Picard Bondco

Unaudited Interim Condensed Consolidated Financial Statements as at and for the three and six months ended September 30, 2022

November 29, 2022

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Introduction

Highlights

The financial results of Picard Bondco and its consolidated subsidiaries (the "Group", "Picard", "Picard Group", "we", "our" or "us") for the quarter ended September 30, 2022 ("Q2 2023") include the following highlights:

- Q2 2023 sales of goods increased by 4.2% to €346.1 million, from €332.3 million in Q2 2022, mainly due to a 2.2% increase in our French like-for-like sales;

- Our gross margin increased to 45.3% in Q2 2023 from 44.6% in Q2 2022; and

- Q2 2023 EBITDA increased by 7.6% to €53.5 million, from €49.7 million in Q2 2022, mainly due to higher sales and the improved gross margin.

CEO Cathy Collart-Geiger commented: "In the context of high inflation, our Q2 2023 sales of goods increased by 4.2% compared to Q2 2022 and remained higher than the pre-COVID level with a 15.9% increase compared to Q2 2020. During the quarter, on a like-for-like basis, we experienced an increase in the total number of tickets (1.1%) and a higher average basket size (1.0%), and like-for-like sales remained in excess of pre-COVID levels. Home delivery sales increased by 5.1% during Q2 2023, compared with Q2 2022, remaining much higher than pre-COVID levels.

During the second quarter, we opened three directly operated stores in mainland France as part of our expansion strategy, which, together with other stores opened in the last twelve months, increased our French sales by €3.5 million compared with Q2 2022. During the second quarter, we also opened three franchised stores in mainland France, one in New Caledonia and one in Ile de la Réunion.

On the digital strategy side, we enhanced our loyalty program (which was launched on May 30, 2022) and launched "Picard Pay" (our digital reloadable payment card) in September. This innovative payment solution aims to address changing consumer habits and helps to target younger customers.

Our Q2 2023 gross profit increased by €8.3 million, or 5.6%, from €148.3 million in Q2 2022 to €156.6 million in Q2 2023. Our gross margin slightly increased to 45.3% in Q2 2023 from 44.6% in Q2 2022.

Our EBITDA increased by 7.6%, from €49.7 million in Q2 2022 to €53.5 million in Q2 2023 and remained much higher than the pre-COVID €40.9 million EBITDA in Q2 2020. This increase was mainly due to higher sales and the increase in the gross margin rate. EBITDA margin stood at 15.5%, higher than the 15.0% reported last year, and also showed a significant increase compared to the pre-COVID 14.0% of Q2 2020.

In light of the continuing uncertainties regarding the social and economic situation in France, management remains cautious with respect to future results. Inflationary pressures could persist or even increase over the coming months, particularly in the first half of 2023. Our strategy for the coming quarters remains focused on the implementation of our strategic growth plan initiated last year and mainly concentrated on the optimization of our like-for-like sales performance, the expansion of our footprint in France and abroad and capturing market share in growing channels, notably omnichannel shopping solutions."

About Picard

Picard is the leading retailer of frozen food products in France, and the pioneer in the sector. We offer our customers approximately 1,250 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, 2022, we had 1,093 stores in France (including two franchised stores in Corsica, 11 franchised stores in La Réunion, three franchised stores in the French West Indies, four franchised stores in New Caledonia and 36 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, 10 franchised stores in Scandinavia and 14 franchised stores in Japan. We also sell Picard-branded products in Italy through a commercial agreement with an Italian retailer, in the United Kingdom through a partnership with Ocado, in the Netherlands through a partnership with Albert Heijn and in Singapore through a partnership with RedMart, as well as in Hong Kong and the MENA region through partnerships with Al Futtaim Group in Marks & Spencer stores and in Taiwan through a partnership with RT Mart. 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. 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 worldwide 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 Invest Group Zouari ("IGZ") to sell a 42% stake in the Picard Group. The transaction was completed in January 2020. In January 2021, Aryzta sold its remaining stake in Picard to Lion Capital and IGZ, leaving Lion Capital and IGZ with respective stakes of 51.8% and 45.4%.

On October 6, 2010, Picard Bondco 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, 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) 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 elected to redeem €115 million of its 2010 Senior Notes. The partial redemption occurred on October 29, 2014. On March 9, 2015, Picard Bondco 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 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 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 "2017 Senior Secured Notes") and Picard Bondco issued €310 million aggregate principal amount of 5.50% Senior Notes due 2024 (the "2017 Senior Notes" and, together with the 2017 Senior Secured Notes, the "2017 Notes"). The gross proceeds from the sale of the 2017 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 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 “2017 Revolving Credit Facility”).

On May 14, 2018, Picard Groupe S.A.S. issued an additional €60 million aggregate principal amount of 2017 Senior Secured Notes. The gross proceeds from the sale of the additional 2017 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.

On July 7, 2021, Picard Groupe S.A.S. issued €750 million aggregate principal amount of 3.875% sustainability-linked fixed rate senior secured notes due 2026 (the “Fixed Rate Senior Secured Notes”), Lion/Polaris Lux 4 S.A. issued €650 million aggregate principal amount of sustainability-linked floating rate senior secured notes due 2026 (the “Floating Rate Senior Secured Notes” and, together with the Fixed Rate Senior Secured Notes, the “Senior Secured Notes”) and Picard Bondco issued €310 million aggregate principal amount of 5.375% sustainability-linked senior notes due 2027 (the “Senior Notes” and, together with the Senior Secured Notes, the “Notes”). The gross proceeds from the sale of the Notes were used, together with cash on hand, to (i) redeem Picard Groupe S.A.S.’s outstanding 2017 Senior Secured Notes, including accrued and unpaid interest, (ii) redeem Picard Bondco’s outstanding 2017 Senior Notes, including accrued and unpaid interest and the applicable redemption premium, (iii) fund distributions to the shareholders of the Picard Group and (iv) pay fees and expenses related to the transactions. On July 1, 2021, Picard Groupe S.A.S. and other entities of the Picard Group also entered into a €60 million revolving credit facility (the “Revolving Credit Facility”), which replaced the 2017 Revolving Credit Facility. See note 9.2 of the “Notes to the interim condensed consolidated financial statements” to the Picard Bondco September 30, 2022 financial statements.

Reporting

This report is the report as of and for the quarter ended September 30, 2022 required pursuant to Section 4.03 of each of the indenture governing the Fixed Rate Senior Secured Notes, as amended and supplemented from time to time (the “Fixed Rate Senior Secured Notes Indenture”), the indenture governing the Floating Rate Senior Secured Notes, as amended and supplemented from time to time (the “Floating Rate Senior Secured Notes Indenture” and, together with the Fixed Rate Senior Secured Notes Indenture, the “Senior Secured Notes Indentures”) 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 Indentures, the “Indentures”), as well as clause 23.1 and clause 1.1.(b) of Schedule 19 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, 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 for the period from April 1, 2022 to September 30, 2022, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of September 30, 2022, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and six-month periods ended September 30, 2022 and (iii) the consolidated statement of cash flows for the six-month period ended September 30, 2022.

The accounting policies of Picard Bondco as set out in the Picard Bondco annual consolidated financial statements as of and for the year ended March 31, 2022 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2022. See note 2.2 of the “Notes to the Consolidated Financial Statements” to the Picard Bondco annual consolidated financial statements for a discussion of Picard Bondco’s significant accounting policies and note 2.1.1 of the “Notes to the interim condensed consolidated financial statements” to the Picard Bondco September 30, 2022 financial statements for a discussion of the new accounting standards and interpretations in effect starting from April 1, 2022.

Comparative data for the three and six months ended September 30, 2021 have been recast in the unaudited condensed consolidated financial statements for the three and six months ended September 30, 2022 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in May 2021 concerning the provision for retirement indemnities falling within the scope of IAS 19; see note 2.1.1.1 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco audited consolidated financial statements for the year ended March 31, 2022.

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, and also excluding Click & Collect sales. 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

The historical information discussed below for Picard Bondco is as of and for the three-month and six-month periods ended September 30, 2021 and September 30, 2022 and is not necessarily representative of Picard Bondco'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 for the period from April 1, 2022 to September 30, 2022, 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" 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, 2022. 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

Currency : in million of €	Three months* ended		Six months* ended	
	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021	Sept. 30, 2022
Sales	**332.3**	**346.1**	**733.6**	**712.7**
Cost of goods sold	(184.0)	(189.4)	(405.6)	(391.1)
Gross profit	**148.3**	**156.6**	**328.0**	**321.6**
Other operating income	1.2	0.8	2.3	1.9
Other purchase and external expenses	(46.8)	(48.0)	(99.1)	(98.2)
Taxes	(3.8)	(3.2)	(8.0)	(6.7)
Personnel expenses	(48.7)	(51.8)	(100.0)	(102.2)
Other operating expenses	(0.5)	(0.9)	(1.1)	(1.5)
EBITDA	**49.7**	**53.5**	**122.1**	**114.9**
Depreciation and amortization	(24.5)	(25.9)	(48.8)	(51.9)
Operating profit	**25.2**	**27.6**	**73.3**	**63.0**
Finance costs	(34.5)	(21.7)	(50.6)	(43.0)
Finance income	(0.0)	0.0	0.0	0.0
Share of profit in an associate	0.2	0.1	0.5	0.2
Income before tax	**(9.1)**	**6.0**	**23.3**	**20.3**
Income tax expense	1.6	(2.1)	(12.3)	(7.1)
Net income	**(7.5)**	**3.9**	**11.0**	**13.2**
Equity holders of the parent	(7.5)	3.9	11.0	13.2
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, 2021 and September 30, 2022. 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, 2022, we had 1,093 stores in France (including two franchised stores in Corsica, 11 franchised stores in La Réunion, three franchised stores in the French West Indies, four franchised stores in New Caledonia and 36 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, 10 franchised stores in Scandinavia and 14 franchised stores in Japan.

Sales of goods

Six months ended September 30, 2021 and September 30, 2022

Sales of goods performance during the six months ended September 30, 2022 continued to exceed that of pre-COVID levels, confirming the trend observed in FY22.

However, our sales of goods decreased by €20.9 million, or 2.8%, from €733.6 million for the six months ended September 30, 2021 to €712.7 million for the six months ended September 30, 2022.

In France, sales of goods decreased by €20.2 million, or 2.8%, from €716.4 million for the six months ended September 30, 2021 to €696.2 million for the six months ended September 30, 2022. French like-for-like sales decreased by 4.7% in the six months ended September 30, 2022, as compared to the six months ended September 30, 2021, as a result of a 3.5% decrease in the total number of tickets combined with a 1.2% decrease in the average basket size. This decrease in sales was primarily concentrated in April and May due to the strict lockdown in place at the corresponding time last year, while sales in June through September increased compared to last year.

Home delivery sales decreased by 8.5%, or €2.0 million, from €23.5 million for the six months ended September 30, 2022, compared with €21.5 million for the six months ended September 30, 2021. This remains a good performance given the increases recorded during the comparable period in the two previous years, which were highly impacted by the pandemic in France and is in line with the strategic plan currently being implemented, aiming at developing our digital offering and our omnichannel shopping experience. This decrease in home delivery sales was primarily concentrated in April and May due to the strict lockdown in place at the corresponding time last year, while home delivery sales in June through September increased compared to last year.

Abroad, we observed a slight decline due to the normalization of our customers' habits following the pandemic. Sales in Belgium and Luxembourg decreased by €0.4 million, or 4.9%, from €8.1 million for the six months ended September 30, 2021 to €7.7 million for the six months ended September 30, 2022.

Sales in other locations with our partners and franchisees declined from €9.1 million for the six months ended September 30, 2021 to €8.8 million for the six months ended September 30, 2022. In particular, sales in Sweden decreased by €0.5 million and sales in MENA decreased slightly during the six months ended September 30, 2022 by €0.2 million, year over year, partially due to higher implementation orders made in the same period last year, partly offset by increased sales in Taiwan.

Three months ended September 30, 2021 and September 30, 2022

Our sales of goods increased by €13.8 million, or 4.2%, from €332.3 million for the three months ended September 30, 2021 to €346.1 million for the three months ended September 30, 2022.

In France, sales of goods increased by €14.3 million, or 4.4%, from €323.7 million for the three months ended September 30, 2021 to €338.0 million for the three months ended September 30, 2022. French like-for-like sales increased by 2.2% in the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, as a result of a 1.1% increase in the total number of tickets combined with a 1.0% increase in the average basket size due to a more active commercial period during the summer, particularly in ice cream sales.

Home delivery sales increased by 5.1%, or €0.5 million, from €10.4 million for the three months ended September 30, 2022, compared with €9.9 million for the three months ended September 30, 2021, remaining much higher than pre-COVID levels.

Sales in Belgium and Luxembourg slightly increased by €0.1 million, from €3.6 million for the three months ended September 30, 2021 to €3.7 million for the three months ended September 30, 2022.

Sales in other locations with our partners and franchisees decreased from €5.1 million for the three months ended September 30, 2021 to €4.4 million for the three months ended September 30, 2022. In particular, sales in MENA decreased slightly during Q2 2023 by €0.3 million, year over year, partly due to the high implementation orders made in the same period last year.

Cost of goods sold

Six months ended September 30, 2021 and September 30, 2022

Our cost of goods sold decreased by €14.5 million, or 3.6%, from €405.6 million for the six months ended September 30, 2021 to €391.1 million for the six months ended September 30, 2022, mainly due to lower sales. Cost of goods sold as a percentage of sales decreased from 55.3% for the six months ended September 30, 2021 to 54.9% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Our cost of goods sold increased by €5.4 million, or 2.9%, from €184.0 million for the three months ended September 30, 2021 to €189.4 million for the three months ended September 30, 2022, mainly due to higher sales.

Cost of goods sold as a percentage of sales decreased from 55.4% for the three months ended September 30, 2021 to 54.7% for the three months ended September 30, 2022.

Gross profit

Six months ended September 30, 2021 and September 30, 2022

Our gross profit decreased by €6.4 million, or 2.0%, from €328.0 million for the six months ended September 30, 2021 to €321.6 million for the six months ended September 30, 2022, mainly due to lower sales, partly offset by an increase in gross margin. This increase in our gross margin was mainly explained by the increase in the off-promotion gross margin, as we managed to adapt our pricing and offering to the inflationary context, and we benefitted from a slightly positive mix effect on certain product categories, notably on fish and ready meals. Gross profit as a percentage of sales of goods increased from 44.7% for the six months ended September 30, 2021 to 45.1% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Our gross profit increased by €8.3 million, or 5.6%, from €148.3 million for the three months ended September 30, 2021 to €156.6 million for the three months ended September 30, 2022, mainly due to higher sales and an increase in the gross margin. This increase in our gross margin was mainly explained by the increase in the off-promotion gross margin, as we managed to adapt our pricing and offering to the inflationary context, and we benefitted from a slightly positive mix effect on certain product categories, notably on fish and ready meals. Gross profit as a percentage of sales of goods slightly increased from 44.6% for the three months ended September 30, 2021 to 45.3% for the three months ended September 30, 2022.

Other operating income

Six months ended September 30, 2021 and September 30, 2022

Other operating income decreased by €0.4 million, from €2.3 million for the six months ended September 30, 2021 to €1.9 million for the six months ended September 30, 2022 mainly explained by reduced delivery fees charged in connection with home delivery due to marketing operations.

Three months ended September 30, 2021 and September 30, 2022

Other operating income decreased by €0.4 million, from €1.2 million for the three months ended September 30, 2021 to €0.8 million for the three months ended September 30, 2022 mainly explained by reduced delivery fees charged in connection with home delivery due to marketing operations.

Other purchases and external expenses

Six months ended September 30, 2021 and September 30, 2022

Our other purchases and external expenses decreased by €0.9 million, or 0.9%, from €99.1 million for the six months ended September 30, 2021 to €98.2 million for the six months ended September 30, 2022. This decrease was primarily due to lower advertising costs (as the prior year period included the launch of a new brand communication campaign at the end of March 2021), partly offset by higher logistics costs due to higher transportation costs caused by increased fuel prices. Other operating expenses, such as energy costs that were hedged in FY21 and maintenance expenses, remained well controlled.

Three months ended September 30, 2021 and September 30, 2022

Our other purchases and external expenses increased by €1.2 million, or 2.6%, from €46.8 million for the three months ended September 30, 2021 to €48.0 million for the three months ended September 30, 2022. This increase was mainly due to higher logistics costs caused by higher sales and transportation costs caused by increased fuel prices. Other operating expenses, such as energy costs that were hedged in FY21 and maintenance expenses, remained well controlled.

Taxes other than on income

Six months ended September 30, 2021 and September 30, 2022

Taxes other than on income decreased by €1.3 million, from €8.0 million for the six months ended September 30, 2021 to €6.7 million for the six months ended September 30, 2022 due to lower sales on which certain taxes are based (notably, "*contribution sociale de solidarité des sociétés*"), lower taxes based on profit sharing ("*forfait social*") and higher tax credits in relation to the increase in product donations to associations. Taxes other than on income as a percentage of sales of goods decreased from 1.1% for the six months ended September 30, 2021 to 0.9% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Taxes other than on income decreased by €0.6 million, from €3.8 million for the three months ended September 30, 2021 to €3.2 million for the three months ended September 30, 2022 due to higher tax credits in relation to the increase in product donations to associations.. Taxes other than on income as a percentage of sales of goods decreased from 1.1% for the three months ended September 30, 2021 to 0.9% for the three months ended September 30, 2022.

Personnel expenses

Six months ended September 30, 2021 and September 30, 2022

Personnel expenses increased by €2.2 million, or 2.2%, from €100.0 million for the six months ended September 30, 2021 to €102.2 million for the six months ended September 30, 2022. As a proportion of sales of goods, personnel expenses increased from 13.6% for the six months ended September 30, 2021 to 14.3% for the six months ended September 30, 2022.

Wages and salaries increased by €2.7 million, or 4.0%, from €67.5 million for the six months ended September 30, 2021 to €70.2 million for the six months ended September 30, 2022, as a result of the annual salary increases in France and Belgium and the expansion of our store network partly offset by lower variable costs of temporary workers linked with the lower sales recorded in the period. As a proportion of sales of goods, wages and salaries increased from 9.2% for the six months ended September 30, 2021 to 9.8% for the six months ended September 30, 2022.

Employee profit sharing in France decreased by €0.9 million, from €8.2 million for the six months ended September 30, 2021 to €7.3 million for the six months ended September 30, 2022, as a result of both the decrease 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 increased by €0.4 million, from €24.3 million for the six months ended September 30, 2021 to €24.7 million for the six months ended September 30, 2022, mainly driven by a €0.4 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs slightly increased from 2.8% for the six months ended September 30, 2021 to 2.9% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Personnel expenses increased by €3.1 million, or 6.4%, from €48.7 million for the three months ended September 30, 2021 to €51.8 million for the three months ended September 30, 2022. As a proportion of sales of goods, personnel expenses increased from 14.7% for the three months ended September 30, 2021 to 15.0% for the three months ended September 30, 2022.

Wages and salaries increased by €1.7 million, or 5.0%, from €33.7 million for the three months ended September 30, 2021 to €35.4 million for the three months ended September 30, 2022, as a result of the annual salary increases in France and Belgium and the expansion of our store network. As a proportion of sales of goods, wages and salaries slightly increased from 10.1% for the three months ended September 30, 2021 to 10.2% for the three months ended September 30, 2022.

Employee profit sharing in France increased by €0.7 million, from €3.0 million for the three months ended September 30, 2021 to €3.7 million for the three months ended September 30, 2022, as a result of both the increase in contractual profit sharing and legal profit sharing.

Other personnel expenses increased by €0.7 million, from €12.0 million for the three months ended September 30, 2021 to €12.7 million for the three months ended September 30, 2022, mainly driven by a €0.4 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs slightly decreased from 3.1% for the three months ended September 30, 2021 to 3.0% for the three months ended September 30, 2022.

Other operating expenses

Six months ended September 30, 2021 and September 30, 2022

Our other operating expenses increased by €0.4 million, from €1.1 million for the six months ended September 30, 2021 to €1.5 million for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Our other operating expenses increased by €0.4 million, from €0.5 million for the three months ended September 30, 2021 to €0.9 million for the three months ended September 30, 2022.

EBITDA

Six months ended September 30, 2021 and September 30, 2022

EBITDA decreased by €7.2 million, or 5.9%, from €122.1 million for the six months ended September 30, 2021 to €114.9 million for the six months ended September 30, 2022. As a proportion of sales of goods, EBITDA decreased from 16.6% for the six months ended September 30, 2021 to 16.1% for the six months ended September 30, 2022. This decrease is mainly due to lower sales, partly offset by an increase in the gross margin.

Three months ended September 30, 2021 and September 30, 2022

EBITDA increased by €3.8 million, or 7.6%, from €49.7 million for the three months ended September 30, 2021 to €53.5 million for the three months ended September 30, 2022. As a proportion of sales of goods, EBITDA increased from 15.0% for the three months ended September 30, 2021 to 15.5% for the three months ended September 30, 2022. This increase is mainly due to the increase in sales and the improved gross margin.

Depreciation and amortization

Six months ended September 30, 2021 and September 30, 2022

Depreciation and amortization increased by €3.1 million, from €48.8 million for the six months ended September 30, 2021 to €51.9 million for the six months ended September 30, 2022 due to the expansion of our store network and the acceleration of our investments during the last year. As a proportion of sales of goods, depreciation and amortization increased from 6.7% for the six months ended September 30, 2021 to 7.3% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Depreciation and amortization increased by €1.4 million, from €24.5 million for the three months ended September 30, 2021 to €25.9 million for the three months ended September 30, 2022 due to the expansion of our store network and the acceleration of our investments during the last year. As a proportion of sales of goods, depreciation and amortization increased from 7.4% for the three months ended September 30, 2021 to 7.5% for the three months ended September 30, 2022.

Operating profit

Six months ended September 30, 2021 and September 30, 2022

Operating profit decreased by €10.3 million, or 14.1%, from €73.3 million for the six months ended September 30, 2021 to €63.0 million for the six months ended September 30, 2022, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 10.0% for the six months ended September 30, 2021 to 8.8% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Operating profit increased by €2.4 million, or 9.5%, from €25.2 million for the three months ended September 30, 2021 to €27.6 million for the three months ended September 30, 2022, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 7.6% for the three months ended September 30, 2021 to 8.0% for the three months ended September 30, 2022.

Finance costs

Six months ended September 30, 2021 and September 30, 2022

Finance costs decreased by €7.6 million from €50.6 million for the six months ended September 30, 2021 to €43.0 million for the six months ended September 30, 2022. This decrease in finance costs was mainly due to the refinancing operation that occurred in July 2021 triggering a write-off of non-amortized issuance fees on the 2017 Notes, representing €5.8 million and an early redemption premium paid in respect of the 2017 Senior Notes representing €8.5 million. This was offset by the increase in the principal amount of debt as well as the increase in the interest rate on the Notes (compared to the 2017 Notes). Recurring interest expense increased by €6.7 million from €32.6 million to €39.3 million.

Three months ended September 30, 2021 and September 30, 2022

Finance costs decreased by €12.8 million from €34.5 million for the three months ended September 30, 2021 to €21.7 million for the three months ended September 30, 2022. This decrease in finance costs was mainly due to the refinancing operation last year that triggered non-recurring costs as described above. In addition, following the increase in the principal amount of debt as well as the increase in the interest rate on the Notes (compared to the 2017 Notes), recurring interest expense increased by €1.4 million from €18.3 million to €19.7 million

Share of profit in an associate

Six months ended September 30, 2021 and September 30, 2022

Share of profit in an associate decreased by €0.3 million from €0.5 million for the six months ended September 30, 2021 to €0.2 million for the six months ended September 30, 2022 due to the normalization of consumers' habits following the pandemic. We have a 37.2% interest in Primex Norway, a subsidiary of Primex International, which developed a fish plant in Norway in 2018 and has since faced significant start-up costs to operate this facility. The activity of the plant has now improved compared with pre-COVID levels, but the valuation of Primex International will continue to be closely monitored by the Group.

Three months ended September 30, 2021 and September 30, 2022

Share of profit in an associate decreased by €0.1 million from €0.2 million for the three months ended September 30, 2021 to €0.1 million for the three months ended September 30, 2022.

Income before tax

Six months ended September 30, 2021 and September 30, 2022

Income before tax decreased by €3.0 million, from €23.3 million for the six months ended September 30, 2021 to €20.3 million for the six months ended September 30, 2022. As a proportion of sales of goods, income before tax decreased from 3.2% for the six months ended September 30, 2021 to 2.8% for the six months ended September 30, 2022.

Three months ended September 30, 2021 and September 30, 2022

Income before tax increased by €15.1 million, from a loss of €9.1 million for the three months ended September 30, 2021 to a profit of €6.0 million for the three months ended September 30, 2022.

Income tax expense / (benefit)

Six months ended September 30, 2021 and September 30, 2022

Income tax expense decreased by €5.2 million, from €12.3 million for the six months ended September 30, 2021 to €7.1 million for the six months ended September 30, 2022. Income tax expense represented 52.8% of income before tax for the six months ended September 30, 2021 and 35.0% for the six months ended September 30, 2022, due to the impact of the refinancing last year that generated non-deductible expenses (notably the early redemption premium).

Three months ended September 30, 2021 and September 30, 2022

Income tax expense increased by €3.7 million from a credit of €1.6 million for the three months ended September 30, 2021 to a charge of €2.1 million for the three months ended September 30, 2022. Income tax expense represented 35% of income before tax for the three months ended September 30, 2022.

Net income

Six months ended September 30, 2021 and September 30, 2022

Net income increased by €2.2 million, from €11.0 million for the six months ended September 30, 2021 to €13.2 million for the six months ended September 30, 2022, as a result of the factors described above.

Three months ended September 30, 2021 and September 30, 2022

Net income increased by €11.4 million, from a loss of €7.5 million for the three months ended September 30, 2021 to a profit of €3.9 million for the three months ended September 30, 2022, as a result of the factors described above.

Certain Material Differences in the Financial Condition and Results of Operations Between Picard Bondco and Lion/Polaris Lux 4 S.A.

The consolidated financial information of Picard Bondco does not reflect intercompany loans between Picard Bondco and its subsidiaries. As of September 30, 2022, no intercompany loan from Picard Bondco or Lion/Polaris Lux Midco S.à r.l. to Lion/Polaris Lux 4 S.A. or any of its subsidiaries and no intercompany loan from Lion/Polaris Lux 4 S.A. or any of its subsidiaries to Picard Bondco or Lion/Polaris Lux Midco S.à r.l. was outstanding.

In addition, Picard Groupe S.A.S. is the issuer of the Fixed Rate Senior Secured Notes and Lion/Polaris Lux 4 S.A. is the issuer of the Floating Rate Senior Secured Notes. The Fixed Rate Senior Secured Notes and the Floating Rate Senior Secured Notes are guaranteed on a senior basis by Picard Bondco, Lion/Polaris Lux Midco S.à r.l., (in the case of the Fixed Rate Senior Secured Notes) Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and (in the case of the Floating Rate Senior Secured Notes) Picard Groupe S.A.S. Picard Bondco 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.

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

Unaudited Interim Condensed Consolidated Financial Statements of Picard Bondco

Picard Bondco

Unaudited interim condensed consolidated financial statements

September 30, 2022

4, rue Lou Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg
RCS Luxembourg: B 154899
Subscribed capital: EUR 2,641,726

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousands of €)	Notes	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021 (a)	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021 (a)
Sales of goods	*4*	346 072	332 333	712 665	733 612
Cost of goods sold		(189 434)	(184 029)	(391 060)	(405 585)
Gross profit		**156 639**	**148 304**	**321 605**	**328 027**
Other operating income	*5.1*	812	1 231	1 945	2 336
Other purchase and external expenses		(48 008)	(46 809)	(98 181)	(99 054)
Taxes		(3 209)	(3 756)	(6 745)	(8 024)
Personnel expenses	*5.2*	(51 819)	(48 713)	(102 211)	(100 031)
Depreciation & amortization		(25 922)	(24 541)	(51 877)	(48 832)
Other operating expenses	*5.3*	(868)	(538)	(1 485)	(1 112)
Operating profit		**27 625**	**25 178**	**63 052**	**73 309**
Finance costs	*5.4*	(21 664)	(34 478)	(42 986)	(50 583)
Finance income / (loss)	*5.4*	10	(4)	32	33
Share of profit in an associate	*6*	78	223	204	505
Income before tax		**6 049**	**(9 080)**	**20 302**	**23 265**
Income tax expense / benefit	*7*	(2 117)	1 558	(7 106)	(12 281)
Net income / (loss)		**3 932**	**(7 522)**	**13 196**	**10 984**
Attributable to:					
Equity holders of the parent		3 932	(7 522)	13 196	10 984
Non-controlling interests					
Earnings per share:					
Basic earnings per share (in euros)		1,49	(2,85)	5,00	4,16
Fully diluted earnings per share (in euros)		1,49	(2,85)	5,00	4,16

(a) Comparative data for the three and the six months ended September 30, 2021 have been recast in the unaudited condensed consolidated financial statements for the three and the six months ended September 30, 2022 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in May 2021 concerning the provision for retirement indemnities falling within the scope of IAS 19; see note 2.1.1.1 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco audited consolidated financial statements for the year ended March 31, 2022. This interpretation has the following immaterial impacts on the Consolidated Income Statement items:

- *Personnel expenses: K€ (62) for the three-month period ended September 30, 2021*
- *Income tax expense: K€ 16 for the three-month period ended September 30, 2021*
- *Personnel expenses: K€ (124) for the six-month period ended September 30, 2021*
- *Income tax expense: K€ 32 for the six-month period ended September 30, 2021*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousand sof €)	Notes	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021 (a)	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021 (a)
Net income / (loss)		**3 932**	**(7 522)**	**13 196**	**10 984**
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		1 989	-	1 989	-
Income tax		(514)	-	(514)	-
		1 475	-	1 475	-
Foreign currency translation		-		-	-
Other comprehensive income / (loss) for the period, net of tax		*1 475*	-	*1 475*	-
Comprehensive income / (loss)		**5 407**	**(7 522)**	**14 672**	**10 984**
Attributable to:					
Equity holders of the parent		5 407	(7 522)	14 672	10 984
Non-controlling interests		-	-	-	-

(a) Comparative data for the three and six months ended September 30, 2021 have been recast in the unaudited condensed consolidated financial statements for the three and six months ended September 30, 2022 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in May 2021 concerning the provision for retirement indemnities falling within the scope of IAS 19; see note 2.1.1.1 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco audited consolidated financial statements for the year ended March 31, 2022. This interpretation has the following immaterial impacts on the Consolidated Statement of Comprehensive Income items:

- *Personnel expenses: K€ (62) for the three-month period ended September 30, 2021*
- *Income tax expense: K€ 16 for the three-month period ended September 30, 2021*
- *Personnel expenses: K€ (124) for the six-month period ended September 30, 2021*
- *Income tax expense: K€ 32 for the six-month period ended September 30, 2021*

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousands of €)	Notes	As at September 30, 2022	As at March 31, 2022
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		225 404	230 341
Right-of-use assets	*8.1*	421 085	435 533
Other intangible assets		801 099	802 022
Investment in an associate		4 843	4 638
Other non-current financial assets	*9.1*	10 080	10 838
Total non-current assets		**2 277 681**	**2 298 542**
Inventory		112 432	108 082
Trade and other receivables		49 954	48 113
Income tax receivable		10 380	3 158
Current financial assets	*9.1*	78	78
Cash and cash equivalents	*10*	190 053	206 542
Total current assets		**362 897**	**365 974**
Total assets		**2 640 579**	**2 664 516**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	97
Other comprehensive income		2 053	578
Retained earnings		34 987	(29 952)
Net income of the period		13 196	64 939
Equity attributable to equity holders of the parent		**52 976**	**38 304**
Non-controlling interests		-	-
Total equity		**52 976**	**38 304**
Non-current liabilities			
Interest-bearing loans and borrowings	*9.2*	1 692 456	1 690 497
Other non-current financial liabilities	*9.3*	322 896	336 556
Provisions		10 101	9 135
Employee benefit liability		8 729	10 362
Deferred tax liability		216 947	220 447
Total non-current liabilities		**2 251 129**	**2 266 996**
Current liabilities			
Trade and other payables		264 137	286 387
Income tax payable		-	1 043
Interest-bearing loans and borrowings	*9.2*	14 834	14 588
Other current financial liabilities	*9.3*	57 502	57 198
Total current liabilities		**336 473**	**359 216**
Total liabilities		**2 587 602**	**2 626 212**
Total equity and liabilities		**2 640 579**	**2 664 516**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

(In thousands of €)	Issued capital	Share premium	Actuarial gain / (losses)	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, 2021	**2 642**	**97**	**(413)**	**(413)**	**149 209**	**99 351**	**250 885**	**-**	**250 885**
Impact of the application of the IFRS IC decision on the calculation of the employee benefit provision			108	**108**	(415)	(184)	**(492)**		**(492)**
As at April 1, 2021 (a)	**2 642**	**97**	**(306)**	**(306)**	**148 794**	**99 167**	**250 394**	**-**	**250 394**
Net income attribution	-	-	-	-	99 167	(99 167)	**-**	-	**-**
Net income for the period	-	-	-	-		10 984	**10 984**	-	**31 709**
Other comprehensive income	-	-	-	-	-	-	**-**	-	**-**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**10 984**	**10 984**	**-**	**10 984**
Dividend paid	-		-	-	(24 510)	-	**(24 510)**		**(24 510)**
As at September 30, 2021	**2 642**	**97**	**(350)**	**(350)**	**149 199**	**75 785**	**227 372**	**-**	**227 372**
As at March 31, 2022	**2 642**	**97**	**578**	**578**	**(29 953)**	**64 939**	**38 303**	**-**	**38 303**
Net income attribution	-	-	-	-	64 939	(64 939)	**-**	-	**-**
Net income for the period	-	-	1 475	**1 475**		13 196	**14 673**	-	**14 673**
Other comprehensive income	-	-	-	-	-	-	**-**	-	**-**
Total comprehensive income	**-**	**-**	**1 475**	**1 475**	**-**	**13 196**	**14 673**	**-**	**14 673**
Dividend paid	-		-	-	-	-	-		-
As at September 30, 2022	2 642	97	2 053	**2 054**	**34 987**	**13 196**	**52 976**	**-**	**52 976**

(a) Comparative data for the six months ended September 30, 2021 have been recast in the unaudited condensed consolidated financial statements for the three and six months ended September 30, 2022 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in May 2021 concerning the provision for retirement indemnities falling within the scope of IAS 19; see note 2.1.1.1 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco audited consolidated financial statements for the year ended March 31, 2022.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In thousands of €)	Notes	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021 (a)
Operating activities			
Operating profit		63 052	73 309
Depreciation and impairment of property, plant and equipment		46 962	45 384
Amortisation and impairment of intangible assets		4 915	3 449
Other non-cash operating items		306	998
Interest received		-	13
Income tax paid		(18 728)	(27 373)
Operating cash flows before change in working capital requirements		*96 507*	*95 780*
Change in inventories		(4 350)	(8 136)
Change in trade and other receivables and prepayments		(1 841)	8 038
Change in trade and other payables		(22 138)	(53 224)
Net cash flows from operating activities		**68 178**	**42 457**
Investing activities			
Proceeds from sale of property, plant and equipment		43	105
Purchase of property, plant and equipment		(12 716)	(19 892)
Purchase of intangible assets		(4 521)	(5 138)
Purchase of financial instruments		(484)	(216)
Proceeds from sale of financial instruments		1 242	621
Net cash used in investing activities		**(16 435)**	**(24 520)**
Financing activities			
Proceeds from borrowings		-	1 710 000
Repayment of borrowings		-	(1 561 557)
Refinancing costs		-	(22 439)
Interest paid *		(36 151)	(33 068)
Interests paid related to lease contracts *		(3 365)	(3 278)
Payment related to leases contracts *		(28 718)	(27 440)
Dividends paid to equity holder of the parent		-	(276 356)
Net cash flows from/(used in) financing activities		**(68 235)**	**(214 138)**
Net increase / (decrease) in cash and cash equivalents		(16 492)	(196 201)
Cash and cash equivalents at the beginning of the period	10	206 538	291 695
Cash and cash equivalents at the end of the period	**10**	**190 046**	**95 494**

**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.*

(a) Comparative data for the six months ended September 30, 2021 have been recast in the unaudited condensed consolidated financial statements for the three and six months ended September 30, 2022 to reflect the decision by the IFRS Interpretation Committee (IFRS IC) published in May 2021 concerning the provision for retirement indemnities falling within the scope of IAS 19; see note 2.1.1.1 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco audited consolidated financial statements for the year ended March 31, 2022. This interpretation has the following non-material impacts on the Consolidated Statement of Cash Flows items:

- *Operating profit: K€ (124)*
- *Movements in provisions and pensions: K€ 124*

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 (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 "Company"). The registered office of the Company is at 4 rue Lou-Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg. The Company is an affiliate (fully controlled) of Lion/Polaris Lux Topco S.à r.l.

The Company 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.

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, 2022 to September 30, 2022.

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 September 30, 2022 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, 2022.

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, 2022

Since April 1, 2022, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- 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); and
- Amendments to Annual Improvements 2018-2020 (applicable according to the IASB in accounting periods beginning on or after January 1, 2022);

The adoption of these policies had no material 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:

- IFRS 17 Insurance contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- 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 IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IFRS 17 Insurance contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates and Errors (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback (applicable according to the IASB in accounting periods beginning on or after January 1, 2024);

- Amendments to IAS 1 Non-current Liabilities with Covenants (applicable according to the IASB in accounting periods beginning on or after January 1, 2024);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable according to the IASB in accounting periods beginning on or after January 1, 2023); and
- Amendment to IFRS 17 Initial Application of IFRS 17 and IFRS 9 - Comparative Information (applicable according to the IASB in accounting periods beginning on or after January 1, 2023).

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, 2022.

As at September 30, 2022, 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, 2022. 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, 2022. 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, 2023.

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, 2022, the Group has updated the discount rate assumptions used in the calculation of employee benefit liabilities to 3.71% compared to 1.96% as of March 31, 2022. The impact, after tax, of this update has positively affected the Other comprehensive income by + 1 475 K€.

The Group is currently reviewing the assumption regarding salary increase rates and might amend this assumption in future quarterly reports.

Lease terms

Following the December 2019 publication of the IFRS IC decision clarifying the rules for determining the term of leases within the scope of IFRS 16 – Leases, the Group performed analyses to measure accounting impacts and implemented these new rules starting with the financial statements as at and for the period ended March 31, 2021.

These analyses also took into account the position statement published by the French accounting standards setter (Autorité des normes comptables – ANC) on July 3, 2020, which superseded the previous statement dated February 16, 2018, to determine the IFRS 16 lease terms of "3/6/9"- type French commercial leases, notably those which have entered an automatic renewal period.

The application of this IFRS IC interpretation is a change in accounting method requiring a retrospective calculation of the impacts as of April 1, 2019 (applying the same incremental borrowing rates table, between 1.2% and 2%, as the one initially used by the Group at the first-time application date, to the new lease terms).

Loyalty program

Since May 30, 2022, the Group has operated a new loyalty program that enables customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under the loyalty program represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability included in Trade and other payables. The corresponding revenue is deferred until the award credits are used by the customer.

3. Significant events and seasonality of operations

3.1 Significant events of the period

There has been no significant event during the period.

3.2 Seasonality of operations

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

4. Operating segment information

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

- France; and
- Other.

The "Other" operating segment includes distribution activities in Belgium, Luxembourg and franchised and corner operations and partnerships in Italy, the Netherlands, Scandinavia, Japan, Singapore, the UK, the UAE, Hong Kong and Taiwan 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 thousands of €)	For the three-month period ended September 30, 2022			For the six-month period ended September 30, 2022		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	337 968	8 104	346 072	696 154	16 511	712 665
Other operating income	727	85	812	1 756	189	1 945
Other operating expenses	(824)	(44)	(868)	(1 439)	(46)	(1 485)
Operating profit before amortization	**52 528**	**1 019**	**53 547**	**112 799**	**2 130**	**114 929**
Amortization of the year	(25 518)	(404)	(25 922)	(51 069)	(808)	(51 877)
Operating profit	**27 010**	**615**	**27 625**	**61 730**	**1 322**	**63 052**

(In thousands of €)	For the three-month period ended September 30, 2021			For the six-month period ended September 30, 2021		
	France	Other	Total	France	Other	Total
Sales	323 673	8 660	332 333	716 398	17 214	733 612
Other operating income	1 108	122	1 231	2 102	234	2 336
Other operating expenses	(493)	(45)	(538)	(982)	(130)	(1 112)
Operating profit before amortization	**48 713**	**1 005**	**49 718**	**120 121**	**2 020**	**122 141**
Amortization of the year	(24 135)	(405)	(24 540)	(48 029)	(803)	(48 832)
Operating profit	**24 578**	**600**	**25 178**	**72 092**	**1 217**	**73 309**

Total operating profit decreased by M€ 10.3, from M€ 73.3 for the six-month period ended September 30, 2021 to M€ 63.0 for the six-month period ended September 30, 2022.

5. Other operating income/expenses

5.1 Other operating income

(In thousands of €)	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021
Home Services shipping fees	197	413	509	857
Store rentals	187	142	359	266
Franchises	328	248	627	603
Other operating income	99	428	451	610
Total other operating income	**812**	**1 231**	**1 945**	**2 336**

5.2 Personnel expenses

(In thousands of €)	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021 (a)	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021 (a)
Wages and salaries	(35 393)	(33 667)	(70 169)	(67 466)
Social security costs	(10 532)	(10 137)	(20 346)	(20 250)
Pension costs	(148)	(64)	(297)	(158)
Employee profit sharing	(3 683)	(3 017)	(7 333)	(8 226)
Other employee benefits expenses	(2 062)	(1 828)	(4 066)	(3 931)
Total personnel expenses	**(51 819)**	**(48 712)**	**(102 211)**	**(100 031)**

Total personnel expenses increased by M€ 2.2, from M€ 100.0 for the six-month period ended September 30, 2021 to M€ 102.2 for the six-month period ended September 30, 2022.

5.3 Other operating expenses

(In thousands of €)	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021
Royalties	(128)	(136)	(257)	(276)
Losses on bad debt	(293)	(116)	(516)	(339)
Other operating expenses	(447)	(286)	(713)	(498)
Total other operating expenses	**(868)**	**(538)**	**(1 485)**	**(1 113)**

5.4 Finance income and costs

(In thousands of €)	For the three-month period ended September 30, 2022	For the three-month period ended September 30, 2021	For the six-month period ended September 30, 2022	For the six-month period ended September 30, 2021
Interest expenses	(19 750)	(18 320)	(39 277)	(32 630)
Non-amortized issuance fees & early redemption penalty	-	(14 307)		(14 307)
Net interests related to leases commitment	(1 776)	(1 570)	(3 437)	(3 203)
Interest costs of employee benefits	(30)	(99)	(60)	(168)
Other financial expense	(108)	(181)	(211)	(275)
Finance costs	**(21 664)**	**(34 478)**	**(42 986)**	**(50 584)**
Income on loans and receivables	1	1	1	8
Income on short-term investment	7	(7)	7	18
Foreign exchange gains	-	-		
Other financial income	3	2	24	7
Finance income	**11**	**(4)**	**32**	**33**

The K€ 3,437 net interest related to lease commitment represents the financial interest calculated on lease liabilities recognized in accordance with IFRS 16.

6. Investment in an associate

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

Primex International 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 thousands of €)	**As at September 30, 2022**	**As at March 31, 2022**
Share of the associate's statement of financial position:		
Non-current assets	6 145	6 160
Current assets	11 698	11 791
Current liabilities	8 511	11 088
Non-current liabilities	4 282	2 016
Equity	**5 050**	**4 846**
Share of the associate's revenue and profit:		
Revenue	12 386	24 711
Profits / Losses	204	656
Carrying amount of the investment	**4 843**	**4 637**

(In thousands of €)	**As at September 30, 2022**	**As at March 31, 2022**
Carrying value at opening	**4 637**	**3 981**
Share of profit in an associate	204	656
Distribution of dividends	-	-
Carrying value at closing	**4 843**	**4 637**

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 on March 31, 2020 a non-cash impairment of its investment in Primex Norway to reflect these operational losses. Based on the activity of the plant since January 2020, the Group recorded additional depreciation in September 2020. The activity of this plant has now improved but the valuation of Primex International will continue to be closely monitored by the Group. For reasons of prudence and pending the sustainability of results, the Group has not reversed any depreciation.

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 35%, 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 39% in previous periods. The decrease in the average annual tax rate is mainly explained by the decrease of the corporate tax rate in France.

A tax audit of Picard Surgelés S.A.S. was initiated by the French tax authorities on January 17, 2022 for the fiscal years ended March 31, 2019, March 31, 2020 and March 31, 2021. As of the date of these Consolidated Financial Statements, the tax audit was still in progress.

8. Leases

8.1 Breakdown of Right of Use recognized under IFRS 16

(In thousands of €)	Leasehold rights	Land & Buildings	Vehicles	**Right of Use Asset**
Cost:				
As at April 1, 2022	**48 158**	**545 452**	**8 184**	**601 795**
Additions		15 747	1 028	**16 775**
Disposals	-	(2 106)	(540)	**(2 646)**
Others				**-**
As at September 30, 2022	**48 158**	**559 093**	**8 673**	**615 924**
Depreciation and impairment:				
As at April 1, 2022	**(702)**	**(161 351)**	**(4 209)**	**(166 262)**
Additions		(28 110)	(1 105)	**(29 215)**
Disposals		114	525	**639**
Others		-		
As at September 30, 2022	**(702)**	**(189 347)**	**(4 789)**	**(194 839)**
Net book value:				
As at April 1, 2022	**47 456**	**384 102**	**3 975**	**435 533**
As at September 30, 2022	**47 456**	**369 746**	**3 884**	**421 086**

8.2 Breakdown of Other purchase and external expenses

(In thousands of €)	**For the six-month period ended September 30, 2022**	**For the six-month period ended September 30, 2021**
Rent expenses	(1 549)	(1 153)
Other purchase and external expenses (excluding Rent expenses)	(96 632)	(97 900)
Total Other purchase and external expenses	**(98 181)**	**(99 054)**

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 thousands of €)	**For the six-month period ended September 30, 2022**	**For the six-month period ended September 30, 2021**
Depreciation & amortization of tangible Right of Use	(29 215)	(28 386)
Depreciation & amortization of other fixed assets	(22 662)	(20 446)
Total Depreciation & amortization	**(51 877)**	**(48 832)**

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 thousands of €)	**As at September 30, 2022**	**As at March 31, 2022**
Deposits and guarantees	9 581	10 298
Related party loans	11	11
Other	566	606
Other financial assets	**10 158**	**10 916**
of which non-current	*10 080*	*10 838*
of which current	*78*	*78*

Other financial assets of K€ 566 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€ 78 of which was recorded as current as at September 30, 2022).

9.2 Interest-bearing loans and borrowings

(In thousands of €)	Coupon interest rate	Maturity	As at September 30, 2022	As at March 31, 2022
Current				
Current portion of interest payable on loans and borrowings			14 827	14 583
Bank overdrafts		On demand	7	5
Total current interest bearing loans and borrowings			**14 834**	**14 588**
Non-current				
Senior secured notes 2026 (750M€)	3.875%	2026	741 806	740 881
Senior secured notes 2026 (650M€)	Euribor 3M + margin 4%	2026	643 840	643 094
Senior notes 2027 (310M€)	5.375%	2027	306 810	306 521
Total non-current interest bearing loans and borrowings			**1 692 456**	**1 690 497**
Total interest bearing loans and borrowings			**1 707 290**	**1 705 085**

On July 7, 2021, the Group successfully refinanced its existing debt. Picard Groupe S.A.S. issued M€ 750 aggregate principal amount of sustainability-linked fixed rate senior secured notes due 2026, Lion Polaris Lux 4 S.A issued M€ 650 aggregate principal amount of sustainability-linked floating rate senior secured notes due 2026 and Picard Bondco issued M€ 310 aggregate principal amount of sustainability-linked senior notes due 2027. The gross proceeds from the sale of the Notes, together with cash on hand, were used to (i) redeem Picard Bondco's outstanding principal amount of senior notes due 2024 issued on December 14, 2017 including accrued and unpaid interest and the applicable redemption premium, (ii) redeem Picard Groupe S.A.S.'s outstanding principal amount of senior secured notes due 2023 issued on December 14, 2017 and May 14, 2018, including accrued and unpaid interest, (iii) fund distributions to the shareholders of the Group, and (iv) pay fees and expenses related to these transactions.

The Notes issued have the following characteristics:

- Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 750 of fixed rate senior secured notes due 2026 in July 2021. These fixed rate senior secured notes are payable after five years on July 1, 2026. Interest is paid twice a year at a fixed interest rate of 3.875% per annum. The senior secured notes are refundable "in fine".
- Lion Polaris Lux 4 S.A., a subsidiary of the Company, issued M€ 650 of floating rate senior secured notes due 2026 in July 2021. These floating rate senior secured notes are payable after five years on July 1, 2026. Interest is paid quarterly based on a variable interest rate fixed in reference to a market rate (three-month EURIBOR, subject to a 0% floor) increased by a margin of 4% per annum. The floating rate senior secured notes are refundable "in fine".
- The Company issued M€310 of fixed rate senior notes due 2027 in July 2021. These senior notes are payable after six years on July 1, 2027, and interest is paid twice a year based on a fixed interest rate of 5.375% per annum. The senior notes are refundable "in fine".

9.3 Other financial liabilities

(In thousands of €)	As at September 30, 2022	As at March 31, 2022
Current		
Lease Debt	57 502	57 198
Total other current financial liabilities	**57 502**	**57 198**
Non current		
Lease Debt	322 818	336 480
Others	77	76
Total other non-current financial liabilities	**322 896**	**336 556**
Total other financial liabilities	**380 397**	**393 754**

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€ 380 as of September 30, 2022.

9.4 Hedging activities and derivatives

Cash Flow Hedges

As at September 30, 2022, 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 unaudited interim condensed consolidated financial statements.

(In thousands euros)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Coupn interest rate	**September 30, 2022**	**September 30, 2022**	**Mars 31, 2022**	**Mars 31, 2022**
Financial assets				
Trade and other receivables	49 954	49 954	48 113	48 113
Income tax receivable	10 380	10 380	3 158	3 158
Other financial assets	10 158	10 158	10 314	10 314
Cash and cash equivalents	190 053	190 053	206 542	206 542
Total	**260 545**	**260 545**	**268 128**	**268 128**
Financial liabilities				
Fixed rate borrowings	(1 048 616)	(858 318)	(1 047 403)	(1 019 781)
Obligations under finance leases	(46)	(46)	(45)	(45)
Floating rate borrowings	(643 840)	(587 652)	(643 094)	(646 100)
Lease commitments	(380 320)	(380 320)	(393 754)	(393 754)
Trade and other payables	(264 137)	(264 137)	(286 387)	(286 387)
Income tax payable	-	-	(1 043)	(1 043)
Bank overdraft	(7)	(7)	(5)	(5)
Total	**(2 336 966)**	**(2 090 480)**	**(2 371 730)**	**(2 347 114)**

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, and individual creditworthiness of the customer 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, 2022, 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, obligations under finance leases 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 thousands of €)	September 30, 2022	Mars 31, 2022	September 30, 2021	March 31, 2021
Cash at banks and on hand	187 252	203 684	92 668	288 875
Securities	2 801	2 859	2 858	2 859
Cash and cash equivalents	**190 053**	**206 542**	**95 526**	**291 734**

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

(In thousands of €)	September 30, 2022	Mars 31, 2022	September 30, 2021	March 31, 2020
Cash and cash equivalents	190 053	206 542	95 526	291 734
Bank overdrafts	(7)	(5)	(33)	(39)
Cash and cash equivalents position	**190 046**	**206 538**	**95 493**	**291 695**

11. Events after the reporting period

There has been no significant event since September 30, 2022.