacturing, freight, and customs costs.

In addition, to hedge our exposure to fluctuations in the price of gold, we also enter derivative financial instruments, such as synthetic swaps and calls. As of September 30, 2022, we were beneficiaries of synthetic call options, allowing us to purchase up to 10,200 ounces (approximately 317 kilograms of gold). Combining such derivatives and our physical gold inventory, we hedged our gold purchasing needs for almost seven months following the end of the fiscal year ended September 30, 2022.

c) Interest rate risk

Euribor hedge, related to the floating rate senior secured notes (FRN) and to the new RCF, refinanced in February 2021, for a total of €18.3 million as of September 30, 2022, is now at Goldstory S.A.S level, the 100% shareholder of Thom Group S.A.S. This includes €0.9 million of premium paid for caps and used hedging EURIBOR interest rates related to the FRN and RCF, that have been recognized on balance sheet and amortized over the duration of the contracts.

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

d) Credit and counterparty risk

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

e) Liquidity risk

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

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

F. Selected Critical Accounting Policies and Estimates

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

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

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

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

Impairment of non-financial assets

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

Employee benefit liabilities

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

Provisions

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

Taxes

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

Accounting for period-end accruals

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

G. Key developments since September 30, 2022

- **Purchase of remaining 50% of Agatha**

On December 16, 2022, Thom S.A.S. purchased to Renaissance Luxury Group the remaining 50% of Agatha S.A.S. The subsidiary is now fully-owned by the group. Agatha’s account will be fully consolidated from October 1, 2022.

- **Tax audit – THOM GROUP**

The company is currently undergoing a tax audit for fiscal years 2017 to 2021. The control is not enough advanced to identify potential risks.

- **Tax audit - THOM**

The company had a tax audit for fiscal years 2019 to 2021. The audit didn’t identify significant risks.

No other subsequent event to be noted.

H. Risk Factors

Risk factors will be published on January 27, 2023 as a part of Annual Report.