MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SIX-MONTH PERIOD ENDED AS AT MARCH 31, 2024

The following discussion and analysis of the Group's financial condition and results of operations is based upon the consolidated financial information of the Issuer (Goldstory SAS) and its subsidiaries and should be read in conjunction with the Unaudited Consolidated Financial Statements and the notes thereto for the six-month period ended March 31, 2024. The consolidated financial information of the Issuer has been prepared in accordance with IFRS.

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 Issuer and its subsidiaries on a consolidated basis unless otherwise indicated. Certain of the financial measures described below, such as Reported EBITDA, Adjusted EBITDA, gross margin and network sales, are not calculated in accordance with IFRS. Accordingly, these non-IFRS financial measures should not be considered as alternatives to IFRS financial measures to assess our operating performance. Our management uses these non-IFRS financial measures to assess our operating performance. In addition, we believe that certain of these non-IFRS financial measures are commonly used by investors. However, the non-IFRS financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

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. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in the FY 2023 Annual Report published on January 26, 2024, particularly in "Risk Factors".

About GOLDSTORY

We are a leading European jewelry retailer by number of stores, with a strong position in Europe in the affordable jewelry sector. Our product offering comprises primarily precious jewelry, complemented by watches and costume jewelry. We are active primarily in France and Italy, where we hold a leading market position in each national market. Our products are available through our network of 1,022 stores directly operated stores and 46 corners, including 535 stores and wedding fairs in France (including one store in Monaco) as well as 23 corners, 398 stores in Italy, 57 stores in Germany, 25 stores and wedding fairs in Belgium, 3 stores and 23 corners in Spain, 3 stores in China and 1 store in Luxembourg as of March 31, 2024, 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 42 affiliated partner stores in France (4 openings during the six-month period ended March 31, 2024) as well as wholesale activity through our French subsidiary (Timeway France) and our Italian subsidiary (Timeway Italy).

We sell our products under our seven complementary main banners: Histoire d'Or (392 stores), Stroili (350 stores), Agatha (32 stores and 46 corners), Marc Orian (92 stores), TrésOr (63 stores), OROVIVO (57 stores) and Franco Gioielli (35 stores).

Accounting principles

We have prepared our Unaudited Consolidated Financial Statements in accordance IFRS.

Factors Impacting Our Results of Operations

Our results of operations and the operating metrics discussed in this section have historically been, and may continue to be, affected by certain key factors set forth in the "Risk Factors" section of the Annual Report released on January 26, 2024.

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 prepared on the basis of IFRS, the principal financial and operational measures used to evaluate our performance include network sales, network sales by perimeter, e-commerce sales, e-commerce sales by perimeter, gross margin, gross margin by perimeter, like-for-like network sales, e-commerce sales and gross margin growth, network contribution, total network direct costs, Reported EBITDA and free cash flow conversion rate.

- **Network sales**. Network sales represents total revenue recognized in our stores located in France, Italy and Rest of the World, through our e-commerce platforms, to our affiliated partners and from our wholesale business. It excludes sales of precious metals and other services.

- **Network sales by perimeter**. Network sales by perimeter represents the apportionment of our like-for-like network sales among perimeters, including (i) geography, (ii) sales channels, and (iii) brand. *To improve the clarity of the presentation, when a change of perimeter takes place due to a conversion among brands, 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 brand was in the previous year).*

- **E-commerce sales**. E-commerce sales represents total revenue recognized through our e-commerce platforms (including our directly-operated websites and third-party digital platforms).

- **Like-for-like e-commerce sales by perimeter**. Like-for-like e-commerce sales by perimeter represents the apportionment of our like-for-like e-commerce sales among perimeters, including geography, and excluding change in perimeter.

- **Gross margin by perimeter**. Gross margin by perimeter represents the apportionment of our like-for-like gross margin among perimeters, including geography. *To improve the clarity of the presentation, when a change of perimeter takes place due to a conversion among brands, 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 brand was in the previous year).*

- **Like-for-like gross margin**. Like-for-like gross margin excludes gross margin from our affiliated partners, our wholesale business, the Agatha and Be Maad businesses and any directly operated stores / brands that opened during the financial year ended September 30, 2023 or the six-month period ended March 31, 2024 or closed during the six-month period ended March 31, 2024 (*i.e.*, only stores / brands open before September 30, 2022 are included), as well as any network sales adjustments from the customer loyalty program. We 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.** Like-for-like network sales excludes network sales from our affiliated partners, our wholesale business, the Agatha and Be Maad business and any directly operated stores / brands that opened during the financial year ended September 30, 2023 or the six-month period ended March 31, 2024 or closed during the six-month period ended March 31, 2024 (*i.e*., only stores / brands open before September 30, 2022 are included)as well as any network sales adjustments from the customer loyalty program.

- **Like-for-like network sales growth, e-commerce sales growth and gross margin growth.** Like-for-like network sales growth consists of like-for-like network sales per perimeter in any given period compared with the corresponding financial period of the previous financial year, expressed as a percentage change between the two periods. Like-for-like e-commerce sales growth consists of like-for-like e-commerce sales per perimeter in any given period compared with the corresponding financial period of the previous financial year, expressed as a percentage change between the two periods. Like-for-like gross margin growth represents like-for-like gross margin per perimeter in any given period compared with the corresponding period of the previous financial year, expressed as a percentage change between the two periods.

- **Total network direct costs**. Total network direct costs represent the operational expenses (*e.g.*, personnel costs, marketing costs and overheads) directly incurred by the network of stores.

- **Total network indirect costs.** Total network indirect costs represent the operational expenses (e.g., personnel costs, rent expenses and overheads) related to headquarters, logistics and strategic marketing, as well as profit sharing.

- **Network contribution**. Network contribution represents our gross margin less our total network direct costs.

- **Reported EBITDA**. Reported EBITDA is defined as profit (loss) for the period excluding (i) profit (loss) for the period attributable to non-controlling interests, (ii) income tax, (iii) net finance costs, (iv) depreciation, amortization and provisions, and (v) 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.

- **Adjusted EBITDA.** Adjusted EBITDA represents Reported EBITDA adjusted to (i) give proforma effect to the actual or forecasted full-year profitability of (x) stores opened within the relevant period and (y) stores refurbished, relocated or rebranded within the relevant period, (ii) exclude the EBITDA of Agatha, consolidated from October 1, 2022, which is undergoing operational restructuring and is projected by management to generate positive EBITDA in the financial year ending September 30, 2025, (iii) normalize the impact of volatile electricity costs in France, Italy and Germany, by applying electricity costs as contractually fixed by the Group for the financial year ending September 30, 2025, and (iv) exclude the impact of non-recurring subsidies and credit notes received by the Group, as compensation for operating losses incurred as a result of the COVID-19 pandemic in respect of prior years.

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

Certain key performance indicators above constitute non-IFRS measures that are not measures of performance under IFRS.

Description of Key Income Statement Line Items

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

- **Revenue**. Revenue represents total network sales (as described above) and other sales (including sales of precious metals and other services).

- **Cost of goods sold**. Cost of goods sold is our single largest cost item. It comprises the purchase of gold bought from individuals (including in exchange for gift vouchers), raw materials consumption, rebates and discounts, customs, breakages and packaging costs.

- **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.

- **Other income.** Other income mainly represents government aid subsidies related to the COVID-19 pandemic and royalties received from our affiliated partners.

- **Personnel expenses**. Personnel expenses represents wages, salaries and pension 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.

- **External expenses.** External expenses represents mainly our rental costs (*i.e.*, for leases out of the scope of IFRS 16, mainly short-term leases and leases with variable component), maintenance costs, marketing and advertising costs, transport costs, professional fees, consultancy fees, communication costs, utilities and other supplies and bank fees mainly associated with payments from customers and taxes and duties including taxes other than on income such as taxes on salaries (mainly training taxes) and social construction tax (tax effort construction).

- **Depreciation, amortization and provisions**. Depreciation, amortization and provisions 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 and liabilities. Reversals of provisions are also reported in this line item. This line item also includes depreciation of right-of-use assets, as per IFRS 16.

- **Other expenses.** Other expenses represent other operating expenses such as stamps, waste during transportation and membership contributions.

- **Recurring operating profit.** Recurring operation profit represents operating income before non-recurring operating income and expenses.

- **Other non-recurring operating income and expenses**. Other non-recurring operating 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.

- **Operating profit.** Operating profit represents operating revenue net of operating expenses described above, before cost of net financial debt, other financial income and expenses, and income tax expense.

- **Cost of net financial debt.** Cost of net financial debt mostly represents interest on Senior Secured bonds and revolving credit facility.

- **Other financial income and expenses.** Other financial income and expenses mainly represents interest on lease liabilities, the impact of gold hedging and foreign currency income and expenses.

- **Income tax expense.** Income tax consists of income tax, including French CVAE, Italian IRAP, and deferred taxes.

Results of Operations

Six-month period ended March 31, 2024 compared to the six-month period ended March 31, 2023

The table below sets forth certain line items from our income statement for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March				LTM Ended March
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**	**2024**
Revenues	**215.3**	**232.3**	**17.1**	***7.9%***	**550.9**	**595.8**	**45.0**	***8.2%***	**1 056.7**
Cost of goods sold	(77.7)	(86.1)	(8.4)	*(10.9)%*	(190.2)	(218.0)	(27.8)	*(14.6)%*	(371.6)
Gross margin	**137.6**	**146.2**	**8.6**	***6.3%***	**360.7**	**377.9**	**17.2**	***4.8%***	**685.2**
Other income	0.7	0.5	(0.2)	*(24.7)%*	1.1	1.6	0.5	*49.1%*	3.2
Personnel expenses	(62.2)	(66.2)	(4.0)	*(6.4)%*	(128.3)	(136.2)	(7.9)	*(6.1)%*	(262.1)
External expenses	(34.1)	(36.3)	(2.2)	*(6.3)%*	(74.4)	(80.5)	(6.2)	*(8.3)%*	(147.8)
Depreciation, amort., impair. and prov., Net	(24.9)	(28.7)	(3.8)	*(15.2)%*	(50.6)	(55.7)	(5.1)	*(10.0)%*	(114.6)
Other expenses	(1.7)	(0.4)	1.3	*74.3%*	(2.1)	(0.7)	1.4	*67.6%*	(0.5)
Recurring operating profit	**15.3**	**15.1**	**10.9**	***71.4%***	**106.4**	**106.4**	**20.8**	***19.6%***	**163.4**
Other non-recurring operating income	1.9	0.7	(1.2)	*(62.3)%*	2.0	0.9	(1.1)	*(54.6)%*	0.5
Other non-recurring operating expenses	(2.3)	(1.7)	0.6	*27.6%*	(4.0)	(4.5)	(0.5)	*(12.9)%*	(11.0)
Operating profit	**14.9**	**14.1**	**(0.8)**	***(5.3)%***	**104.4**	**102.8**	**(1.6)**	***(1.6)%***	**152.9**
Cost of net financial debt	(9.9)	(17.6)	(7.8)	*(78.7)%*	(20.0)	(28.5)	(8.5)	*(42.4)%*	(49.8)
Other financial income and expenses	(4.9)	(6.5)	(1.6)	*(32.0)%*	(12.4)	(13.4)	(1.0)	*(8.3)%*	(25.8)
Net finance costs	**(14.8)**	**(24.2)**	**(9.4)**	***(63.1)%***	**(32.3)**	**(41.8)**	**(9.5)**	***(29.4)%***	**(75.5)**
Profit before tax	**0.1**	**(10.0)**	**(10.1)**	***n/a***	**72.1**	**60.9**	**(11.1)**	***(15.5)%***	**77.4**
Income tax expense	(4.9)	(5.9)	(1.0)	*(20.1)%*	(26.5)	(28.1)	(1.7)	*(6.3)%*	(45.8)
Profit for the period	**(4.8)**	**(15.9)**	**(11.1)**	***(233.4)%***	**45.6**	**32.8**	**(12.8)**	***(28.1)%***	**31.6**
Profit attributable to owners of the parent	*(4.7)*	*(15.8)*	*(11.1)*	*(234.0)%*	*45.7*	*33.0*	*(12.7)*	*(27.8)%*	*32.0*
Profit attributable to non-controlling interests	*(0.0)*	*(0.1)*	*(0.1)*	*(163.2)%*	*(0.1)*	*(0.2)*	*(0.1)*	*(113.8)%*	*(0.4)*

The table below sets forth our operating key performance indicators derived from the income statement, namely gross margin, network contribution and Reported EBITDA, for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March				LTM Ended March
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**	**2024**
Gross Margin	**137.6**	**146.2**	**8.6**	**6.3%**	**360.7**	**377.9**	**17.2**	**4.8%**	**685.2**
Personnel expenses - network	(48.3)	(49.2)	(0.8)	1.7%	(98.6)	(101.8)	(3.2)	3.2%	(195.1)
Rent & charges - network	(3.4)	(4.3)	(0.8)	24.4%	(6.9)	(7.0)	(0.1)	1.7%	(17.2)
Marketing costs - network	(4.3)	(5.6)	(1.3)	29.4%	(12.0)	(15.0)	(3.0)	24.8%	(26.2)
Taxes - network	(2.1)	(2.1)	0.0	(1.6%)	(4.2)	(4.4)	(0.2)	5.4%	(8.8)
Overheads - network	(11.8)	(10.5)	1.3	(11.2%)	(21.2)	(21.6)	(0.3)	1.6%	(39.9)
Network direct costs	**(70.0)**	**(71.6)**	**(1.6)**	**2.3%**	**(143.0)**	**(149.9)**	**(6.9)**	**4.8%**	**(287.2)**
Network contribution	**67.6**	**74.7**	**7.0**	**10.4%**	**217.7**	**228.0**	**10.3**	**4.7%**	**398.0**
As a % of network sales	*33.4%*	*34.7%*		*1.3 pp*	*41.6%*	*41.4%*		*(0.2)pp*	*39.9%*
Indirect Costs	**(27.4)**	**(30.8)**	**(3.5)**	**12.7%**	**(60.7)**	**(66.0)**	**(5.3)**	**8.7%**	**(120.0)**
Reported EBITDA	**40.3**	**43.8**	**3.6**	**8.9%**	**157.0**	**162.1**	**5.1**	**3.2%**	**278.0**

In the three-month period ended March 31, 2024, network contribution totaled €74.7 million, an increase of €7.0 million, or 10.4%, from €67.6 million in the three-month period ended March 31, 2023. As a percentage of network sales, the network contribution increased by 1.3 percentage point from 33.4% in the three-month period ended March 31, 2023 to 34.7% in the three-month ended March 31, 2024 driven by the combination of a stable Gross Margin rate at 68.3% as a percentage of Network sales combined with a 1.3 percentage point decrease of Network direct costs as a percentage of Network sales resulting from an action plan focusing on productivity of staff and savings in overheads, notably in respect of energy due to a a new supply contract with lower rates that started January 1st 2024)

Total indirect costs totaled €30.8 million in three-month period ended March 31, 2024, an increase of €3.5 million, or 12.7%, from €27.4 million in the three-month period ended March 31, 2023 mainly related to IT costs to develop services to customers and operational efficiency.

In the six-month period ended March 31, 2024, network contribution totaled €228.0 million, an increase of €10.3 million, or 4.7%, from €217.7 million in the six-month period ended March 31, 2023. As a percentage of network sales, the network contribution remained fairly stable from 41.6% in the six-month period ended March 31, 2023 to 41.4% in the six-month ended March 31, 2024.

Revenue

The table below presents the detail of our revenue for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Network sales	**201.4**	**214.2**	**12.9**	**6.4%**	**521.3**	**548.4**	**27.1**	**5.2%**
Sales of precious metals	13.2	17.6	4.4	32.9%	28.5	46.5	18.0	63.0%
Other	0.7	0.5	(0.1)	(21.1%)	1.0	0.9	(0.1)	(5.2%)
Other Sales	**13.9**	**18.1**	**4.2**	**30.4%**	**29.5**	**47.5**	**17.9**	**60.7%**
Revenue	**215.3**	**232.3**	**17.1**	**7.9%**	**550.9**	**595.8**	**45.0**	**8.2%**

In the three-month period ended March 31, 2024, revenue amounted to €232.3 million, an increase of €17.1 million, or 7.9 %, from €215.3 million in the three-month period ended March 31, 2023, due to an increase of €12.9 million (or 6.4%) in network sales during the three-month period ended March 31, 2024. The increase of €17.1 million of Network sales has been mainly driven by network sales growth on a like-for-like basis which increased by +2.9% in the three-month period ended March 31, 2024 compared respectively to the three-month period ended March 31, 2023 with positive growth across the board by country and by distribution channels (except a small decrease in wholesale impacted by a tough context for independent jewelers), driven by the embedded growth of the Group's established brands, following targeted marketing efforts from the Group in recent years and to a lesser extent (for +0.7pp to the overall +2.9% growth) by the shift of Easter from April in the year ended September 30, 2023 to March in the year ended September 30, 2024 (It is anticipated that this timing shift will have an opposite effect in Q3 2024). These targeted efforts included new marketing campaigns for our Histoire d'Or and Stroili brands, developing broader product offerings across such brands and the deployment of a new store concept in Italy. Additionally, to like-for-like growth, Network sales development was supported by the opening new stores, notably in Italy. Finally, sales of precious metals increased by €4.4 million, or 32.9%, in the three-month period ended March 31, 2024 as compared to the three-month period ended March 31, 2023.

In the six-month period ended March 31, 2024, revenue amounted to €595.8 million, an increase of €45.0 million, or 8.2 %, from €550.9 million in the six-month period ended March 31, 2023, mainly due to an increase of €27.1 million (or 5.2%) in network sales during the six-month ended March 31, 2024. Network sales on a like-for-like basis increased in the six-month period ended March 31, 2024, by €11.1 million, or 2.3%, from €484.9 million in the six-month period ended March 31, 2023 to €496.1 million in the six-month period ended March 31, 2024. Finally, sales of precious metals increased by €18.0 million, or 63.0%, in the six-month period ended March 31, 2024 as compared to the six-month period ended March 31, 2023 following a significant sale of gold for €14 million in October and November 2023 for hedging purposes (resale of a stock purchased in fiscal year ended September 30, 2023).

Network sales

The table below presents our network sales by activity for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Directly Operated stores & corners	178.0	184.6	6.5	3.7%	457.0	470.9	13.9	3.0%
E-commerce	11.8	13.1	1.4	11.5%	33.5	36.9	3.4	10.1%
Customer Loyalty Program	(0.9)	(0.8)	0.1	(7.8%)	(2.1)	(1.9)	0.2	n/a
Total BtoC	**188.9**	**196.9**	**8.0**	**4.2%**	**488.4**	**505.9**	**17.5**	**3.6%**
Wholesale	5.2	5.0	(0.2)	(3.8%)	12.3	12.4	0.1	1.1%
Affiliates	2.0	3.6	1.6	82.9%	5.4	7.6	2.2	41.3%
Total BtoB	**7.2**	**8.6**	**1.4**	**19.8%**	**17.6**	**20.0**	**2.3**	**13.3%**
Agatha	5.3	8.7	3.5	66.0%	14.6	21.8	7.3	50.0%
Other Incubating Projects	0.0	0.0	0.0	n/a	0.7	0.7	(0.0)	(4.4%)
Total Incubating Projects	**5.3**	**8.7**	**3.5**	**66.0%**	**15.3**	**22.5**	**7.2**	**n/a**
Total Network Sales	**201.4**	**214.2**	**12.9**	**6.4%**	**521.3**	**548.4**	**27.1**	**5.2%**

Like-for-like network sales by perimeter—geography, brand and sales channel

The table below presents the detail of our like-for-like network sales by geographic perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Network sales France	115.2	117.4	2.2	1.9%	307.3	310.5	3.2	1.0%
Network sales Italy	57.7	60.6	2.9	5.0%	146.3	152.9	6.6	4.5%
Network sales RoE	13.1	13.4	0.3	2.1%	31.4	32.7	1.3	4.3%
Total network sales on a LFL basis	**186.0**	**191.4**	**5.3**	**2.9%**	**484.9**	**496.1**	**11.1**	**2.3%**
Change in perimeter	15.3	22.8	7.5	49.1%	36.4	52.3	16.0	43.8%
Network sales	**201.4**	**214.2**	**12.9**	**6.4%**	**521.3**	**548.4**	**27.1**	**5.2%**

The table below presents the detail of our like-for-like network sales by sales channel perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Directly Operated stores & corners	174.2	178.2	4.0	2.3%	451.3	459.0	7.8	1.7%
E-commerce	11.8	13.1	1.4	11.5%	33.5	36.9	3.4	10.1%
Other	0.1	0.1	0.0	18.7%	0.2	0.1	(0.0)	(9.6%)
Total network sales on a LFL basis	**186.0**	**191.4**	**5.3**	**2.9%**	**484.9**	**496.1**	**11.1**	**2.3%**
Change in perimeter	15.3	22.8	7.5	49.1%	36.4	52.3	16.0	43.8%
Network sales	**201.4**	**214.2**	**12.9**	**6.4%**	**521.3**	**548.4**	**27.1**	**5.2%**

The table below presents the detail of our like-for-like network sales by brand perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Histoire d'Or	104.1	107.0	2.9	2.8%	276.0	282.5	6.5	2.4%
Stroili	53.3	56.5	3.2	6.0%	134.0	140.9	6.9	5.1%
Marc Orian	14.6	14.0	(0.6)	(4.1%)	39.2	37.0	(2.2)	(5.7%)
Franco Gioielli	3.4	3.2	(0.1)	(4.4%)	8.6	8.4	(0.3)	(3.0%)
TrésOr	4.0	4.0	0.1	2.3%	11.0	11.0	0.0	0.0%
Orovivo	6.7	6.7	(0.1)	(0.9%)	16.2	16.4	0.2	1.0%
Total network sales on a LFL basis	**186.0**	**191.4**	**5.3**	**2.9%**	**484.9**	**496.1**	**11.1**	**2.3%**
Agatha	5.3	8.7	3.5	66.0%	14.6	21.8	7.3	50.0%
Change in perimeter	10.1	14.1	4.0	40.2%	21.8	30.5	8.7	39.8%
Total network sales	**201.4**	**214.2**	**12.9**	**6.4%**	**521.3**	**548.4**	**27.1**	**5.2%**

On a like-for-like basis, our network sales increased by €5.3 million, or 2.9%, to €191.4 million in the three-month period ended March 31, 2024 compared to €186.0 million in the three-month period ended March 31, 2023 with positive growth across the board by country and by distribution channels (except a small decrease in wholesale impacted by a tough context for independent jewelers), driven by the embedded growth of the Group's established brands, following targeted marketing efforts from the Group in recent years and to a lesser extent (for +0.7pp to the overall +2.9% growth) by the shift of Easter from April in the year ended September 30, 2023 to March in the year ended September 30, 2024 (It is anticipated that this timing shift will have an opposite effect in Q3 2024).

In the six-month period ended March 31, 2024, the network sales on a like-for-like basis, increased by €11.1 million, or 2.3%, to €496.1 million compared to €484.9 million in the six-month period ended March 31, 2023.

The like-for-like sales showed positive trends in all our key brands in each country (Histoire d'Or, Stroili and Orovivo), however, the performances of secondary brands (Marc Orian, Franco Gioielli) were disappointing. Typically, the performance of these brands is closer to market trends.

The table below presents the detail for the change in perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Wholesale	5.2	5.0	(0.2)	(3.8%)	12.3	12.4	0.1	1.1%
Agatha	5.3	8.7	3.5	66.0%	14.6	21.8	7.3	50.0%
Affiliates	2.0	3.6	1.6	82.9%	5.4	7.6	2.2	41.3%
Customer Loyalty Program	(0.9)	(0.8)	0.1	(7.8%)	(2.1)	(1.9)	0.2	(9.0%)
Other change in perimeter	3.8	6.3	2.6	68.1%	6.3	12.4	6.1	97.4%
Total Change in perimeter	**15.3**	**22.8**	**7.5**	**49.1%**	**36.4**	**52.3**	**16.0**	**43.8%**

In the three-month ended March 31, 2024, the change in perimeter increased by €7.5 million, or 49.1% to €22.8 million, from €15.3 million in the three-month period ended March 31, 2023. The increase is mainly due to (i) the higher impact of stores openings and closures during the period for €2.6 million (included in other change in perimeter), due to a higher level of openings (25 stores opened in the LTM period ended March 31, 2024 compared to 13 in the LTM period ended March 31, 2023), (ii) the consolidation of Agatha China, for €2.4 million, in the three-month period ended March 31, 2024 (Agatha China was not consolidated in the three-month period ended March 31, 2023), (iii) the increase in Agatha network sales for €1.1 million in France and Spain as the new positioning of the Brand is starting to show good results, and (iv) the development of affiliation (with notably 6 additional doors compared to the six-month period ended March 31, 2023 .

In the six-month ended March 31, 2024, the change in perimeter increased by €16.0 million, or 43.8% to €52.3 million, from €36.4 million in the six-month period ended March 31, 2023. The increase is mainly due to (i) the consolidation of Agatha China, for €4.4 million, in the six-month period ended March 31, 2024 (Agatha China was not consolidated in the six-month period ended March 31, 2023), (ii) the increase in Agatha network sales for €2.8 million in France and Spain as a result of all the efforts, in the last few months, to reinforce the brand repositioning and to restructure the entity and (iii) the higher impact of stores openings and closures during the period, resulting in higher network sales through other changes in perimeter. We opened 16 stores in the six-month period ended March 31, 2024 (as compared to 9 stores in the six-month period ended March 31, 2023) and closed 26 stores during the same period (as compared to 11 stores in the six-month period ended March 31, 2023). The increase in affiliates sales for €2.2 million in the six-month period ended March 31, 2024 compared to the six-month period ended March 31, 2023 is resulting from the strength of our main brand in France, Histoire d'Or, and for the development of the network with 4 new affiliated stores open in the six-month period ended March 31, 2024 (as compared to 1 store in the six-month period ended March 31, 2023). Wholesale sales increased by 1.1% in the six-month period ended March 31, 2024 compared to the six-month period ended March 31, 2023, but the increase remains limited primarily due to a difficult market for independent jewelers.

E-commerce sales by perimeter

The table below presents the detail of our like-for-like e-commerce sales by geographic perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
E-commerce sales France	9.7	10.6	0.9	9.4%	28.1	30.5	2.4	8.6%
E-commerce sales Italy	1.6	1.9	0.3	19.6%	4.3	4.9	0.6	14.2%
E-commerce sales RoE	0.5	0.6	0.1	28.3%	1.1	1.5	0.4	30.7%
Total network sales on a LFL basis	**11.8**	**13.1**	**1.4**	**11.5%**	**33.5**	**36.9**	**3.4**	**10.1%**
Change in perimeter	1.1	3.1	2.0	194.6%	2.2	7.1	4.9	229.2%
Total e-commerce sales	**12.8**	**16.2**	**3.4**	**26.5%**	**35.7**	**44.0**	**8.3**	**23.3%**

In the three-month period ended March 31, 2024, on a like-for-like basis, e-commerce sales amounted to €13.1 million, an increase of €1.4 million, or 11.5%, from €11.8 million in the three-month period ended March 31, 2023. Change in perimeter e-commerce sales amounted to €3.1 million and correspond to Agatha's sales on its websites in France, Spain and China as the new positioning of the Brand is starting to show good results.

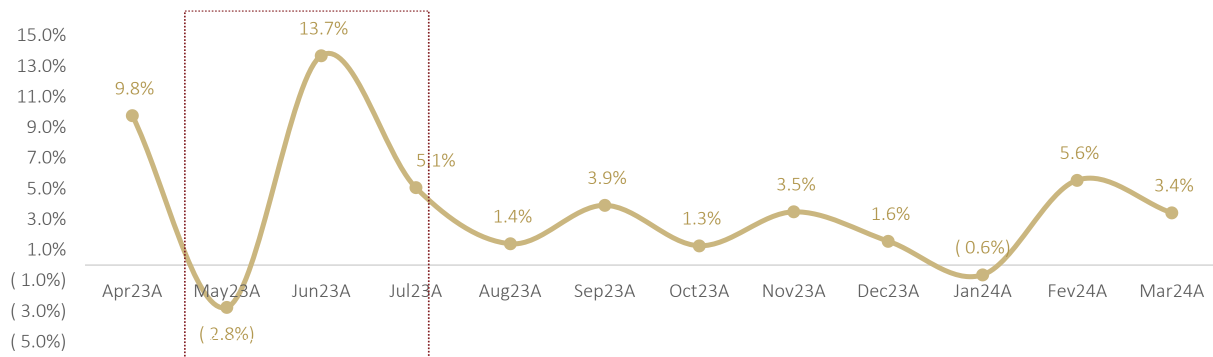
In the six-month period ended March 31, 2024, on a like-for-like basis, e-commerce sales amounted to €36.9 million, an increase of €3.4 million, or 10.1%, from €33.5 million in the six-month period ended March 31, 2023, driven by targeted media campaigns and digital innovations for Histoire d'or. In the six-month period ended March 31, 2024, change in perimeter e-commerce sales amounted to €7.1 million and correspond to Agatha's sales on its websites in France, Spain and China. The increase of €4.9 million, or 229.2%, is explained for (i) €3.0 million from e-commerce in China, driven by the country's ongoing strong development (impact of €2.1 million) and the fact that the entities were not yet consolidated in the six-month period ending March 31, 2023 (impact of €0.9 million) and for (ii) €1.9 million by the strong increase in France and Spain e-commerce showing the successful ongoing development of Agatha's brand.

Quarterly network sales

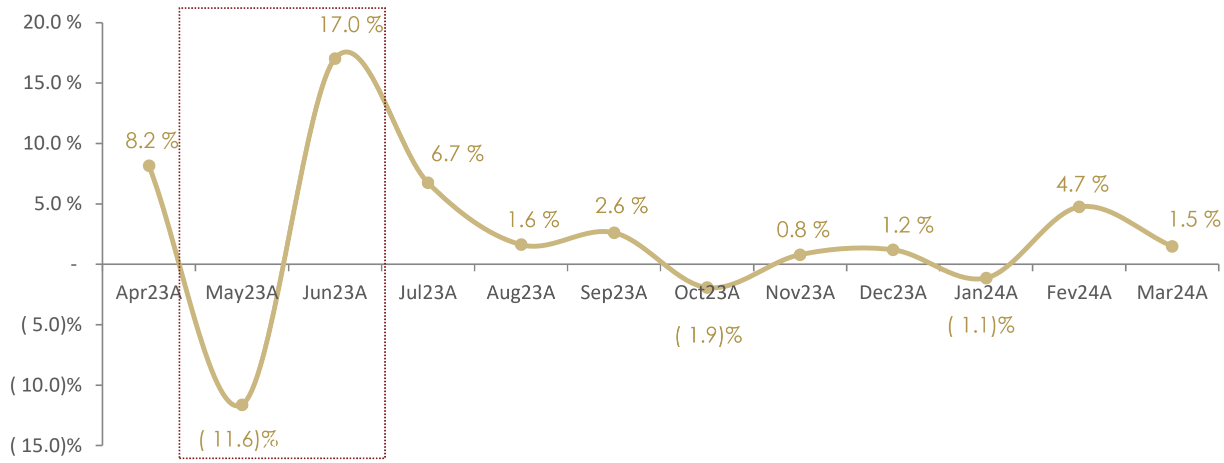
The table below presents our network sales on a quarterly basis for the six-month period ended March 31, 2024 and for the financial year ended September 30, 2023. Our business is seasonal, with network sales being the highest in Quarter 1 due to the Christmas season.

In €m	Audited 2023	Unaudited 2024
Quarter 1 (Oct - Dec)	320.0	334.2
Quarter 2 (Jan - Mar)	201.4	214.2
Total Network sales YTD	**521.3**	**548.4**
Quarter 3 (Apr - June)	229.7	
Quarter 4 (July - Sep)	215.7	
Total Network sales FY	**966.7**	

The graph below presents the growth of our total network sales on a monthly basis for the LTM period ended March 31, 2024 as compared to the same period in the prior year.

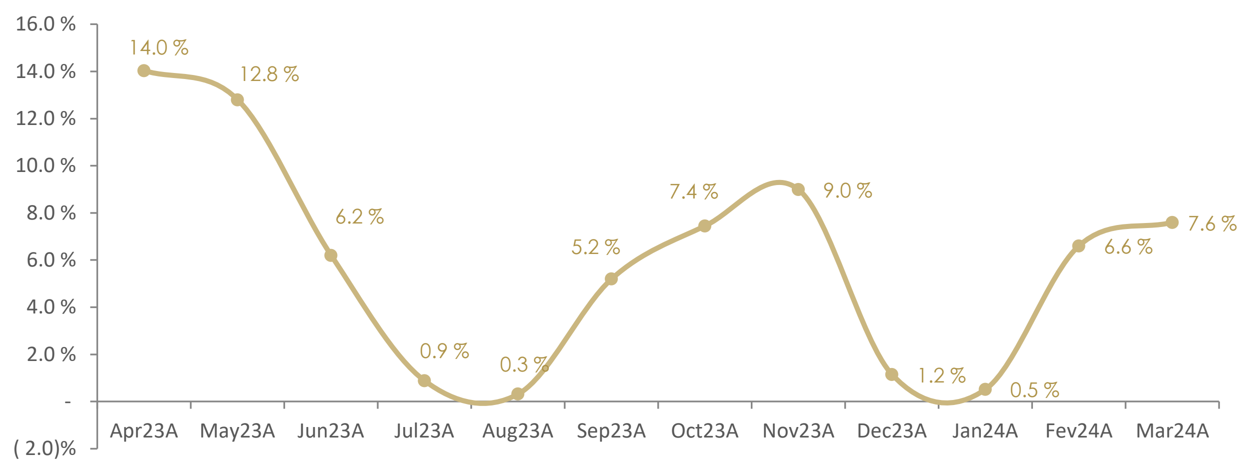


On a like-for-like basis, our network sales in each month in the LTM period ended March 31, 2024 increased as compared to the corresponding month in the LTM period ended March 31, 2023, with the exception of the month of May and January. Mother's Day took place in June in 2024 as opposed to May in 2023 in France. The combined network sales for the months of May and June 2023 increased by 3.5% as compared to the same period in 2022. In January 2024, significant social movements have triggered disruptions of traffic in France and Germany with an impact on stores' frequency. The comparison with 2023 is also distorted by the shift of Easter from April in 2023 to March in 2024. March 2024 is hence positively impacted for c. €1.4m Network sales (2%), and the opposite effect will impact in April 2024. In the six-month period ended March 31, 2024, the group showed good performance as compared to the six-month period ended March 31, 2023, in a difficult market environment. The graph below presents the growth of our total network sales in France on a monthly basis for the LTM period ended March 31, 2024 as compared to the same period in the prior year.



In France, our like-for-like network sales recorded an overall increase over the LTM period ended March 31, 2024, as compared with the LTM period ended March 31, 2023. Mother's Day took place in June in 2023 as opposed to May in 2022. The combined network sales for the months of May and June 2023 increased by 1.9% compared to the same period in 2022. Our like-for-like network sales in France in October and November 2023 were both impacted by deteriorated market conditions but the group in France performed above market. Network sales in December 2023 demonstrated a 1.2% increase in flat market (0%). In January 2024. In January, significant social movements have triggered disruptions of traffic in France with an impact on stores' frequency. .

The graph below presents the growth of our total network sales in Italy on a monthly basis for the LTM period ended March 31, 2024 as compared to the same period in the prior year.



In Italy, our network sales recorded an overall increase in the LTM period ended March 31, 2024, as compared with the LTM period ended March 31, 2023, mainly due to the success of our new Stroili concept deployed in the LTM period ended March 31, 2023. The low performance for the months of July and August 2023 was due to the lower level of discounts offered by Stroili, as compared to its competitors during the period, as well as overlapping some exceptionally strong months in July and August 2022. Network sales in the six-month period ended March 31, 2024 as compared to the six-month period ended March 31, 2023 increased significantly with a slowdown in December 2023 and January 2024 explained by a very good performance in December 2022 and a difficult market in January 2024.

Cost of goods sold

The table below presents the detail of our cost of goods sold for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Purchases of Finished Goods	(61.7)	(71.6)	(9.9)	16.1%	(150.1)	(174.3)	(24.2)	16.1%
Raw materials consumption	(16.0)	(14.5)	1.5	(9.3%)	(40.1)	(43.6)	(3.6)	8.9%
Cost of goods sold	**(77.7)**	**(86.1)**	**(8.4)**	**10.9%**	**(190.2)**	**(218.0)**	**(27.8)**	**14.6%**

In the three-month ended March 31, 2024, cost of goods sold totaled €86.1 million, an increase of €8.4 million, or 10.9%, from €77.7 million in the three-month period ended March 31, 2023.

In the six-month ended March 31, 2024, cost of goods sold totaled €218.0 million, an increase of €27.8 million, or 14.6%, from €190.2 million in the six-month period ended March 31, 2023.

This increases were driven by an increase in network sales across the board, combined with an inflation of purchase prices.

Furthermore, the Group hedged against fluctuations in the U.S. dollar/euro foreign exchange rate by entering into forwards and collars. As of March 31, 2024, we had entered into forwards in a notional amount of $80.0 million (49% of which had maturities of less than one year) and into collars in a notional amount of $30.3 million (100% of which had maturities of less than one year). As of September 30, 2023, we had entered into forwards in a notional amount of $71.7 million (61% of which had maturities of less than one year) and into collars in a notional amount of $35.3 million (89% of which had maturities of less than one year).

Gross margin

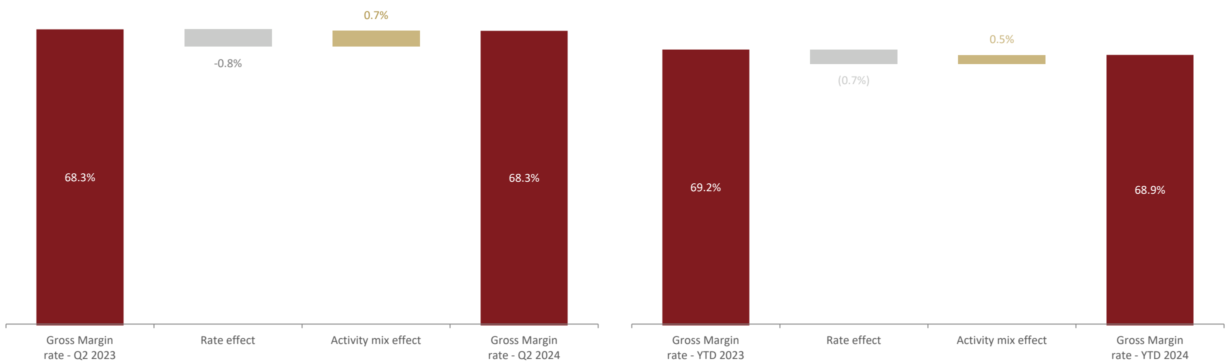
The tables below present the detail of gross margin in value and as a percentage of network sales for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Network sales	201.4	214.2	12.9	*6.4%*	521.3	548.4	27.1	*5.2%*
Sales of precious metals	13.2	17.6	4.4	*32.9%*	28.5	46.5	18.0	*63.0%*
Other	0.7	0.5	(0.1)	(21.1%)	1.0	0.9	(0.1)	(5.2%)
Revenue	**215.3**	**232.3**	**17.1**	**7.9%**	**550.9**	**595.8**	**45.0**	**8.2%**
Cost of goods sold	**(77.7)**	**(86.1)**	**(8.4)**	**(10.9%)**	**(190.2)**	**(218.0)**	**(27.8)**	**(14.6%)**
Gross Margin	**137.6**	**146.2**	**8.6**	**6.3%**	**360.7**	**377.9**	**17.2**	**4.8%**
As a % of network sales	*68.3%*	*68.3%*		*(0.1)pp*	*69.2%*	*68.9%*		*(0.3)pp*

In the three-month period ended March 31, 2024, gross margin totaled €146.2 million, an increase of €8.6 million, or 6.3%, as compared to €137.6 million in the three-month period ended March 31, 2023. Our gross margin as a percentage of network sales was 68.3% in the three-month period ended March 31, 2024, stable compared to the three-month period ended March 31, 2023, as the negative rate effect due to inflation of cost of goods sold was offset by the positive effect of the mix of activities with the development of Agatha notably.

In the six-month period ended March 31, 2024, gross margin totaled €377.9 million, an increase of €17.2 million, or 4.8%, as compared to €360.7 million in the six-month period ended March 31, 2023. Our gross margin as a percentage of network sales was 68.9% in the six-month period ended March 31, 2024, slightly decreased by 0.3 percentage point compared to the six-month period ended March 31, 2023, mainly due to the impact on our cost of goods sold of increases in manufacturing costs and an increase in the price of gold (which were not yet passed through to our customers) partly offset by a positive activity mix effect. Sales of precious metals increased by €18.0 million, or 63.0%, for the six-month period ended March 31, 2024 as compared to the six-month period ended March 31, 2023, for hedging purposes.

The bridge below sets forth the change in gross margin as a percentage of network sales between the three-month and six-month periods ended March 31, 2023 and March 31, 2024.



Gross margin by perimeter

The tables below present the detail of like-for-like gross margin in value and as a percentage of network sales by geographic perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

Like-for-like gross margin by geographic perimeter in value

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Gross Margin France	80.0	80.5	0.4	0.5%	215.5	215.6	0.1	0.0%
Gross Margin Italy	40.2	41.4	1.2	2.9%	102.6	105.9	3.3	3.3%
Gross Margin RoE	8.6	9.0	0.4	4.1%	21.5	22.4	0.9	4.4%
Gross Margin on a LFL basis	**128.9**	**130.8**	**1.9**	**1.5%**	**339.6**	**344.0**	**4.3**	**1.3%**
Change in perimeter	8.7	15.4	6.7	77.3%	21.1	33.9	12.8	60.9%
Gross Margin	**137.6**	**146.2**	**8.6**	**6.3%**	**360.7**	**377.9**	**17.2**	**4.8%**

Like-for-like gross margin by geographic perimeter in percentage

	Second Quarter			YTD ended March		
In €m	**2023**	**2024**	**Var in bp**	**2023**	**2024**	**Var in pp**
Gross Margin France	69.5%	68.5%	(0.9)	70.1%	69.4%	(0.7)
Gross Margin Italy	69.7%	68.3%	(1.4)	70.1%	69.3%	(0.8)
Gross Margin RoE	65.7%	67.0%	1.3	68.5%	68.5%	0.1
Gross Margin on a LFL basis	**69.3%**	**68.4%**	**(0.9)**	**70.0%**	**69.3%**	**(0.7)**
Change in perimeter	56.7%	67.4%	10.7	63.5%	64.8%	1.3
Gross Margin	**68.3%**	**68.3%**	**(0.1)**	**69.2%**	**68.9%**	**(0.3)**

In the three-month period ended March 31, 2024, like-for-like gross margin totaled €130.8 million, an increase of €1.9 million, or 1.5%, from €128.9 million in the three-month period ended March 31, 2023. Our like-for-like gross margin as a percentage of like-for-like network sales was 68.3% in the three-month period ended March 31, 2024, stable compared to the three-month period ended March 31, 2023

In the six-month period ended March 31, 2024, like-for-like gross margin totaled €344.0 million, an increase of €4.3 million, or 1.3%, from €339.6 million in the six-month period ended March 31, 2023. Our like-for-like gross margin as a percentage of like-for-like network sales was 68.9% in the six-month period ended March 31, 2024, a reduction of 0.3 percentage points from 69.2% in the six-month period ended March 31, 2023. This slight decrease in gross margin is mainly due to the inflation of manufacturing and product costs not yet passed through to our customers. We have started to implement price increases by waves in the fiscal year 2024 with limited effects on the six-month period ended March 31, 2024 as this repricing concern the new arrivals.

The table below presents the gross margin for the items that we present as part of the total change in perimeter for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	2023	2024	Var. m€	Var. %	2023	2024	Var. m€	Var. %
Wholesale	2.2	3.0	0.8	35.1%	4.7	4.8	0.1	2.5%
Agatha	4.2	7.0	2.8	65.6%	11.4	17.4	6.0	52.6%
Affiliates	0.5	1.1	0.6	128.0%	2.3	1.4	(0.9)	(38.1%)
Other change in perimeter and reconciling items (*)	1.8	4.4	2.6	142.9%	4.7	10.3	5.6	118.0%
Total Change in Perimeter	**8.7**	**15.4**	**6.7**	**77.3%**	**23.1**	**33.9**	**10.8**	**46.8%**

(*) Reconciling items relate to IFRS adjustments (mainly customer loyalty program and hedging) as well as any difference between reporting accounts and consolidated financial statements (mainly reclassifications) not taken into account in our Like-for-like metrics.

In the three-month period ended March 31, 2024, the change in perimeter for gross margin increased by €6.7 million, or 77.3% to €15.4 million, from €8.7 million in the three-month period ended March 31, 2023, resulting from the increase in all the categories of change in perimeters.

In the six-month period ended March 31, 2024, the change in perimeter for gross margin increased by €10.8 million, or 46.8% to €10.8 million, from €23.1 million in the six-month period ended March 31, 2023. The increase is mainly due to (i) Agatha for €6.0 million explained by two distinct effects: 3.6 million related to the consolidation of Agatha China in the six-month period ended March 31, 2024, whereas Agatha China was not yet consolidated in the six-month period ended March 31, 2023 and €2.4 million related to the strong development of Agatha France and Spain and to (ii) the higher gross margin of stores opened or closed during the six-month period ended March 31, 2024 compared to stores opened or closed during the six-month period ended March 31, 2023 for €5.6 million.

Quarterly Gross margin

The table below presents our gross margin on a quarterly basis for the six-month period ended March 31, 2024 and for the financial year ended September 30, 2023.

	Audited	Unaudited
In €m	2023	2024
Quarter 1 (Oct - Dec)	223.1	231.7
Quarter 2 (Jan - Mar)	137.6	146.2
Total Gross margin YTD	**360.7**	**377.9**
Quarter 3 (Apr - June)	159.5	
Quarter 4 (July - Sep)	147.8	
Total Gross margin FY	**668.0**	

The table below presents our gross margin on a quarterly basis for the six-month period ended March 31, 2024 and for the financial year ended September 30, 2023, as a percentage of total Gross Margin.

	Audited	Unaudited
In €m	2023	2024
Quarter 1 (Oct - Dec)	69.7%	69.3%
Quarter 2 (Jan - Mar)	68.3%	68.3%
Total Gross margin YTD	**69.2%**	**68.9%**
Quarter 3 (Apr - June)	69.4%	
Quarter 4 (July - Sep)	68.5%	
Total Gross margin FY	**69.1%**	

Reported EBITDA

The table below presents the bridge from Profit for the period to Reported EBITDA for the three-month and the six-month periods ended March 31, 2024 and 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Profit for the period	**(4.8)**	**(16.2)**	**(11.4)**	***(240.0)%***	**45.6**	**32.5**	**(13.1)**	***(28.8)%***
Income tax expenses	(4.9)	(5.9)	(1.0)	(20.1)%	(26.5)	(28.1)	(1.7)	(6.3)%
Cost of net financial debt	(9.9)	(13.0)	(3.1)	(31.5)%	(20.0)	(23.8)	(3.8)	(19.1)%
Other financial income and expenses	(4.9)	(11.5)	(6.6)	(132.5)%	(12.4)	(18.4)	(6.0)	(48.5)%
Depreciation, amortisation & provisions, net	(24.9)	(28.7)	(3.8)	(15.2)%	(50.6)	(55.7)	(5.1)	(10.0)%
Other non-recurring operating income	1.9	0.7	(1.2)	(62.3)%	2.0	0.9	(1.1)	(54.6)%
Other non-recurring operating expenses	(2.3)	(1.7)	0.6	27.6 %	(4.0)	(4.5)	(0.5)	(12.9)%
Reported EBITDA	**40.3**	**43.8**	**3.6**	***8.9%***	**157.0**	**162.1**	**5.1**	***3.2%***

In the three-month period ended March 31, 2024, Reported EBITDA of €43.8 million compared to €40.3 million for the three-month period ended March 31, 2023 increased by €3.6 million, or 8.9%, due to (i) the increase in network sales across the board, resulting from the good performance of our leading brands (Histoire d'Or, Stroili and AGATHA) with stable Network Gross Margin rates compared to the three-month period ended March 31, 2023 (inflation was offset by favorable activity mix effect due notably to the increasing weight of Agatha with higher Gross Margin rate), (ii) the effect of new energy contracts starting 1st January 2024 and (iii) a strong focus on costs notably marketing spending. Easter shift from April in fiscal year ended 30 September 2023 to March in fiscal year ended 30 September 2024 had positive impact on EBITDA of c. €1.0 million in March 2024 which will be revert in April 2024.

In the six-month period ended March 31, 2024, Reported EBITDA of €162.1 million compared to €157.0 million for the six-month period ended March 31, 2023 increased by €5.1 million, or 3.2%.

Other income

In the six-month period ended March 31, 2024, other income totaled €1.6 million a fairly comparable level to the six-month period ended March 31, 2023 (€1.1 million).

Personnel expenses

In the three-month period ended March 31, 2024, personnel expenses totaled €66.2 million, an increase of €4.0 million, or 6.4%, from €62.2 million in the three-month period ended March 31, 2023.

In the six-month period ended March 31, 2024, personnel expenses totaled €136.2 million, an increase of €7.9 million, or 6.1%, from €128.3 million in the six-month period ended March 31, 2023, mainly due the development of the network sales (including openings of new stores) and inflation of wages in the six-month period ended March 31, 2024, not offset by higher productivity.

External expenses

In the three-month period ended March 31, 2024, external expenses totaled €36.3 million, an increase of €2.2 million, or 6.3% from €34.1 million in the three-month ended March 31, 2023.

In the six-month period ended March 31, 2024, external expenses totaled €80.5 million, an increase of €6.2 million, or 8.3% from €74.4 million in the six-month period ended March 31, 2023. The increase of external expenses was mainly due to (i) the inclusion of Agatha China in our consolidated financial statements for the six-month period ended March 31, 2024, for which the external expenses amounted to €2.8 million, (ii) a €1.5 million increase in advertising costs (mainly acquisition costs for e-commerce), (iii) a €0.7 million increase in IT maintenance and (iv) a €1.2 million increase in other external expenses.

For the LTM period ended March 31, 2024, average electricity prices for the Group in France, Italy and Germany were approximately €447.0 per Megawatt, compared to approximately €336.0 per Megawatt in the LTM period ended March 31, 2023. We have entered into contracts to fix the price we pay for electricity in France, Italy and Germany in the financial years ending September 30, 2024, and 2025, under which we will pay fixed prices for energy in those periods. Under these contracts, in France, we will pay approximately €270.0 and €230.0 per Megawatt for the financial years ending September 30, 2024, and 2025, respectively, in Italy, we will pay approximately €280.0 per Megawatt for each of the financial years ending September 30, 2024 and 2025 and in Germany, we will pay approximately €240.0 per Megawatt for each of the financial years ending September 30, 2024 and 2025. As a result, if the price of energy in the financial years ending September 30, 2024, and 2025 is lower than the price fixed by such contracts over such periods, we will not benefit from such lower energy prices.

Allowance for depreciation, amortization, impairment and provisions

In the three-month period ended March 31, 2024, allowance for depreciation, amortization, impairment and provisions net of provision reversals totaled €28.7 million, an increase of €3.8 million, or 15.2%, from €24.9 million in the three-month period ended March 31, 2023. During the three-month period ended March 31, 2024, the €28.7 million depreciation, amortization and provisions were mainly composed of (i) €27.0 million in net depreciation and amortization of intangible assets, property, plant and equipment, and right-of-use assets and (ii) a €1.6 million provision for inventories.

In the six-month period ended March 31, 2024, allowance for depreciation, amortization, impairment and provisions net of provision reversals totaled €55.7 million, an increase of €5.1 million, or 10.0%, from €50.6 million in the six-month period ended March 31, 2023. During the six-month period ended March 31, 2024, the €55.7 million depreciation, amortization and provisions were mainly composed of (i) €53.5 million in net depreciation and amortization of intangible assets, property, plant and equipment, and right-of-use assets and (ii) a €2.3 million provision for inventories.

Depreciation of right-of-use assets for the six-month period ended March 31, 2024 and for the six-month period ended March 31, 2023 amounted to €38.9 million and €36.7 million, respectively, with the increase in the six-month period ended March 31, 2024, as compared to the six-month period ended March 31, 2023 mainly due to new or renewed leases in France and Italy.

Other non-recurring operating income

In the six-month period ended March 31, 2024, other non-recurring operating income totaled €0.9 million, a decrease of €1.1 million, or 54.6% from €2.0 million in the six-month period ended March 31, 2023.

Other non-recurring operating expenses

In the six-month period ended March 31, 2024, other non-recurring operating expenses totaled €4.5 million, an increase of €0.5 million, or 12.9% from €4.0 million in the six-month period ended March 31, 2023.

Other non-recurring operating expenses for the six-month ended March 31, 2024 are mainly composed of (i) €1.3 million in connection with group financial and governance structuring, (ii) €1.2 million of pre-opening store expenses, (iii) €0.6 million of losses on asset disposals, (iv) €0.7 million of extraordinary severance payments and (v) €0.7 million of other non-recurring operating expenses.

Other non-recurring operating expenses for the six-month period ended March 31, 2023 are mainly composed of (i) an arbitration settlement of €0.9 million in connection with a dispute regarding the use of the Agatha trademark with a former partner in China with whom Agatha collaborated prior to Agatha's acquisition by the Group (ii) €0.7 million of pre-opening store expenses, (iii) €0.7 million of losses on asset disposals, (iv) €0.3 million of extraordinary severance payments and (v) €1.4 million of other non-recurring operating expenses.

Cost of net financial debt

In the three-month ended March 31, 2024, cost of net financial debt totaled €17.6 million, an increase of €7.8 million, or 78.7% from €9.9 million in the three-month ended March 31, 2023. The €7.8 million increase in the three-month period ended March 31, 2024 resulted from the combination of (i) €5.0 million premium paid for the exit of the previous SSN repaid in March 2024, (ii) €12.0 million issuance cost disposal related to the previous SSN financing, (iii) €1 million attributable to the increase in EURIBOR rate compared to the 3-month period ended March

31, 2023 and (iv) higher financial interests in the 3-month period ended March 31, 2024 related to the new bonds issued 14 February 2024 compared to the 3-month period ended March 31, 2023. These effects were partly offset by €12.0 million proceed from the sales of a hedging interest rate instrument (of which c. €1 million related to the hedging of the EURIBOR for the 3-month period ended 31 March 2024).

For the same reasons, in the six-month ended March 31, 2024, cost of net financial debt increased by €8.5 million, or 42.4% from €20.0 million in the six-month ended March 31, 2023 to €28.5 million in the six-month ended March 31, 2024.

On March 22, 2024, the Group implemented a new EURIBOR hedge to hedge against increases in interest rates related to the Sustainability-Linked Floating Rate Senior Secured Notes for a total notional amount of €265.0 million, while the remaining amount of our indebtedness under the Sustainability-Linked Floating Rate Senior Secured Notes is not covered by hedging. The hedging contract is composed of a swap from May 2024 to May 2027 at 3M-EURIBOR at 3.08% and a cap from May 2027 to May 2029 at 3M-EURIBOR at 3% and at floor 0. This represents a c. 75% coverage of the Floating Rates Notes and 90% coverage for the total Sustainability-Linked Senior Secured Notes.

Other financial income and expenses

In the three-month period ended March 31, 2024, other financial income and expenses totaled €6.5 million, an increase of €1.6 million, or 32.0% from €4.9 million in the three-month ended March 31, 2023.

In the six-month period ended March 31, 2024, other financial income and expenses totaled €13.4 million, an increase of €1.0 million, or 8.3% from €12.4 million in the six-month ended March 31, 2023. The €1.0 million increase of other financial expenses is mainly due to a €0.6 million increase in foreign exchange loss and to a €0.4 million increase in other interest expense.

Income tax

In the three-month period ended March 31, 2024, income tax expense totaled €5.9 million, an increase of €1.0 million, or 20.1%, from €4.9 million in the three-month ended March 31, 2023, mainly due to a €0.9 million increase in income tax expenses and €0.4 million in CVAE, not offset by the €0.3 million decrease in deferred tax losses.

In the six-month period ended March 31, 2024, income tax expense totaled €28.1 million, an increase of €1.7 million, or 6.3%, from €26.5 million in the six-month ended March 31, 2023, mainly due to a €3.6 million increase in income tax expenses not offset by the €1.7 million decrease in deferred tax losses and €0.2 million decrease in CVAE as a consequence of the gradual elimination of the CVAE tax over two years.

Liquidity and Capital Resources

Cash flow statement and 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 Flow are Reported EBITDA, change in working capital (mainly trade payables and, to a lesser extent, inventories) and capital expenditure, consisting of openings capital expenditure, maintenance capital expenditure and refurbishment capital expenditure.

Six-month period ended March 31, 2024 compared to the six-month period ended March 31, 2023

The following table summarizes our cash flow statement, including our Free Cash Flow, for the six-month periods ended March 31, 2024 and March 31, 2023.

	Second Quarter				YTD ended March				LTM Ended March
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**
Reported EBITDA	**40.3**	**43.8**	**3.6**	**8.9%**	**157.0**	**162.1**	**5.1**	**3.2%**	**278.0**
Change in working capital requirements	(33.9)	(32.1)	1.8	(5.3%)	(7.8)	21.8	29.6	(377.9%)	(2.7)
Income tax paid	(4.0)	(1.6)	2.4	(60.0%)	(10.9)	(6.0)	4.9	(44.8%)	(21.9)
Non-recurring operating income and expenses	(0.4)	(0.9)	(0.6)	146.2%	(2.0)	(3.6)	(1.6)	82.8%	(10.5)
Non-cash items from operating income and expenses	(0.1)	(0.9)	(0.8)	718.5%	0.3	0.0	(0.2)	(85.1%)	0.7
Net cash from operating activities	**1.9**	**8.3**	**6.5**	**348.2%**	**136.5**	**174.2**	**37.7**	**27.6%**	**243.6**
Acquisition of property, plant & equipment and intangible assets	(12.1)	(13.2)	(1.1)	9.3%	(24.9)	(29.9)	(5.1)	20.5%	(53.5)
Disposal of property, plant & equipment and intangible assets	0.5	0.0	(0.5)	(99.8%)	0.6	0.2	(0.3)	(57.6%)	(0.0)
Acquisition of financial assets	(1.1)	0.6	1.7	(161.3%)	(0.9)	0.4	1.4	(147.7%)	0.4
Acquisition of subsidiaries, net of cash acquired	(0.2)	(0.5)	(0.2)	93.1%	(3.3)	(0.1)	3.1	(96.3%)	0.3
Net cash used in investing activities	**(12.9)**	**(13.0)**	**(0.2)**	**1.3%**	**(28.5)**	**(29.4)**	**(0.9)**	**3.2%**	**(52.8)**
Free Cash Flow	**(11.0)**	**(4.7)**	**6.3**	**(57.2%)**	**108.1**	**144.9**	**36.8**	**34.0%**	**190.8**
Free Cash Flow conversion rate	-27.4%	-10.8%	16.6%	-60.7%	68.8%	89.4%	20.5%	29.8%	68.6%
Proceeds from issue of share capital	-	-	-	n.a.	-	-	-	n.a.	-
Proceeds from issue of bonds	-	836.1	836.1	n.a.	-	836.1	836.1	n.a.	836.1
Repayment of old Senior Secured Notes, Net	-	(620.0)	(620.0)	n.a.	-	(620.0)	(620.0)	n.a.	(620.0)
Dividends paid to shareholders		(204.2)	(204.2)	n.a.		(204.2)	(204.2)	717.0%	(204.2)
Premium paid for early redemption of SSN	-	(5.0)	(5.0)	n.a.	-	(5.0)	(5.0)	n.a.	(5.0)
Disposal of Interest Rate Hedging contracts	-	12.0	12.0	n.a.	-	12.0	12.0	n.a.	12.0
Net cash from/ (used) - FY24 Refinancing	**-**	**18.9**	**18.9**	**n.a.**	**-**	**18.9**	**18.9**	**n.a.**	**18.9**
Repayment of lease liabilities	(16.7)	(18.3)	(1.6)	9.6%	(32.9)	(36.4)	(3.4)	10.4%	(71.1)
Revolving credit facilities, net of repayment	12.0	0.0	(12.0)	(100.0%)	(10.0)	(30.0)	(20.0)	200.0%	(12.0)
Interest paid on Senior Secured Notes	(13.7)	(15.1)	(1.4)	10.4%	(17.3)	(19.2)	(1.9)	11.1%	(37.1)
Interest paid on RCF	(0.2)	(0.1)	0.0	(8.9%)	(0.8)	(1.0)	(0.2)	31.9%	(2.3)
Interest paid on lease liabilities	(5.5)	(5.4)	0.1	(2.5%)	(11.2)	(10.7)	0.5	(4.7%)	(21.2)
Dividends paid - Repurchase of Vendor Bonds	(25.0)	-	25.0	(100.0%)	(25.0)	-	25.0	(100.0%)	(0.0)
Other interest paid	(0.0)	(0.1)	(0.1)	198.1%	(0.1)	(0.2)	(0.1)	85.7%	(0.2)
Other cash flows used in financing activities	(1.3)	(0.5)	0.8	(62.1%)	(4.3)	(2.0)	2.3	(53.9%)	1.2
Net cash from/ (used) - Other financing activities	**(50.4)**	**(39.6)**	**10.8**	**(21.5%)**	**(101.6)**	**(99.4)**	**2.1**	**(2.1%)**	**(142.9)**
Net cash from/ (used in) financing activities total	**(50.4)**	**(20.7)**	**29.7**	**(59.0%)**	**(101.6)**	**(80.5)**	**21.0**	**(20.7%)**	**(123.9)**
Net increase / (decrease) in cash and cash equivalents	**(61.4)**	**(25.4)**	**36.0**	**(58.7%)**	**6.5**	**64.4**	**57.8**	**885.9%**	**66.9**
Cash and cash equivalents at the beginning of the period	73.7	104.5	30.8	41.8%	5.7	14.7	9.0	158.3%	12.2
Cash and cash equivalents at the end of the period	12.2	79.1	66.9	546.6%	12.2	79.1	66.9	546.6%	79.1
Change in cash	**(61.4)**	**(25.4)**	**36.0**	**(58.7%)**	**6.5**	**64.4**	**57.8**	**886.0%**	**66.9**

Net cash from / (used in) operating activities

Net cash from operating activities totaled €174.2 million for the six-month period ended March 31, 2024, an increase of €37.7 million, or 27.6%, as compared to net cash from operating activities of €136.5 million in the six-month period ended March 31, 2023.

Reported EBITDA

Reported EBITDA totaled €162.1 million for the six-month period ended March 31, 2024, an increase of €5.1 million, or 3.2%, as compared to a Reported EBITDA of €157.0 million in the six-month period ended March 31, 2023.

Change in working capital

The increase in net cash from operating activities in the six-month period ended March 31, 2024 as compared to the six-month period ended March 31, 2023 was also due to the positive impact of change in working capital of €21.8 million in the six-month period ended March 31, 2024, as compared to a negative impact of change in working capital of €7.8 million in the six-month period ended March 31, 2023.

The following table summarizes our working capital drivers for the six-month period ended March 31, 2024 and the six-month period ended March 31, 2023.

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
(Increase) / Decrease of inventories	(10.0)	(12.3)	(2.4)	*23.8%*	(18.0)	0.1	18.1	*(100.8%)*
(Increase) / Decrease of trade receivables	12.0	8.2	(3.8)	*-31.7%*	0.6	(3.0)	(3.6)	*(630.2%)*
Increase / (Decrease) of trade payables (excluding capital expenditure trade payables)	(25.2)	(11.5)	13.7	*-54.3%*	(4.4)	20.5	24.9	*(568.2%)*
Change in Trade Working Capital (a)	**(23.2)**	**(15.7)**	**7.5**	***-32.4%***	**(21.8)**	**17.7**	**39.4**	***n.a.***
Change in Non-Trade Working Capital	**(10.7)**	**(16.4)**	**(5.7)**	***53.5%***	**14.0**	**4.1**	**(9.8)**	***(70.5%)***
Change in Working Capital	**(33.9)**	**(32.1)**	***1.8***	***-5.3%***	**(7.8)**	**21.8**	***29.6***	***(377.9%)***

(a) Trade Working Capital corresponds to inventories, trade receivables, less trade payables (excluding capital expenditure trade payable).

Total change in working capital had a positive impact of €21.8 million in the six-month period ended March 31, 2024 compared to a negative impact of €7.8 million in the six-month period ended March 31, 2023, primarily attributable to a decrease in inventories and to an increase in trade payables.

In the six-month period ended March 31, 2024, inventories decreased by €18.1 million as compared to the six-month period ended March 31, 2023, driven by higher sales of Gold inventory in the six-month period ended March 31, 2024 (€18 million increase in sales of Gold), compared to the six-month period ended March 31, 2023 mainly due to our hedging policy with specifically high level of physical gold sold this year (resale of a physical inventory purchased in fiscal year ended September 30, 2023).

In the six-month period ended March 31, 2024, the change in trade payables amounted to €20.5 million, an increase of €24.9 million from a negative impact of €4.4 million in the six-month period ended March 31, 2023. This change is mainly due to the anticipation of purchases to secure the procurement of products for the 2022 Christmas season, with most of related payments made before March 31, 2023. For the 2023 Christmas season, this safety policy was not renewed, resulting in a return to a more normative seasonal purchasing pattern. Consequently, payments for purchases related to the 2023 Christmas season will also impact the three-month period ending June 2024. In the six-month period ended March 31, 2024, the non-trade working capital had a positive cash impact of €4.1 million compared to €14.0 million in the six-month period ended March 31, 2023).

Income tax paid

Our income tax payments decreased by €4.9 million to €6.0 million in the six-month period ended March 31, 2024 as compared to the six-month period ended March 31, 2023.

Net cash from / (used in) investing activities

Net cash used in investing activities totaled €29.4 million for the six-month period ended March 31, 2024, a fairly stable level, as compared to a net cash used in investing activities of €28.5 million in the six-month period ended March 31, 2023. This was mainly due to the increase in our capital expenditure driven by the maintenance and refurbishment of our stores (mainly related to the deployment of our new store concept in Italy), as well as the higher pace of openings of new stores for €5.1 million, almost fully offset by the decrease in acquisition of subsidiaries for €3.5 million resulting from the acquisition of the remaining 50% of Agatha in the six-month period ended March 31, 2023 and in acquisition of financial assets for €1.4 million.

We benefit from low maintenance capital expenditure requirements, which give us flexibility to maintain 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 six-month period ended March 31, 2024 and the six-month period ended March 31, 2023:

	Second Quarter				YTD ended March			
In €m	**2023**	**2024**	**Var. m€**	**Var. %**	**2023**	**2024**	**Var. m€**	**Var. %**
Expansion Capital Expenditure (a)	(1.7)	(3.7)	(2.0)	*115.9 %*	(2.8)	(6.7)	(3.8)	*133.9 %*
Maintenance Capital Expenditure (b)	(1.4)	(1.3)	0.1	*(9.8)%*	(3.3)	(3.5)	(0.2)	*6.8 %*
Refurbishment Capital Expenditure (c)	(2.6)	(2.2)	0.4	*(14.5)%*	(5.5)	(5.0)	0.5	*(9.6)%*
Store Capital Expenditure	**(5.7)**	**(7.1)**	**(1.4)**	***25.4 %***	**(11.6)**	**(15.1)**	**(3.5)**	***30.2 %***
SAP and other projects related to IT (d)	(2.8)	(3.4)	(0.6)	*19.5 %*	(7.2)	(7.9)	(0.7)	*9.2 %*
Other corporate capital expenditure	(2.3)	(0.8)	1.5	*(65.1)%*	(3.1)	(2.1)	1.0	*(31.7)%*
Corporate Capital Expenditure	**(5.2)**	**(4.2)**	**0.9**	***(18.4)%***	**(10.3)**	**(10.0)**	**0.3**	***(3.1)%***
Change in CAPEX working capital (e)	(1.3)	(1.9)	(0.6)	*49.5 %*	(2.9)	(4.8)	(1.9)	*64.9 %*
Total Capital Expenditure	**(12.1)**	**(13.2)**	**(1.1)**	***9.3 %***	**(24.9)**	**(29.9)**	**(5.1)**	***20.5 %***

(a) Expansion capital expenditure represents capital expenditures required to open new directly operated stores, plus leasehold right payments to former leaseholder following IFRS accounting standards, less amounts paid up-front by the landlord. The amount of expenses incurred prior to the commercial opening (pre-opening costs) are accounted for as other non-recurring operating expenses under IFRS.

(b) Maintenance capital expenditure represents capital expenditures to maintain over the long term the operating capacity of directly operated stores in their existing form without any concept improvement.

(c) Refurbishment capital expenditure represents capital expenditures to improve assets beyond their original benefit. Potential amounts paid up-front by the landlord to cover part of the refurbishment are accounted for as other incomes. The amount of expenses incurred during store closure (pre-opening costs) are accounted for as other non-recurring operating expenses under IFRS.

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

(e) Change in capital expenditure working capital represents changes in trade payables related to investment.

Total capital expenditure amounted to €29.9 million in the six-month period ended March 31, 2024, an increase of €5.1 million, or 20.5%, as compared to €24.9 million in the six-month period ended March 31, 2023, primarily attributable to a higher number of stores opened in Q2 2024 (7 stores) compared to Q2 2023 (3 stores) and a negative change in CAPEX working capital for €1.9 million.

Free Cash Flow

Total free cash flow totaled €144.9 million in the six-month period ended March 31, 2024, an increase of €36.8 million, or 34.0%, from €108.1 million in the six-month period ended March 31, 2023. This increase was mainly due to the increase in EBITDA, lower level of income tax paid combined with positive effect of change in working capital as discussed above (higher sales of physical gold inventory and comparison with the six-month period ended March 31, 2023 which was impacted by the build-up of a safety inventory).

Net cash flows from / (used in) financing activities

Net cash used in financing activities totaled €80.5 million for the six-month period ended March 31, 2024, a decrease of €21.0 million, or 20.7%, as compared to a net cash used in financing activities of €101.6 million in the six-month period ended March 31, 2023, mainly due to the €19.1 million impact of 14 February 2024 refinancing and dividend recapitalization and to an increase in other financing activities by €1.9 million, or 1.9%, to €80.5 million in the six-month period ended March 31, 2024 from €101.6 million in the six-month period ended March 31, 2023.

The €19.1 million impact of 14 February 2024 refinancing breaks down as follows:(i) the issuance of a new Sustainability-link Senior Secured Notes in March 2024 for €850 million net of €14.0 million for issuance costs, (ii) the repayment of the former Senior Secured Notes in March 2024 for €620 million, (iii) the payment of €204 million dividends to Altastory, the parent company of the group, for shareholders' dividends distribution and repayment of a part of a vendor loan at Altastory level, (iv) the payment of a share premium for the early redemption of the SSN for €5.0 million and (vi) the sale of the Interest Rate Hedging contract related to the former SSN for €12.0 million.

The increase in other financing activities by €1.9 million, or 1.9%, to €99.7 million in the six-month period ended March 31, 2024 from €101.6 million in the six-month period ended March 31, 2023 was mainly due to (i) dividend paid to Altastory for the repayment of the vendor bonds for €25.0 million in the six-month period ended March 31, 2024, almost fully offset by (ii) a higher repayment of revolving credit facility for €20.0 million in the six-month period ended March 31, 2024 compared to €10.0 million in the six-month period ended March 31, 2023 and by (iii) the increase in repayment of lease liabilities for €3.4 million.

Off-Balance Sheet Arrangements

We are party to various customary off-balance sheet arrangements. As of March 31, 2024, they included:

- Bank guarantees (collateral security or guarantee on first demand) in favor of certain lessors and suppliers totaling €18.6 million, including €3.2 million in France, €13.0 million in Italy, €1.0 million in Belgium and €1.4 million in Germany.

- Corporate guarantee given by the Issuer to the COFACE (French credit insurance) on behalf of its subsidiaries for a total amount of €6.0 million.

- Commitments received: As of March 31, 2024, the Group had a €120.0 million Revolving Credit Facility undrawn (of which €6.0 million as ancillary facility with BNP), as well as bank overdraft facilities for a total of €34.5 million (none outstanding). All amounts outstanding, as of September 30, 2023 under the Revolving Credit Facility and the overdraft facilities were repaid in full in December 2023.

Contractual Obligations and Commercial Commitments

As of March 31, 2024, the commitments and payments that the Issuer and its subsidiaries are committed to make (excluding commitments to our suppliers), including under their debt instruments, would have been as set out in the table below. The information presented in the table below reflects management's estimates of the contractual maturities of their obligations. These maturities may differ significantly from the actual maturity of these obligations.

	Expected cash payments falling due in the year ending September 30,					
In €m	Total	2024	2025	2026	2027	2028 and thereafter
Senior Secured Notes(1)	850.0	-	-	-	-	850.0
Long-term leases included in other financial liabilities (undiscounted)	290.9	74.5	62.1	54.2	43.9	56.2
Bank overdrafts(2)	-	-	-	-	-	-
Other loans	4.4	0.6	1.1	1.2	1.2	0.4
Revolving Credit Facility(4)	0.2	0.2	-	-	-	-
Total	**1 145.5**	**75.2**	**63.2**	**55.3**	**45.1**	**906.6**

(1) The total amount of Senior Secured Notes does not include interest payments on the Senior Secured Notes.

(2) No bank overdraft as of March 31, 2024.

(3) The Revolving Credit Facility have a total available commitment of €120 million. The Revolving Credit Facility existing as of September 30, 2023, has been repaid in full on December 27, 2023.

Key Developments since March 31, 2024

No key developments since March 31, 2024.

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.

Foreign currency exchange rate risk

Our functional currency for sales and costs (other than cost of goods sold) is euro. We have limited foreign currency exposure, principally derived from purchases from certain suppliers which are conducted in U.S. dollars. Approximately 19.1% of our costs of goods sold were denominated in U.S. dollars in the financial year ended September 30, 2023. We have historically been able to pass on to final customers any foreign effect impact. We also hedge U.S. dollar foreign exchange rate risks via forwards and collars. As of March 31, 2024, $110.2 million in notional amount of forwards and collars with maturities between January 2024 and June 2025 were contracted. Historically, we hedge through forwards and collars nearly all of our anticipated purchases denominated in U.S. dollars for one year.

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 8,565 ounces or €13.3 million at the end of March 31, 2024) as a physical hedge against fluctuations in the price of gold. Our gold inventory is held by melters as well as at deposit-taking institutions, with a limited inventory held in our stores. In the financial year ended September 30, 2023, gold-based products accounted for 56.2% of our purchases by cost.

In addition, to hedge our exposure to fluctuations in the price of gold, we may also enter derivative financial instruments, such as synthetic swaps and calls, if the gold rate was to deteriorate.

Interest rate risk

On March 22, 2024, the Group implemented a new EURIBOR hedge to hedge against increases in interest rates related to the Sustainability-Linked Floating Rate Senior Secured Notes for a total notional amount of €265.0 million, while the remaining amount of our indebtedness under the Sustainability-Linked Floating Rate Senior Secured Notes is not covered by hedging. The hedging contract is composed of a swap from May 2024 to May 2027 at 3M-EURIBOR at 3.08% and a cap from May 2027 to May 2029 at 3M-EURIBOR at 3% and at floor 0. This represents a 76% coverage of the Floating Rates Notes and 90% coverage for the total Sustainability-Linked Senior Secured Notes.

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

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.

Liquidity risk

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

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

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

Goodwill and intangible assets arise in connection with acquisitions. We do not amortize goodwill and intangible assets with indefinite lives. Intangible assets with finite lives are amortized on a straight-line basis over the assets' respective useful lives. Goodwill is tested for impairment at least annually, at year-end. Goodwill is allocated to cash-generating units ("**CGU**") by region for impairment testing purposes. An impairment loss is recognized when the recoverable amount of a CGU is estimated to be less than its carrying amount. The recoverable amount of the CGU is the higher of its net selling price (fair value less costs to sell) or its value-in-use. Value-in-use is assessed based on estimated future cash flows discounted to their present value. The outcome of such an assessment is subjective, and the result sensitive to the assumed future cash-flows to be generated by the CGU or assets and discount rates applied in calculating the value-in-use. Any impairment arising is charged to the income statement tangible assets.

Employee defined benefit plans

Defined benefit plans require the Group to provide agreed benefits to active and former employees and their dependents. The corresponding obligations are measured using the Projected Unit Credit Method by means of economic and demographic actuarial assumptions.

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.

Risk Factors

There have been no material changes to the risk factors disclosed in the FY 2023 Annual Report released on January 26, 2024.