



Picard Bondco

**Unaudited Interim Condensed Consolidated Financial Statements as at and
for the three and six months ended September 30, 2023**

November 29, 2023

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Introduction

Highlights

The financial results of Picard Boncco and its consolidated subsidiaries (the “Group”, “Picard”, “Picard Group”, “we”, “our” or “us”) for the quarter ended September 30, 2023 (“Q2 2024”) include the following highlights:

- Q2 2024 sales of goods increased by 5.0% to €363.5 million, from €346.1 million in Q2 2023, mainly due to a 2.9% increase in our French like-for-like sales;
- Our gross margin decreased to 44.4% in Q2 2024 from 45.3% in Q2 2023; and
- Q2 2024 EBITDA decreased by 14.4% to €45.8 million, from €53.5 million in Q2 2023, fully explained by the increase in our energy costs.

Chief Financial Officer Guillaume Degauque commented: “In a context of continuing inflation (adding to the pressure on our customers' purchasing power) with a food market characterized by an increase in selling prices and a corresponding decline in volume of sales, our Q2 2024 sales of goods increased by 5.0% compared to Q2 2023. During the quarter, on a like-for-like basis, we experienced a 2.9% growth resulting from a higher average basket size (5.2%) but partly offset by a decrease in the total number of tickets (-2.2%). Home delivery sales increased by 4.8% during Q2 2024, compared with Q2 2023. Our digital sales as a percentage of total sales increased to 4.2% in Q2 2024 from 3.9% in Q2 2023, confirming one of the pillars of our strategy: taking advantage of evolving habits of consumers, who order increasingly online.

During the second quarter, we opened two 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 €4.8 million compared with Q2 2023. During the second quarter, we also opened three franchised stores in mainland France and one in Corsica.

Our Q2 2024 gross profit increased by €4.9 million, or 3.1%, from €156.6 million in Q2 2023 to €161.5 million in Q2 2024. Our gross margin decreased to 44.4% in Q2 2024 from 45.3% in Q2 2023, mainly due to the greater level of rewards earned by customers under our loyalty program by our customers, given the increased number of customers joining the program and the longer earning period (from January 2023 to September 2023 in FY 24 compared to the period from May 2022 to September 2022 in FY 23), and the unfavorable comparison with last year's margin rate, which had benefited from a favorable mix effect and the start of the inflationary wave.

Our EBITDA decreased by 14.4% from €53.5 million in Q2 2023 to €45.8 million in Q2 2024. This €7.7 million decrease was fully explained by the rise in our energy costs, which increased by €10.2 million during Q2 2024, in spite of our higher sales and well controlled operating costs. Electricity prices borne by the Group in calendar year 2023 were secured in calendar year 2022 in the context of the international energy crisis. Most of this increase in electricity costs is non-recurring, as the Group has already been able to hedge a very large portion of its calendar year 2024 electricity at prices that are significantly lower than those of calendar year 2023, even if still more expensive than those of calendar year 2022. EBITDA margin stood at 12.6%, lower than the 15.5% reported last year.

In light of the continuing uncertainties regarding the economic situation in France and international events, management remains cautious with respect to future results. Inflationary pressures could persist over the coming quarters, particularly with regard to our energy expenses. One of the Group's areas of focus is monitoring its gross margin and costs structure in this context.

Our strategy for the coming quarters remains focused on the implementation of our strategic growth plan initiated in 2021 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 1,280 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, 2023, we had 1,129 stores in France (including three franchised stores in Corsica, 12 franchised stores in La Réunion, five franchised stores in the French West Indies, three franchised stores in New Caledonia and 50 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, six franchised stores in Scandinavia and 12 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 partnerships with Ocado and Tesco, 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, in Taiwan through a partnership with RT Mart and in South Korea through a partnership with Kurly. 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 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 senior secured notes issued in 2017, including accrued and unpaid interest, (ii) redeem Picard Bondco's outstanding senior notes issued in 2017, including accrued and unpaid interest and the applicable redemption premium, (iii) distribute funds 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 "Super Senior Revolving Credit Facility"), which replaced the revolving credit facility entered into in 2017. See note 9.2 of the "Notes to the interim condensed consolidated financial statements" to the Picard Bondco September 30, 2023 financial statements.

Reporting

This report is the report as of and for the quarter ended September 30, 2023 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, 2023 to September 30, 2023, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of September 30, 2023, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and six-month periods ended September 30, 2023 and (iii) the consolidated statement of cash flows for the six-month period ended September 30, 2023.

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, 2023 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2023. 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, 2023 financial statements for a discussion of the new accounting standards and interpretations in effect starting from April 1, 2023.

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.

“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

Investor Relations: investor_relations@picard.fr

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, 2022 and September 30, 2023 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, 2023 to September 30, 2023, 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, 2023. 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

<i>in million of €</i>	Three months* ended		Six months* ended	
	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023
Sales	346.1	363.5	712.7	752.3
Cost of goods sold	(189.4)	(201.9)	(391.1)	(418.2)
Gross profit	156.6	161.5	321.6	334.2
Other operating income	0.8	1.7	1.9	3.1
Other purchase and external expenses	(48.0)	(59.2)	(98.2)	(120.9)
Taxes	(3.2)	(3.5)	(6.7)	(7.2)
Personnel expenses	(51.8)	(53.6)	(102.2)	(106.9)
Other operating expenses	(0.9)	(1.2)	(1.5)	(1.8)
EBITDA	53.5	45.8	114.9	100.5
Depreciation and amortization	(25.9)	(27.5)	(51.9)	(54.7)
Operating profit	27.6	18.3	63.0	45.8
Finance costs	(21.7)	(27.8)	(43.0)	(54.2)
Finance income	0.0	2.3	0.0	6.4
Share of result in an associate	0.1	(0.1)	0.2	(0.0)
Income / (loss) before tax	6.0	(7.3)	20.3	(2.0)
Income tax expense / (benefit)	(2.1)	2.9	(7.1)	0.8
Net income / (loss)	3.9	(4.4)	13.2	(1.2)
Equity holders of the parent	3.9	(4.4)	13.2	(1.2)
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, 2022 and September 30, 2023. 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, 2023, we had 1,129 stores in France (including three franchised stores in Corsica, 12 franchised stores in La Réunion, five franchised stores in the French West Indies, three franchised stores in New Caledonia and 50 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, six franchised stores in Scandinavia and 12 franchised stores in Japan.

Sales of goods

Six months ended September 30, 2022 and September 30, 2023

Our sales of goods increased by €39.6 million, or 5.6%, from €712.7 million for the six months ended September 30, 2022 to €752.3 million for the six months ended September 30, 2023.

In France, sales of goods increased by €38.4 million, or 5.5%, from €696.2 million for the six months ended September 30, 2022 to €734.6 million for the six months ended September 30, 2023. French like-for-like sales increased by 3.3% in the six months ended September 30, 2023, as compared to the six months ended September

30, 2022, as a result of a 5.9% increase in the average basket size combined with a 2.4% decrease in the total number of tickets.

Home delivery sales increased by 3.3%, or €0.7 million, from €21.5 million for the six months ended September 30, 2022 to €22.2 million for the six months ended September 30, 2023. Other digital offerings (Click & Collect and Express Delivery offers) grew by €2.6 million from €6.4 million for the six months ended September 30, 2022 to €9.0 million for the six months ended September 30, 2023. This increase is mainly due to the full-period effect of the implementation of these offerings in a larger number of stores. As a proportion of our Group sales of goods, our digital sales increased from 3.9% for the six months ended September 30, 2022 to 4.2% for the six months ended September 30, 2023.

Sales in Belgium and Luxembourg increased by €1.1 million, or 14.3%, from €7.7 million for the six months ended September 30, 2022 to €8.8 million for the six months ended September 30, 2023.

Sales in other locations with our partners and franchisees slightly increased from €8.8 million for the six months ended September 30, 2022 to €8.9 million for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Our sales of goods increased by €17.4 million, or 5.0%, from €346.1 million for the three months ended September 30, 2022 to €363.5 million for the three months ended September 30, 2023.

In France, sales of goods increased by €17.1 million, or 5.0%, from €338.0 million for the three months ended September 30, 2022 to €355.1 million for the three months ended September 30, 2023. French like-for-like sales increased by 2.9% in the three months ended September 30, 2023, as compared to the three months ended September 30, 2022, as a result of a higher average basket size (5.2%) while we experienced a 2.2% decline in the number of tickets.

Home delivery sales increased by 4.8%, or €0.5 million, from €10.4 million for the three months ended September 30, 2022, to €10.9 million for the three months ended September 30, 2023. Other digital offerings (Click & Collect and Express Delivery offers) grew by €1.2 million from €3.1 million for the three months ended September 30, 2022 to €4.3 million for the three months ended September 30, 2023. This increase is mainly due to the full-period effect of the implementation of these offerings in a larger number of stores. As a proportion of our Group sales of goods, our digital sales increased from 3.9% for the three months ended September 30, 2022 to 4.1% for the three months ended September 30, 2023.

Sales in Belgium and Luxembourg increased by €0.4 million, from €3.7 million for the three months ended September 30, 2022 to €4.1 million for the three months ended September 30, 2023.

Sales in other locations with our partners and franchisees decreased from €4.4 million for the three months ended September 30, 2022 to €4.3 million for the three months ended September 30, 2023.

Cost of goods sold

Six months ended September 30, 2022 and September 30, 2023

Our cost of goods sold increased by €27.1 million, or 6.9%, from €391.1 million for the six months ended September 30, 2022 to €418.2 million for the six months ended September 30, 2023, mainly due to higher sales and the increase in raw material prices in the context of rising inflation. Cost of goods sold as a percentage of sales increased from 54.9% for the six months ended September 30, 2022 to 55.6% for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Our cost of goods sold increased by €12.5 million, or 6.6%, from €189.4 million for the three months ended September 30, 2022 to €201.9 million for the three months ended September 30, 2023, mainly due to higher sales and the increase in raw material prices in the context of rising inflation. Cost of goods sold as a percentage of sales increased from 54.7% for the three months ended September 30, 2022 to 55.6% for the three months ended September 30, 2023.

Gross profit

Six months ended September 30, 2022 and September 30, 2023

Our gross profit increased by €12.6 million, or 3.9%, from €321.6 million for the six months ended September 30, 2022 to €334.2 million for the six months ended September 30, 2023, mainly due to higher sales, partly offset by a decrease in our gross margin rate. Gross profit as a percentage of sales of goods decreased to 44.4% for the six months ended September 30, 2023 from 45.1% for the six months ended September 30, 2022. This decrease in our gross margin rate was mainly due to the greater level of rewards earned by customers under our loyalty program by our customers, given the increased number of customers joining the program and the longer earning period (from January 2023 to September 2023 in FY 24 compared to the period from May 2022 to September 2022 in FY 23), and the unfavorable comparison with last year's margin rate, which had benefited from a favorable mix effect and the start of the inflationary wave.

Three months ended September 30, 2022 and September 30, 2023

Our gross profit increased by €4.9 million, or 3.1%, from €156.6 million for the three months ended September 30, 2022 to €161.5 million for the three months ended September 30, 2023, mainly due to higher sales but partly offset by a decrease in our gross margin rate. Gross profit as a percentage of sales of goods decreased to 44.4% for the three months ended September 30, 2023 from 45.3% for the three months ended September 30, 2022. This decrease in our gross margin rate was mainly due to the greater level of rewards earned by customers under our loyalty program by our customers, given the increased number of customers joining the program and the longer earning period (from January 2023 to September 2023 in FY 24 compared to the period from May 2022 to September 2022 in FY 23), and the unfavorable comparison with last year's margin rate, which had benefited from a favorable mix effect and the start of the inflationary wave.

Other operating income

Six months ended September 30, 2022 and September 30, 2023

Other operating income increased by €1.2 million, from €1.9 million for the six months ended September 30, 2022 to €3.1 million for the six months ended September 30, 2023, mainly explained by higher royalties received from our franchisees due to their increasing number.

Three months ended September 30, 2022 and September 30, 2023

Other operating income increased by €0.9 million, from €0.8 million for the three months ended September 30, 2022 to €1.7 million for the three months ended September 30, 2023, mainly explained by higher royalties received from our franchisees due to their increasing number.

Other purchases and external expenses

Six months ended September 30, 2022 and September 30, 2023

Our other purchases and external expenses increased by €22.7 million, or 23.1%, from €98.2 million for the six months ended September 30, 2022 to €120.9 million for the six months ended September 30, 2023. This increase was primarily due to higher energy costs, which increased by €20.4 million compared to the three months ended September 30, 2022. This rise in electricity costs is explained by the fact that calendar year 2023 prices were secured in calendar year 2022, a year hit by the international energy crisis. Most of this increase in cost is non-recurring as the Group has already hedged a significant portion of its electricity for calendar 2024 at a price significantly lower than calendar year 2023, even if still higher than calendar year 2022. Logistics costs were well contained in a context of lower volumes. Advertising costs have showed a decrease mainly explained by a phasing effect throughout the year.

Three months ended September 30, 2022 and September 30, 2023

Our other purchases and external expenses increased by €11.2 million, or 23.3%, from €48.0 million for the three months ended September 30, 2022 to €59.2 million for the three months ended September 30, 2023. This increase was primarily due to higher energy costs, which increased by €10.2 million compared to the three months

ended September 30, 2022. This rise in electricity costs is explained by the fact that calendar year 2023 prices were secured in calendar year 2022, a year hit by the international energy crisis. Most of this increase in cost is non-recurring as the Group has already hedged a significant portion of its electricity for calendar 2024 at a price significantly lower than calendar year 2023, even if still higher than calendar year 2022. Logistics costs were well contained in a context of lower volumes. Advertising costs have showed a decrease mainly explained by a phasing effect throughout the year.

Taxes other than on income

Six months ended September 30, 2022 and September 30, 2023

Taxes other than on income increased by €0.5 million, from €6.7 million for the six months ended September 30, 2022 to €7.2 million for the six months ended September 30, 2023 due to higher sales on which certain taxes are based (notably, “*contribution sociale de solidarité des sociétés*”). Taxes other than on income as a percentage of sales of goods slightly increased from 0.9% for the six months ended September 30, 2022 to 1.1% for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Taxes other than on income increased by €0.3 million, from €3.2 million for the three months ended September 30, 2022 to €3.5 million for the three months ended September 30, 2023 due to higher sales on which certain taxes are based (notably, “*contribution sociale de solidarité des sociétés*”) and lower tax credits as a consequence of lower product donations to associations. Taxes other than on income as a percentage of sales of goods slightly increased from 0.9% for the three months ended September 30, 2022 to 1.0% for the three months ended September 30, 2023.

Personnel expenses

Six months ended September 30, 2022 and September 30, 2023

Personnel expenses increased by €4.7 million, or 4.6%, from €102.2 million for the six months ended September 30, 2022 to €106.9 million for the six months ended September 30, 2023. As a proportion of sales of goods, personnel expenses slightly decreased from 14.3% for the six months ended September 30, 2022 to 14.2% for the six months ended September 30, 2023.

Wages and salaries increased by €3.3 million, or 4.7%, from €70.2 million for the six months ended September 30, 2022 to €73.5 million for the six months ended September 30, 2023, as a result of (i) a general increase of 2.5% for all our employees in September 2022, which was implemented following the increasing inflation in France and the increase in legal minimum wages, and the annual salary increases in France and Belgium, in effect since April 2023, and (ii) the expansion of our store network. As a proportion of sales of goods, wages and salaries remained stable at 9.8% for the six months ended September 30, 2022 and for the six months ended September 30, 2023.

Employee profit sharing in France decreased by €0.2 million, from €7.3 million for the six months ended September 30, 2022 to €7.1 million for the six months ended September 30, 2023, as a result of the decrease in the legal profit sharing (“*participation aux bénéfices*”), computed on net income / (loss).

Other personnel expenses, including social security costs, increased by €1.5 million, from €24.7 million for the six months ended September 30, 2022 to €26.2 million for the six months ended September 30, 2023, mainly driven by a €1.0 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs slightly decreased from 2.9% for the six months ended September 30, 2022 to 2.8% for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Personnel expenses increased by €1.8 million, or 3.5%, from €51.8 million for the three months ended September 30, 2022 to €53.6 million for the three months ended September 30, 2023. As a proportion of sales of

goods, personnel expenses decreased from 15.0% for the three months ended September 30, 2022 to 14.7% for the three months ended September 30, 2023.

Wages and salaries increased by €1.7 million, or 4.8%, from €35.4 million for the three months ended September 30, 2022 to €37.1 million for the three months ended September 30, 2023, as a result of (i) a general increase of 2.5% for all our employees in September 2022, which was implemented following the increasing inflation in France and the increase in legal minimum wages, and the annual salary increases in France and Belgium, in effect since April 2023, and (ii) the expansion of our store network. As a proportion of sales of goods, wages and salaries remained stable at 10.2% for the three months ended September 30, 2022 and for the three months ended September 30, 2023.

Employee profit sharing in France decreased by €0.5 million, from €3.7 million for the three months ended September 30, 2022 to €3.2 million for the three months ended September 30, 2023, as a result of the decrease in the legal profit sharing (“*participation aux bénéfices*”), computed using net income / (loss).

Other personnel expenses, including social security costs, increased by €0.6 million, from €12.7 million for the three months ended September 30, 2022 to €13.3 million for the three months ended September 30, 2023, mainly driven by a €0.3 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs remained stable at 3.0% for the three months ended September 30, 2022 and for the three months ended September 30, 2023.

Other operating expenses

Six months ended September 30, 2022 and September 30, 2023

Our other operating expenses increased by €0.3 million, from €1.5 million for the six months ended September 30, 2022 to €1.8 million for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Our other operating expenses increased by €0.3 million, from €0.9 million for the three months ended September 30, 2022 to €1.2 million for the three months ended September 30, 2023.

EBITDA

Six months ended September 30, 2022 and September 30, 2023

EBITDA decreased by €14.4 million, or 12.5%, from €114.9 million for the six months ended September 30, 2022 to €100.5 million for the six months ended September 30, 2023, fully explained by the €20.4 million increase in electricity costs. Excluding that increase, which is partly non-recurring, EBITDA has remained solid with increasing sales and well-controlled operating expenses in a context of inflation. As a proportion of sales of goods, EBITDA decreased from 16.1% for the six months ended September 30, 2022 to 13.4% for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

EBITDA decreased by €7.7 million, or 14.4%, from €53.5 million for the three months ended September 30, 2022 to €45.8 million for the three months ended September 30, 2023, fully explained by the €10.2 million increase in electricity costs. Excluding that increase, which is partly non-recurring, EBITDA has remained solid with increasing sales and well-controlled operating expenses in a context of inflation. As a proportion of sales of goods, EBITDA decreased from 15.5% for the three months ended September 30, 2022 to 12.6% for the three months ended September 30, 2023.

Depreciation and amortization

Six months ended September 30, 2022 and September 30, 2023

Depreciation and amortization increased by €2.8 million, from €51.9 million for the six months ended September 30, 2022 to €54.7 million for the six months ended September 30, 2023 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 remained stable at 7.3% for the six months ended September 30, 2022 and for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Depreciation and amortization increased by €1.6 million, from €25.9 million for the three months ended September 30, 2022 to €27.5 million for the three months ended September 30, 2023 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 7.5% for the three months ended September 30, 2022 to 7.6% for the three months ended September 30, 2023.

Operating profit

Six months ended September 30, 2022 and September 30, 2023

Operating profit decreased by €17.2 million, or 27.3%, from €63.0 million for the six months ended September 30, 2022 to €45.8 million for the six months ended September 30, 2023, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 8.8% for the six months ended September 30, 2022 to 6.1% for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Operating profit decreased by €9.3 million, or 33.7%, from €27.6 million for the three months ended September 30, 2022 to €18.3 million for the three months ended September 30, 2023, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 8.0% for the three months ended September 30, 2022 to 5.0% for the three months ended September 30, 2023.

Finance costs

Six months ended September 30, 2022 and September 30, 2023

Finance costs increased by €11.2 million from €43.0 million for the six months ended September 30, 2022 to €54.2 million for the six months ended September 30, 2023. This increase in finance costs followed the increase in EURIBOR, impacting our Floating Rate SSNs. In December 2022, we entered into a CAP Spread, a swap used to hedge our exposure to changes in future interest payment cash flows linked to the Floating Rate SSNs. Through April 2025, the CAP Spread covers an aggregate principal amount of the Floating Rate SSNs of €300 million, up to a EURIBOR of 4%.

Three months ended September 30, 2022 and September 30, 2023

Finance costs increased by €6.1 million from €21.7 million for the three months ended September 30, 2022 to €27.8 million for the three months ended September 30, 2023. This increase in finance costs followed the increase in EURIBOR, impacting our Floating Rate SSNs. In December 2022, we entered into a CAP Spread, a swap used to hedge our exposure to changes in future interest payment cash flows linked to the Floating Rate SSNs. Through April 2025, the CAP Spread covers an aggregate principal amount of the Floating Rate SSNs of €300 million, up to a EURIBOR of 4%.

Finance income

Six months ended September 30, 2022 and September 30, 2023

Finance income was €6.4 million compared to €nil for the six months ended September 30, 2023. This increase in finance income was mainly due to (i) interest on financial securities and cash on hand and (ii) the swap described above generating €2.5 million in finance income on derivative instrument, due to both an increase in fair value and the interest it triggered in September.

Three months ended September 30, 2022 and September 30, 2023

Finance income was €2.4 million compared to €nil for the three months ended September 30, 2023. This increase in finance income was mainly due to (i) interest on financial securities and cash on hand and (ii) the swap described above generating €0.6 million in finance income on derivative instrument, due to the interest it triggered in September partly offset by a decline in fair value in September.

Share of result in an associate

Six months ended September 30, 2022 and September 30, 2023

Share of result in an associate decreased by €0.2 million from €0.2 million for the six months ended September 30, 2022 to €nil for the six months ended September 30, 2023. 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.

Three months ended September 30, 2022 and September 30, 2023

Share of result in an associate decreased by €0.2 million from a profit of €0.1 million for the three months ended September 30, 2022 to a loss of €0.1 million for the three months ended September 30, 2023.

Income / (loss) before tax

Six months ended September 30, 2022 and September 30, 2023

Income before tax decreased by €22.3 million, from a profit of €20.3 million for the six months ended September 30, 2022 to a loss of €2.0 million for the six months ended September 30, 2023. As a proportion of sales of goods, income before tax decreased from 2.8% for the six months ended September 30, 2022 to minus 0.3% for the six months ended September 30, 2023.

Three months ended September 30, 2022 and September 30, 2023

Income before tax decreased by €13.1 million, from a profit of €6.0 million for the three months ended September 30, 2022 to a loss of €7.1 million for the three months ended September 30, 2023. As a proportion of sales of goods, income before tax decreased from 1.7% for the three months ended September 30, 2022 to minus 1.9% for the three months ended September 30, 2023.

Income tax expense / (benefit)

Six months ended September 30, 2022 and September 30, 2023

Income tax expense decreased by €7.9 million, from a charge of €7.1 million for the six months ended September 30, 2022 to a credit of €0.8 million for the six months ended September 30, 2023. Income tax expense represented 35.0% of income before tax for the six months ended September 30, 2022 and income tax benefit represented 39.5% of loss before tax for the six months ended September 30, 2023. This increase is due to the increase in finance costs, some of which are not tax deductible.

Three months ended September 30, 2022 and September 30, 2023

Income tax expense decreased by €5.0 million from a charge of €2.1 million for the three months ended September 30, 2022 to a credit of €2.9 million for the three months ended September 30, 2023. Income tax expense represented 35% of income before tax for the three months ended September 30, 2022 and income tax benefit represented 39.5% of loss before tax for the three months ended September 30, 2023.

Net income / (loss)

Six months ended September 30, 2022 and September 30, 2023

Net income decreased by €14.4 million, from a profit of €13.2 million for the six months ended September 30, 2022 to a loss of €1.2 million for the six months ended September 30, 2023, as a result of the factors described above.

Three months ended September 30, 2022 and September 30, 2023

Net income decreased by €8.3 million, from a profit of €3.9 million for the three months ended September 30, 2022 to a loss of €4.4 million for the three months ended September 30, 2023, 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, 2023, 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, 2023

7, 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)

<i>(In thousands of €)</i>		For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
	Notes				
Sales of goods	4	363 463	346 072	752 344	712 665
Cost of goods sold		(201 921)	(189 434)	(418 151)	(391 060)
Gross profit		161 541	156 639	334 193	321 605
Other operating income	5.1	1 741	812	3 100	1 945
Other purchase and external expenses		(59 205)	(48 008)	(120 909)	(98 181)
Taxes		(3 512)	(3 209)	(7 226)	(6 745)
Personnel expenses	5.2	(53 569)	(51 819)	(106 883)	(102 211)
Depreciation & amortization		(27 505)	(25 922)	(54 720)	(51 877)
Other operating expenses	5.3	(1 220)	(868)	(1 798)	(1 485)
Operating profit		18 270	27 625	45 757	63 052
Finance costs	5.4	(27 835)	(21 664)	(54 182)	(42 986)
Finance income	5.4	2 330	10	6 441	32
Share of profit in an associate	6	(56)	78	(48)	204
Income / (loss) before tax		(7 290)	6 049	(2 031)	20 302
Income tax expense / benefit	7	2 880	(2 117)	802	(7 106)
Net income / (loss)		(4 410)	3 932	(1 229)	13 196
Attributable to:					
Equity holders of the parent		(4 410)	3 932	(1 229)	13 196
Non-controlling interests		-		-	
Earnings per share:					
Basic earnings per share (in euros)		(1,67)	1,49	(0,47)	5,00
Fully diluted earnings per share (in euros)		(1,67)	1,49	(0,47)	5,00

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(In thousand sof€)</i>	Notes	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Net income / (loss)		(4 410)	3 932	(1 229)	13 196
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)
Foreign currency translation		-	1 475	-	1 475
		-	-	-	-
<i>Other comprehensive income / (loss) for the period, net of tax</i>		-	1 475	-	1 475
Comprehensive income / (loss)		(4 410)	5 407	(1 229)	14 672
Attributable to:					
Equity holders of the parent		(4 410)	5 407	(1 229)	14 672
Non-controlling interests		-	-	-	-

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

<i>(In thousands of €)</i>	Notes	As at September 30, 2023	As at March 31, 2023
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		242 169	238 841
Right-of-use assets	8.1	436 301	451 809
Other intangible assets		803 640	802 943
Investment in an associate		4 897	4 944
Other non-current financial assets	9.1	20 766	18 125
Total non-current assets		2 322 942	2 331 832
Inventory		124 388	117 412
Trade and other receivables		62 917	57 807
Income tax receivable		15 055	2 724
Current financial assets	9.1	81	80
Cash and cash equivalents	10	219 332	281 485
Total current assets		421 774	459 508
Total assets		2 744 716	2 791 340
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	97
Other comprehensive income		2 178	2 178
Retained earnings		101 924	34 987
Net income of the period		(1 229)	66 936
Equity attributable to equity holders of the parent		105 612	106 841
Non-controlling interests		-	-
Total equity		105 612	106 841
Non-current liabilities			
Interest-bearing loans and borrowings	9.2	1 696 580	1 694 500
Other non-current financial liabilities	9.3	338 180	353 802
Provisions		10 354	9 297
Employee benefit liability		9 734	9 184
Deferred tax liability		215 113	220 415
Total non-current liabilities		2 269 961	2 287 198
Current liabilities			
Trade and other payables		280 112	322 971
Income tax payable		-	541
Interest-bearing loans and borrowings	9.2	29 097	15 493
Other current financial liabilities	9.3	59 935	58 297
Total current liabilities		369 144	397 301
Total liabilities		2 639 104	2 684 500
Total equity and liabilities		2 744 716	2 791 340

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

<i>(In thousands of €)</i>	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, 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	14 672	-	14 672
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	1 475	1 475	-	13 196	14 672	-	14 672
Dividend paid	-	-	-	-	-	-	-	-	-
As at September 30, 2022	2 642	97	2 054	2 054	34 987	13 196	52 975	-	52 975
As at March 31, 2023	2 642	97	2 178	2 178	34 987	66 936	106 841	-	106 841
Net income attribution	-	-	-	-	66 936	(66 936)	-	-	-
Net income for the period	-	-	-	-	-	(1 229)	(1 229)	-	(1 229)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(1 229)	(1 229)	-	(1 229)
As at September 30, 2023	2 642	97	2 178	2 178	101 924	(1 229)	105 612	-	105 612

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

<i>(In thousands of €)</i>	Notes	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Operating activities			
Operating profit		45 757	63 052
Depreciation and impairment of property, plant and equipment		49 565	46 962
Amortisation and impairment of intangible assets		5 155	4 915
Other non-cash operating items		192	306
Income tax paid		(16 630)	(18 728)
<i>Operating cash flows before change in working capital requirements</i>		<i>84 039</i>	<i>96 507</i>
Change in inventories		(6 976)	(4 350)
Change in trade and other receivables and prepayments		(5 110)	(1 841)
Change in trade and other payables		(30 282)	(22 138)
Net cash flows from operating activities		41 671	68 178
Investing activities			
Proceeds from sale of property, plant and equipment		599	43
Purchase of property, plant and equipment		(29 129)	(12 716)
Purchase of intangible assets		(4 905)	(4 521)
Purchase of financial instruments		(2 255)	(484)
Proceeds from sale of financial instruments		142	1 242
Net cash used in investing activities		(35 548)	(16 435)
Financing activities			
Interest paid *		(47 450)	(36 151)
Interests paid related to lease contracts *		(4 041)	(3 365)
Payment related to leases contracts *		(30 396)	(28 718)
Net cash flows from/(used in) financing activities		(81 887)	(68 235)
Net increase / (decrease) in cash and cash equivalents		(75 764)	(16 492)
Cash and cash equivalents at the beginning of the period	10	281 431	206 538
Cash and cash equivalents at the end of the period	10	205 667	190 046

**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 (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 7 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, 2023 to September 30, 2023.

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, 2023 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, 2023.

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, 2023

Since April 1, 2023, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- ▶ 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 IFRS 17 Insurance contracts (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 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);
- ▶ 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);
- ▶ 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); and
- ▶ Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules (applicable according to the IASB in accounting periods beginning on or after January 1, 2023)

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:

- ▶ Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (applicable according to the IASB in accounting periods beginning on or after January 1, 2024);
- ▶ 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); and
- ▶ 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, 2024).

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, 2023.

As at September 30, 2023, 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, 2023. 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, 2023. 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, 2024.

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, 2023, assumptions remain unchanged compared to March 31, 2023.

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 2.0%, 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 United Kingdom, Hong Kong, South Korea, Taiwan and the MENA region, 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			For the six-month period ended September		
	30, 2023			30, 2023		
	France	Other	Total	France	Other	Total
Sales	355 059	8 404	363 463	734 649	17 695	752 344
Other operating income	1 679	62	1 741	2 998	102	3 100
Other operating expenses	(559)	(661)	(1 220)	(1 133)	(664)	(1 798)
Operating profit before amortization	45 504	271	45 775	98 944	1 534	100 477
Amortization of the year	(27 078)	(427)	(27 505)	(53 869)	(852)	(54 720)
Operating profit	18 426	(156)	18 270	45 075	682	45 757

(In thousands of€)

	For the three-month period ended September			For the six-month period ended September		
	30, 2022			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

Total operating profit decreased by M€ 17.3, from M€ 63.0 for the six-month period ended September 30, 2022 to M€ 45.8 for the six-month period ended September 30, 2023.

5. Other operating income/expenses

5.1 Other operating income

<i>(In thousands of €)</i>	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Home Services shipping fees	279	197	576	509
Store rentals	250	187	484	359
Franchises	567	328	1 027	627
Other operating income	645	99	1 014	451
Total other operating income	1 741	812	3 100	1 945

5.2 Personnel expenses

<i>(In thousands of €)</i>	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Wages and salaries	(37 098)	(35 393)	(73 511)	(70 169)
Social security costs	(10 751)	(10 532)	(21 334)	(20 346)
Pension costs	(130)	(148)	(301)	(297)
Employee profit sharing	(3 171)	(3 683)	(7 124)	(7 333)
Other employee benefits expenses	(2 418)	(2 062)	(4 613)	(4 066)
Total personnel expenses	(53 569)	(51 819)	(106 883)	(102 211)

5.3 Other operating expenses

<i>(In thousands of €)</i>	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Royalties	(140)	(128)	(289)	(257)
Losses on bad debt	(239)	(293)	(383)	(516)
Other operating expenses	(841)	(447)	(1 125)	(713)
Total other operating expenses	(1 220)	(868)	(1 798)	(1 485)

5.4 Finance income and costs

<i>(In thousands of €)</i>	For the three-month period ended September 30, 2023	For the three-month period ended September 30, 2022	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Interest expenses	(25 330)	(19 750)	(49 225)	(39 277)
Net interest related to lease commitments	(2 254)	(1 776)	(4 499)	(3 437)
Interest costs of employee benefits	(145)	(30)	(249)	(60)
Foreign exchange losses	(2)	(1)	(3)	(1)
Other financial expense	(104)	(108)	(206)	(211)
Finance costs	(27 835)	(21 664)	(54 182)	(42 986)
Income on loans and receivables	4	1	5	1
Income on short-term investment	1 804	7	3 890	7
Financial income on derivative instrument	560	-	2 536	-
Other financial income	(38)	3	10	24
Finance income	2 331	11	6 441	32

The K€ 4,499 net interest related to lease commitments in the six months ended September 30, 2023 represents the financial interest calculated on lease liabilities recognized in accordance with IFRS 16.

The K€ 2,536 financial income on derivative instrument in the six months ended September 30, 2023 represents the difference between the fair value and the book value of the CAP Spread entered into by the Group in December 2022 to hedge the Group's exposure to changes in future interest payment cash flows linked to the M€ 650 of floating rate senior secured notes due 2026 (see note 9.4 *Hedging activities and derivatives*). The CAP Spread covers an amount of up to M€ 300.

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. :

<i>(In thousands of€)</i>	As at September 30, 2023	As at March 31, 2023
Share of the associate's statement of financial position:		
Non-current assets	6 121	6 140
Current assets	10 751	11 238
Current liabilities	7 558	9 813
Non-current liabilities	4 075	2 279
Equity	5 239	5 286
Share of the associate's revenue and profit:		
Revenue	10 893	27 140
Profits / (Losses)	(48)	306
Carrying amount of the investment	4 896	4 943

<i>(In thousands of€)</i>	As at September 30, 2023	As at March 31, 2023
Carrying value at opening	4 943	4 637
Share of profit / (loss) in an associate	(48)	306
Carrying value at closing	4 896	4 943

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 remains below expectations. The valuation of Primex International will continue to be closely monitored by the Group. 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 39.5%, 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 35% in previous periods. The increase in the average annual tax rate is mainly explained by the increase in finance costs, some of which are not tax deductible.

8. Leases

8.1 Breakdown of Right of Use recognized under IFRS 16

<i>(In thousands of€)</i>	Leasehold rights	Land & Buildings	Vehicles	Right of Use Asset
Cost:				
As at April 1, 2023	48 318	618 565	8 310	675 194
Additions	-	15 432	805	16 237
Disposals	(473)	(1 854)	(731)	(3 058)
As at September 30, 2023	47 845	632 143	8 384	688 372
Depreciation and impairment:				
As at April 1, 2023	(561)	(217 696)	(5 127)	(223 384)
Additions	-	(29 470)	(999)	(30 469)
Disposals	374	677	731	1 782
As at September 30, 2023	(187)	(246 490)	(5 394)	(252 071)
Net book value:				
As at April 1, 2023	47 757	400 869	3 183	451 810
As at September 30, 2023	47 658	385 654	2 990	436 301

8.2 Breakdown of Other purchase and external expenses

<i>(In thousands of€)</i>	For the six- month period ended September 30, 2023	For the six-month period ended September 30, 2022
Rent expenses	(2 513)	(1 549)
Other purchase and external expenses (excluding Rent expenses)	(118 396)	(96 632)
Total Other purchase and external expenses	(120 909)	(98 181)

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.

Other purchase and external expenses (excluding Rent expenses) increased by M€ 21.8 from M€ 96.6 for the six-month period ended September 30, 2022 to M€ 118.4 for the six-month period ended September 30, 2023.

This increase is mainly related to the current increase of electricity costs.

8.3 Breakdown of Depreciation & amortization

<i>(In thousands of €)</i>	For the six-month period ended September 30, 2023	For the six-month period ended September 30, 2022
Depreciation & amortization of tangible Right of Use	(30 469)	(29 215)
Depreciation & amortization of other fixed assets	(24 251)	(22 662)
Total Depreciation & amortization	(54 720)	(51 877)

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

<i>(In thousands of €)</i>	As at September 30, 2023	As at March 31, 2023
Deposits and guarantees	9 780	9 877
Related party loans	2 259	12
Other financial assets on derivate instruments	8 201	7 671
Other	607	644
Other financial assets	20 847	18 204
of which non-current	20 766	18 125
of which current	81	80

Other financial assets on derivate instrument of K€ 8,201 represents the fair value of the CAP Spread entered into by the Group in December 2022 to hedge the Group's exposure to changes in future interest payment cash flows linked to the M€ 650 of floating rate senior secured notes due 2026 (see note 9.4 *Hedging activities and derivatives*). The CAP Spread covers an amount of up to M€ 300.

Other financial assets of K€ 607 represents 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€ 81 of which was recorded as current as at September 30, 2023).

9.2 Interest-bearing loans and borrowings

(In thousands of €)

	Coupon interest rate	Maturity	As at September 30, 2023	As at March 31, 2023
Current				
Current portion of interest payable on loans and			15 432	15 439
Bank overdrafts		On demand	13 665	54
Total current interest bearing loans and borrowings			29 097	15 493
Non-current				
Senior secured notes 2026 (750M€)	3.875%	2026	743 774	742 780
Senior secured notes 2026 (650M€)	Euribor 3M + margin 4%	2026	645 388	644 610
Senior notes 2027 (310M€)	5.375%	2027	307 418	307 110
Total non-current interest bearing loans and borrowings			1 696 580	1 694 500
Total interest bearing loans and borrowings			1 725 677	1 709 993

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

<i>In thousand of€</i>	As at September 30, 2023	As at March 31, 2023
Current		
Lease debt	59 935	58 297
Total other current financial liabilities	59 935	58 297
Non current		
Lease debt	338 098	353 724
Others	82	78
Total other non-current financial liabilities	338 180	353 802
Total other financial liabilities	398 114	412 098

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€ 398 as of September 30, 2023.

9.4 Hedging activities and derivatives

Cash Flow Hedges

On December 2, 2022, the Group entered into a CAP Spread, a swap used to hedge the Group's exposure to changes in future interest payment cash flows linked to the M€ 650 of floating rate senior secured notes due 2026 (see note 9.2 *Interest-bearing loans and borrowings*). The changes in fair value of this contract are recorded in the income statement.

The Group does not apply the hedge accounting method.

	Notional (K€)	Premium paid (K€)	Faire value as at September 30, 2023 (K€)	Value date	Maturity date	Underlying index	Strike purchase	Strike sale
CAP Spread	300 000	6 010	8 201	15/12/2022	15/06/2025	EUR3M	2%	4%

During the six-month period ended September 30, 2023, this resulted in financial income of M€ 2.5.

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.

<i>(In thousands euros)</i>	Carrying amount	Fair value	Carrying amount	Fair value
	September 30, 2023	September 30, 2023	March 31, 2023	March 31, 2023
Financial assets				
Trade and other receivables	39 534	39 534	57 807	57 807
Income tax receivable	15 055	15 055	2 724	2 724
Other financial assets	20 847	20 847	18 205	18 205
Cash and cash equivalents	219 332	219 332	281 485	281 485
Total	294 768	294 768	360 221	360 221
Financial liabilities				
Fixed rate borrowings	(1 051 193)	(971 572)	(1 049 890)	(927 666)
Obligations under finance leases	(47)	(47)	(46)	(46)
Floating rate borrowings	(645 388)	(645 333)	(644 610)	(626 639)
Lease commitments	(398 114)	(398 114)	(412 098)	(412 098)
Trade and other payables	(279 853)	(279 853)	(322 341)	(322 341)
Bank overdraft	(13 665)	(13 665)	(54)	(54)
Total	(2 388 260)	(2 308 585)	(2 429 038)	(2 288 844)

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, 2023, 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

<i>(In thousands of€)</i>	September 30, 2023	March 31, 2023	September 30, 2022	March 31, 2022
Cash at banks and on hand	86 473	98 626	187 252	203 684
Securities	132 859	182 859	2 801	2 859
Cash and cash equivalents	219 332	281 485	190 053	206 542

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

<i>(In thousands of€)</i>	September 30, 2023	March 31, 2023	September 30, 2022	March 31, 2022
Cash and cash equivalents	219 332	281 485	190 053	206 542
Bank overdrafts	(13 665)	(54)	(7)	(5)
Cash and cash equivalents position	205 667	281 431	190 046	206 538

11. Events after the reporting period

Cécile Guillou was appointed Chairperson of the Picard Group, effective October 2, 2023.