Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the three and six months ended September 30, 2020

November 27, 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 Q2 2021 (the quarter ended September 30, 2020) include the following highlights:

- Q2 2021 sales of goods increased by 14.8% to €336.1 million, from €292.7 million in Q2 2020, mainly due to a 12.5% increase in our French like-for-like sales;

- Q2 2021 gross profit increased by 15.2% to €149.3 million, from €129.6 million in Q2 2020; and

- Q2 2021 EBITDA increased by 26.2% to €51.6 million, from €40.9 million in Q2 2020.

CEO Cathy Collart-Geiger commented: "Our Q2 2021 sales of goods continued to be dynamic, after a Q1 2021 that had already showed significant growth in the context of a lockdown in France until mid-May. Our like-for-like sales therefore increased by 12.5% in France during Q2 2021. This trend was explained by a strong increase in basket size (an increase of 12.0% compared to the same quarter last year), as our customers continued to buy raw products after the lockdown, particularly meat and seafood, with a positive impact on the number of SKUs per basket and average price unit. In addition, our number of tickets normalized as soon as the lockdown ended and increased by 0.5% during Q2 2021. Our historical customers only slightly reduced the frequency of their visits despite higher baskets, while the surge in sales during the lockdown enabled us to attract new customers. In addition, home delivery sales increased by approximately 53% during Q2 2021.

Our Q2 2021 gross profit increased by €19.7 million, or 15.2%, from €129.6 million in Q2 2020 to €149.3 million in Q2 2021. Our gross margin increased to 44.4% in Q2 2021 from 44.3% in Q2 2020.

Our EBITDA therefore strongly increased by 26.2%, from €40.9 million in Q2 2020 to €51.6 million in Q2 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 and the new lockdown measures in place in France since the end of October 2020 continued to have a positive impact on the Group's sales and results after the period presented in this report. 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. Management is now fully focused on monitoring our sales and performance in December, which is key for Picard, but bears a lot of uncertainties given the public health situation in France and pending changes to the measures enacted by the government."

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 September 30, 2020, we had 1,037 stores in France (including two franchised stores in Corsica, nine franchised stores in La Réunion, two franchised stores in the French West Indies and 20 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 through 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 September 30, 2020 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

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 September 30, 2020, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of September 30, 2020, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and six-month periods ended September 30, 2020 and (iii) the consolidated statement of cash flows for the six-month period ended September 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. September 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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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, 2019 and September 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 interim condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2020 to September 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		Six months* ended	
Currency: in million of €	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020
Sales of goods	**292.7**	**336.1**	**614.8**	**737.0**
Cost of goods sold	(163.1)	(186.9)	(342.9)	(409.8)
Gross profit	**129.6**	**149.3**	**272.0**	**327.3**
Other operating income	0.8	1.3	2.8	2.8
Other purchase and external expenses	(42.0)	(45.8)	(86.6)	(94.2)
Taxes	(3.2)	(4.1)	(6.4)	(8.4)
Personnel expenses	(43.8)	(48.4)	(87.3)	(97.5)
Other operating expenses	(0.5)	(0.7)	(0.9)	(1.2)
EBITDA	**40.9**	**51.6**	**93.6**	**128.7**
Depreciation and amortization	(23.2)	(23.3)	(46.4)	(46.9)
Operating profit	**17.7**	**28.3**	**47.1**	**81.8**
Finance costs	(15.4)	(15.6)	(30.6)	(31.3)
Finance income	0.0	0.0	0.1	0.1
Share of profit in an associate	(3.6)	(2.7)	(3.6)	(2.5)
Income before tax	**(1.2)**	**10.1**	**13.0**	**48.1**
Income tax expense	(0.3)	(5.1)	(7.4)	(20.6)
Net income	**(1.5)**	**5.0**	**5.6**	**27.5**
Equity holders of the parent	(1.5)	5.0	5.6	27.5
Non-controlling interests	0.0	0.0	0.0	0.0

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three-month and six-month periods ended September 30, 2019 and September 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 September 30, 2020, we had 1,037 stores in France (including two franchised stores in Corsica, nine franchised stores in La Réunion, two franchised stores in the French West Indies and 20 franchised stores in mainland France), 14 stores in Belgium and one store in Luxembourg, as well as 10 franchised stores in Scandinavia and 14 franchised stores in Japan.

Sales of goods

Six months ended September 30, 2019 and September 30, 2020

Our sales of goods increased by €122.2 million, or 19.9%, from €614.8 million for the six months ended September 30, 2019 to €737.0 million for the six months ended September 30, 2020.

In France, sales of goods increased by €117.1 million, or 19.5%, from €600.5 million for the six months ended September 30, 2019 to €717.6 million for the six months ended September 30, 2020. French like-for-like sales increased by 17.0% in the six months ended September 30, 2020, as compared to the six months ended September 30, 2019, as a result of a 21.1% increase in the average basket, partially offset by a 3.4% decrease in the number of tickets. 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, 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 first lockdown and normalized in June, while the average basket size remained high. The increase in like-for-like sales remained high during the second quarter, reaching 12.5%, still benefitting from a high average basket (increasing by 12.0%), while the number of tickets slightly increased by 0.5%. During the lockdown, our activity has been supported by several factors, notably the fact that Picard operates convenience stores and smaller stores, which are closer to customers' houses and involve fewer social interactions and the closure of restaurants and out-of-home food services. After the lockdown, Picard customers continued to purchase a higher number of SKUs per visit, notably seafood and meat. Such categories were less dynamic prior to the COVID-19 pandemic, but customers have rediscovered the attractiveness of Picard's offering during the lockdown and continued to make purchases thereafter.

Sales in Belgium and Luxembourg increased by €2.4 million, from €6.1 million for the six months ended September 30, 2019 to €8.5 million for the six months ended September 30, 2020, in spite of the closure of a loss-making store in Belgium in July 2019.

The activity was also very dynamic for the rest of the Group. Sales in other locations with our partners and franchisees increased from €8.2 million for the six months ended September 30, 2019 to €11.0 million for the six months ended September 30, 2020, in spite of the closure of our activity in Switzerland in January 2020. In particular, sales in the United Kingdom increased by €1.5 million following the signature of a partnership with Marks and Spencer and sales in Japan increased by €0.9 million following the store openings of our partner Aeon last year.

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

Our sales of goods increased by €43.4 million, or 14.8%, from €292.7 million for the three months ended September 30, 2019 to €336.1 million for the three months ended September 30, 2020.

In France, sales of goods increased by €41.2 million, or 14.4%, from €285.5 million for the three months ended September 30, 2019 to €326.7 million for the three months ended September 30, 2020. French like-for-like sales increased by 12.5% in the three months ended September 30, 2020, as compared to the three months ended September 30, 2019, as a result of a 0.5% increase in the total number of tickets combined with a 12.0% increase in the average basket size for the reasons described above.

Sales in Belgium and Luxembourg increased by €0.8 million, from €2.9 million for the three months ended September 30, 2019 to €3.7 million for the three months ended September 30, 2020.

Sales in other locations with our partners and franchisees increased from €4.4 million for the three months ended September 30, 2019 to €5.8 million for the three months ended September 30, 2020, in spite of the closure of our activity in Switzerland in January 2020. In particular, sales in the United Kingdom increased by €1.0 million following the signature of a partnership with Marks and Spencer and sales in Japan increased by €0.5 million following the store openings of our partner Aeon last year.

Cost of goods sold

Six months ended September 30, 2019 and September 30, 2020

Our cost of goods sold increased by €66.9 million, or 19.5%, from €342.9 million for the six months ended September 30, 2019 to €409.8 million for the six months ended September 30, 2020, 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 six months ended September 30, 2019 to 55.6% for the six months ended September 30, 2020.

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

Our cost of goods sold increased by €23.8 million, or 14.6%, from €163.1 million for the three months ended September 30, 2019 to €186.9 million for the three months ended September 30, 2020, 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 55.7% for the three months ended September 30, 2019 to 55.6% for the three months ended September 30, 2020.

Gross profit

Six months ended September 30, 2019 and September 30, 2020

Our gross profit increased by €55.3 million, or 20.3%, from €272.0 million for the six months ended September 30, 2019 to €327.3 million for the six months ended September 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 six months ended September 30, 2019 to 44.4% for the six months ended September 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 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.

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

Our gross profit increased by €19.7 million, or 15.2%, from €129.6 million for the three months ended September 30, 2019 to €149.3 million for the three months ended September 30, 2020, as a result of the increase in sales. Gross profit as a percentage of sales of goods increased from 44.3% for the three months ended September 30, 2019 to 44.4% for the three months ended September 30, 2020, notably due a decline in the percentage of our goods sold under promotions during the period. The situation with respect to the COVID-19 pandemic had a slight effect on our mix, as promotions had a limited impact in this exceptional context and customers tended to buy raw products they needed to cook at home (such as meat, seafood and vegetables), rather than promotional products.

Other operating income

Six months ended September 30, 2019 and September 30, 2020

Other operating income remained flat at €2.8 million for the six months ended September 30, 2019 and the six months ended September 30, 2020. The increase in income received from delivery fees in the six months ended September 30, 2020 was offset by the loss of the indemnity received in connection with a store eviction in the prior period.

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

Other operating income increased by €0.5 million, from €0.8 million for the three months ended September 30, 2019 to €1.3 million for the three months ended September 30, 2020, mainly as a result of higher delivery fees, in a context of increases in our online sales.

Other purchases and external expenses

Six months ended September 30, 2019 and September 30, 2020

Our other purchases and external expenses increased by €7.6 million, or 8.8%, from €86.6 million for the six months ended September 30, 2019 to €94.2 million for the six months ended September 30, 2020. This increase was primarily due to higher logistics costs, 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 (such as masks, gloves, etc.). Those increases were partially offset by a reduction of our advertising costs, as our advertising campaigns of April and May were cancelled as a consequence of the pandemic.

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

Our other purchases and external expenses increased by €3.8 million, or 9.0%, from €42.0 million for the three months ended September 30, 2019 to €45.8 million for the three months ended September 30, 2020. This increase was mainly due to higher logistics costs, driven by the strong increase in volumes of goods sold. Other costs remained well controlled.

Taxes other than on income

Six months ended September 30, 2019 and September 30, 2020

Taxes other than on income increased by €2.0 million, from €6.4 million for the six months ended September 30, 2019 to €8.4 million for the six months ended September 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 six months ended September 30, 2019 to 1.1% for the six months ended September 30, 2020.

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

Taxes other than on income increased by €0.9 million, from €3.2 million for the three months ended September 30, 2019 to €4.1 million for the three months ended September 30, 2020 for the reasons described above. Taxes other than on income as a percentage of sales of goods increased from 1.1% for the three months ended September 30, 2019 to 1.2% for the three months ended September 30, 2020.

Personnel expenses

Six months ended September 30, 2019 and September 30, 2020

Personnel expenses increased by €10.2 million, or 11.7%, from €87.3 million for the six months ended September 30, 2019 to €97.5 million for the six months ended September 30, 2020. As a proportion of sales of goods, personnel expenses decreased from 14.2% for the six months ended September 30, 2019 to 13.2% for the six months ended September 30, 2020.

Wages and salaries increased by €4.8 million, or 8.0%, from €60.1 million for the six months ended September 30, 2019 to €64.9 million for the six months ended September 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 9.8% for the six months ended September 30, 2019 to 8.8% for the six months ended September 30, 2020.

Employee profit sharing increased by €3.6 million, from €5.6 million for the six months ended September 30, 2019 to €9.2 million for the six months ended September 30, 2020, following higher contractual profit sharing ("*intéressement*"), which is computed based on sales performance, and higher legal profit sharing ("*participation*"), which is computed based on our French income before tax.

Other personnel expenses increased by €1.8 million, from €21.6 million for the six months ended September 30, 2019 to €23.4 million for the six months ended September 30, 2020, mainly driven by a €1.5 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs decreased from 3% for the six months ended September 30, 2019 to 2.7% for the six months ended September 30, 2020.

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

Personnel expenses increased by €4.6 million, or 10.5%, from €43.8 million for the three months ended September 30, 2019 to €48.4 million for the three months ended September 30, 2020. As a proportion of sales of goods, personnel expenses decreased from 15.0% for the three months ended September 30, 2019 to 14.4% for the three months ended September 30, 2020.

Wages and salaries increased by €2.9 million, or 9.6%, from €30.3 million for the three months ended September 30, 2019 to €33.2 million for the three months ended September 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 10.4% for the three months ended September 30, 2019 to 9.9% for the three months ended September 30, 2020.

Employee profit sharing increased by €1.2 million, from €2.4 million for the three months ended September 30, 2019 to €3.6 million for the three months ended September 30, 2020, following higher contractual profit sharing ("*intéressement*"), which is computed based on sales performance, and higher legal profit sharing ("*participation*") computed on the French income before tax.

Other personnel expenses increased by €0.5 million, from €11.1 million for the three months ended September 30, 2019 to €11.6 million for the three months ended September 30, 2020, mainly driven by a €0.6 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs decreased from 3.2% for the three months ended September 30, 2019 to 2.9% for the three months ended September 30, 2020.

Other operating expenses

Six months ended September 30, 2019 and September 30, 2020

Our other operating expenses increased by €0.3 million, from €0.9 million for the six months ended September 30, 2019 to €1.2 million for the six months ended September 30, 2020.

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

Our other operating expenses increased by €0.2 million from €0.5 million for the three months ended September 30, 2019 to €0.7 million for the three months ended September 30, 2020.

EBITDA

Six months ended September 30, 2019 and September 30, 2020

EBITDA increased by €35.1 million, or 37.5%, from €93.6 million for the six months ended September 30, 2019 to €128.7 million for the six months ended September 30, 2020. As a proportion of sales of goods, EBITDA increased from 15.2% for the six months ended September 30, 2019 to 17.5% for the six months ended September 30, 2020. This increase is primarily due to an increase in sales and gross margin as well as our well monitored operating expenses.

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

EBITDA increased by €10.7 million, or 26.2%, from €40.9 million for the three months ended September 30, 2019 to €51.6 million for the three months ended September 30, 2020. As a proportion of sales of goods, EBITDA increased from 14.0% for the three months ended September 30, 2019 to 15.4% for the three months ended September 30, 2020.

Depreciation and amortization

Six months ended September 30, 2019 and September 30, 2020

Depreciation and amortization increased by €0.5 million, from €46.4 million for the six months ended September 30, 2019 to €46.9 million for the six months ended September 30, 2020. As a proportion of sales of goods, depreciation and amortization decreased from 7.5% for the six months ended September 30, 2019 to 6.4% for the six months ended September 30, 2020.

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

Depreciation and amortization increased by €0.1 million, from €23.2 million for the three months ended September 30, 2019 to €23.3 million for the three months ended September 30, 2020.

Operating profit

Six months ended September 30, 2019 and September 30, 2020

Operating profit increased by €34.7 million, or 73.7%, from €47.1 million for the six months ended September 30, 2019 to €81.8 million for the six months ended September 30, 2020, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 7.7% for the six months ended September 30, 2019 to 11.1% for the six months ended September 30, 2020.

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

Operating profit increased by €10.6 million, or 59.9%, from €17.7 million for the three months ended September 30, 2019 to €28.3 million for the three months ended September 30, 2020, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 6.0% for the three months ended September 30, 2019 to 8.4% for the three months ended September 30, 2020.

Finance costs

Six months ended September 30, 2019 and September 30, 2020

Finance costs increased by €0.7 million from €30.6 million for the six months ended September 30, 2019 to €31.3 million for the six months ended September 30, 2020. This increase in finance costs was mainly due to the interest on the Revolving Credit Facility, which was drawn between March 2020 and September 2020.

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

Finance costs increased by €0.2 million from €15.4 million for the three months ended September 30, 2019 to €15.6 million for the three months ended September 30, 2020.

Share of profit in an associate

Six months ended September 30, 2019 and September 30, 2020

Share of profit in an associate increased by €1.1 million from a loss of €3.6 million for the six months ended September 30, 2019 to a loss of €2.5 million for the six months ended September 30, 2020. The loss in the six months ended September 30, 2019 and in the six months ended September 30,2020 was 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 non-cash impairments of its investment in Primex Norway since September 30, 2019 to reflect these operational losses. The valuation of Primex International will continue to be closely monitored by the Group.

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

Share of profit in an associate increased by €0.9 million from a loss of €3.6 million for the three months ended September 30, 2019 to a loss of €2.7 million for the three months ended September 30, 2020, for the reasons explained above.

Income before tax

Six months ended September 30, 2019 and September 30, 2020

Income before tax increased by €35.1 million, from €13.0 million for the six months ended September 30, 2019 to €48.1 million for the six months ended September 30, 2020. As a proportion of sales of goods, income before tax increased from 2.1% for the six months ended September 30, 2019 to 6.5% for the six months ended September 30, 2020.

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

Income before tax increased by €11.3 million, from a loss of €1.2 million for the three months ended September 30, 2019 to a profit of €10.1 million for the three months ended September 30, 2020.

Income tax expense

Six months ended September 30, 2019 and September 30, 2020

Income tax expense increased by €13.2 million, from €7.4 million for the six months ended September 30, 2019 to €20.6 million for the six months ended September 30, 2020. Income tax expense represented 57.0% of income before tax for the six months ended September 30, 2019 and 42.8% for the six months ended September 30, 2020, which was mainly due to the reduction of corporate income tax rate in France from 33.33% to 31.0%.

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

Income tax expense increased by €4.8 million from €0.3 million for the three months ended September 30, 2019 to €5.1 million for the three months ended September 30, 2020, mainly due to the increase in our income before tax.

Net income

Six months ended September 30, 2019 and September 30, 2020

Net income increased by €21.9 million, from €5.6 million for the six months ended September 30, 2019 to €27.5 million for the six months ended September 30, 2020, as a result of the factors described above.

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

Net income increased by €6.5 million, from a loss of €1.5 million for the three months ended September 30, 2019 to a profit of €5.0 million for the three months ended September 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 September 30, 2020, an aggregate principal amount of €8.6 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.

Picard Bondco S.A.

Unaudited interim condensed consolidated financial statements

September 30, 2020

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2019
Sales of goods	*4*	336 140	292 691	737 025	614 831
Cost of goods sold		(186 890)	(163 120)	(409 754)	(342 862)
Gross profit		**149 250**	**129 572**	**327 271**	**271 969**
Other operating income	*5.1*	1 345	824	2 750	2 777
Other purchase and external expenses		(45 842)	(42 007)	(94 170)	(86 578)
Taxes		(4 075)	(3 168)	(8 425)	(6 379)
Personnel expenses	*5.2*	(48 366)	(43 775)	(97 542)	(87 293)
Depreciation & amortization		(23 263)	(23 244)	(46 896)	(46 434)
Other operating expenses	*5.3*	(703)	(505)	(1 181)	(931)
Operating profit		**28 346**	**17 698**	**81 808**	**47 130**
Finance costs	*5.4*	(15 622)	(15 352)	(31 299)	(30 566)
Finance income	*5.4*	49	29	118	65
Share of profit in an associate	*6*	(2 666)	(3 584)	(2 528)	(3 607)
Income before tax		**10 107**	**(1 209)**	**48 098**	**13 022**
Income tax expense	*7*	(5 132)	(281)	(20 638)	(7 380)
Net income		**4 974**	**(1 490)**	**27 460**	**5 643**
Attributable to:					
Equity holders of the parent		4 974	(1 490)	27 460	5 643
Non-controlling interests		-	-	-	-
Earnings per share:					
Basic earnings per share (in euros)		1,88	(0,56)	10,39	2,14
Fully diluted earnings per share (in euros)		1,88	(0,56)	10,39	2,14

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, 2020	For the three-month period ended September 30, 2019	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2019
Net income		**4 974**	**(1 490)**	**27 460**	**5 643**
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		-	-	-	-
Other comprehensive income / (loss) for the period, net of tax		-	-	-	-
Comprehensive income		**4 974**	**(1 490)**	**27 460**	**5 643**
Attributable to:					
Equity holders of the parent		4 974	(1 490)	27 460	5 643
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	September 30, 2020	As at March 31, 2020
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		224 985	223 866
Right-of-use Assets	*8.1*	305 936	304 814
Other intangible assets		796 301	795 477
Investment in an associate	*6*	3 805	6 333
Other non-current financial assets	*9.1*	10 857	10 784
Total non-current assets		**2 157 055**	**2 156 444**
Inventory		98 672	86 049
Trade and other receivables		53 323	50 160
Income tax receivable		2 346	2 568
Current financial assets	*9.1*	37	41
Cash and cash equivalents	*10*	167 634	220 707
Total current assets		**322 013**	**359 525**
Assets held for sale			
Total assets		**2 479 069**	**2 515 971**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	97
Other comprehensive income		(350)	(350)
Retained earnings		151 615	123 916
Net income of the period		27 460	52 208
Equity attributable to equity holders of the parent		**181 464**	**178 513**
Non-controlling interests		-	-
Total equity		**181 464**	**178 513**
Non-current liabilities			
Interest-bearing loans and borrowings	*9.2*	1 553 231	1 552 311
Other non current financial liabilities	*9.3*	205 133	203 383
Provisions		10 316	9 115
Employee benefit liability		9 472	9 146
Deferred tax liability		220 236	219 048
Total non-current liabilities		**1 998 388**	**1 993 002**
Current liabilities			
Trade and other payables		233 874	255 511
Income tax payable		-	1 721
Interest-bearing loans and borrowings	*9.2*	12 376	34 255
Other current financial liabilities	*9.3*	52 967	52 969
Total current liabilities		**299 218**	**344 456**
Total liabilities		**2 297 605**	**2 337 459**
Liabilities held for sale			
Total equity and liabilities		**2 479 069**	**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**	Actuarial gain / (losses)	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**	(183)	117	**(66)**	**72 955**	**63 918**	**139 545**	**-**	**139 545**
IFRS 16 first application adjustments								-		-
As at April 1, 2019	**2 642**	**97**	(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	(183)	**-**	**(184)**	**123 916**	**5 643**	**132 114**	**-**	**132 114**
As at March 31, 2020	**2 642**	**97**	(350)	-	**(350)**	**123 916**	**52 208**	**178 513**	**-**	**178 513**
IFRS 16 first application adjustments					-			-		-
As at April 1, 2020	**2 642**	**97**	(350)	-	**(350)**	**123 916**	**52 208**	**178 513**	**-**	**178 513**
Net income attribution	-	-	-	-	-	52 208	(52 208)	-	-	-
Net income for the period	-	-	-		-	-	27 460	**27 460**	-	**27 460**
Other comprehensive income	-	-			-			-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**27 460**	**27 460**	**-**	**27 460**
Dividend paid	**-**		**-**	**-**	**-**	(24 510)	**-**	**(24 510)**		**(24 510)**
Issued capital attributable to NCI	-		-	-	-	-	-	-		-
As at September 30, 2020	**2 642**	**97**	(350)	-	**(350)**	**151 615**	**27 460**	**181 464**	**-**	**181 464**

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, 2020	For the six-month period ended September 30, 2019
Operating activities			
Operating profit		81 808	47 130
Depreciation and impairment of property, plant and equipment		43 704	43 212
Amortisation and impairment of intangible assets		3 192	3 222
Gain on disposal of property, plant and equipement		202	513
Other non cash operating items		238	231
Movements in provisions and pensions		145	218
Interest received		45	19
Income tax paid		(20 984)	(17 140)
Operating cash flows before change in working capital requirements		*108 349*	*77 405*
Change in Inventories		(12 623)	(6 140)
Change in trade and other receivables and prepayments		(71)	871
Change in trade and other payables		(21 637)	(14 513)
Net cash flows from operating activities		**74 018**	**57 623**
Investing activities			
Proceeds from sale of property, plant and equipment		102	107
Disposal of Italy, net of cash disposed of		64	190
Purchase of property, plant and equipment		(16 556)	(20 130)
Purchase of intangible assets		(4 280)	(3 282)
Purchase of financial instruments		(81)	(99)
Net cash used in investing activities		**(20 750)**	**(23 214)**
Financing activities			
Repayment of borrowings		(30 465)	
Interest paid *		(29 631)	(28 991)
Payment related to leases contracts *		(29 839)	(27 456)
Dividends paid to equity holder of the parent		(24 510)	(13 074)
Net cash flows from/(used in) financing activities		**(114 445)**	**(69 521)**
Net increase / (decrease) in cash and cash equivalents		(61 178)	(35 112)
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**	**159 521**	**71 320**

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

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:

- Amendments to 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, 2021);
- Amendments to 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);
- Amendments to IFRS 3 Business Combinations (applicable according to the IASB in accounting periods beginning on or after January 1, 2022);
- Amendments to IAS 16 Property, Plant and Equipment (applicable according to the IASB in accounting periods beginning on or after January 1, 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (applicable according to the IASB in accounting periods beginning on or after January 1, 2022);
- Amendments to Annual Improvements 2018-2020 (applicable according to the IASB in accounting periods beginning on or after January 1, 2022);
- Amendments to IFRS 17 Insurance contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable according to the IASB in accounting periods beginning on or after January 1, 2021); and
- Amendments to 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 September 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 September 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 September 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 September 30, 2020, all assumptions remain the same as at March 31, 2020.

Lease terms

In June 2020, IFRIC published its final decision 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 increase 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

- The COVID-19 pandemic has strongly positively impacted the sales and operating results of Picard Surgelés from April 1, 2020. Both store sales and online sales in France were very dynamic and strongly benefitted from the COVID-19 pandemic and the associated lockdown period in France, which was in place until May 11, 2020. A similar positive impact has been observed in other countries, particularly in Belgium. The Group did not experience any significant store closures, sourcing issues or disruption in its supply chain during the period. This positive impact is notably explained by:
    - the attractiveness of frozen food in such period;
    - the closure of restaurants and out-of-home food services; and
    - the formats of Picard stores (convenience, proximity and small size)

- Cathy Collart-Geiger was appointed CEO of the Picard Group on June 15, 2020.

- A tax audit of Picard Surgelés and Lion Polaris II was initiated by the French tax authorities during the fiscal year ended March 31, 2020 on 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 had sent an assessment notice concerning Lion Polaris II in December 2019. The French tax authorities issued its final conclusions in October 2020 and decided to abandon the charges. As a reminder, the Group had not booked any provision for such risk.

3.1 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 €	**For the three-month period ended September 30, 2020**			**For the six-month period ended September 30, 2020**		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	326 676	9 464	336 140	717 577	19 448	737 025
Operating profit	27 405	941	28 346	79 678	2 130	81 808

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

- France:

  The operating profit increased by M€ 33.1, from M€ 46.6 for the six-month period ended September 30, 2019 to M€ 79.7 for the six-month period ended September 30, 2020.

- Other :

  The operating profit of the "Other" segment increased by M€ 1.6, from a profit of M€ 0.5 for the six-month period ended September 30, 2019 to a profit of M€ 2.1 for the six-month period ended September 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 September 30, 2020**	**For the three-month period ended September 30, 2019**	**For the six-month period ended September 30, 2020**	**For the six-month period ended September 30, 2019**
Capitalized expenses	461	256	779	623
Other operating income	884	568	1 971	2 154
Total other operating income	**1 345**	**824**	**2 750**	**2 777**

5.2 Personnel expenses

In thousand of €	**For the three-month period ended September 30, 2020**	**For the three-month period ended September 30, 2019**	**For the six-month period ended September 30, 2020**	**For the six-month period ended September 30, 2019**
Wages and salaries	(33 159)	(30 282)	(64 949)	(60 085)
Social security costs	(9 881)	(9 342)	(19 655)	(18 189)
Pension costs	(108)	(93)	(145)	(218)
Employee profit sharing	(3 603)	(2 399)	(9 223)	(5 626)
Other employee benefits expenses	(1 616)	(1 659)	(3 570)	(3 175)
Total personnel expenses	**(48 366)**	**(43 775)**	**(97 542)**	**(87 293)**

Total personnel expenses increased by M€ 10.3, from M€ 87.3 for the six-month period ended September 30, 2019 to M€ 97.5 for the six-month period ended September 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, as well as an increase in the number of employees.

5.3 Other operating expenses

In thousand of €	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2019
Royalties	(55)	(111)	(262)	(220)
Losses on bad debt	(222)	(301)	(375)	(534)
Other operating expenses	(426)	(93)	(545)	(177)
Total other operating expenses	**(703)**	**(505)**	**(1 182)**	**(931)**

5.4 Finance income and costs

In thousand of €	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2019
Interest expenses	(14 450)	(14 218)	(28 907)	(28 296)
Net interests related to leases commitment	(1 031)	(1 017)	(2 070)	(2 026)
Interest costs of employee benefits	(56)	(70)	(182)	(108)
Foreign exchange (losses) / gains	-	-	-	-
Other financial expense	(85)	(47)	(140)	(136)
Finance costs	**(15 621)**	**(15 352)**	**(31 299)**	**(30 566)**
Income on loans and receivables	6	5	13	12
Income on short term investment	18	16	45	33
Foreign exchange gains	2	5	2	5
Other financial income	23	3	58	15
Finance income	**49**	**29**	**118**	**65**

The K€ 2,070 net interest 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 €	**September 30, 2020**	**March 31, 2020**
Share of the associate's statement of financial position:		
Non-current assets	6 692	6 715
Current assets	7 773	9 627
Current liabilities	4 208	7 360
Non-current liabilities	3 731	2 629
Equity	**6 526**	**6 354**
Share of the associate's revenue and profit:		
Revenue	14 720	28 341
Profits / Losses	(2 528)	(5 013)
Carrying amount of the investment	**3 805**	**6 333**

In thousand of €	**September 30, 2020**	**March 31, 2020**
Carrying value at opening	**6 333**	**11 346**
Share of profit in an associate	(2 528)	(5 013)
Distribution of dividends	-	-
Carrying value at closing	**3 805**	**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. recorded non-cash impairments of its investment in Primex Norway to reflect these operational losses during the year ended March 31, 2020 and the six months ended September 30, 2020. The valuation of Primex International will continue to be closely 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. This decrease is mainly due to the reduction of corporate income tax rate in France.

8. Leases

8.1 Breakdown of Right of Use Assets 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	31 991	430	**32 685**
Disposals		(3 993)	(140)	**(4 133)**
Other		24		**24**
As at 30 September 2020	**48 698**	**337 554**	**4 018**	**390 271**
Depreciation and impairment:				
As at 1st April 2020	**(728)**	**(54 750)**	**(1 401)**	**(56 879)**
Additions		(27 776)	(796)	**(28 572)**
Disposals		1 046	88	**1 134**
Other		(17)		**(17)**
As at 30 September 2020	**(728)**	**(81 496)**	**(2 109)**	**(84 334)**
Net book value:				
As at 1st April 2020	**47 706**	**254 782**	**2 327**	**304 815**
As at 30 September 2020	**47 970**	**256 058**	**1 909**	**305 937**

8.2 Breakdown of Other purchase and external expenses

(In thousand of €)	**For the six-month period ended September 30, 2020**	**For the six-month period ended September 30, 2019**
Rent expenses	(1 167)	(742)
Other purchase and external expenses (excluding Rent expenses)	(93 003)	(85 836)
Total Other purchase and external expenses	**(94 170)**	**(86 578)**

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 six-month period ended September 30, 2020	For the six-month period ended September 30, 2019
Depreciation & amortization of tangible Right of Use	(28 572)	(27 981)
Depreciation & amortization of other fixed assets	(18 323)	(18 453)
Total Depreciation & amortization	**(46 896)**	**(46 434)**

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 €	September 30, 2020	As at March 31, 2020
Deposits and guarantees	10 445	10 304
Related party Loans	332	320
Other	117	201
Other non-current financial assets	**10 894**	**10 825**
of which non-current	*10 857*	*10 784*
of which current	*37*	*41*

Other financial assets of K€ 117 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 IFRS16 (K€ 37 of which was recorded as current as at September 30, 2020).

9.2 Interest-bearing loans and borrowings

In thousand of €	Coupon interest rate	Maturity	September 30, 2020	As at March 31, 2020
Current				
Current portion of interest payable on loans and borrowings			4 263	34 247
Bank overdrafts		On demand	8 113	8
Total current interest bearing loans and borrowings			**12 376**	**34 255**
Non current				
Senior secured notes (1250M€)	Euribor 3M + margin 3%	2023	1 244 594	1 243 819
Senior notes 2024 (310M€)	5,50%	2024	308 637	308 492
Total non-current interest bearing loans and borrowings			**1 553 231**	**1 552 311**
Total interest bearing loans and borrowings			**1 565 607**	**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 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 €	September 30, 2020	As at March 31, 2020
Current		
Lease Debt	52 967	52 969
Total Other current financial liabilities	**52 967**	**52 969**
Non current		
Lease Debt	205 048	203 299
Others	85	84
Total Other non-current financial liabilities	**205 133**	**203 383**
Total Other financial liabilities	**258 100**	**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€ 258.1 as of September 30, 2020.

9.4 Hedging activities and derivatives

Cash Flow Hedges

As at September 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 euros	Carrying amount September 30, 2020	Fair value September 30, 2020	Carrying amount As at March 31, 2020	Fair value As at March 31, 2020
Financial assets				
Trade and other receivables	53 323	53 323	50 160	50 160
Income tax receivable	2 346	2 346	2 568	2 568
Other financial assets	10 894	10 894	10 825	10 825
Cash and cash equivalents	167 634	167 634	220 707	220 707
Total	**234 198**	**234 198**	**284 260**	**284 260**
Financial liabilities				
Fixed rate borrowings	(308 637)	(308 500)	(308 492)	(275 513)
Obligations under finance leases	-	-	(49)	(49)
Floating rate borrowings	(1 244 594)	(1 212 500)	(1 243 819)	(1 165 372)
Lease commitments	(258 015)	(258 015)	(256 352)	(256 352)
Trade and other payables	(233 874)	(233 874)	(255 511)	(255 511)
Income tax payable	-	-	(1 721)	(1 721)
Bank overdraft	(8 113)	(8 113)	(8)	(8)
Total	**(2 053 233)**	**(2 021 002)**	**(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 September 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 €	**September 30, 2020**	**As at March 31, 2020**	**As at September 30, 2019**	**As at March 31, 2019**
Cash at banks and on hand	164 776	217 848	68 449	103 575
Securities	2 859	2 859	2 885	2 859
Cash and cash equivalents	**167 635**	**220 707**	**71 334**	**106 434**

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

In thousand of €	**September 30, 2020**	**As at March 31, 2020**	**As at September 30, 2019**	**As at March 31, 2019**
Cash and cash equivalents	167 635	220 707	71 334	106 434
Bank overdrafts	(8 113)	(8)	(14)	(2)
Cash and cash equivalents position	**159 522**	**220 699**	**71 320**	**106 432**

11. Events after the reporting period

New health restrictions related to the COVID-19 pandemic have applied from October 28, 2020 in France. In this context, our Picard stores remain open and operate normally, being designated as essential stores. Such measures continued to have a positive impact on Picard sales.