Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the quarter ended June 30, 2020

August 28, 2020

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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 Q1 2021 (the quarter ended June 30, 2020) include the following highlights:

- Q1 2021 sales of goods increased by 24.5% to €400.9 million, from €322.1 million in Q1 2020, mainly due to a 21.0% increase in our French like-for-like sales;

- Q1 2021 gross profit increased by 25.0% to €178.0 million, from €142.4 million in Q1 2020; and

- Q1 2021 EBITDA increased by 46.6% to €77.1 million, from €52.6 million in Q1 2020.

CEO Cathy Collart-Geiger commented: "Our Q1 2021 sales of goods were very dynamic and strongly benefitted from the COVID-19 pandemic and the associated lockdown period in France, that was in place until May 11, 2020. Several positive trends were triggered by the pandemic. First, the food retail market, and the frozen food market in particular, surged during the lockdown. In addition, convenience stores and smaller stores, which are closer to customers' houses and involve fewer social interactions, gained market share. Finally, the food retail sector benefitted from the closure of restaurants and out-of-home food services during the lockdown period. The performance observed during the lockdown continued after the reopening, with French like-for-like sales still increasing by 18.1% in June. The quarterly growth resulted from a decrease in the total number of tickets (-7.0%) and strongly higher average basket size (+30.2%) as customers tended to buy more products at the same time during the lockdown period, but shopping less frequently. The number of tickets started to return to pre-pandemic levels after the lockdown period, increasing by 1.7% in June (as compared to the same period in the prior year), but with higher baskets than prior to the start of the pandemic.

Our Q1 2021 gross profit increased by €35.6 million, or 25.0%, from €142.4 million in Q1 2020 to €178.0 million in Q1 2021. Our gross margin increased to 44.4% in Q1 2021 from 44.2% in Q1 2020. This increase in our margin rate was mainly explained by a decline in the percentage of our goods sold under promotion, as Easter promotions had a limited impact in this exceptional context and customers tended to buy raw products they needed to cook at home (meat, seafood, vegetables), rather than promotional products.

Our EBITDA therefore strongly increased by 46.6%, from €52.6 million in Q1 2020 to €77.1 million in Q1 2021. This increase was mainly due to the increase in like-for-like sales in France and the increase in gross margin as well as our well-controlled operating expenses, driven by personnel expenses and logistics costs.

The COVID-19 crisis has continued to have a positive impact on the Group's sales and results following the close of our Q1 2021. However, in light of the continuing uncertainties regarding the social, public health and economic situation in France, 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 1,200 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 June 30, 2020, we had 1,033 stores in France (including two franchised stores in Corsica, eight franchised stores in La Réunion, two franchised stores in the French West Indies and 19 franchised stores in mainland France), 14 stores in Belgium, one store in Luxembourg, 10 franchised stores in Scandinavia and 14 franchised stores in Japan. A franchisee also operated six stores in Switzerland until their closure in early January 2020. 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 with Albert Heijn. 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.

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 in the Picard Group. The transaction was completed on January 23, 2020. Aryzta retains a 4.5% shareholding in Picard and Lion Capital remains the majority shareholder of the Group.

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 June 30, 2020 required pursuant to Section 4.03 of each of the indenture governing the Senior Secured Notes, as amended and supplemented from time to time (the "Senior Secured Notes Indenture") and the indenture governing the Senior Notes, as amended and supplemented from time to time (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

Financial statements presented

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, 2020 to June 30, 2020, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of June 30, 2020, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the quarter ended June 30, 2020 and (iii) the consolidated statement of cash flows for the quarter ended June 30, 2020.

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, 2020 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2020. 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. June 30, 2020 financial statements for a discussion of the new accounting standards and interpretations in effect starting from April 1, 2020.

Other Financial Measures

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

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*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 periods ended June 30, 2019 and June 30, 2020 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 condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2020 to June 30, 2020, 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, 2020. 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	
Currency: in million of €	**June 30, 2019**	**June 30, 2020**
Sales of goods	**322.1**	**400.9**
Cost of goods sold	(179.7)	(222.9)
Gross profit	**142.4**	**178.0**
Other operating income	2.0	1.4
Other purchase and external expenses	(44.6)	(48.3)
Taxes	(3.2)	(4.4)
Personnel expenses	(43.5)	(49.2)
Other operating expenses	(0.4)	(0.5)
EBITDA	**52.6**	**77.1**
Depreciation and amortization	(23.2)	(23.6)
Operating profit	**29.4**	**53.5**
Finance costs	(15.2)	(15.7)
Finance income	0.0	0.1
Share of profit in an associate	(0.0)	0.1
Income before tax	**14.2**	**38.0**
Income tax expense	(7.1)	(15.5)
Net income	**7.1**	**22.5**
Equity holders of the parent	7.1	22.5
Non-controlling interests	-	-

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three months ended June 30, 2019 and June 30, 2020. 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”.

Results of Operations

Expansion of store network

As of June 30, 2020, we had 1,033 stores in France (including two franchised stores in Corsica, eight franchised stores in La Réunion, two franchised stores in the French West Indies and 19 franchised stores in mainland France), 14 stores in Belgium, one store in Luxembourg, 10 franchised stores in Scandinavia and 14 franchised stores in Japan.

Sales of goods

Three months ended June 30, 2020 and June 30, 2019

Our sales of goods increased by €78.8 million, or 24.5%, from €322.1 million for the three months ended June 30, 2019 to €400.9 million for the three months ended June 30, 2020.

In France, sales of goods increased by €75.9 million, or 24.1%, from €315.0 million for the three months ended June 30, 2019 to €390.9 million for the three months ended June 30, 2020. French like-for-like sales increased by 21.0% in the three months ended June 30, 2020, as compared to the three months ended June 30, 2019, as a result of a 30.2% increase in the average basket size, while the total number of tickets declined by 7.0%. Our performance was significantly impacted by the COVID-19 pandemic, with different impacts on our sales indicators. During the lockdown period, our average basket sharply increased (+48.6% in April as compared to the same period in the prior year), while the number of tickets significantly declined as people tended to purchase more at the same time but shopped less frequently. The number of tickets then started to return to pre-pandemic levels after the end of the lockdown and returned to positive in June (+1.7% in June as compared to the same period in the prior year), while the average basket size remained high. Therefore, the increase in like-for-like sales remained very high and consistent throughout the quarter. Our activity has indeed been supported by several trends. First, the food retail market, and the frozen food market in particular, surged during the lockdown. In addition, convenience stores and smaller stores, which are closer to customers' houses and involve fewer social interactions, gained market shares. Finally, the food retail sector benefitted from the closure of restaurants and out-of-home food services during the lockdown period.

The activity was also very dynamic for the rest of the Group. Sales in Belgium and Luxembourg increased by €1.6 million, or 50.0%, from €3.2 million for the three months ended June 30, 2019 to €4.8 million for the three months ended June 30, 2020. Sales in other locations with our partners and franchisees increased from €3.8 million for the three months ended June 30, 2019 to €5.2 million for the three months ended June 30, 2020, in spite of the closure of our activity in Switzerland in January 2020. In particular, sales in the United Kingdom increased by €0.6 million, following the signature of a partnership with Marks and Spencer and sales in Japan increased by €0.4 million.

Cost of goods sold

Three months ended June 30, 2020 and June 30, 2019

Our cost of goods sold increased by €43.2 million, or 24.0%, from €179.7 million for the three months ended June 30, 2019 to €222.9 million for the three months ended June 30, 2020, due to an increase in the volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales decreased from 55.8% for the three months ended June 30, 2019 to 55.6% for the three months ended June 30, 2020.

Gross profit

Three months ended June 30, 2020 and June 30, 2019

Our gross profit increased by €35.6 million, or 25.0%, from €142.4 million for the three months ended June 30, 2019 to €178.0 million for the three months ended June 30, 2020, 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 June 30, 2019 to 44.4% for the three months ended June 30, 2020, notably due a decline in the percentage of our goods sold under promotions during the period. The situation indeed had a slight effect on our mix, as Easter promotions had a limited impact in this exceptional context and customers tended to buy raw products they needed to cook at home (meat, seafood, vegetables), rather than promotional products.

Other operating income

Three months ended June 30, 2020 and June 30, 2019

Other operating income decreased by €0.6 million, from €2.0 million for the three months ended June 30, 2019 to €1.4 million for the three months ended June 30, 2020. This decrease was primarily due to €1.0 million of income recorded during the three months ended June 30, 2019, corresponding to an indemnity received in connection with a store eviction.

Other purchases and external expenses

Three months ended June 30, 2020 and June 30, 2019

Our other purchases and external expenses increased by €3.7 million or 8.3%, from €44.6 million for the three months ended June 30, 2019 to €48.3 million for the three months ended June 30, 2020. This increase was primarily due to higher logistics costs, notably driven by the strong increase in volumes of goods sold and extra equipment relating to the public health situation and needed to protect our employees (masks, gloves etc.). Those increases were partially offset by a reduction of our advertising costs, as our campaigns of April and May were cancelled as a consequence of the pandemic.

Taxes other than on income

Three months ended June 30, 2020 and June 30, 2019

Taxes other than on income increased by €1.2 million, from €3.2 million for the three months ended June 30, 2019 to €4.4 million for the three months ended June 30, 2020. This increase was explained by taxes based on sales (mainly "*contribution sociale de solidarité des sociétés*") and taxes based on profit sharing (*"forfait social")*. Taxes other than on income as a percentage of sales of goods increased from 1.0% for the three months ended June 30, 2019 to 1.1% for the three months ended June 30, 2020.

Personnel expenses

Three months ended June 30, 2020 and June 30, 2019

Personnel expenses increased by €5.7 million, or 13.1%, from €43.5 million for the three months ended June 30, 2019 to €49.2 million for the three months ended June 30, 2020. As a proportion of sales of goods, personnel expenses decreased from 13.5% for the three months ended June 30, 2019 to 12.3% for the three months ended June 30, 2020.

Wages and salaries increased by €2.0 million, or 6.7%, from €29.8 million for the three months ended June 30, 2019 to €31.8 million for the three months ended June 30, 2020, as a result of an increase of staff in stores following the strong increase in sales, annual salary increases in France and Belgium and the expansion of our store network. As a proportion of sales of goods, wages and salaries decreased from 9.3% for the three months ended June 30, 2019 to 7.9% for the three months ended June 30, 2020.

Employee profit sharing in France strongly increased by €2.4 million, from €3.2 million for the three months ended June 30, 2019 to €5.6 million for the three months ended June 30, 2020, as a result of both the increase in contractual profit sharing ("*intéressement*"), which is computed based on sales performance and legal profit sharing ("*participation aux bénéfices*"), computed on taxable income.

Other personnel expenses, mainly comprising social security charges, increased by €1.3 million, from €10.5 million for the three months ended June 30, 2019 to €11.8 million for the three months ended June 30, 2020, mainly driven by a €1.0 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs decreased from 2.7% for the three months ended June 30, 2019 to 2.4% for the three months ended June 30, 2020.

Other operating expenses

Three months ended June 30, 2020 and June 30, 2019

Our other operating expenses increased by €0.1 million from €0.4 million for the three months ended June 30, 2019 to €0.5 million for the three months ended June 30, 2020.

EBITDA

Three months ended June 30, 2020 and June 30, 2019

EBITDA increased by €24.5 million, or 46.6%, from €52.6 million for the three months ended June 30, 2019 to €77.1 million for the three months ended June 30, 2020. As a proportion of sales of goods, EBITDA increased from 16.3% for the three months ended June 30, 2019 to 19.2% for the three months ended June 30, 2020. This increase was primarily due to the strong increase in sales combined with well-controlled operational expenses, and increase in gross margin.

Depreciation and amortization

Three months ended June 30, 2020 and June 30, 2019

Depreciation and amortization increased by €0.4 million, from €23.2 million for the three months ended June 30, 2019 to €23.6 million for the three months ended June 30, 2020.

Operating profit

Three months ended June 30, 2020 and June 30, 2019

Operating profit increased by €24.1 million, or 82.0%, from €29.4 million for the three months ended June 30, 2019 to €53.5 million for the three months ended June 30, 2020. As a proportion of sales of goods, operating profit increased from 9.1% for the three months ended June 30, 2019 to 13.3% for the three months ended June 30, 2020.

Finance costs

Three months ended June 30, 2020 and June 30, 2019

Finance costs increased by €0.5 million from €15.2 million for the three months ended June 30, 2019 to €15.7 million for the three months ended June 30, 2020.

Income before tax

Three months ended June 30, 2020 and June 30, 2019

Income before tax increased by €23.8 million, from €14.2 million for the three months ended June 30, 2019 to €38.0 million for the three months ended June 30, 2020. As a proportion of sales of goods, income before tax increased from 4.4% for the three months ended June 30, 2019 to 9.5% for the three months ended June 30, 2020.

Income tax expense

Three months ended June 30, 2020 and June 30, 2019

Income tax expense increased by €8.4 million from €7.1 million for the three months ended June 30, 2019 to €15.5 million for the three months ended June 30, 2020. Income tax expense represented 50.0% of income before tax for the three months ended June 30, 2019 and 40.8% for the three months ended June 30, 2020, mainly due to the reduction of corporate income tax rate in France from 33.33% to 31.0%.

Net income

Three months ended June 30, 2020 and June 30, 2019

Net income increased by €15.4 million, from €7.1 million for the three months ended June 30, 2019 to €22.5 million for the three months ended June 30, 2020, 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.)

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 June 30, 2020, an aggregate principal amount of €11.0 million was outstanding under an intercompany loan from Lion/Polaris Lux 4 S.A. to Lion Polaris II S.A.S.

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

June 30, 2020

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	**For the three-month period ended June 30, 2020**	**For the three-month period ended June 30, 2019**
Sales of goods	*4*	400 885	322 139
Cost of goods sold		(222 863)	(179 742)
Gross profit		**178 021**	**142 397**
Other operating income	*5.1*	1 406	1 952
Other purchase and external expenses	*8.2*	(48 328)	(44 572)
Taxes		(4 350)	(3 211)
Personnel expenses	*5.2*	(49 176)	(43 518)
Depreciation & amortization	*8.3*	(23 632)	(23 191)
Other operating expenses	*5.3*	(478)	(426)
Operating profit		**53 462**	**29 432**
Finance costs	*5.4*	(15 677)	(15 213)
Net interests related to leases commitment			
Finance income	*5.4*	69	36
Share of profit in an associate		138	(23)
Income before tax		**37 991**	**14 232**
Income tax expense	*6*	(15 506)	(7 099)
Net income		**22 486**	**7 133**
Attributable to:			
Equity holders of the parent		22 486	7 133
Non-controlling interests			-
Earnings per share:		-	
Basic earnings per share (*in euros*)		8,51	2,70
Fully diluted earnings per share (*in euros*)		8,51	2,70

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 June 30, 2020	For the three-month period ended June 30, 2019
Net income		**22 486**	**7 133**
Net gain / (loss) on cash flow hedges		-	-
Income tax		-	-
		-	-
Actuarial gains / (loss) of the period		-	-
Income tax		-	-
		-	-
Foreign currency translation		-	-
Other comprehensive income / (loss) for the period, net of tax		-	-
Comprehensive income		**22 486**	**7 133**
Attributable to:			
Equity holders of the parent		22 486	7 133
Non-controlling interests		-	-

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousand of €)	Notes	As at June 30, 2020	As at March 31, 2020
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		220 814	223 866
Right-of-use Assets	*8.1*	307 881	304 814
Other intangible assets		795 634	795 477
Investment in an associate	*6*	6 471	6 333
Other non-current financial assets	*9.1*	10 814	10 784
Total non-current assets		**2 156 785**	**2 156 444**
Inventory		98 281	86 049
Trade and other receivables		53 172	50 160
Income tax receivable			2 568
Current financial assets	*9.1*	40	41
Cash and cash equivalents	*10*	235 559	220 707
Total current assets		**387 053**	**359 525**
Assets held for sale			
Total assets		**2 543 838**	**2 515 971**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	97
Other comprehensive income		(350)	(350)
Retained earnings		176 125	123 916
Net income of the period		22 486	52 208
Equity attributable to equity holders of the parent		**200 999**	**178 513**
Non-controlling interests		-	-
Total equity		**200 999**	**178 513**
Non-current liabilities			
Interest-bearing loans and borrowings	*9.2*	1 552 781	1 552 311
Other non-current financial liabilities	*9.3*	206 694	203 383
Provisions		9 706	9 115
Employee benefit liability		9 309	9 146
Deferred tax liability		220 856	219 048
Total non-current liabilities		**1 999 344**	**1 993 002**
Current liabilities			
Trade and other payables		256 419	255 511
Income tax payable		3 878	1 721
Interest-bearing loans and borrowings	*9.2*	30 257	34 255
Other current financial liabilities	*9.3*	52 942	52 969
Total current liabilities		**343 495**	**344 456**
Total liabilities		**2 342 839**	**2 337 459**
Liabilities held for sale			
Total equity and liabilities		**2 543 838**	**2 515 971**

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, 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	-	-	-	-	-	-	-	-	-	7 133	**7 133**		**7 133**
Other comprehensive income	-	-	-	-				-			-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	**7 133**	**7 133**	-	**7 133**
Dividend paid								-	(13 074)		(13 074)		(13 074)
Issued capital attributable to NCI	-		-	-	-	-	-	-	-	-	-		-
As at June 30, 2019	**2 642**	**97**	-	0	(183)	-	117	**(66)**	**123 799**	**7 133**	**133 604**	-	**133 604**
As at March 31, 2020	**2 642**	**97**	-	0	(350)	-	-	**(350)**	**123 916**	**52 208**	**178 513**	-	**178 513**
Net income attribution	-	-	-	-	-	-	-	-	52 208	(52 208)	-	-	-
Net income for the period	-	-	-	-	-	-		-	-	22 486	**22 486**	-	**22 486**
Other comprehensive income	-	-	-	-		-		-			-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	**22 486**	**22 486**	-	**22 486**
Dividend paid	-		-	-	-	-	-	-		-	-		-
Issued capital attributable to NCI	-		-	-	-	-	-	-	-	-	-		-
As at June 30, 2020	**2 642**	**97**	-	0	(350)	-	-	**(350)**	**176 125**	**22 486**	**200 999**	-	**200 999**

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 three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Operating activities			
Operating profit		53 462	29 432
Depreciation and impairment of property, plant and equipment		22 055	21 614
Amortisation and impairment of intangible assets		1 577	1 577
Gain on disposal of property, plant and equipement		18	95
Other non cash operating items		55	206
Movements in provisions and pensions		37	125
Interest received		46	17
Income tax paid		(12 487)	(11 893)
Operating cash flows before change in working capital requirements		*64 763*	*41 173*
Change in Inventories		(12 232)	(11 297)
Change in trade and other receivables and prepayments		(116)	(877)
Change in trade and other payables		1 071	7 497
Net cash flows from operating activities		**53 486**	**36 496**
Investing activities			
Proceeds from sale of property, plant and equipment and others		72	136
Purchase of property, plant and equipment		(4 656)	(7 690)
Purchase of intangible assets		(1 997)	(1 770)
Purchase of financial instruments		(47)	(46)
Net cash used in investing activities		**(6 628)**	**(9 370)**
Financing activities			
Interest paid		(18 007)	(18 073)
Payments related to leases contracts *		(13 993)	(14 496)
Dividends paid to equity holder of the parent			(13 074)
Net cash flows from/(used in) financing activities		**(32 000)**	**(45 643)**
Net increase / (decrease) in cash and cash equivalents		14 858	(18 517)
Cash and cash equivalents at the beginning of the period	**10**	220 699	106 432
Cash and cash equivalents at the end of the period	**10**	**235 557**	**87 915**

**In accordance with IFRS 16, which the Group adopted as from April 1, 2019, 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, 2020 to June 30, 2020.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements as at and for the three-month period ended June 30, 2020 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, 2020.

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, 2020

Since April 1, 2020, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- 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);
- IFRS 3: Definition of a Business (applicable according to the IASB in accounting periods beginning on or after January 1, 2020);
- IAS 1 and IAS 8: Definition of Material (applicable according to the IASB in accounting periods beginning on or after January 1, 2020); and
- 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).

The adoption of these policies had no significant impact on the Group's consolidated financial statements.

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:

- IAS 1: Classification of Liabilities as Current or Non-current (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- IFRS 16: Covid-19-Related Rent Concessions (applicable according to the IASB in accounting periods beginning on or after June 1, 2020);
- IFRS 17 Insurance contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2023); and
- IFRS 4 Deferral of IFRS 9 (applicable according to the IASB in accounting periods beginning on or after January 1, 2021).

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, 2020.

As at June 30, 2020, 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 June 30, 2020. 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 June 30, 2020. 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 are revised prior to the year ending March 31, 2021.

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 June 30, 2020, all assumptions remain the same as at March 31, 2020.

Lease terms

IFRIC published its final decision in June 2020 regarding the determination of the binding lease term and the amortization period for immovable fixtures.

The Group is currently analyzing the impact of this decision on the current assumptions used with respect to 3/6/9 commercial leases and on tacit renewal and open-ended contracts with a view to applying this decision as soon as possible.

This decision could lead to a review of the duration of certain lease agreements, and thus modify the amount of the lease liabilities and the associated right-of-use. It could also have an impact on the depreciation periods used for the fixtures relating to such leases and the time horizon for provisioning repair costs.

At this stage, the Group is unable to assess the impact of this decision on the financial statements presented.

3. Significant events and seasonality of operations

3.1 Significant events of the period

- The COVID-19 pandemic continued to have a positive impact on the sales and operating results of Picard Surgelés from April 1, 2020. A similar impact has been observed in other countries, particularly in Belgium.
- Cathy Collart-Geiger was appointed CEO of the Picard Group on June 15, 2020.

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 prior to the closure of our activity in Switzerland in January 2020, 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 €	As at June 30, 2020 France	Other	Total	As at June 30, 2019 France	Other	Total
Sales	390 902	9 984	400 885	315 035	7 104	322 139
Operating profit	52 273	1 189	53 462	29 173	259	29 432

- France:

  The operating profit increased by M€ 23.1, from M€ 29.2 for the three-month period ended June 30, 2019 to M€ 52.3 for the three-month period ended June 30, 2020.

- Other:

  The operating profit of the "Other" segment increased by M€ 0.9, from a profit of M€ 0.3 for the three-month period ended June 30, 2019 to a profit of M€ 1.2 for the three-month period ended June 30, 2020.

  This increase of the operating profit from "France" and "Other" is mainly explained by the strong activity of the Group since the COVID-19 pandemic began in mid-March 2020.

5. Other operating income/expenses

5.1 Other operating income

In thousand of €	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Capitalized expenses	318	367
Other operating income	1 088	1 585
Total other operating income	**1 406**	**1 952**

5.2 Personnel expenses

In thousand of €	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Wages and salaries	(31 791)	(29 803)
Social security costs	(9 774)	(8 847)
Pension costs	(37)	(125)
Employee profit sharing	(5 621)	(3 227)
Other employee benefits expenses	(1 954)	(1 516)
Total personnel expenses	**(49 176)**	**(43 518)**

Total personnel expenses increased by M€ 5.7, from M€ 43.5 for the three-month period ended June 30, 2019 to M€ 49.2 for the three-month period ended June 30, 2020. This increase is mainly due to the Group's performance linked to the COVID-19 pandemic, which has had a positive impact on employee profit sharing.

5.3 Other operating expenses

In thousand of €	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Royalties	(207)	(109)
Losses on bad debt	(153)	(233)
Other operating expenses	(118)	(84)
Total other operating expenses	**(478)**	**(426)**

5.4 Finance income and costs

In thousand of €	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Interest expense	(14 457)	(14 078)
Net interests related to leases commitment	(1 039)	(1 009)
Interest costs of employee benefits	(126)	(38)
Foreign exchange losses	-	-
Other financial expense	(54)	(88)
Finance costs	**(15 677)**	**(15 213)**
Income on loans and receivables	7	7
Income on short term investment	27	17
Foreign exchange gains	-	-
Other financial income	35	12
Finance income	**69**	**36**

The K€ 1,039 net interests relating to leases commitment represents the financial interests 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 €	June 30, 2020	March 31, 2020
Share of the associate's statement of financial position:		
Non-current assets	6 696	6 715
Current assets	11 737	9 627
Current liabilities	9 404	7 360
Non-current liabilities	2 538	2 629
Equity	**6 492**	**6 354**
Share of the associate's revenue and profit:		
Revenue	8 668	28 341
Profits	138	(5 013)
Carrying amount of the investment	**6 471**	**6 333**

In thousand of €	June 30, 2020	March 31, 2020
Carrying value at opening	**6 333**	**11 346**
Share of profit in an associate	138	(5 013)
Distribution of dividends	-	-
Carrying value at closing	**6 471**	**6 333**

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 again partially recorded in March 31, 2020 a non-cash impairment of its investment in Primex Norway to reflect these operational losses.

Picard closely follows the business of Primex Norway. The valuation of Primex International will continue to be monitored by the Group.

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 42%, including Business Contribution on Value Added ("CVAE") which is accounted for as an income tax in line with IAS 12. The projected annual tax rate amounted to 50% in previous periods.

A tax audit of Picard Surgelés and Lion Polaris II is currently being conducted by the French tax authorities with respect to the interest rate applicable in respect of certain intercompany loans for the years 2016, 2017 and 2018. In order to avoid the statute of limitations for the year 2016, the tax administration sent an assessment notice concerning Lion Polaris II before December 31, 2019. The Group believes it has strong arguments to support its positions and has sent an answer to the assessment notice. As the tax audit is still in progress, no provision has been recorded.

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 2020	**48 434**	**309 532**	**3 728**	**361 694**
Additions	264	19 772	85	**20 121**
Disposals		(3 543)	(39)	**(3 581)**
Other		24		**24**
Assets held for sale				**-**
As at 30 June 2020	**48 698**	**325 785**	**3 774**	**378 258**
Depreciation and impairment:				
As at 1st April 2020	(728)	**(54 750)**	**(1 401)**	**(56 879)**
Additions		(13 980)	(393)	**(14 374)**
Disposals		876	17	**893**
Other		(17)		
Assets held for sale	-	-	-	-
As at 30 June 2020	**(728)**	**(67 871)**	**(1 778)**	**(70 376)**
Net book value:				
As at 1st April 2020	**47 706**	**254 782**	**2 327**	**304 815**
As at 30 June 2020	**47 970**	**257 915**	**1 997**	**307 882**

8.2 Breakdown of Other purchase and external expenses

(In thousand of €)	**For the three-month period ended June 30, 2020**	**For the three-month period ended June 30, 2019**
Rent expenses	(456)	(252)
Other purchase and external expenses (excluding Rent expenses)	(47 872)	(44 320)
Total Other purchase and external expenses	**(48 328)**	**(44 572)**

Rent expenses represent leases (following the adoption of IFRS 16) that have a term shorter than 12 months and leases valued at less than K$ 5.

8.3 Breakdown of Depreciation & amortization

(In thousand of €)	For the three-month period ended June 30, 2020	For the three-month period ended June 30, 2019
Depreciation & amortization of tangible Right of Use	(14 374)	(13 938)
Depreciation & amortization of other fixed assets	(9 259)	(9 253)
Total Depreciation & amortization	**(23 632)**	**(23 191)**

Depreciation and amortization of right-of-use assets relate to the depreciation of the right-of-use assets recognized in accordance with IFRS 16.

9. Financial assets and financial liabilities

9.1 Other current and non-current financial assets

In thousand of €	As at June 30, 2020	As at March 31, 2020
Deposits and guarantees	10 397	10 304
Related party loans	326	320
Other	131	201
Other financial assets	**10 854**	**10 825**
Of which non-current	*10 814*	*10 784*
Of which current	*40*	*41*

Other financial assets of K€ 131 represent the amount of financial receivables recognized in respect of sub-letting arrangements granted over the residual period of the leases concerned in accordance with IFRS 16 (K€ 40 of which was recorded as current as at June 30, 2020).

9.2 Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	As at June 30, 2020	As at March 31, 2020
Current				
Current portion of interest bearing loans and borrowings			30 255	34 247
Bank overdrafts		On demand	2	8
Total current interest bearing loans and borrowings			**30 257**	**34 255**
Non current				
Senior secured notes (1250M€)	Euribor 3M + 3% margin	2023	1 244 217	1 243 819
Senior notes 2024 (310M€)	5.5%	2024	308 564	308 492
Total non-current interest bearing loans and borrowings			**1 552 781**	**1 552 311**
Total interest bearing loans and borrowings			**1 583 038**	**1 586 566**

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 June 30, 2020	As at March 31, 2020
Current		
Lease Debt	52 942	52 969
Current portion of interest bearing loans and borrowings	-	
Total Other current financial liabilities	**52 942**	**52 969**
Non current		
Lease Debt	206 609	203 299
Others	85	84
Total Other non-current financial liabilities	**206 694**	**203 383**
Total Other financial liabilities	**259 636**	**256 352**

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. This debt amounts to M€ 259.6 as of June 30, 2020.

9.4 Hedging activities and derivatives

Cash Flow Hedges

As at June 30, 2020, 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 of €	Carrying amount As at June 30, 2020	Fair value As at June 30, 2020	Carrying amount As at March 31, 2020	Fair value As at March 31, 2020
Financial assets				
Trade and other receivables	53 336	53 336	50 160	50 160
Income tax receivable	-	-	2 568	2 568
Other financial assets	10 854	10 854	10 825	10 825
Cash and cash equivalents	235 559	235 559	220 707	220 707
Total	**299 749**	**299 749**	**284 260**	**284 260**
Financial liabilities				
Fixed rate borrowings	(308 564)	(307 400)	(308 492)	(275 513)
Obligations under finance leases	-	-	(49)	(49)
Floating rate borrowings	(1 244 217)	(1 197 800)	(1 243 819)	(1 165 372)
Lease commitments	(259 551)	(259 551)	(256 352)	(256 352)
Trade and other payables	(256 582)	(256 582)	(255 511)	(255 511)
Income tax payable	(3 878)	(3 878)	(1 721)	(1 721)
Bank overdrafts	(2)	(2)	(8)	(8)
Total	**(2 072 794)**	**(2 025 213)**	**(2 065 953)**	**(1 954 526)**

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 June 30, 2020, 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 June 30, 2020**	**March 31, 2020**	**June 30, 2019**	**March 31, 2019**
Cash at banks and on hand	232 700	217 848	85 109	103 575
Securities	2 859	2 859	2 885	2 859
Cash and cash equivalents	**235 559**	**220 707**	**87 994**	**106 434**

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

In thousand of €	**As at June 30, 2020**	**March 31, 2020**	**June 30, 2019**	**March 31, 2019**
Cash and cash equivalents	235 559	220 707	87 994	106 434
Bank overdrafts	(2)	(8)	(79)	(2)
Cash and cash equivalents position	**235 557**	**220 699**	**87 915**	**106 432**

11. Events after the reporting period

There has been no significant event since June 30, 2020.