Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the three and six months ended September 30, 2019

November 29, 2019

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Introduction

Highlights

The financial results of Picard Bondco S.A. and its consolidated subsidiaries (the "Group", "Picard", "Picard Group", "we", "our" or "us") for the quarter ended September 30, 2019 ("Q2 2020") include the following highlights:

- Q2 2020 sales of goods increased by 1.3% to €292.7 million, from €289.0 million in Q2 2019, mainly due to a 0.7% increase in our French like-for-like sales;

- Q2 2020 gross profit increased by 1.5% to €129.6 million, from €127.7 million in Q2 2019; and

- Q2 2020 EBITDA increased to €40.9 million, from €26.1 million in Q2 2019, mainly due to a €14.5 million impact of the adoption of IFRS 16 as of April 1, 2019. The Group adopted IFRS 16 as of April 1, 2019 using the modified retrospective approach and therefore our financial statements from Q2 2019 have not been restated as allowed by the transitional provisions of IFRS 16.

CEO Philippe Dailliez commented: "Our Q2 2020 sales of goods increased by €3.7 million, or 1.3%, as compared to Q2 2019. French like-for-like sales increased by 0.7%, driven by a 2.0% increase in the total number of tickets, partially offset by a 1.2% decrease in the average basket size. The quarter experienced a positive calendar effect. As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 0.3%. Our expansion strategy in France (including both own stores and franchises) added €1.5 million to our sales compared to the same period last year. During the period, we opened two stores in France (including one franchised store) and our first franchised store in Norway.

Our Q2 2020 gross profit increased by €1.9 million, or 1.5%, from €127.7 million in Q2 2019 to €129.6 million in Q2 2020, following the increase in our sales. Our gross margin slightly increased to 44.3% in Q2 2020 from 44.2% in Q2 2019.

Our EBITDA increased from €26.1 million in Q2 2019 to €40.9 million in Q2 2020, mainly due to the €14.5 million impact of the adoption of IFRS 16. Excluding the positive impact of the adoption of IFRS 16 in Q2 2020, our EBITDA increased by €0.3 million, or 1.1%, from €26.1 million in Q2 2019 to €26.4 million in Q2 2020. This increase was mainly due to the increase in like-for-like sales in France as discussed above, and the fact that our Q2 2019 EBITDA had been negatively impacted by a €2.1 million charge in respect of the deconsolidation of our Swedish operations.

In light of the continuing challenging market conditions, management remains particularly cautious with respect to future results. In this context, our strategy for the coming quarters remains focused on optimizing our sales performance (in particular, by increasing our use of various communication channels, including digital communication, to improve customer outreach), opening new stores in France and pursuing prudent international expansion driven notably by franchised stores and partnerships, while maintaining our gross margin and closely monitoring our costs."

About Picard

Picard is the leading retailer of frozen food products in France, and the pioneer in the sector. We offer our customers approximately 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full-range of ready-made starters, main courses, desserts and ice cream at various prices. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food. As of September 30, 2019, we had 1,020 stores in France (including two franchised stores in Corsica, eight franchised stores in La Réunion, two franchised stores in the French West Indies and 18 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, 10 franchised stores in Scandinavia, six franchised stores in Switzerland, and 11 franchised stores in Japan. We also sell Picard-branded products in Italy through a commercial agreement with an Italian retailer, in the UK through a partnership with Ocado and in the Netherlands following a partnership signed in January 2018 with Albert Heijn to offer a selection of our products in their hypermarkets and supermarkets. Our Swedish operations were sold to our joint-venture partner as of August 15, 2018 and a new franchise agreement was signed on the same date under which we supply Picard-branded products to the Swedish franchisee and the franchisee continues the development of the business in Sweden through various channels, including franchised stores and a contract with ICA under which the franchisee supplies ICA with Picard-branded products for corners within ICA's supermarkets and hypermarkets.

On October 14, 2010, Picard Groupe S.A.S. was acquired by funds managed or advised by Lion Capital LLP ("Lion Capital"). Lion Capital is a consumer retail-oriented investment firm with a focus on investments in mid-size and large, consumer-oriented brands in Europe and North America.

On August 19, 2015, Aryzta, a world-wide group active in the food industry and leader in the manufacturing and distribution of bakery-related products to industrial companies acquired a 49.5% interest in the Picard Group's indirect parent company, Lux HoldCo, from Lion Capital. Aryzta also benefits from a call option exercisable in 2018, 2019 and 2020, allowing it to acquire all the remaining shares of the Picard Group's indirect parent company, Lux HoldCo, and Lion Capital benefits from "drag" rights under certain circumstances.

On October 4, 2019, Aryzta announced that it had received a binding offer from the French company Invest Group Zouari ("IGZ") to sell a 43% stake of the Picard Group. The transaction is subject to customary regulatory approvals and a works council consultation process in France.

On October 6, 2010, Picard Bondco S.A. issued €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "2010 Senior Notes"), and on October 14, 2010, Lion Polaris S.A.S. (a subsidiary of Picard Bondco S.A., which merged with Picard Groupe S.A. on June 20, 2011 and was renamed Picard Groupe S.A.S.) borrowed €625 million under senior credit facilities. In 2010 and 2011, Picard PIKco S.A. (the direct parent company of Picard Bondco S.A.) also issued 12% PIK Notes due 2019 (the "PIK Notes") in an original aggregate principal amount of €95 million.

On August 1, 2013, Picard Groupe S.A.S. issued €480 million aggregate principal amount of floating rate senior secured notes due 2019 (the "2013 Senior Secured Notes"), the proceeds of which were used, along with cash in hand, to permanently repay the €625 million senior credit facilities entered into in 2010 in their entirety. On the same date, Picard Groupe S.A.S. entered into a €30 million revolving credit facility (the "2013 Revolving Credit Facility").

On September 29, 2014, Picard Bondco S.A. elected to redeem €115 million of its 2010 Senior Notes. The partial redemption occurred on October 29, 2014. On March 9, 2015, Picard Bondco S.A. redeemed the remaining €185 million outstanding of its 2010 Senior Notes.

On February 20, 2015, Picard Groupe S.A.S. issued €342 million aggregate principal amount of additional 2013 Senior Secured Notes, while, at the same time, Picard Bondco S.A. issued €428 million aggregate principal amount of 7.75% Senior Notes due 2020 (the "2015 Senior Notes"). The proceeds of the additional 2013 Senior Secured Notes and the 2015 Senior Notes were used to (i) redeem the 2010 Senior Notes, (ii) pay the unpaid interest and the redemption premium associated with the redemption, (iii) fund distributions to the shareholders of Picard Bondco S.A. and its subsidiaries (the "Picard Group" or the "Group") and (iv) pay all fees and expenses related to the refinancing. In connection with the refinancing, Picard PIKco S.A. issued additional PIK Notes in an aggregate principal amount of €40 million and repurchased and cancelled €20 million of previously-issued PIK Notes. On February 20, 2015, the terms of the PIK Notes were also amended to extend the maturity date to 2020, among other things.

On April 1, 2016, Picard Groupe S.A.S. elected to redeem €50 million of its 2013 Senior Secured Notes. The partial redemption occurred on May 3, 2016.

On December 14, 2017, Picard Groupe S.A.S. issued €1,190 million aggregate principal amount of Floating Rate Senior Secured Notes due 2023 (the "Senior Secured Notes") and Picard Bondco S.A. issued €310 million aggregate principal amount of 5.50% Senior Notes due 2024 (the "Senior Notes" and, together with the Senior Secured Notes, the "Notes"). The gross proceeds from the sale of the Notes were used to (i) make a distribution to Picard PIKco S.A. in order to redeem Picard PIKco S.A.'s outstanding 11% PIK Notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 2015 Senior Notes, including accrued and unpaid interest and applicable redemption premium,

(iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of 2013 Senior Secured Notes, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Picard Group, and (v) pay fees and expenses related to the transactions. On the same date, Picard Groupe S.A.S. and other entities of the Picard Group entered into a €30 million revolving credit facility (the "Revolving Credit Facility").

On May 14, 2018, Picard Groupe S.A.S. issued an additional €60 million aggregate principal amount of Senior Secured Notes. The gross proceeds from the sale of the Senior Secured Notes were used, together with cash on hand, to (i) fund €77 million in distributions to the shareholders of the Picard Group and (ii) pay fees and expenses related to the transactions.

Reporting

This report is the report as of and for the quarter ended September 30, 2019 required pursuant to Section 4.03 of each of the indenture governing the Senior Secured Notes (the "Senior Secured Notes Indenture") and the indenture governing the Senior Notes (the "Senior Notes Indenture" and, together with the Senior Secured Notes Indenture, the "Indentures"), as well as clause 23.3 and clause 1.1.(a) of Schedule 14 of the agreement governing the Revolving Credit Facility (the "Revolving Credit Facility Agreement").

Presentation of Financial Information

<u>Financial statements presented</u>

This report contains the unaudited interim condensed consolidated financial statements of Picard Bondco S.A., the reporting entity for the Picard Group, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU" or "IFRS").

We have prepared the unaudited condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2019 to September 30, 2019, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of September 30, 2019, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and six-month periods ended September 30, 2019 and (iii) the consolidated statement of cash flows for the six-month period ended September 30, 2019.

The accounting policies of Picard Bondco S.A. as set out in the Picard Bondco annual consolidated financial statements as of and for the year ended March 31, 2019 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2019. See note 2.2 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco S.A. annual consolidated financial statements for a discussion of Picard Bondco S.A.'s significant accounting policies and note 2.1.1 of the "Notes to the interim condensed consolidated financial statements" to the Picard Bondco S.A. September 30, 2019 financial statements for a discussion of the new accounting standards and interpretations in effect starting from April 1, 2019.

<u>Other Financial Measures</u>

The following measures are the primary non-IFRS financial measures that are presented in this report.

EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under the Indentures and the Revolving Credit Facility Agreement.

EBITDA, as presented in this report, is not a measurement of financial performance under IFRS-EU and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS-EU.

Since April 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective approach. The application of this standard significantly increases the Group's EBITDA.

"French like-for-like sales" refers to like-for-like sales made through directly-operated stores in mainland France, excluding franchises in mainland France, Corsica, the French West Indies and La Réunion. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month and (ii) on the first day of the thirteenth month following its opening date in all other cases. Like-for-like sales growth is presented because we believe it is frequently used by investors and other interested parties in evaluating companies in the retail sector. However, other companies may define like-for-like sales growth in a different manner than we do.

For Further Information

Investor Relations: Guillaume Degauque, Interim CFO*

E-mail: investor_relations@picard.fr

*Mr. Degauque, our Deputy CFO, is currently acting as our Interim CFO during the temporary leave of absence of our CFO.

Management's Discussion and Analysis of Financial Condition and Results of Operations for Picard Bondco S.A.

The historical information discussed below for Picard Bondco S.A. is as of and for the three-month and six-month periods ended September 30, 2018 and September 30, 2019 and is not necessarily representative of Picard Bondco S.A.'s results of operations for any future period or our financial condition at any future date. We have prepared the unaudited interim condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2019 to September 30, 2019, included herein, in accordance with IFRS; such financial information has not been audited or reviewed by any auditor.

The following discussion includes "forward looking statements," within the meaning of the U.S. securities laws, based on our current expectations and projections about future events. All statements other than statements of historical facts included in this discussion, including, without limitation, statements regarding our tax rate on long-term deferred taxes, revenue and operating profits, strategy, capital expenditures, expected investments, projected costs, our plans and objectives for future operations, may be deemed to be forward looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on assumptions that could potentially be inaccurate and that could cause future results to differ materially from those expected or implied by the forward-looking statements. Our future results could differ materially from those anticipated in our forward-looking statements for many reasons, including due to changes in tax laws or their application or interpretation, more generally, or unfavorable changes in the tax rate on long-term deferred taxes, more specifically, economic and other trends affecting the food retail industry, changes in consumer preferences, the competitive environment in which we operate and other factors described in the section entitled "Risk Factors" in our annual report for the year ended March 31, 2019. Given these risks and uncertainties, you should not place undue reliance on forward looking statements as a prediction of actual results.

Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

In this report, unless otherwise indicated, all amounts are expressed in millions of euro.

Selected Condensed Consolidated Financial Information of Picard Bondco S.A.

	Three months* ended		Six months* ended	
Currency: in million of €	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**	**September 30, 2019**
Sales of goods	**289.0**	**292.7**	**601.1**	**614.8**
Cost of goods sold	(161.3)	(163.1)	(334.9)	(342.9)
Gross profit	**127.7**	**129.6**	**266.2**	**272.0**
Other operating income	1.5	0.8	6.2	2.8
Other purchase and external expenses	(53.6)	(42.0)	(111.4)	(86.6)
Taxes	(3.5)	(3.2)	(6.9)	(6.4)
Personnel expenses	(43.5)	(43.8)	(85.9)	(87.3)
Other operating expenses	(2.5)	(0.5)	(3.9)	(0.9)
EBITDA	**26.1**	**40.9**	**64.4**	**93.6**
Depreciation and amortization	(9.3)	(23.2)	(18.7)	(46.4)
Operating profit	**16.8**	**17.7**	**45.7**	**47.1**
Finance costs	(14.5)	(15.4)	(29.1)	(30.6)
Finance income	0.0	0.0	0.1	0.1
Share of profit in an associate	0.1	(3.6)	0.2	(3.6)
Income before tax	**2.4**	**(1.2)**	**16.8**	**13.0**
Income tax expense	(2.0)	(0.3)	(8.3)	(7.4)
Net income	**0.4**	**(1.5)**	**8.6**	**5.6**
Equity holders of the parent	0.4	(1.5)	8.6	5.6
Non-controlling interests	0.0	-	(0.0)	-

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three-month and six-month periods ended September 30, 2018 and September 30, 2019. EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS-EU and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under our Indentures and our Revolving Credit Facility Agreement. See "Presentation of Financial Information".

Since April 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective approach and therefore our financial statements from Q1 2019 have not been restated.

Results of Operations

Expansion of store network

As of September 30, 2019, we had 1,020 stores in France (including two franchised stores in Corsica, eight franchised stores in La Réunion, two franchised stores in the French West Indies and 18 franchised stores in mainland France), 15 stores in Belgium and one store in Luxembourg, as well as 10 franchised stores in Scandinavia, 11 franchised stores in Japan and six franchised stores in Switzerland.

Sales of goods

Six months ended September 30, 2018 and September 30, 2019

Our sales of goods increased by €13.7 million, or 2.3%, from €601.1 million for the six months ended September 30, 2018 to €614.8 million for the six months ended September 30, 2019.

In France, sales of goods increased by €14.2 million, or 2.4%, from €586.3 million for the six months ended September 30, 2018 to €600.5 million for the six months ended September 30, 2019. French like-for-like sales increased by 1.7% in the six months ended September 30, 2019, as compared to the six months ended September 30, 2018, as a result of a 2.3% increase in the total number of tickets, partially offset by a 0.6% decrease in the average basket size. The six-month period ended September 30, 2019 experienced a positive calendar effect, mainly explained by the positioning of the Easter shopping period in Q1 2020 and not in Q1 2019. As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 0.8%.

Sales in Belgium and Luxembourg decreased by €0.3 million, from €6.4 million for the six months ended September 30, 2018 to €6.1 million for the six months ended September 30, 2019, following the closure of a loss-making store in Belgium in July 2018.

Sales in Scandinavia decreased by €0.8 million from €3.2 million for the six months ended September 30, 2018 to €2.4 million for the six months ended September 30, 2019 following the sale of our Swedish operations in August 2018 and the change in our business model in Sweden, partially offset by sales to our new franchised store in Norway. Our new commercial agreement enables us to maintain our presence in Sweden, through a distribution channel that adds value to our business, even if the revenue derived from this activity is initially lower than the revenue generated prior to this divestment.

Additionally, sales to franchised stores and partners located in other locations outside of France increased by €0.7 million, from €5.1 million for the six months ended September 30, 2018 to €5.8 million for the six months ended September 30, 2019. In particular, sales in the United Kingdom through our partnership with Ocado increased by €0.3 million, from €1.4 million in the six months ended September 30, 2018 to €1.7 million in the six months ended September 30, 2019. Sales in Japan increased by €0.8 million, from €1.5 million for the six months ended September 30, 2018 to €2.3 million for the six months ended September 30, 2019, following the increase in the number of franchised stores opened by our partner Aeon.

Three months ended September 30, 2018 and September 30, 2019

Our sales of goods increased by €3.7 million, or 1.3%, from €289.0 million for the three months ended September 30, 2018 to €292.7 million for the three months ended September 30, 2019.

In France, sales of goods increased by €3.8 million, or 1.3%, from €281.7 million for the three months ended September 30, 2018 to €285.5 million for the three months ended September 30, 2019. French like-for-like sales increased by 0.7% in the three months ended September 30, 2019, as compared to the three months ended September 30, 2018, as a result of a 2.0% increase in the total number of tickets, partially offset by a 1.2% decrease in the average basket size. The quarter experienced a positive calendar effect, mainly explained by the number of weekdays during the quarter. As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 0.3%.

Sales in Belgium and Luxembourg decreased by €0.1 million, from €3.0 million for the three months ended September 30, 2018 to €2.9 million for the three months ended September 30, 2019, following the closure of a loss-making store in Belgium in July 2018.

Sales in Scandinavia decreased by €0.3 million from €1.4 million for the three months ended September 30, 2018 to €1.1 million for the three months ended September 30, 2019, due to the change in our business model in August 2018, partially offset by our new franchised store in Norway.

Additionally, sales to franchised stores and partners located in other locations outside of France increased by €0.4 million for the three months ended September 30, 2019. In particular, sales in the United Kingdom through our partnership with Ocado increased by €0.2 million and sales in Japan increased by €0.7 million following the increase in the number of franchised stores opened by our partner Aeon, which increases were partially offset by a decrease in sales in the Netherlands.

Cost of goods sold

Six months ended September 30, 2018 and September 30, 2019

Our cost of goods sold increased by €8.0 million, or 2.4%, from €334.9 million for the six months ended September 30, 2018 to €342.9 million for the six months ended September 30, 2019, mainly due to an increase in the volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales slightly increased from 55.7% for the six months ended September 30, 2018 to 55.8% for the six months ended September 30, 2019.

Three months ended September 30, 2018 and September 30, 2019

Our cost of goods sold increased by €1.8 million, or 1.1%, from €161.3 million for the three months ended September 30, 2018 to €163.1 million for the three months ended September 30, 2019, mainly due to an increase in the volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales slightly decreased from 55.8% for the three months ended September 30, 2018 to 55.7% for the three months ended September 30, 2019.

Gross profit

Six months ended September 30, 2018 and September 30, 2019

Our gross profit increased by €5.8 million, or 2.2%, from €266.2 million for the six months ended September 30, 2018 to €272.0 million for the six months ended September 30, 2019, as a result of the increase in sales. Gross profit as a percentage of sales of goods slightly decreased from 44.3% for the six months ended September 30, 2018 to 44.2% for the six months ended September 30, 2019 notably due to the presence of the Easter shopping period in April 2019 and not in April 2018, during which the level of promotion is higher, as well as by the change in our business model in Sweden, from an own store model to a franchise model. This decrease has been partially offset by the later start this year of our promotional campaign "*10 days of Picard*" ("*10 Jours Picard*") as further explained below.

Three months ended September 30, 2018 and September 30, 2019

Our gross profit increased by €1.9 million, or 1.5%, from €127.7 million for the three months ended September 30, 2018 to €129.6 million for the three months ended September 30, 2019, as a result of the increase in sales. Gross profit as a percentage of sales of goods increased from 44.2% for the three months ended September 30, 2018 to 44.3% for the three months ended September 30, 2019, as a consequence of a slight change in our commercial operations. Our major promotional campaign "*10 days of Picard*" ("*10 Jours Picard*"), during which we offer products at a discount of up to 30%, started one week later this year, therefore affecting the gross profit margin of October only instead of September last year.

Other operating income

Six months ended September 30, 2018 and September 30, 2019

Other operating income decreased by €3.4 million from €6.2 million for the six months ended September 30, 2018 to €2.8 million for the six months ended September 30, 2019. This decrease was primarily due to €3.9 million of income recorded last year (including income of €3.2 million recorded during the quarter ended June 30, 2018 and €0.7 million recorded during the quarter ended September 30, 2018), as we obtained a refund from the French tax administration of a reassessment following an adjustment on a tax on fish ("*Contribution pour une pêche durable*"). In addition, during the six months ended September 30, 2018, we also recorded €0.7 million in compensation received from the sale of energy certificates. During the six months ended September 30, 2019, we recorded a €1.0 million income corresponding to an indemnity received in connection with a store eviction.

Three months ended September 30, 2018 and September 30, 2019

Other operating income decreased by €0.7 million, from €1.5 million for the three months ended September 30, 2018 to €0.8 million for the three months ended September 30, 2019, mainly as a result of the €0.7 million income recorded during the three months ended September 30, 2018 in relation to the tax refund described above.

Other purchases and external expenses

Six months ended September 30, 2018 and September 30, 2019

Our other purchases and external expenses decreased by €24.8 million, or 22.3%, from €111.4 million for the six months ended September 30, 2018 to €86.6 million for the six months ended September 30, 2019. This decrease was primarily due to the adoption of IFRS 16 as of April 1, 2019, that had a €29.0 million positive impact. The Group has chosen to apply IFRS 16 using the simplified retrospective approach as of April 1, 2019 and the September 30, 2018 financial statements have consequently not been restated. Prior to the adoption of this standard, rent expenses were recorded in the line item "*other purchases and external expenses*". Following the adoption of this new standard, the Group has recognized right-of-use assets for its eligible stores and vehicles, which are depreciated over the lease term, depreciation charges being recorded in the line item "*depreciation and amortization*" of the Group income statement. Excluding the impact of IFRS 16, other purchases and external expenses increased by €4.2 million, or 3.8%, mainly due to higher logistics and energy costs, following the increase in the price of electricity. Advertising expenses also increased compared to last year due to TV ads launched in July and September. These increases were partially offset by savings in maintenance costs.

Three months ended September 30, 2018 and September 30, 2019

Our other purchases and external expenses decreased by €11.6 million, or 21.6%, from €53.6 million for the three months ended September 30, 2018 to €42.0 million for the three months ended September 30, 2019. This decrease was primarily due to the adoption of IFRS 16 as of April 1, 2019, that had a €14.5 million positive impact. Excluding the impact of IFRS 16, other purchases and external expenses increased by €3.0 million, or 5.6%, mainly due to higher logistics and energy costs, following the increase in the price of electricity. Advertising expenses also increased compared to last year due to TV ads launched in July and September.

Taxes other than on income

Six months ended September 30, 2018 and September 30, 2019

Taxes other than on income decreased by €0.5 million, from €6.9 million for the six months ended September 30, 2018 to €6.4 million for the six months ended September 30, 2019. Taxes other than on income as a percentage of sales of goods decreased from 1.1% for the six months ended September 30, 2018 to 1.0% for the six months ended September 30, 2019.

Three months ended September 30, 2018 and September 30, 2019

Taxes other than on income decreased by €0.3 million, from €3.5 million for the three months ended September 30, 2018 to €3.2 million for the three months ended September 30, 2019. Taxes other than on income as a percentage of sales of goods decreased from 1.2% for the three months ended September 30, 2018 to 1.1% for the three months ended September 30, 2019.

Personnel expenses

Six months ended September 30, 2018 and September 30, 2019

Personnel expenses increased by €1.4 million, or 1.6%, from €85.9 million for the six months ended September 30, 2018 to €87.3 million for the six months ended September 30, 2019. As a proportion of sales of goods, personnel expenses decreased from 14.3% for the six months ended September 30, 2018 to 14.2% for the six months ended September 30, 2019.

Wages and salaries increased by €0.9 million, or 1.5%, from €59.2 million for the six months ended September 30, 2018 to €60.1 million for the six months ended September 30, 2019, as a result of annual salary increases in France and Belgium and the expansion of our store network, partially offset by the sale of our Swedish operations. As a proportion of sales of goods, wages and salaries remained flat at 9.8% for the six months ended September 30, 2018 and for the six months ended September 30, 2019.

Employee profit sharing increased by €0.3 million, from €5.3 million for the six months ended September 30, 2018 to €5.6 million for the six months ended September 30, 2019, following higher contractual profit sharing ("*intéressement*"), which is computed based on sales performance, and stable legal profit sharing ("*participation*") computed on the French income before tax.

Other personnel expenses increased by €0.2 million, from €21.4 million for the six months ended September 30, 2018 to €21.6 million for the six months ended September 30, 2019. The CICE tax credit was recorded as a reduction of social security costs and amounted to €2.8 million in the six months ended September 30, 2018. This tax credit has been repealed and converted into a direct reduction of social security charges since January 1, 2019. Social security costs (net of CICE in 2018) decreased by €0.1 million, from €18.3 million for the six months ended September 30, 2018 to €18.2 million for the six months ended September 30, 2019. As a proportion of sales of goods, social security costs (net of CICE in 2018) remained flat at 3% for the six months ended September 30, 2018 and for the six months ended September 30, 2019.

Three months ended September 30, 2018 and September 30, 2019

Personnel expenses increased by €0.3 million, or 0.7%, from €43.5 million for the three months ended September 30, 2018 to €43.8 million for the three months ended September 30, 2019. As a proportion of sales of goods, personnel expenses decreased from 15.1% for the three months ended September 30, 2018 to 15.0% for the three months ended September 30, 2019.

Wages and salaries increased by €0.2 million, or 0.7%, from €30.1 million for the three months ended September 30, 2018 to €30.3 million for the three months ended September 30, 2019, as a result of annual salary increases in France and Belgium and the expansion of our store network, partially offset by the sale of our Swedish activity. As a proportion of sales of goods, wages and salaries remained flat at 10.4% for the three months ended September 30, 2018 and for the three months ended September 30, 2019.

Employee profit sharing decreased by €0.1 million, from €2.5 million for the three months ended September 30, 2018 to €2.4 million for the three months ended September 30, 2019, as the decrease in legal profit sharing ("*participation*") computed on the French income before tax was partially offset by higher contractual profit sharing ("*intéressement*"), which is computed based on sales performance.

Other personnel expenses increased by €0.1 million, from €11.0 million for the three months ended September 30, 2018 to €11.1 million for the three months ended September 30, 2019. The CICE tax credit was recorded as a reduction of social security costs and amounted to €1.4 million in the three months ended September 30, 2018. This tax credit has been repealed and converted into a direct reduction of social security charges since January 1, 2019. Social security costs (net of CICE in 2018) remained flat at €9.3 million for the three months ended September 30, 2018 and for the three months ended September 30, 2019. As a proportion of sales of goods, social security costs (net of CICE in 2018) remained flat at 3.2% for the three months ended September 30, 2018 and for the three months ended September 30, 2019.

Other operating expenses

Six months ended September 30, 2018 and September 30, 2019

Our other operating expenses decreased by €3.0 million, from €3.9 million for the six months ended September 30, 2018 to €0.9 million for the six months ended September 30, 2019. During the six-month period ended September 30, 2018, we recorded exceptional charges relating to the sale of our Swedish operations. During the first quarter of the fiscal year ended March 31, 2019, we recorded a €0.9 million impairment charge on our Swedish assets following our decision to sell the Swedish business. In addition, during the second quarter of the fiscal year ended March 31, 2019, when deconsolidating the entity after the loss of control, we derecognized the minority interests in an amount of €2.1 million in other operating expenses.

Three months ended September 30, 2018 and September 30, 2019

Our other operating expenses decreased by €2.0 million from €2.5 million for the three months ended September 30, 2018 to €0.5 million for the three months ended September 30, 2019. This decrease was primarily due to the €2.1 million impact of the derecognition of the minority interests of our Swedish business during the three-months ended September 30, 2018.

EBITDA

Six months ended September 30, 2018 and September 30, 2019

EBITDA increased by €29.2 million, or 45.3%, from €64.4 million for the six months ended September 30, 2018 to €93.6 million for the six months ended September 30, 2019, as a result of the factors discussed above. As a proportion of sales of goods, EBITDA increased from 10.7% for the six months ended September 30, 2018 to 15.2% for the six months ended September 30, 2019. Excluding the positive impact of the adoption of IFRS 16 in the six months ended September 30, 2019, our EBITDA increased by €0.2 million, or 0.3%, from €64.4 million in the six months ended September 30 2018 to €64.6 million in the six months ended September 30 2019. This increase is primarily due to an increase in sales, as well as the other items discussed above under "*Other operating income*" and "*Other operating expenses*."

Three months ended September 30, 2018 and September 30, 2019

EBITDA increased by €14.8 million, or 56.7%, from €26.1 million for the three months ended September 30, 2018 to €40.9 million for the three months ended September 30, 2019. As a proportion of sales of goods, EBITDA increased from 9.0% for the three months ended September 30, 2018 to 14.0% for the three months ended September 30, 2019. Excluding the positive impact of the adoption of IFRS 16 in the three months ended September 30, 2019, our EBITDA increased by €0.3 million, or 1.1%, from €26.1 million in the three months ended September 30 2018 to €26.4 million in the three months ended September 30 2019. This increase is primarily due to an increase in sales, as well as the other items discussed above under "*Other operating income*" and "*Other operating expenses*."

Depreciation and amortization

Six months ended September 30, 2018 and September 30, 2019

Depreciation and amortization increased by €27.7 million, from €18.7 million for the six months ended September 30, 2018 to €46.4 million for the six months ended September 30, 2019. This increase was primarily due to the €28.0 million amortization charge on the right of use asset recognized following the adoption of IFRS 16. Other depreciation and amortization decreased slightly by €0.2 million, from €18.7 million in the six months ended September 30, 2018 to €18.5 million in the six months ended September 30, 2019. As a proportion of sales of goods, depreciation and amortization increased from 3.1% for the six months ended September 30, 2018 to 7.5% for the six months ended September 30, 2019.

Three months ended September 30, 2018 and September 30, 2019

Depreciation and amortization increased by €13.9 million, from €9.3 million for the three months ended September 30, 2018 to €23.2 million for the three months ended September 30, 2019. This increase was primarily due to the €14.0 million amortization charge on the right of use asset recognized following the adoption of IFRS 16. Other depreciation and amortization decreased slightly by €0.1 million, from €9.3 million in the three months ended September 30, 2018 to €9.2 million in the three months ended September 30, 2019.

Operating profit

Six months ended September 30, 2018 and September 30, 2019

Operating profit increased by €1.4 million, or 3.1%, from €45.7 million for the six months ended September 30, 2018 to €47.1 million for the six months ended September 30, 2019, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 7.6% for the six months ended September 30, 2018 to 7.7% for the six months ended September 30, 2019.

Three months ended September 30, 2018 and September 30, 2019

Operating profit increased by €0.9 million, or 5.4%, from €16.8 million for the three months ended September 30, 2018 to €17.7 million for the three months ended September 30, 2019, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 5.8% for the three months ended September 30, 2018 to 6.0% for the three months ended September 30, 2019.

Finance costs

Six months ended September 30, 2018 and September 30, 2019

Finance costs increased by €1.5 million from €29.1 million for the six months ended September 30, 2018 to €30.6 million for the six months ended September 30, 2019. This increase in finance costs was mainly due to €2.0 million in interest expense relating to lease commitments recognized following the adoption of IFRS 16. This increase was partially offset by a €0.3 million decrease in foreign exchange losses following the sale of our Swedish business.

Three months ended September 30, 2018 and September 30, 2019

Finance costs increased by €0.9 million from €14.5 million for the three months ended September 30, 2018 to €15.4 million for the three months ended September 30, 2019. This increase in finance costs was mainly due to €1.0 million in interest expense relating to lease commitments recognized following the adoption of IFRS 16.

Share of profit in an associate

Six months ended September 30, 2018 and September 30, 2019

Share of profit in an associate decreased by €3.8 million from a profit of €0.2 million for the six months ended September 30, 2018 to a loss of €3.6 million for the six months ended September 30, 2019. This loss is mainly due to the result of our associate Primex International in which we have a 37.2% interest. Primex Norway, a subsidiary of Primex International, developed a fish plant in Norway in 2018 and has since faced significant start-up costs to operate this facility. Primex International therefore partially recorded a non-cash impairment of its investment in Primex Norway to reflect these operational losses.

Three months ended September 30, 2018 and September 30, 2019

Share of profit in an associate decreased by €3.7 million from a profit of €0.1 million for the three months ended September 30, 2018 to a loss of €3.6 million for the three months ended September 30, 2019, for the reasons explained above.

Income before tax

Six months ended September 30, 2018 and September 30, 2019

Income before tax decreased by €3.8 million, from €16.8 million for the six months ended September 30, 2018 to €13.0 million for the six months ended September 30, 2019. As a proportion of sales of goods, income before tax decreased from 2.8% for the six months ended September 30, 2018 to 2.1% for the six months ended September 30, 2019.

Three months ended September 30, 2018 and September 30, 2019

Income before tax decreased by €3.6 million, from a profit of €2.4 million for the three months ended September 30, 2018 to a loss of €1.2 million for the three months ended September 30, 2019.

Income tax expense

Six months ended September 30, 2018 and September 30, 2019

Income tax expense decreased by €0.9 million, from €8.3 million for the six months ended September 30, 2018 to €7.4 million for the six months ended September 30, 2019. For the six months ended September 30, 2018, the estimated average annual tax rate used was 44.0% and increased to 50.0% for the six months ended September 30, 2019, mainly due to the conversion of the CICE, as described above, from an income tax credit recorded as a reduction in social security charges to a direct reduction of social security charges which reduction is itself subject to income tax. This increase in our estimated average annual tax rate was offset by the decrease in our income before tax.

Three months ended September 30, 2018 and September 30, 2019

Income tax expense decreased by €1.7 million from €2.0 million for the three months ended September 30, 2018 to €0.3 million for the three months ended September 30, 2019, mainly due to the decrease in our income before tax.

Net income

Six months ended September 30, 2018 and September 30, 2019

Net income decreased by €3.0 million, from €8.6 million for the six months ended September 30, 2018 to €5.6 million for the six months ended September 30, 2019, as a result of the factors described above.

Three months ended September 30, 2018 and September 30, 2019

Net income decreased by €1.9 million, from a profit of €0.4 million for the three months ended September 30, 2018 to a loss of €1.5 million for the three months ended September 30, 2019, as a result of the factors described above.

Certain material differences in the financial condition and results of operations between Picard Bondco S.A. and Lion Polaris II S.A.S. (the direct parent of Picard Groupe S.A.S.)

The consolidated financial information of Picard Bondco S.A. does not reflect intercompany loans between Picard Bondco S.A. and its subsidiaries. As of September 30, 2019, there were no outstanding intra-group loans.

In addition, Picard Groupe S.A.S. is the issuer of the Senior Secured Notes. The Senior Secured Notes are guaranteed on a senior basis by Picard Bondco S.A., Lion/Polaris Lux Midco S.à r.l., Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and Picard Surgelés S.A.S. Picard Bondco S.A. is the issuer of the Senior Notes. The Senior Notes are guaranteed on a subordinated basis by Lion/Polaris Lux Midco S.à r.l. and Lion/Polaris Lux 4 S.A.

On May 10, 2019, Lion/Polaris Lux 3 S.A. merged with and into Lion/Polaris Lux Midco S.à r.l. with Lion/Polaris Lux Midco S.à r.l. as the surviving entity (the “Merger”). In connection with the Merger, on May 10, 2019, Picard Bondco S.A., Picard Groupe S.A.S. and Lion/Polaris Lux Midco S.à r.l. entered into supplemental indentures to each Indenture, as applicable, whereby Lion/Polaris Lux Midco S.à r.l. provided confirmation that its respective guarantees under the Indentures continue to be in full force and effect, subject to any limitations set out in the governing documentation. In accordance with the Indentures and the relevant security documents, the liens over certain assets of Lion/Polaris Lux 3 S.A. securing the Notes were released and the assets of Lion/Polaris Lux 3 S.A. that were subject to liens securing the Notes are now owned by the other security providers.

The results of operations of Picard Bondco S.A. and its subsidiaries do not differ materially from those of Lion Polaris II S.A.S. and its subsidiaries. The difference in EBITDA is primarily due to the holding company expenses of Picard Bondco S.A., Lion/Polaris Lux Midco S.à r.l. and Lion/Polaris Lux 4 S.A.

Unaudited Interim Condensed Consolidated Financial Statements of Picard Bondco S.A.

Picard Bondco S.A.

Unaudited interim condensed consolidated financial statements

September 30, 2019

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Sales of goods	*4*	292 691	289 026	614 831	601 083
Cost of goods sold		(163 120)	(161 299)	(342 862)	(334 869)
Gross profit		**129 572**	**127 727**	**271 969**	**266 214**
Other operating income	*5.1*	824	1 461	2 777	6 224
Other purchase and external expenses		(42 007)	(53 611)	(86 578)	(111 373)
Taxes		(3 168)	(3 453)	(6 379)	(6 862)
Personnel expenses	*5.2*	(43 775)	(43 511)	(87 293)	(85 914)
Depreciation & amortization		(23 244)	(9 310)	(46 434)	(18 725)
Other operating expenses	*5.3*	(505)	(2 529)	(931)	(3 866)
Operating profit		**17 698**	**16 775**	**47 130**	**45 697**
Finance costs	*5.4*	(15 352)	(14 525)	(30 566)	(29 078)
Finance income	*5.4*	29	25	65	54
Share of profit in an associate	*6*	(3 584)	107	(3 607)	166
Income before tax		**(1 209)**	**2 381**	**13 022**	**16 839**
Income tax expense	*7*	(281)	(1 981)	(7 380)	(8 265)
Net income		**(1 490)**	**400**	**5 643**	**8 575**
Attributable to:					
Equity holders of the parent		(1 490)	386	5 643	8 616
Non-controlling interests		-	14	-	(41)
Earnings per share:					
Basic earnings per share (in euros)		(0,56)	0,15	2,14	3,26
Fully diluted earnings per share (in euros)		(0,56)	0,15	2,14	3,26

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Net income		**(1 490)**	**400**	**5 643**	**8 575**
Net gain / (loss) on cash flow hedges	*9.4*	-	-		
Income tax		-	-	-	-
		-	-	-	-
Items not to be reclassified to profit and loss:					
Actuarial gains / (loss) of the period		-	-	-	-
Income tax		-	-	-	-
		-	-	-	-
Foreign currency translation		-	(66)	-	(10)
Other comprehensive income / (loss) for the period, net of tax		-	*(66)*	-	*(10)*
Comprehensive income		**(1 490)**	**334**	**5 643**	**8 565**
Attributable to:					
Equity holders of the parent		(1 490)	320	5 643	8 606
Non-controlling interests		-	14	-	(41)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousand of €)	Notes	September 30, 2019	March 31, 2019
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		221 511	217 059
Right-of-use Assets	*8.1*	303 010	
Other intangible assets		794 803	841 908
Investment in an associate		7 739	11 346
Other non-current financial assets	*9.1*	10 660	10 293
Total non-current assets		**2 152 893**	**1 895 776**
Inventory		92 766	86 626
Trade and other receivables		46 209	50 122
Income tax receivable		12 572	9 598
Current financial assets	*9.1*	292	379
Cash and cash equivalents	*10*	71 334	106 434
Total current assets		**223 172**	**253 159**
Assets held for sale			-
Total assets		**2 376 067**	**2 148 935**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	97
Other comprehensive income		(184)	(66)
Retained earnings		123 916	72 955
Net income of the period		5 643	63 918
Equity attributable to equity holders of the parent		**132 114**	**139 545**
Non-controlling interests		-	-
Total equity		**132 114**	**139 545**
Non-current liabilities			
Interest-bearing loans and borrowings	*9.2*	1 551 381	1 550 828
Other non current financial liabilities	*9.3*	202 281	87
Provisions		8 053	7 028
Employee benefit liability		8 651	8 326
Deferred tax liability		209 762	214 859
Total non-current liabilities		**1 980 128**	**1 781 127**
Current liabilities			
Trade and other payables		207 383	221 896
Income tax payable		-	1 975
Interest-bearing loans and borrowings	*9.2*	4 276	4 392
Other current financial liabilities	*9.3*	52 166	-
Total current liabilities		**263 825**	**228 263**
Total liabilities		**2 243 953**	**2 009 390**
Liabilities held for sale			-
Total equity and liabilities		**2 376 067**	**2 148 935**

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

In thousand of €	Issued capital	Share premium	MRPS	Cash flow hedge reserve	Actuarial gain / (losses)	Share Based payment	Foreign currency translation	Total other comprehensive income	Retained earnings	Net income	Equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
As at March 31, 2018	**2 642**	**150**	-	-	116	-	117	**233**	**91 324**	**58 213**	**152 562**	**(1 845)**	**150 716**
Net income attribution	-	-	-	-	(116)	-	-	(116)	58 329	(58 213)	-	-	-
Net income for the period	-	-	-	-	-	-		-		8 616	**8 616**	(41)	**8 575**
Other comprehensive income	-	-	-	-	-	-	(10)	(10)	-	-	**(10)**	-	**(10)**
Total comprehensive income	-	-	-	-	-	-	**(10)**	**(10)**	-	**8 616**	**8 606**	**(41)**	**8 565**
Dividend paid	-	(53)	-	-	-	-	-	-	(76 947)	-	**(77 000)**		**(77 000)**
Other	-	-	-	-	-	-	(107)	(107)	366		**259**	1 886	**2 145**
As at September 30, 2018	**2 642**	**97**	-	-	-	-	-	-	**73 072**	**8 616**	**84 426**	-	**84 426**
As at March 31, 2019	**2 642**	**97**	-	0	(183)	-	117	**(66)**	**72 955**	**63 918**	**139 545**	-	**139 545**
IFRS 16 first application adjustments											-		-
As at April 1, 2019	**2 642**	**97**	-	0	(183)	-	117	**(66)**	**72 955**	**63 918**	**139 545**	-	**139 545**
Net income attribution	-	-	-	-	-	-	-	-	63 918	(63 918)	-	-	-
Net income for the period	-	-	-	-	-	-		-		5 643	**5 643**	-	**5 643**
Other comprehensive income	-	-	-	-	-	-		-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	**5 643**	**5 643**	-	**5 643**
Dividend paid	-		-	-	-	-	-	-	(13 074)	-	**(13 074)**		**(13 074)**
Issued capital attributable to NCI	-	-	-	-	-	-	(117)	(117)	117		-	-	-
As at September 30, 2019	2 642	97	-	0	(183)	-	-	**(184)**	**123 916**	**5 643**	**132 114**	-	**132 114**

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In thousand of €	Notes	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Operating activities			
Operating profit		47 130	45 697
Depreciation and impairment of property, plant and equipment		43 212	15 693
Amortisation and impairment of intangible assets		3 222	3 032
Gain on disposal of property, plant and equipement		513	235
Other non cash operating items		231	3 048
Movements in provisions and pensions		218	180
Interest received		19	(29)
Income tax paid		(17 140)	(18 616)
Operating cash flows before change in working capital requirements		*77 405*	*49 240*
Change in Inventories		(6 140)	(576)
Change in trade and other receivables and prepayments		871	(9 340)
Change in trade and other payables		(14 513)	(22 745)
Net cash flows from operating activities		**57 623**	**16 580**
Investing activities			
Proceeds from sale of property, plant and equipment		107	110
Disposal of Italy, net of cash disposed of		190	190
Purchase of property, plant and equipment		(20 130)	(16 858)
Purchase of intangible assets		(3 282)	(2 588)
Purchase of financial instruments		(99)	(103)
Net cash used in investing activities		**(23 214)**	**(19 249)**
Financing activities			
Payment of finance lease liabilities			(101)
Proceeds from borrowings		-	60 000
Refinancing costs		-	(3 279)
Interest paid *		(28 991)	(28 228)
Payment related to leases contracts *		(27 456)	
Dividends paid to equity holder of the parent		(13 074)	(77 000)
Net cash flows from/(used in) financing activities		**(69 521)**	**(48 608)**
Net increase / (decrease) in cash and cash equivalents		(35 112)	(51 277)
Cash and cash equivalents at the beginning of the period	10	106 432	88 999
Cash and cash equivalents at the end of the period	**10**	**71 320**	**37 722**

**In accordance with IFRS 16, which the Group adopted as from April 1, 2019 (see Note 2.1.1), payments under leases along with any related interest are shown in financing cash flows.*

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Picard Bondco S.A. (previously named Lion Polaris Lux 2 S.A.) is a limited liability company, incorporated on August 9, 2010 and having its registered office in Luxembourg. The registered office of Picard Bondco S.A. is at 7 rue Lou-Hemmer, L-1748 Luxembourg-Findel. Picard Bondco S.A. is an affiliate (fully controlled) of Lion/Polaris Lux Topco S.à.r.l.

Picard Bondco S.A. was incorporated for the purpose of acquiring Picard Groupe S.A.S., the leader in the frozen food production and distribution business in France. The acquisition was completed on October 14, 2010.

Picard Bondco S.A. (the "Company") and its subsidiaries (together the "Group") operate in the frozen food production and distribution business, mainly in France. The Group's financial year ends on March 31.

The present unaudited interim condensed consolidated financial statements cover the period from April 1, 2019 to September 30, 2019.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements as at and for the six-month period ended September 30, 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the Group's audited consolidated annual financial statements as at and for the year ended March 31, 2019.

The unaudited interim condensed consolidated financial statements are presented in thousands of euros, the Group's functional and presentation currency. The figures in the tables have been individually rounded to the nearest thousand euros. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

2.1.1 New accounting standards and interpretations in effect starting from April 1, 2019

Since April 1, 2019, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Amendments to IAS 28 - Long-term interests in Associates and Joint Ventures (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Amendments to Improvements to IFRSs 2015-2017 Cycle (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable according to the IASB in accounting periods beginning on or after January 1, 2019); and
- IFRS 16 Leases (applicable according to the IASB in accounting periods beginning on or after January 1, 2019)

The adoption of these policies had no significant impact on the Group's consolidated financial statements except for IFRS 16 as presented below.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

On June 7, 2017, the IASB published its interpretation IFRIC 23, "Uncertainty over Tax Treatments." The interpretation, adopted by the European Union on October 23, 2018, is applicable as from January 1, 2019. IFRIC 23 clarifies the application of IAS 12, "Income Tax," with respect to recognition and valuation where uncertainty exists as to income tax treatment.

The interpretation provides several clarifications, including with respect to:

- the unit of account, meaning the level of tax risk at which the principles for recognition and valuation of the asset or liability should be applied: either grouped together (by tax entity, jurisdiction, or group), or at the level of each risk taken individually;

- the detection risk, which must be taken fully into account in the recognition and valuation of tax risk. It should be assumed that the tax authorities will conduct an audit and that they will have access to all information needed to identify the error or incorrect interpretation of the tax standard. The principle of recognition relies on an estimate of the probability (in the sense of "more likely than not") that the uncertain tax position will be acceptable. Thus, if it is more likely than not (probability of over 50%) that the tax authorities will not accept the company's position with respect to tax treatment, the uncertain tax position must be reflected in the financial statements as income tax payable and/or deferred tax; and

- the valuation principle concerning the provision, which relies on the estimate of the amount that the company expects to pay to or recover from the tax authorities. Two valuation methods may be used on a case by case basis: the most probable amount, or the expected value.

An analysis was performed by the Group and did not reveal any significant impact on the Group's consolidated financial statements in relation to the application of this standard.

- **IFRS 16 Leases**

IFRS 16 eliminates the requirement to classify leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. The Group adopted IFRS 16 as of April 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The details of the changes in accounting policies are disclosed below, as well as in Note 5.4 (*Finance Income and Costs*), Note 7 (*Leases*), Note 8.1 (*Other current and non-current financial assets*) and Note 8.3 (*Other financial liabilities*).

Leases primarily relate to property assets (around 1,000 leases), including both stores and administrative buildings and to a lesser extent, vehicles.

<u>Accounting policies applied in these consolidated financial statements</u>

- **Under IAS 17 (comparative period)**

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. Assets held under finance leases were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized on the Group's balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

- **Under new accounting policy – IFRS 16 (from April 1, 2019)**

Definition of a lease under IFRS 16

Under IFRS 16, the assessment of whether or not a contract contains a lease, is based on whether or not the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

    - the Group has the right to operate the asset; or

    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices and the aggregate stand-alone price of the non-lease components. However, for leases of land and buildings in respect of which it is a lessee, the Group has elected not to separate non-lease components and accounts for lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease.

The lease payments included in the valuation of the lease liability include:

- fixed payments, including in -substance fixed payments;

- variable lease payments that depend on an index or a rate, which are initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

IFRS 16 requires separate presentation of the interest expense on the lease liabilities and the depreciation charge for the right-of-use asset in the lessee's statement of profit or loss and other comprehensive income. The interest expense on the lease liability is a component of finance costs.

- **Lease terms**

The Group has estimated the term of each of its lease agreements (i.e. the period during which it is reasonably certain to remain in the premises), taking into account the facts and circumstances that are specific to each lease agreement.

This estimated lease term corresponds to:

- the non-cancellable period subsequent to the valuation date; plus

- the period covered by a lessee's renewal option if such renewal is reasonably certain.

A minor portion of the Group's lease agreements have fixed terms. For those contracts, the estimated lease term corresponds to the end date of the current lease period.

For all the other leases (with either exit options or renewal options at the election of the lessee), a detailed analysis was carried out to determine the estimated lease term. This analysis was based on the lease agreements, existing plans to renew, current negotiations or other agreements.

The main criteria when assessing the reasonably certain term of a lease are (i) the specialized nature of the assets, (ii) the location of the assets and (iii) the maturity of the investments made.

For stores, in most cases, the estimated term of the lease has been defined as the maximum period during which the contract is executory (for example the end of the last triennial period in case of

commercial “3/6/9” leases in accordance with guidance issued by the “*Autorité des Normes Comptables*” in February 2018).
However, in some cases, a shorter period has been retained, particularly for stores that are not profitable (excluding newly opened stores still in ramp-up period) or when a closure is already planned.
At lease end, in the case of a tacit renewal of the lease, the Group also conducted an analysis to identify when the lease could be considered as contractually renewed.

- **Discount rate**

The Group determines the discount rate applicable to each lease agreement based on the incremental borrowing rate in each location and based on maturity. Therefore the calculation of the discount rate requires estimates, especially regarding the credit spread added to the risk free rate.

The discount rates used correspond to bank rates that the Group would obtain in order to finance identical fixed assets.

- **Short-term leases and leases of low value assets**

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a term shorter than 12 months and for leases of assets valued at less than K$ 5, which mainly include IT equipment, mobile devices and car leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<u>Impact of Change in accounting principle</u>

- **Leases previously classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019.

Right-of-use assets are measured at an amount equal to the lease liability (subject to certain adjustments detailed below). The Group applied this approach to all leases.

The Group used some practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. The Group:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and for leases of assets valued at less than K$ 5;

- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

- **Leases previously classified as finance leases under IAS 17**

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at April 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

- **Leasehold rights previously classified as intangible assets**

Leasehold rights represent specific and additional legal rights in relation to the right-of-use of the property, which materialize, if necessary, at the end of the lease. In particular, such rights include the right to renew the lease under favorable conditions (e.g. capped rents) and the right to obtain an indemnity in the event the lessor refuses to renew the lease at the end of the contract.

The duration and mode of consuming the economic benefits of leasehold rights are different from those of the rest of the right-of-use assets (which are consumed during the term of the contract).

Under IFRS 16, leasehold rights are considered initial direct costs, i.e. incremental costs incurred to obtain a lease which would not have been incurred if the contract had not been concluded (IFRS 16.A). The Group chose to recognize leasehold rights as a component of right-of-use assets and therefore they are no longer recognized as a separate intangible asset (IFRS 16.24).

Under the approach adopted by the Group, the residual value of the leasehold right corresponds to the amount initially paid. Leasehold rights are tested annually and an impairment is recognized if necessary.

- **Income tax**

Deferred tax is recognized based on the net amount of temporary taxable and deductible differences. Upon initial recognition of the right-of-use asset and lease liability, no deferred tax is recognized if the amount of the asset equals the amount of the liability.

Net temporary differences that may result from subsequent changes in the right-of-use asset and lease liability give rise to the recognition of deferred tax.

- **Impact on the Group’s consolidated financial statements**

The Group has chosen to apply IFRS 16 using the simplified retrospective approach as from April 1, 2019. The Group’s consolidated financial statements as of and for the year ended March 31, 2019 were not restated.

As at April 1, 2019, the amount of lease liabilities represents the present value of lease payments due over the reasonably certain term of the lease.

Applying IFRS 16 also impacts the following items in the consolidated financial statements:

- leasehold rights are now included as part of the initial measurement of the right-of-use assets. Reclassifications were made in the opening balance sheet in this respect for M€ 47.1 ;

- prepaid lease payments and lease incentives to be recognized over the lease term, which were initially shown in other assets and other liabilities, are now included in right-of-use assets; and

- right-of-use assets have been derecognized and financial receivables recognized in respect of sub-letting arrangements granted over the residual period of the leases concerned. Recognition of these receivables had a positive impact of K€ 171 on financial assets.

The table below summarizes the impact of applying IFRS 16 on the opening balance sheet in the Group’s consolidated financial statements as of and for the six-month period ended September 30, 2019 :

(In thousand of €)	**As at March 31, 2019**	**IFRS 16 first application impacts**	**As at April 1, 2019**
Assets			
Goodwill	815 170		815 170
Property, plant and equipment	217 059		217 059
Right-of-use Assets		312 985	312 985
Other intangible assets	841 908	(47 143)	794 765
Investment in an associate	11 346		11 346
Other non-current financial assets	10 293	132	10 426
Total non-current assets	**1 895 776**	**265 975**	**2 161 751**
Inventory	86 626		86 626
Trade and other receivables	50 122	(2 993)	47 129
Income tax receivable	9 598		9 598
Current financial assets	379	39	418
Cash and cash equivalents	106 434		106 434
Total current assets	**253 159**	**(2 954)**	**250 205**
Assets held for sale	-	-	-
Total assets	**2 148 935**	**263 021**	**2 411 956**
Equity and liabilities			
Issued capital	2 642		2 642
Share premium	97		97
Other comprehensive income	(66)		(66)
Retained earnings	72 955		72 955
Net income of the period	63 918		63 918
Equity attributable to equity holders of the parent	**139 545**	**-**	**139 545**
Non-controlling interests	-	-	-
Total equity	**139 545**	**-**	**139 545**
Non-current liabilities			
Interest-bearing loans and borrowings	1 550 828		1 550 828
Other non-current financial liabilities	87	211 014	211 101
Provisions	7 028		7 028
Employee benefit liability	8 326		8 326
Deferred tax liability	214 859		214 859
Total non-current liabilities	**1 781 127**	**211 014**	**1 992 142**
Current liabilities			
Trade and other payables	221 896	(53)	221 843
Income tax payable	1 975		1 975
Interest-bearing loans and borrowings	4 392		4 392
Other current financial liabilities	-	52 059	52 059
Total current liabilities	**228 263**	**52 006**	**280 269**
Total liabilities	**2 009 390**	**263 021**	**2 272 410**
Liabilities held for sale	-	-	-
Total equity and liabilities	**2 148 935**	**263 021**	**2 411 956**

As at April 1, 2019, right-of-use assets relate to the following asset categories:

(In thousand of €)	Right of Use Asset		
	Intangible assets	**Tangible assets**	**Total**
Leasehold rights	47 143	-	47 143
Land & Buildings		263 302	263 302
Vehicles		2 540	2 540
Total	**47 143**	**265 842**	**312 985**

- **Reconciliation of off-balance sheet commitments as at March 31, 2019 with IFRS 16 lease liabilities as at April 1, 2019**

(In thousand of €)	
Operating leases commitments at March 31, 2019	**127 170**
Effects related to other leases: vehicles	2 540
Other effects	37
Differences in duration determined under IFRS 16 related to termination and extension options which are reasonably certain	150 850
Non discounted leases commitments under IFRS 16 at April 1st, 2019	**280 597**
Discount impact	(14 755)
Discounted leases commitments under IFRS 16 at April 1st, 2019	**265 842**
Leases commitments at April 1st, 2019	**265 842**
including leases commitments - less than 1 year	*54 961*
including leases commitments - more than 1 year	*210 881*

2.1.2 New accounting standards and interpretations with effect in future periods

No new or amended standards or interpretations were adopted for use in the European Union and available for early adoption.

The new or amended standards and interpretations not yet adopted by the European Union are as follows:

- IFRS 17 – *Insurance Contracts* (applicable according to the IASB in annual periods beginning on or after January 1, 2021) ;
- Amendments to References to the Conceptual Framework in IFRS Standards (applicable according to the IASB in accounting periods beginning on or after January 1, 2020);
- Amendments to IFRS 9, IAS 39 and IFRS 7 : Interest Rate Benchmark Reform (applicable according to the IASB in accounting periods beginning on or after January 1, 2020);
- Amendment to IFRS 3: Definition of a Business (applicable according to the IASB in accounting periods beginning on or after January 1, 2020); and

- IAS1 and IAS 8 – *Definition of Material* (applicable according to the IASB in accounting periods beginning on or after January 1, 2020);

The impact of these standards on the Group's results and financial situation is currently being evaluated and is not expected to be material.

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the Group's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic conditions. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting periods are disclosed in the audited consolidated financial statements of the Group as at and for the year ended March 31, 2019.

As at September 30, 2019, the following estimates should be noted:

Valuation of tangible and intangible assets

There was no indication of impairment of tangible and intangible assets as at September 30, 2019. As a result, no impairment test was performed at this date.

Valuation of financial assets

The Group measured its investment in associates on the basis of available estimates and interim financial statements as of September 30, 2019. This measurement is based on the losses and impairments recorded in the financial statements of the associate, which reflect the best estimate of the associate's management.

The estimate of financial assets might be reassessed by the Group, if the existing assumptions regarding this estimate are revised prior to the year ending March 31, 2020.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. As of September 30, 2019, all assumptions remain the same as at March 31, 2019.

3. Significant events and seasonality of operations

3.1 Significant events of the period

There has been no significant event during the period.

3.2 Seasonality of operations

Seasonal fluctuations in the business are limited. Higher revenues and operating profits are usually expected in the third quarter of the year. Higher sales during December are mainly attributable to the Christmas and the New Year's holidays.

4. Operating segment information

For management purposes, the Group is organized into business units based on distribution networks. Following the development of the activity of the Group outside France, the Group has two reportable operating segments as follows:

- France; and
- Other.

The "Other" operating segment includes distribution activities in Belgium, Luxembourg and, prior to the sale of our Swedish operations, Sweden, franchised and corner operations and partnerships in Italy, Netherlands, Switzerland, Scandinavia, Japan and the UK, as well as our holding company operations (other than Group financing and income taxes) in Luxembourg.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

In thousand of €	For the three-month period ended September 30, 2019			For the six-month period ended September 30, 2019		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	285 465	7 227	292 692	600 500	14 331	614 831
Operating profit	17 455	243	17 698	46 628	502	47 130

In thousand of €	For the three-month period ended September 30, 2018			For the six-month period ended September 30, 2018		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	281 733	7 293	289 026	586 306	14 777	601 083
Operating profit	19 683	(2 909)	16 774	50 699	(5 002)	45 697

- France:

  The operating profit decreased by M€ 4.1, from M€ 50.7 for the six-month period ended September 30, 2018 to M€ 46.6 for the six-month period ended September 30, 2019.

  For the six-month period ended September 30, 2018, operating profit includes income of M€ 3.9 corresponding to a tax rebate obtained by the Group (tax on fish : *see Note 5.1- Other operating income*).

- Other:

  The operating profit of the "Other" segment increased by M€ 5.5, from a loss of M€ 5.0 for the six-month period ended September 30, 2018 to a profit of M€ 0.5 for the six-month period ended September 30, 2019. This increase of the operating profit is mainly explained by the disposal of Picard Sweden on August 15, 2018.

5. Other operating income/expenses

5.1 Other operating income

In thousand of €	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Capitalized expenses	256	240	623	486
Other operating income	568	1 220	2 154	5 738
Total other operating income	**824**	**1 460**	**2 777**	**6 224**

For the six-month period ended September 30, 2018, other operating income includes income of M€ 3.9 corresponding to a tax rebate obtained by the Group following a tax reassessment paid in 2014 and concerning an adjustment on a tax on fish ("*Contribution pour une pêche durable*") decided by the French tax administration.

5.2 Personnel expenses

In thousand of €	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Wages and salaries	(30 282)	(30 058)	(60 085)	(59 155)
Social security costs	(9 342)	(9 348)	(18 189)	(18 293)
Pension costs	(93)	(98)	(218)	(180)
Employee profit sharing	(2 399)	(2 496)	(5 626)	(5 342)
Other employee benefits expenses	(1 659)	(1 511)	(3 175)	(2 944)
Total personnel expenses	**(43 775)**	**(43 510)**	**(87 293)**	**(85 914)**

The French competitiveness and employment tax credit (“*Crédit d’Impôt Compétitivité Emploi” or “CICE”*) in effect in France since January 1, 2013 was repealed on December 31, 2018 and converted into a direct reduction of social security charges. This tax credit was recognized within social security charges during previous years. The six-month period ended September 30, 2019 therefore includes this reduction in social security costs whereas the six-month period ended September 30, 2018 included CICE income of M€ 2.8.

5.3 Other operating expenses

In thousand of €	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Royalties	(111)	(120)	(220)	(252)
Losses on bad debt	(301)	(231)	(534)	(449)
Other operating expenses	(93)	(2 178)	(177)	(3 165)
Total other operating expenses	**(505)**	**(2 528)**	**(931)**	**(3 866)**

For the six-month period ended September 30, 2018, other operating expenses include an expense of M€ 3.0 corresponding to exceptional charges relating to the sale of our Swedish operations comprising a M€ 0.9 impairment charge and a M€ 2.1 charge in respect of the derecognition of minority interests.

5.4 Finance income and costs

In thousand of €	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the six-month period ended September 30, 2019	For the six-month period ended September 30, 2018
Interest expenses	(14 218)	(14 476)	(28 296)	(28 441)
Net interests related to leases commitment	(1 017)		(2 026)	
Interest costs of employee benefits	(70)	(39)	(108)	(94)
Foreign exchange (losses) / gains	-	64	-	(282)
Other financial expense	(47)	(75)	(136)	(261)
Finance costs	**(15 352)**	**(14 525)**	**(30 566)**	**(29 078)**
Income on loans and receivables	5	5	12	10
Income on short term investment	16	18	33	37
Foreign exchange gains	5	1	5	2
Other financial income	3	2	15	5
Finance income	**29**	**25**	**65**	**54**

The K€ 2,026 net interest related to leases commitment represents the financial interest calculated on lease liabilities recognized in accordance with IFRS 16.

6. Investment in an associate

The Group has a 37.21% interest in Primex International S.A., which is involved in importation and wholesale of frozen meat and seafood.

Primex International S.A. is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarized financial information of the Group's investment in Primex International S.A.:

In thousand of €	September 30, 2019	March 31, 2019
Share of the associate's statement of financial position:		
Non-current assets	8 040	10 616
Current assets	9 299	11 045
Current liabilities	5 170	7 600
Non-current liabilities	4 421	2 708
Equity	**7 747**	**11 353**
Share of the associate's revenue and profit:		
Revenue	14 691	28 246
Profits	(3 608)	304
Carrying amount of the investment	**7 739**	**11 346**

In thousand of €	September 30, 2019	March 31, 2019
Carrying value at opening	**11 346**	**11 042**
Share of profit in an associate	(3 608)	304
Distribution of dividends	-	-
Carrying value at closing	**7 739**	**11 346**

Primex Norway, a subsidiary of Primex International S.A., developed a fish plant in Norway in 2018 and has since faced significant start-up costs in connection with the operation of this facility. Primex International S.A. therefore partially recorded a non-cash impairment of its investment in Primex Norway to reflect these operational losses.

7. Income tax expense

The Group calculates income tax expense using an estimated tax rate that would be applicable to the expected total annual earnings (projected pre-tax income at year-end). The estimated average annual tax rate used is 50%, including Business Contribution on Value Added ("CVAE") which is accounted for as an income tax in line with IAS 12. The estimated average annual tax rate amounted to 44% in previous periods.

8. Leases

8.1 Breakdown of Right of Use recognized under IFRS 16

In thousand of €	Leasehold rights	Land & Buildings	Vehicles	**Right of Use Asset**
Cost:				
As at 1st April 2019	**48 126**	**263 302**	**2 540**	**313 968**
Additions		20 937	1 219	**22 156**
Disposals	(151)	(4 189)	(175)	**(4 516)**
Assets held for sale				**-**
As at 30 September 2019	**47 975**	**280 050**	**3 584**	**331 609**
Depreciation and impairment:				
As at 1st April 2019	**(983)**			**(983)**
Additions		(27 193)	(788)	**(27 981)**
Disposals	221	53	92	**366**
Assets held for sale	-	-	-	**-**
As at 30 September 2019	**(762)**	**(27 140)**	**(696)**	**(28 598)**
Net book value:				
As at 1st April 2019	**47 143**	**263 302**	**2 540**	**312 985**
As at 30 September 2019	**47 213**	**252 910**	**2 887**	**303 010**

8.2 Breakdown of Other purchase and external expenses

(In thousand of €)	**For the six-month period ended September 30, 2019**	**For the six month period ended September 30, 2018**
Rent expenses	(742)	(27 441)
Other purchase and external expenses (excluding Rent expenses)	(85 836)	(83 932)
Total Other purchase and external expenses	**(86 578)**	**(111 373)**

As of September 30, 2019, rent expenses of K€ 742 represent leases (following the adoption of IFRS 16) that have a term shorter than 12 months and leases valued at less than K$ 5 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*). As of September 30, 2018, rent expenses were presented without IFRS 16 restatement.

8.3 Breakdown of Depreciation & amortization

(In thousand of €)	For the six-month period ended September 30, 2019	For the six month period ended September 30, 2018
Depreciation & amortization of tangible Right of Use	(27 981)	
Depreciation & amortization of other fixed assets	(18 453)	(18 725)
Total Depreciation & amortization	**(46 434)**	**(18 725)**

The M€ 27.9 of depreciation and amortization of right-of-use assets for the six months ended September 30, 2019 relates to the depreciation of the right-of-use assets recognized in accordance with IFRS 16 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*).

9. Financial assets and financial liabilities

9.1 Other current and non-current financial assets

In thousand of €	September 30, 2019	March 31, 2019
Deposits and guarantees	10 226	9 934
Related party Loans	308	296
Other	416	442
Other non-current financial assets	**10 950**	**10 672**
of which non-current	*10 658*	*10 293*
of which current	*292*	*379*

Other financial assets of K€ 416 represent the amount of:

- the consideration remaining due by the acquirers of Picard Surgelati, consistent with the sale and purchase agreement (K€ 253 of which was recorded as current as at September 30, 2019).
- the K€ 163 of financial receivables recognized in respect of sub-letting arrangements granted over the residual period of the leases concerned in accordance with IFRS16 (K€ 39 of which was recorded as current as at September 30, 2019).

9.2 Interest-bearing loans and borrowings

In thousand of €	Coupon interest rate	Maturity	As at September 30, 2019	As at March 31, 2019
Current				
Obligations under finance leases				135
Accrued interest payable on loans and borrowings			4 262	4 254
Lease commitments - short term				
Bank overdrafts		On demand	14	2
Other current borrowings		On demand		
Total current interest bearing loans and borrowings			**4 276**	**4 392**
Non current				
Obligations under finance leases				353
Senior secured notes (1250M€)	Euribor 3M + margin 3%	2023	1 243 030	1 242 261
Senior notes 2024 (310M€)	5,50%	2024	308 351	308 214
Total non-current interest bearing loans and borrowings			**1 551 381**	**1 550 828**
Total interest bearing loans and borrowings			**1 555 657**	**1 555 220**

The Notes issued have the following characteristics:

- Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 1,190 of floating rate senior secured notes due 2023 in December 2017 and an additional M€ 60 of floating rate senior secured notes due 2023 in May 2018. These floating rate senior secured notes (the "Senior Secured Notes") are payable after 6 years on November 30, 2023. Interest is paid quarterly based on a variable interest rate fixed in reference to a market rate (3-month Euribor, subject to a 0% floor) increased by a margin of 3% per annum. The floating rate senior secured notes are refundable "in fine".
- The Company issued M€310 of fixed rate senior notes due 2024 in December 2017. These senior notes (the "Senior Notes" and, together with the Senior Secured Notes, the "Notes") are payable after 7 years on November 30, 2024, and interest is paid twice a year based on a fixed interest rate of 5.50%. The senior notes are refundable "in fine".
- The gross proceeds from the sale of the Notes issued in December 2017, together with cash on hand, were used to (i) make a distribution to Picard PIKco S.A. in order to redeem Picard PIKco S.A.'s outstanding 11% PIK notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 7.75% senior notes due 2020, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of floating rate notes due 2019, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Group, and (v) pay fees and expenses related to the transactions. The gross proceeds from the sale of the additional Senior Secured Notes issued in May 2018 were used to (i) fund distributions to the shareholders of Picard Group and (ii) pay fees and expenses related to the transactions.

9.3 Other financial liabilities

In thousand of €	As at September 30, 2019	As at March 31, 2019
Current		
Lease Debt	52 166	
Current portion of interest bearing loans and borrowings	-	
Total Other current financial liabilities	**52 166**	**-**
Non current		
Lease Debt	202 193	
Others	88	87
Total Other non-current financial liabilities	**202 281**	**87**
Total Other financial liabilities	**254 447**	**87**

In accordance with IFRS 16, the Group has recognized, as of April 1, 2019, the lease liabilities relating to the accounting of the right of use asset of M€ 263 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*). This debt amounts to M€ 254 as of September 30, 2019.

9.4 Hedging activities and derivatives

Cash Flow Hedges

As at September 30, 2019, the Group has not entered into any hedging arrangements.

9.5 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements.

In thousands euros	Carrying amount	Fair value	Carrying amount	Fair value
Coupn interest rate	**As at September 30, 2019**	**As at September 30, 2019**	**As at March 31, 2019**	**As at March 31, 2019**
Financial assets				
Trade and other receivables	46 209	46 209	50 122	50 122
Income tax receivable	12 572	12 572	9 598	9 598
Other financial assets	10 952	10 952	10 672	10 672
Cash and cash equivalents	71 334	71 334	106 434	106 434
Total	**141 067**	**141 067**	**176 826**	**176 826**
Financial liabilities				
Fixed rate borrowings	(308 351)	(300 474)	(308 214)	(289 955)
Obligations under finance leases	-	-	(488)	(488)
Floating rate borrowings	(1 243 030)	(1 219 537)	(1 242 261)	(1 219 225)
Lease commitments	(254 359)	(254 359)		
Trade and other payables	(207 383)	(207 383)	(221 896)	(221 896)
Income tax payable	-	-	(1 975)	(1 975)
Bank overdraft	(14)	(14)	(2)	(2)
Total	**(2 013 136)**	**(1 981 766)**	**(1 774 836)**	**(1 733 541)**

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer/counterparty and the risk characteristics of the financed project. Based on this evaluation, provision allowances are taken into account for the expected losses relating to these receivables. As at September 30, 2019, the carrying amounts of such receivables, net of provision allowances, approximated their fair values.

- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, lease liabilities as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is determined through level 2 valuation techniques, although the Group currently has no interest rate swap agreement outstanding. The fair value of long-term debt is determined using price quotations, when available, at the reporting date (level 1).

10. Cash and cash equivalents

In thousand of €	**As at September 30, 2019**	**As at March 31, 2019**	**As at September 30, 2018**	**As at March 31, 2018**
Cash at banks and on hand	68 449	103 575	39 589	71 390
Securities	2 885	2 859	2 871	21 573
Cash and cash equivalents	**71 334**	**106 434**	**42 460**	**92 963**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts:

In thousand of €	**As at September 30, 2019**	**As at March 31, 2019**	**As at September 30, 2018**	**As at March 31, 2018**
Cash and cash equivalents	71 334	106 434	42 460	92 963
Bank overdrafts	(14)	(2)	(4 738)	(3 964)
Cash and cash equivalents position	**71 320**	**106 432**	**37 722**	**88 999**

11. Events after the reporting period

On October 4, 2019, Aryzta announced that it had received a binding offer from the French company Invest Group Zouari (‘IGZ’) to sell a 43% stake of the Picard Group. The transaction is subject to customary regulatory approvals and a works council consultation process in France.