



2020  
HALF-YEAR  
CONSOLIDATED  
FINANCIAL STATEMENTS



## 1

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*SOCIETE BIC consolidated financial statements as of June 30, 2020, were approved by the Board of Directors on July 28, 2020. The Group statutory auditors limited review procedures have been substantially completed. Their review report will be issued upon completion of the procedures required for the filing of the management half-year report. Consistent with French law, BIC will file its First Half 2020 financial report along with the auditor's report before 30<sup>th</sup> September 2020. The filing is pending the conclusion of BIC's review of certain of its commercial processes. Based on our assessment to date, the impact of a potential non-compliance with the Company's processes would not exceed 1M€.*

# HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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## 1.1 CONSOLIDATED INCOME STATEMENT

(condensed financial statements)

<i>(in thousand euros)</i>	Notes	June 30, 2019	June 30, 2020
Net sales	2-2	960,200	775,832
Cost of goods	4	(481,654)	(404,639)
<b>Gross profit <sup>(a)</sup></b>		<b>478,546</b>	<b>371,192</b>
Distribution costs	4	(145,333)	(124,173)
Administrative expenses	4	(96,234)	(104,663)
Other operating expenses	4	(82,741)	(67,256)
Other income	5	5,742	2,950
Other expenses	5	(33,929)	(54,060)
<b>Income from operations</b>		<b>126,051</b>	<b>23,991</b>
Income from cash and cash equivalents	6	2,725	2,058
Net finance income/(Net finance costs)	6	(4,342)	7,832
<b>Income before tax</b>		<b>124,434</b>	<b>33,881</b>
Income tax expense	7	(34,841)	(11,797)
<b>Consolidated income of which:</b>		<b>89,593</b>	<b>22,084</b>
Non-controlling interests		-	-
<b>Net income Group share</b>	<b>8</b>	<b>89,593</b>	<b>22,084</b>
Earnings per share Group share <i>(in euros)</i>		1.99	0.49
Diluted earnings per share Group share <i>(in euros)</i> <sup>(b)</sup>		1.97	0.49
Average number of shares outstanding net of treasury shares over the period	8	45,120,558	44,967,891

(a) Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

(b) The dilutive elements taken into account are stock options and free shares.

## 1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(condensed financial statements)

<i>(in thousand euros)</i>		June 30, 2019	June 30, 2020
<b>GROUP NET INCOME</b>	<b>A</b>	<b>89,593</b>	<b>22,084</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial differences on post-employment benefits not recyclable to the income statement <sup>(a)</sup>		(6,477)	(39,882)
Deferred tax on actuarial differences on post-employment benefits		1,555	8,377
<b>Other comprehensive income not recyclable to the income statement - Net of tax</b>	<b>B</b>	<b>(4,921)</b>	<b>(31,505)</b>
Gain/(Loss) on cash flow hedge		(2,257)	7,267
Exchange differences arising on translation of overseas operations <sup>(b)</sup>		14,067	(103,710)
Equity instruments at fair value		3	(5)
Deferred tax and current tax recognized on other comprehensive income		397	(606)
<b>Other comprehensive income recyclable to the income statement - Net of tax</b>	<b>C</b>	<b>12,210</b>	<b>(97,054)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>D = A + B + C</b>	<b>96,881</b>	<b>(106,475)</b>
Attributable to:			
• Group		96,881	(106,475)
• Non-controlling interests		-	-
<b>TOTAL</b>		<b>96,881</b>	<b>(106,475)</b>

(a) The impact of actuarial differences is mainly due to U.S. plans.

(b) The main items impacting the translation reserve variance for the period, by currency, are as follows: Brazilian real -53.0 million euros, Mexican peso -26.6 million euros, South African rand -5.9 million euros, Indian rupee -5.4 million euros, Argentinian peso -1.4 million euros and U.S. dollar +0.5 million euros.



## 1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(condensed financial statements)

### Assets

<i>(in thousand euros)</i>	Notes	December 31, 2019	June 30, 2020
Goodwill	9	203,705	202,194
Other intangible assets	9	53,978	36,558
Property, plant and equipment	9	713,488	637,885
Investment properties		1,656	1,602
Other non-current assets	10	41,781	25,984
Deferred tax assets		134,339	137,286
Derivative instruments	19	220	2,892
<b>Non-current assets</b>		<b>1,149,167</b>	<b>1,044,401</b>
Inventories	11	455,644	484,931
Income tax advance payments		22,832	13,751
Trade and other receivables	11, 21-1	545,609	517,103
Other current assets		13,625	20,414
Derivative instruments	19	2,698	4,537
Other current financial assets	21-2	4,058	4
Cash and cash equivalents	21-2, CF/16	198,555	201,152
<b>Current assets</b>		<b>1,243,021</b>	<b>1,241,892</b>
<b>TOTAL ASSETS</b>		<b>2,392,188</b>	<b>2,286,292</b>

CF: see Consolidated cash flow statement.

## Equity and liabilities

<i>(in thousand euros)</i>	Notes	December 31, 2019	June 30, 2020
Share capital	12	171,869	171,824
Retained earnings		1,436,213	1,215,363
<b>Shareholders' equity Group share</b>		<b>1,608,082</b>	<b>1,387,187</b>
Non-controlling interests		-	-
<b>Shareholders' equity</b>	<b>SHEQ</b>	<b>1,608,082</b>	<b>1,387,187</b>
Non-current borrowings	13, 21-2	32,331	32,320
Other non-current liabilities		6,261	3,578
Employee benefits obligation		179,059	206,648
Provisions	14	22,586	24,167
Deferred tax liabilities		55,374	28,137
Derivative instruments	19	44	104
<b>Non-current liabilities</b>		<b>295,655</b>	<b>294,953</b>
Trade and other payables	11	126,403	140,013
Current borrowings	13	65,526	169,010
Current tax due		22,793	39,293
Other current liabilities	15	266,259	251,806
Derivative instruments	19	7,470	4,030
<b>Current liabilities</b>		<b>488,451</b>	<b>604,152</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,392,188</b>	<b>2,286,292</b>

SHEQ: see Consolidated statement of changes in equity.



## 1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	Notes	Share capital	Accumulated profits	Additional paid in capital	Actuarial differences recognized in equity	Translation reserve	Cash flow hedge derivatives	Cost of hedging through OCI	Shareholders' equity Group share	Non-controlling interests	Shareholders' equity
<b>At December 31, 2018</b>		<b>173,269</b>	<b>1,666,841</b>	<b>16,255</b>	<b>(94,948)</b>	<b>(118,943)</b>	<b>(4,347)</b>	-	<b>1,638,126</b>	-	<b>1,638,126</b>
First application IFRIC 23 "Uncertainty over income tax treatments" impact (see Note 1)		-	(12,850)	-	-	-	-	-	(12,850)	-	(12,850)
<b>At January 1, 2019 restated</b>		<b>173,269</b>	<b>1,653,991</b>	<b>16,255</b>	<b>(94,948)</b>	<b>(118,943)</b>	<b>(4,347)</b>	-	<b>1,625,276</b>	-	<b>1,625,276</b>
Dividends paid	CF, 17	-	(155,228)	-	-	-	-	-	(155,228)	-	(155,228)
Decrease in share capital <sup>(a)</sup>		-	-	-	-	-	-	-	-	-	-
Increase in share capital		-	-	-	-	-	-	-	-	-	-
Treasury shares		(1,403)	(38,967)	-	-	-	-	-	(40,370)	-	(40,370)
Recognition of share-based payments	CF, 18	-	-	113	-	-	-	-	113	-	113
Hyperinflation impact in Argentina		-	2,334	-	-	-	-	-	2,334	-	2,334
Other		-	(6)	-	-	(5)	-	-	(11)	-	(11)
<b>Total transactions with Shareholders</b>		<b>(1,403)</b>	<b>191,867</b>	<b>113</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>(193,161)</b>	<b>-</b>	<b>193,161</b>
Net income for the period		-	89,593	-	-	-	-	-	89,593	-	89,593
Other comprehensive income		-	(205)	-	(4,921)	14,067	(1,652)	-	7,288	-	7,288
<b>Total comprehensive income</b>		<b>-</b>	<b>89,387</b>	<b>-</b>	<b>(4,921)</b>	<b>14,067</b>	<b>(1,652)</b>	<b>-</b>	<b>96,881</b>	<b>-</b>	<b>96,881</b>
<b>At June 30, 2019</b>		<b>171,866</b>	<b>1,550,921</b>	<b>16,368</b>	<b>(99,869)</b>	<b>(104,845)</b>	<b>(5,998)</b>	<b>-</b>	<b>1,528,443</b>	<b>-</b>	<b>1,528,443</b>
<b>At January 1, 2020</b>		<b>171,869</b>	<b>1,642,195</b>	<b>12,342</b>	<b>(101,231)</b>	<b>(113,183)</b>	<b>(3,909)</b>	<b>-</b>	<b>1,608,082</b>	<b>-</b>	<b>1,608,082</b>
Dividends paid	CF, 17	-	(110,214)	-	-	-	-	-	(110,214)	-	(110,214)
Decrease in share capital <sup>(a)</sup>		-	-	-	-	-	-	-	-	-	-
Increase in share capital		-	-	-	-	-	-	-	-	-	-
Treasury shares		(45)	(7,266)	-	-	-	-	-	(7,311)	-	(7,311)
Recognition of share-based payments	CF, 18	-	-	2,185	-	-	-	-	2,185	-	2,185
Hyperinflation impact in Argentina		-	938	-	-	-	-	-	938	-	938
Other		-	(17)	-	-	-	-	-	(17)	-	(17)
<b>Total transactions with Shareholders</b>		<b>(45)</b>	<b>(116,559)</b>	<b>2,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(114,419)</b>	<b>-</b>	<b>(114,419)</b>
Net income for the period		-	22,084	-	-	-	-	-	22,084	-	22,084
Other comprehensive income		-	1,678	-	(31,505)	(103,710)	4,977	-	(128,560)	-	(128,560)
<b>Total comprehensive income</b>		<b>-</b>	<b>23,762</b>	<b>-</b>	<b>(31,505)</b>	<b>(103,710)</b>	<b>4,977</b>	<b>-</b>	<b>(106,476)</b>	<b>-</b>	<b>(106,476)</b>
<b>At June 30, 2020</b>		<b>171,824</b>	<b>1,549,398</b>	<b>14,527</b>	<b>(132,736)</b>	<b>(216,893)</b>	<b>1,068</b>	<b>-</b>	<b>1,387,187</b>	<b>-</b>	<b>1,387,187</b>

(a) No shares were cancelled during the first half of 2020.

CF: see Consolidated cash flow statement.



# 1.5 CONSOLIDATED CASH FLOW STATEMENT



<i>(in thousand euros)</i>	Notes	June 30, 2019	June 30, 2020
<b>Operating activities</b>			
Net income Group share	IS	89,593	22,084
<i>Income and expense without cash impact:</i>			
Argentina hyperinflationary accounting		1,460	768
Depreciation and amortization of intangible and tangible assets and investment properties	2	57,110	57,908
Impairment loss on tangible and intangible assets	9, 16 (a)	(280)	42,291
Provision for employee benefits		8,723	8,313
Other provisions (excluding provisions on current assets)	14	36,947	2,768
Unrealized foreign currency gain/loss	16 (b)	1,246	(12,550)
Hedging and derivative instruments		762	(907)
Option premium expense		1,033	783
Recognition of share-based payments	18, SHEQ	113	2,185
Deferred tax variation		(32,270)	(28,070)
(Gain)/Loss from disposal of fixed assets	5, 16 (c)	218	63
<b>Cash flow from operations</b>		<b>164,655</b>	<b>95,637</b>
(Increase)Decrease in net working capital	11, 16 (d)	(106,263)	(31,211)
Payments related to employee benefits	16 (e)	(7,869)	(4,955)
Financial expense/(income)		(385)	643
Interest (paid)/received		450	(443)
Income tax expense		53,710	40,407
Income tax paid		(24,666)	(14,385)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>79,633</b>	<b>85,692</b>
<b>Investing activities</b>			
Disposal of fixed assets	16 (c)	136	496
Purchases of property, plant and equipment	16 (g)	(44,777)	(41,071)
Purchases of intangible assets	16 (g)	(2,766)	(2,726)
(Increase) Decrease in other investments		30	(59)
Sale of other current financial assets	16 (h)	3,587	3,861
Purchase of Haco Industries Kenya and Lucky Stationary Nigeria	16 (i)	(1,807)	(2,721)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(45,596)</b>	<b>(42,220)</b>
<b>Financing activities</b>			
Dividends paid	SHEQ, 16 (j)	(155,228)	(110,214)
Borrowings/(Repayments)	13, 16 (k)	103,835	105,000
Payments of obligations under leases		(8,294)	(7,900)
Purchase of financial instruments		(1,102)	(501)
Increase in treasury shares	16 (l)	(39,995)	(7,384)
Liquidity contract	16 (l)	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(100,784)</b>	<b>(20,998)</b>
Net cash variation		(66,747)	22,474
Opening cash and cash equivalents net of bank overdrafts	BS, 13, 21	149,795	146,846
Exchange difference		1,582	(18,885)
<b>CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS</b>	<b>BS, 13, 21</b>	<b>84,629</b>	<b>150,435</b>

IS: see Consolidated income statement.

SHEQ: see Consolidated statement of changes in equity.

BS: see Consolidated balance sheet.



## 1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Société BIC SA is a French public limited company (*société anonyme*), subject to all laws governing commercial companies in France, and particularly to the provisions of the French Commercial Code. The Company is headquartered at 14, rue Jeanne d'Asnières, 92110 Clichy and is listed on Euronext. The principal place of business is located at the same address.

The consolidated financial statements reflect the accounting position of Société BIC and its subsidiaries (the "Group"). They are presented in euros and rounded to the nearest thousand. The Group's business is the production and sale of stationery, lighters and shavers.

## NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

### 1-1 Accounting policies

#### 1-1-1 General

Pursuant to European Regulation no 1606/2002 of July 19, 2002 concerning international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union. International Financial Reporting Standards are available on the European Union website.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standard Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The condensed consolidated financial statements as of June 30, 2019 and June 30, 2020 have been prepared in compliance with IAS 34 "Interim financial reporting". The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments.

IAS 34 allows presentation of a selection of notes to the condensed consolidated financial statements that should be read in conjunction with the consolidated financial statements of December 31, 2019.

The measurement procedures used for the interim condensed consolidated financial statements are as follows:

- interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result of the interim period excluding non-recurring material items. The income tax charge related to any non-recurring item in the period is accrued using its actual tax expense;
- regarding the main pension plans and other employee benefits (United States, Canada, United Kingdom), actuarial valuations are performed every six months. Amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year and on the discount rates as of June 30. Regarding share-based payments and other benefits plans, expenses are recognized in the period on a *pro rata* basis of the estimated costs for the year.

The principal accounting policies remain unchanged compared to last year except for adoption of the following standard, effective since January 1, 2020.

### 1-1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

#### New standards, amendments and interpretations of mandatory application for financial years beginning on or after January 1, 2020

The following standards and amendments are effective since January 1, 2020 and have been applied to the consolidated financial statement as of June 30, 2020:

- amendments to IAS 1 and IAS 8 – Definition of Material;
- amendments to References to the Conceptual Framework in IFRS Standards;
- amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – Phase 1;
- amendments to IFRS 3 – Business combinations – Definition of a business;
- temporary amendment to IFRS 16 – Leases – Covid-19 – Related Rent Concessions.

#### New standards, interpretations and amendments that may be applied early for financial years beginning on or after January 1, 2020

As of June 30, 2020, the Group did not elect to early apply any standard, interpretation or amendment.

#### Standards, interpretations and amendments that may not be applied early for financial years beginning on or after January 1, 2020

- amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;
- annual Improvements -2018-2020:
  - IFRS 1 – First IFRS application (Subsidiary as first adopter),
  - IFRS 9 – Financial Instruments (Fees included in the 10% test),
  - illustrative examples of IFRS 16 (Concessions made to tenants);
- amendments to IFRS 3 – Business Combinations;
- amendments to IAS 16 – Property, Plant and Equipment;
- amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Analysis on the practical consequences of these new regulations is in progress.



The events linked to Covid-19 led the Group to take into consideration the global economy downturn and recent market conditions in the judgments made and assumptions taken when preparing these interim consolidated financial statements.

## 1-2 Change in Group structure

No significant change in Group structure.

## 1-3 Subsequent events

BIC announced on June 16, 2020 that it has signed an agreement to enter exclusive negotiations to acquire Djeep for 40 million euros, and a deferred consideration based on Djeep future sales growth. This acquisition project aims at strengthening BIC's position in the pocket lighters market and offers substantial growth opportunities in Europe and North America. BIC announced on July 1 2020 that it has completed this acquisition.

No other subsequent event occurred between July 1, 2020 and the reporting date.

## NOTE 2 OPERATING SEGMENTS

### 2-1 General information

According to IFRS 8, BIC Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The measurement policies that the Group uses for segmental reporting under IFRS 8 are the same as those used in its financial statements.

The management, composed of operational representatives responsible for the continents, representatives of the categories and cross-functional areas, considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

These operating segments receive their revenues from the production and distribution of each product category.

Following the new organization announced at the time of BIC's transformation plan launched in February 2019, a new reporting structure has been put in place starting in 2020.

The unallocated costs have been removed from Categories' Income From Operations and Normalized Income from Operations, and will be presented separately:

- stationery;
- lighters;
- shavers;
- other products;
- unallocated costs.

Unallocated costs include:

- net costs (balance of income and expenses):
  - of Corporate headquarters including IT, finance, legal and HR costs,
  - of future shared services center;
- other net costs that can't be allocated to Categories, notably restructuring costs, gains or losses on assets' divestiture, etc. Major unallocated items will be separately identified and disclosed.

### 2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). In 2020, some Covid-19 epidemic impacts have been considered as "non-recurring items" and are mainly related to:
  - unfavorable manufacturing cost absorption due to abnormally low production volumes over the period as a result of plant closures or reduced demand for products directly linked to Covid-19, direct expenses related to employees protection (extra cleaning, masks, sanitizers) which impacts the gross profit,
  - commercial force under-activity which impacts other expenses.
    - It constitutes the key financial metrics used within the Group;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

(in million euros)	June 30, 2019*						June 30, 2020					
	Stationery	Lighters	Shavers	Other Products	Unallocated costs	Total	Stationery	Lighters	Shavers	Other Products	Unallocated costs	Total
<b>Income statement</b>												
• Net sales	401	320	224	15	-	960	294	268	201	13	-	776
• Depreciation and amortization	(16)	(12)	(17)	(12)	-	(57)	(17)	(13)	(17)	(11)	-	(58)
• Impairment loss	-	-	-	-	-	-	(42)	-	-	-	-	(42)
• Income from operations restated for unallocated costs	44	113	22	(2)	(50)	126	(35)	84	17	(3)	(39)	24
<b>Restatements made to obtain normalized income from operations</b>												
• Cello impairment on property, plant & equipment and trademark (see Note 9)	-	-	-	-	-	-	42	-	-	-	-	42
• Restructuring costs restated for unallocated costs	-	-	-	-	27	27	-	-	-	2	5	8
• Some expenses related to the Covid-19 epidemic mainly underabsorption of fixed costs	-	-	-	-	-	-	12	3	4	-	-	19
<b>Normalized income from operations restated for unallocated costs</b>	<b>44</b>	<b>113</b>	<b>22</b>	<b>(2)</b>	<b>(23)</b>	<b>153</b>	<b>19</b>	<b>87</b>	<b>22</b>	<b>(1)</b>	<b>(34)</b>	<b>93</b>

\* Restated for unallocated costs.

#### RECONCILIATION OF INCOME FROM OPERATIONS, RESTRUCTURING COSTS AND NORMALIZED INCOME FROM OPERATIONS FOLLOWING THE IMPLEMENTATION OF THE NEW STRUCTURE

(in million euros)	June 30, 2019*					
	Stationery	Lighters	Shavers	Other Products	Unallocated costs	Total
• Income from operations as published (a)	24	96	9	(3)	-	126
Reclassification (b)	20	17	12	1	(50)	-
• Income from operations restated for unallocated costs (a) + (b)	44	113	22	(2)	(50)	126
• Restructuring costs as published (a)	10	9	7	-	-	27
Reclassification (b)	(10)	(9)	(7)	-	27	-
• Restructuring costs restated for unallocated costs (a) + (b)	-	-	-	-	27	27
• Normalized income from operations as published (a)	34	105	16	(3)	-	153
Reclassification (b)	10	8	5	-	(23)	-
• Normalized income from operations restated for unallocated costs (a) + (b)	44	113	22	(2)	(23)	153

\* Restated for unallocated costs.



As of June 30, 2020, the BIC Group had identified Walmart as a major customer with which it realized more than 10% of its net sales over the period.

(in million euros)	June 30, 2019					June 30, 2020				
	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Capital additions <sup>(a)(b)</sup>	13	13	11	8	45	5	10	9	7	31
Net inventories	242	141	103	9	495	234	140	102	9	485

(a) Including 2020 capital additions not cashed out end of June 2020 and excluding capital additions cashed out in 2020 related to 2019 for a net amount of 12.6 million euros.

(b) Including 2019 capital additions not cashed out end of June 2019 and excluding capital additions cashed out in 2019 related to 2018 for a net amount of 2.5 million euros.

## 2-3 Informations by geography

The geographies identified by the management are: France, Europe (excluding France), North America and Developing Markets.

(in million euros)	June 30, 2019					June 30, 2020						
	France	Europe excluding France	North America	Developing Markets	Total	France	Europe excluding France	North America	Latin America	Middle East and Africa	Asia and Oceania (including Cello)	Total
Net sales	95	196	389	280	960	84	174	343	94	39	42	776

BIC's net sales breakdown by geography will now be presented to provide more visibility on the Group performance in Developing Markets.

	June 30, 2019
Latin America	166
Middle East and Africa	47
Asia and Oceania (including Cello)	67
	<b>280</b>

The Group may grant year-end rebates. These rebates are booked in net sales and amounted 47 million euros as of June 30, 2020 compared to 48 million euros as of June 30, 2019.

(in million euros)	June 30, 2019					June 30, 2020				
	France	Europe excluding France	North America	Developing Markets	Total	France	Europe excluding France	North America	Developing Markets	Total
Non-current assets <sup>(a)</sup>	261	204	222	326	1,013	292	196	225	191	904

(a) Other than financial instruments (2.9 million euros in 2020 and 0.03 million euros in 2019), deferred tax assets (137.3 million euros in 2020 and 146.2 million euros in 2019).

### NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

The following table shows foreign currency equivalents of one euro (for instance: average 2020 is 1 euro = 1.1 U.S. dollars).

	Average	Average	June 30, 2019	June 30, 2020
	Euro	Euro	Euro	Euro
U.S. dollar - USD	1.13	1.10	1.14	1.12
Australian dollar - AUD	1.60	1.68	1.62	1.63
Canadian dollar - CAD	1.51	1.50	1.49	1.53
Swiss franc - CHF	1.13	1.06	1.11	1.06
Chinese renminbi - CNY	7.67	7.75	7.82	7.93
British pound - GBP	0.87	0.87	0.90	0.91
Hong Kong dollar - HKD	8.86	8.55	8.89	8.69
Indian rupee - INR	79.10	81.68	78.52	84.82
Japanese yen - JPY	124.10	119.24	122.60	119.93
Korean won - KRW	1,295.42	1,329.70	1,315.00	1,346.00
Malaysian ringgit - MYR	4.65	4.68	4.71	4.81
New Zealand dollar - NZD	1.68	1.76	1.70	1.74
Philippine peso - PHP	58.97	55.82	58.34	56.05
Polish zloty - PLN	4.29	4.41	4.25	4.47
Swedish krona - SEK	10.52	10.66	10.56	10.48
Kenyan shilling - KES	114.21	114.75	115.97	118.94
Nigerian Naira - NGN	346.86	414.55	349.32	434.23
South African rand - ZAR	16.05	18.30	16.12	19.38
Argentinian peso - ARS	47.45	72.25	48.44	78.75
Brazilian real - BRL	4.34	5.41	4.35	6.06
Mexican peso - MXN	21.65	23.82	21.82	25.58
Ukrainian hryvnia - UAH	30.42	28.68	29.78	30.01
Russian ruble - RUB	73.70	76.66	71.60	77.88

To date, we do not see any significant impact attributable to Brexit. The British subsidiary of the BIC Group, BIC UK, has been importing most of its products from BIC factories located in the Euro zone for years and is invoiced in euros by these entities.

The fluctuation of the exchange rate of the British pound against the Euro is fully integrated into our foreign exchange risk management processes.

The exposure of our British perimeter amounts 11.5 million euros as of June 30, 2020.

As of June 30, 2020, Argentina is still considered a "hyperinflationary" country. As a result, the Bic Group continues to apply IAS 29.



**NOTE 4 OPERATING EXPENSES**

<i>(in thousand euros)</i>	June 30, 2019	June 30, 2020
Raw materials, consumables used and change in inventory	239,100	188,271
Staff costs	262,025	245,853
Depreciation and amortization expenses	57,110	57,908
Other operating expenses	242,708	208,354
Impairment loss on manufacturing equipment	(172)	184
Profit/(loss) on operational foreign currency translation	5,191	131
<b>TOTAL</b>	<b>805,962</b>	<b>700,731</b>

Other income and expenses are not included in the total amount and are disclosed in Note 5.

Other operating expenses mainly include outside services.

Research and development costs recognized under other operating expenses for the first half of 2020 amounted to 9.6 million euros, versus 15.3 million euros during the first half of 2019.

They include the French research tax credit for 1.5 million euros, versus 1.4 million euros during the first half of 2019.

**NOTE 5 OTHER INCOME AND EXPENSES**

<i>(in thousand euros)</i>	June 30, 2019	June 30, 2020
Royalties income	102	57
Other	5,640	2,893
<b>Other income</b>	<b>5,742</b>	<b>2,950</b>
Loss on disposal of fixed assets	-	(63)
Impairment on property, plant & equipment and trademark - Cello	-	(41,729)
Cost reduction plans	(27,006)	(7,873)
Other	(6,923)	(4,395)
<b>Other expenses</b>	<b>(33,929)</b>	<b>(54,060)</b>
<b>TOTAL</b>	<b>(28,187)</b>	<b>(51,110)</b>

Other income and expenses incurred in the first half 2020 mainly include:

- property, plant and equipment along with trademark impairment of Cello for 41.7 million euros;
- the restructuring costs amount 7.9 million euros mainly related to "BIC 2022 - Invent the Future" transformation plan expenses;
- some expenses linked to the Covid-19 impact during the first half of 2020 for 2.1 million euros.

Other income and expenses incurred in the first half 2019 mainly included the restructuring costs amounting 27 million euros related to deploying the second phase of the transformation plan announced on June 6, 2019. Out of the 27 million euros, 22.6 million euros were classified as a provision for risks and charges (see Note 14), 3 million euros had been cashed out (see cash flow statement) and 1.4 million euros were recorded as current liability.



## NOTE 6 FINANCIAL INCOME

<i>(in thousand euros)</i>	June 30, 2019	June 30, 2020
Interest income from cash and cash equivalents	1,099	1,211
Interest on bank deposits	1,626	847
<b>Income from cash and cash equivalents</b>	<b>2,725</b>	<b>2,058</b>
Interest expense	(1,585)	(1,948)
Cost of financial debt - IFRS 16	(755)	(752)
Argentina hyperinflation accounting - IAS 29	(2,845)	(1,377)
Net financial foreign exchange difference	843	11,910
<b>Net finance income/(Net finance costs)</b>	<b>(4,342)</b>	<b>7,832</b>
<b>FINANCE (COSTS)/REVENUE</b>	<b>(1,617)</b>	<b>9,890</b>

The increase in financial income during the first half of 2020 compared to 2019 comes from several factors:

- during the first half of 2020, the depreciation of Mexican peso and Brazilian real against the U.S. dollar generated a much favorable impact on the valuation of financial assets denominated in U.S. dollars;
- first half of 2020 was less impacted by Argentina's hyperinflation on accounting than first half of 2019;
- income from cash and cash equivalents decreased compared to the previous period due to lower interest rates.

## NOTE 7 INCOME TAX

### 7-1 Income tax expense

<i>(in thousand euros)</i>	June 30, 2019	June 30, 2020
Income before tax	124,434	33,881
Tax charge	34,841	11,797
<b>TAX RATE</b>	<b>28.00%</b>	<b>34.82%</b>

At the end of June 2020, the Group effective tax rate is determined on an annual basis. The tax charge is calculated by applying the estimated average rate for the 2020 full year to income before tax (excluding unusual material items), taking into account any tax rate

changes voted by June 30, 2020 and effective after June 30, 2020. The income tax charge related to any non-recurring items in the period is accrued using the actual tax expense.

### 7-2 Deferred and current tax recognized in other comprehensive income

Deferred and current taxes recognized in other comprehensive income result from the following items:

#### At June 30, 2020

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on defined-benefit plans (1)	(39,882)	8,377
Other comprehensive income (2)	(97,734)	(606)
• Cash flow hedge	5,981	(2,289)
• Foreign exchange impact	(103,710)	1,683
• Other	(5)	1
<b>TOTAL (1)+(2)</b>	<b>(137,616)</b>	<b>7,771</b>



## At June 30, 2019

<i>(in thousand euros)</i>	Other comprehensive income	Deferred taxes
Actuarial differences on defined-benefit plans (1)	(6,477)	1,555
Other comprehensive income (2)	11,814	398
• Cash flow hedge	(2,257)	605
• Foreign exchange impact	14,067	(209)
• Other	3	2
<b>TOTAL (1)+(2)</b>	<b>5,337</b>	<b>1,952</b>

## NOTE 8 EARNINGS PER SHARE-GROUP SHARE

Earnings per share (Group share) and diluted earnings per share (Group share) correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share (Group share) is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share (Group share) is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share (Group share), adjusted for the dilutive effect of free shares.

As of June 30, 2020, there are no shares with relative impact and the maximum dilutive effect from unvested free shares is around 0.2% of the share capital.

	June 30, 2019	June 30, 2020
<b>Numerator</b> <i>(in thousand euros)</i>		
Net income Group share from continuing operations	89,593	22,084
<b>Denominator</b> <i>(in number of shares)</i>		
Weighted average number of ordinary shares in circulation	45,120,558	44,967,891
Dilutive effect of free shares	293,590	101,028
Diluted weighted average number of ordinary shares in circulation	45,414,148	45,068,919
<b>Earnings per share (Group share) from continuing operations</b> <i>(in euros)</i>		
Earnings per share (Group share) from continuing operations	1.99	0.49
Diluted earnings per share (Group share) from continuing operations	1.97	0.49



## NOTE 9 GOODWILL

(in thousand euros)

	Gross value	Impairment loss	Net value
<b>At January 1, 2020</b>	<b>313,737</b>	<b>(110,032)</b>	<b>203,705</b>
Exchange differences	(7,846)	6,335	(1,511)
<b>At June 30, 2020</b>	<b>305,891</b>	<b>(103,697)</b>	<b>202,194</b>

The balance, as of June 30, 2020, includes the following principal net goodwill:

(in thousand euros)

	December 31, 2019	June 30, 2020
<b>BIC CORPORATION</b>		
• Stationery <sup>(a)</sup>	52,691	52,769
• Lighters <sup>(a)</sup>	41,871	41,939
Cello Pens	-	-
BIC Violex	70,871	70,906
Kenya	5,675	5,448
Nigeria	14,724	13,892
PIMACO <sup>(a)</sup>	-	-
Other <sup>(a)</sup>	17,874	17,240
<b>TOTAL</b>	<b>203,705</b>	<b>202,194</b>

(a) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discount and perpetual growth rates:

	Weighted average cost of capital (WACC) before tax		Perpetual growth rate	
	2019	2020	2019	2020
<b>BIC CORPORATION</b>				
• Stationery	9.5%	8.5%	1.5%	1.5%
• Lighters	9.2%	8.4%	1.5%	1.5%
Cello Pens	11.9%	11.7%	4.0%	3.4%
BIC Violex	13.1%	12.05%	1.9%	1.9%
Kenya	15.7%	18.7%	5.0%	6.0%
Nigeria	-	24.6%	-	8.1%
PIMACO	20.4%	22.9%	-1.5%	-1.5%

Each goodwill item has been allocated to a cash-generating unit (CGU) representing the lowest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello.

The remaining goodwill on BIC Violex is allocated to the cash-generating unit linked to shavers developed and/or produced by BIC Violex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

The goodwill on the Kenya subsidiary is allocated to the cash-generating unit linked to the production and distribution of stationery products by BIC East Africa.

The goodwill on the Nigeria subsidiary is allocated to the cash-generating unit linked to the production and distribution of stationery products by Lucky Stationary Limited.

As every year, as of June 30, 2020, the Group performed annual impairment tests on these goodwill amounts.

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including goodwill).



Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rates;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics.

Regarding the test performed on Cello Pens on June 30, 2020, the recoverable amount of the CGU is lower than its net carrying amount. On this basis, as goodwill was fully impaired as December

31, 2019, the impairment was allocated to the other assets of the CGU prorated on the basis of the carrying amount of each asset in the unit. Thus, property, plant and equipment were impaired amounting 26.8 million euros and the trademark amounting 14.9 million euros. The impairment is explained due to the lower than anticipated sales resulting from lockdown, and lower volumes than initially expected, impacting the planned costs efficiencies.

Considering the impairment on a part of the assets of Cello CGU, any negative variance of drivers (discount rate, performance and perpetual growth rates) would lead to an additional impairment of other assets.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on the other tests conducted.

## NOTE 10 OTHER NON-CURRENT ASSETS

<i>(in thousand euros)</i>	Notes	December 31, 2019	June 30, 2020
Guarantee deposits		4,391	4,043
Deferred pensions		15,471	661
Deferred compensation in the U.S. (other than pensions)		9,271	9,288
Other investments		33	28
Other non-current assets		12,616	11,992
<b>TOTAL</b>		<b>41,781</b>	<b>25,984</b>

The decrease in deferred pensions is mainly explained by U.S. Salaried Pension asset movement to a liability position as of June 30, 2020.

## NOTE 11 CHANGE IN NET WORKING CAPITAL

<i>(in thousand euros)</i>	December 31, 2019	Cash flows impact - Operating	Cash flows impact - Investing	Haco acquisition	Foreign exchange and other	June 30, 2020
Net inventory	455,644	52,022	-	-	(22,735)	484,931
• <i>Inventory - Gross value</i>	470,664	51,858	-	-	(23,178)	499,345
• <i>Inventory - Impairment</i>	(15,021)	163	-	-	443	(14,415)
Trade and other receivables	545,609	(3,403)	-	-	(25,103)	517,103
Trade and other payables <sup>(a)</sup>	(126,403)	(30,409)	12,601	-	4,199	(140,013)
Other receivables and payables	(237,020)	13,001	-	2,721	7,574	(213,724)
<b>NET WORKING CAPITAL</b>	<b>637,829</b>	<b>31,211</b>	<b>12,601</b>	<b>2,721</b>	<b>(36,065)</b>	<b>648,297</b>

(a) Cash flows impact Investing includes capital additions cashed out in 2020 relating to 2019 and excludes 2020 capital additions not yet cashed out for a net amount of 12.6 million.

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.



## NOTE 12 SHARE CAPITAL

### 12-1 Share capital

(in thousand euros)

	December 31, 2019	June 30, 2020
Authorized, issued and fully paid-up share capital	173,933	173,933
Repurchase of shares of the Company	(2,064)	(2,109)
<b>SHARE CAPITAL</b>	<b>171,869</b>	<b>171,824</b>

As of June 30, 2020, the registered share capital of SOCIÉTÉ BIC was 173,933,156.80 euros divided into 45,532,240 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 551,996 treasury shares, acquired at an average price of 84.66 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 1.21% of the share capital.

### 12-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of June 30, 2020

Purpose of the repurchase	Number of shares	Average acquisition price (in euros)	% of the share capital
Liquidity agreement <sup>(a)</sup>	33,455	44.72	0.07%
Free share grants <sup>(a)</sup>	518,541	87.23	1.14%
<b>TOTAL</b>	<b>551,996</b>	<b>84.66</b>	<b>1.21%</b>

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement, transferred by Natixis to ODDO on June 27, 2018, in respect of SOCIÉTÉ BIC shares, as of June 30, 2020, the liquidity account contained the following:

- 33,455 BIC shares;
- 932,523.20 euros.

At initial setup, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 20, 2020, to renew its share repurchase program (see 2019 Universal Registration Document, chapter 8 p. 285).

#### Number of shares purchased in 2020<sup>(a)</sup>

Share repurchase program authorized by the Annual Shareholders' Meeting held on May 22, 2019	136,383
Share repurchase program authorized by the Annual Shareholders' Meeting held on May 20, 2020	-
Average share repurchase price for the purchases during the first half of 2020 (in euros)	53.90

(a) Excluding shares repurchased under the liquidity contract.

During the first half of 2020, SOCIÉTÉ BIC cancelled no shares.

To the best of the Company's knowledge, as of June 30, 2020, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At June 30, 2020	
	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	28.27%	38.18%
Bich family	17.17%	23.18%



**NOTE 13 BORROWINGS AND FINANCIAL LIABILITIES**

<i>(in thousand euros)</i>	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
<b>At January 1, 2020</b>	<b>51,710</b>	<b>1,157</b>	<b>2,897</b>	<b>12,660</b>	<b>29,434</b>	<b>97,856</b>
Cash Flows	(977)	105,000	-	(7,757)	(143)	96,124
“Non-cash” changes	(16)	(43)	(123)	7,276	255	7,349
• Changes in lease liabilities - IFRS 16	-	-	-	8,075	1,407	9,482
• Exchange difference	(16)	(43)	(123)	(799)	(1,152)	(2,133)
<b>At June 30, 2020</b>	<b>50,716</b>	<b>106,114</b>	<b>2,775</b>	<b>12,179</b>	<b>29,545</b>	<b>201,329</b>

Bank overdrafts are due within one year.

Bank loans and financial liabilities have the following maturities:

<i>(in thousand euros)</i>	December 31, 2019	June 30, 2020
On demand or within one year	1,157	106,114
In the 2 <sup>nd</sup> year	-	-
In the 3 <sup>rd</sup> year	-	-
In the 4 <sup>th</sup> year	-	2,775
In the 5 <sup>th</sup> year	2,897	-
After five years	-	-
<b>TOTAL</b>	<b>4,054</b>	<b>108,889</b>

Main bank loans/credit lines and financial liabilities are as follows:

<b>Borrowing country</b>		Euro equivalents	
<i>(in thousand euros)</i>	Currency	December 31, 2019	June 30, 2020
• France	EUR	-	105,000
• Kenya	KES	2,897	2,775
• South Korea	KRW	1,157	1,114
<b>TOTAL</b>		<b>4,054</b>	<b>108,889</b>

**Information on interest rates**

As of June 30, 2020, outstanding loans and credit lines were contracted with floating rates ranging between 0.35% and 12%.

Relative exposure, deemed not significant, has not been hedged.

**Information on covenants**

None of the loans contain any covenants that could trigger early repayment of the debt.

The BIC Group has opted to use an incremental borrowing rate for discounting debt. The rate used for each lessee is the rate he would have to pay to borrow, over a similar period and with similar security, the funds necessary to obtain an asset of similar value to the leased asset in a similar economic environment.

The term used at the transition date is the residual term of the contracts.

**NOTE 14 PROVISIONS**

<i>(in thousand euros)</i>	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
<b>At January 1, 2020</b>	<b>5,019</b>	<b>10,958</b>	<b>339</b>	<b>6,270</b>	<b>22,586</b>
Additional provisions	396	1,580	-	2,253	4,229
Reversals of provisions utilized	(637)	(222)	-	71	(788)
Reversals of provisions not utilized	(81)	(587)	-	(4)	(672)
Exchange differences	(494)	(423)	-	(271)	(1,188)
<b>At June 30, 2020</b>	<b>4,203</b>	<b>11,306</b>	<b>339</b>	<b>8,319</b>	<b>24,167</b>

As of June 30, 2020, it was not deemed necessary to book provisions for the risks described in Part 1 *Group Presentation* that could affect:

- the Company's personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or the laws and regulations.

**Tax and social risks and litigation**

Provisions for tax and social risks and litigation relate mainly to:

- tax risks (excluding risks on income tax);
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

**Litigation**

As of June 30, 2020, the litigation provision mainly represents distributor and commercial agent risks for 1.9 million euros (2.6 million euros as at December 31, 2019).

**Other risks and charges**

As of June 30, 2020, other provisions for risks and charges are mainly related to the restructuring provisions for an amount of 6 million euros.

**Product liability**

Product liability mainly relates to the U.S.



**NOTE 15 OTHER CURRENT LIABILITIES**

<i>(in thousand euros)</i>	December 31, 2019	June 30, 2020
Social liabilities	92,758	89,074
Other tax liabilities	12,019	13,931
Accrued business development fund	80,497	72,829
Provision for restructuring	26,368	21,754
Other current liabilities	54,616	54,218
<b>OTHER CURRENT LIABILITIES</b>	<b>266,259</b>	<b>251,806</b>

**NOTE 16 COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT**

References from (a) to (l) refer to the Consolidated Cash Flow Statement on page 7.

As of June 30, 2020, cash and cash equivalents amounted to 201.2 million euros and bank overdrafts to 50.7 million euros.

**Net cash from operating activities**

H1 2020 net cash from operating activities amounted to 85.7 million euros.

As of June 30, 2020 property, plant and equipment of Cello Pens were impaired for 26.8 million euros and the trademark for 14.9 million euros <sup>(a)</sup>.

The Group recorded foreign exchange (gains)/losses with no cash impact in financial income and restated these in the consolidated cash flow statement <sup>(b)</sup>.

There was no individually significant disposal of fixed assets during the first half of 2019 and 2020 <sup>(c)</sup>.

The working capital (see Note 11 for the definition) increase amounted to 31.1 million euros compared to an increase during the first half 2019 of 106.3 million euros. The 2020 variance is mainly explained by an increase in inventories <sup>(d)</sup>.

The 2019 variance was mainly explained by an increase in trade receivables <sup>(d)</sup>.

The payments related to employee benefits were mainly driven by the U.S. <sup>(e)</sup>.

**Net cash from investing activities**

Net cash from investing activities amounted to -42.2 million euros during the first half 2020 compared to -45.6 million euros during the first half 2019.

During the first half 2020 and 2019, there was no disposal of individually significant fixed assets <sup>(c)</sup>.

During the first half of 2020, the BIC Group disbursed 43.8 million euros of property, plant and equipment and intangible assets (including 12.6 million euros related to assets payables variance) <sup>(e)</sup>.

Purchases of property, plant and equipment do not include leases booked as a counterpart to a financial debt, as these transactions do not have any impact on cash <sup>(e)</sup>.

An additional amount of 2.7 million euros related to the acquisition of Haco Industries Kenya has been disbursed in the first half 2020 <sup>(i)</sup>.

The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as cash & cash equivalents under IAS 7. As of June 30, 2020, these investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within 5 days <sup>(h)</sup>.

**Net cash from financing activities**

Net cash from financing activities amounted to -21.0 million euros during the first half 2020 compared to -100.8 million euros during the first half 2019.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 17) <sup>(j)</sup>.

As of June 30, 2020, new borrowings amounted to 105.0 million euros, compared to 103.8 million euros during the first half 2019 <sup>(k)</sup>. They are short-term financing to ensure the *ad hoc* liquidity needs of SOCIÉTÉ BIC.

During the first half 2020, 136,383 shares were repurchased by SOCIÉTÉ BIC for 7.4 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 215,239 shares for 11.2 million euros, and sold 213,872 shares for 11.2 million euros <sup>(l)</sup>.

During the first half 2019, 478,667 shares were repurchased by SOCIÉTÉ BIC for 39.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 97,014 shares for 7.7 million euros, and sold 79,208 shares for 6.3 million euros <sup>(l)</sup>.

**NOTE 17 DIVIDENDS**

For the 2019 fiscal year, an ordinary dividend of 2.45 euros per share was distributed to Shareholders on May 20, 2020.

For the 2018 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 22, 2019.





## NOTE 18 SHARE-BASED PAYMENTS

As of June 30, 2020, the fair value of options and shares granted amounts to 2,185 thousand euros and is booked in staff costs.

The Board of Directors of February 11, 2020 decided to grant 234,118 free shares to 501 beneficiaries subject to performance conditions and 30,613 free shares to 242 beneficiaries without performance conditions. The plans' unit fair value is 58.30 euros.

## NOTE 19 FINANCIAL INSTRUMENTS

### 19-1 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of June 30, 2020

The following amounts have been booked as the fair value of derivatives as of June 30, 2020 (in thousand euros):

Derivative instruments and revaluation	Hedge qualification/hedged risk	Net financial Income/(expense) before tax - Note 6	Income from operations - Note 4	Other comprehensive income before tax <sup>(a)</sup>	Current assets <sup>(b)</sup>	Non-current assets	Current liabilities	Non-current liabilities
<b>Hedging revaluation impact</b>								
Commercial flows	Cash flow hedge/ Foreign exchange risk	(281)	805	6,768	4,372	2,892	(3,141)	(104)
Dividends	Net investment/ Foreign exchange risk	-	-	489	82	-	(843)	-
<b>Subtotal (1)</b>		<b>(281)</b>	<b>805</b>	<b>7,258</b>	<b>4,454</b>	<b>2,892</b>	<b>(3,984)</b>	<b>(104)</b>
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/ Foreign exchange risk	110	-	-	82	-	(45)	-
<b>Subtotal (2)</b>		<b>110</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>(45)</b>	<b>-</b>
<b>TOTAL (1+2)</b>		<b>(172)</b>	<b>805</b>	<b>7,258</b>	<b>4,537</b>	<b>2,892</b>	<b>(4,030)</b>	<b>(104)</b>

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at June 30, 2020 restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2019.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 645 thousand euros.



## 19-2 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2019

The following amounts have been booked as the fair value of derivatives as of December 31, 2019 (in thousand euros):

Derivative instruments and revaluation	Hedge income qualification/ hedged risk	Net financial Income/ (expense) before tax - Note 6	Income from operations - Note 4	Other comprehensive income before tax <sup>(a)</sup>	Current assets <sup>(b)</sup>	Non-current assets	Current liabilities	Non-current liabilities
<b>Hedging revaluation impact</b>								
Commercial flows	Cash flow hedge/ Foreign exchange risk	-	822	(1,808)	2,560	220	(6,009)	(7)
Dividends	Net investment/Foreign exchange risk	-	-	2,681	-	-	(1,250)	(37)
<b>Subtotal (1)</b>		-	<b>822</b>	<b>872</b>	<b>2,560</b>	<b>220</b>	<b>(7,259)</b>	<b>(44)</b>
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	(147)	-	-	138	-	(211)	-
<b>Subtotal (2)</b>		<b>(147)</b>	-	-	<b>138</b>	-	<b>(211)</b>	-
<b>TOTAL (1+2)</b>		<b>(147)</b>	<b>822</b>	<b>872</b>	<b>2,698</b>	<b>220</b>	<b>(7,470)</b>	<b>(44)</b>

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2019, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2018.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 926 thousand euros.

## NOTE 20 CONTINGENT LIABILITIES

As of June 30, 2020, neither SOCIÉTÉ BIC nor its subsidiaries were aware of any contingent liabilities.

Contingent liabilities are defined by IAS 37 as follows:

- possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity;
- obligations that are not recognized because:
  - settlement, involving an outflow representing economic benefits, is not probable, or
  - their amount cannot be measured reliably.

## NOTE 21 EXPOSURE TO MARKET RISKS

### 21-1 Credit risk

(in thousand euros)

	Note	December 31, 2019	June 30, 2020
<b>Gross trade receivables</b>			
Not yet due or past due for less than 60 days		460,024	426,596
Past due for 60 to 90 days		11,773	13,212
Past due for 90 to 120 days		9,798	9,302
Past due for more than 120 days		33,753	33,243
<b>Total gross trade receivables</b>		<b>515,348</b>	<b>482,352</b>
Doubtful receivables		12,679	13,022
<b>TOTAL BEFORE ALLOWANCE (A)</b>		<b>528,026</b>	<b>495,375</b>
Allowance on trade receivables not yet due or past due for less than 60 days		(5,215)	(5,297)
Allowance on trade receivables past due for 60 to 90 days		(256)	(651)
Allowance on trade receivables past due for 90 to 120 days		(353)	(978)
Allowance on trade receivables past due for more than 120 days		(22,822)	(23,165)
<b>TOTAL ALLOWANCE (B)</b>		<b>(28,649)</b>	<b>(30,091)</b>
<ul style="list-style-type: none"> <li>• Allowance on specific trade receivables</li> <li>• Allowance on statistically calculated trade receivables</li> </ul>		(23,840)	(24,298)
		(4,809)	(5,798)
<b>Other receivables (C)</b>		<b>46,232</b>	<b>51,824</b>
<b>TRADE AND OTHER RECEIVABLES - NET (A)+(B)+(C)</b>	<b>11</b>	<b>545,609</b>	<b>517,103</b>

### 21-2 Fair value of financial assets and liabilities

#### Accounting categories and fair value of financial instruments

At June 30, 2020

Balance sheet items (in thousand euros)	Note	Breakdown by category of instruments						
		Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
<b>Financial assets</b>		<b>725,715</b>	<b>725,715</b>	<b>79,885</b>	<b>7,429</b>	<b>638,402</b>	-	-
<b>Non-current</b>								
<ul style="list-style-type: none"> <li>• Derivative financial instruments</li> <li>• Other investments</li> </ul>	19	2,892	2,892	-	2,892	-	-	-
		28	28	28	-	-	-	-
<b>Current</b>								
<ul style="list-style-type: none"> <li>• Trade and other receivables</li> <li>• Derivative financial instruments</li> <li>• Other current financial assets</li> <li>• Cash and cash equivalents</li> </ul>	11	517,103	517,103	15,518	-	501,585	-	-
	19	4,537	4,537	-	4,537	-	-	-
		4	4	4	-	-	-	-
		201,152	201,152	64,335	-	136,817	-	-
<b>Financial liabilities</b>		<b>345,477</b>	<b>345,477</b>	-	<b>4,134</b>	-	<b>341,343</b>	-
<b>Non-current</b>								
<ul style="list-style-type: none"> <li>• Borrowings</li> <li>• Derivative instruments</li> </ul>	13	32,320	32,320	-	-	-	32,320	-
	19	104	104	-	104	-	-	-
<b>Current</b>								
<ul style="list-style-type: none"> <li>• Borrowings</li> <li>• Derivative instruments</li> </ul>	13	169,010	169,010	-	-	-	169,010	-
	19	4,030	4,030	-	4,030	-	-	-
Trade and other payables	11	140,013	140,013	-	-	-	140,013	-



At December 31, 2019

Balance sheet items (in thousand euros)	Note	Balance sheet value	Fair value	Breakdown by category of instruments				
				At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
<b>Financial assets</b>		<b>751,172</b>	<b>751,172</b>	<b>68,234</b>	<b>2,918</b>	<b>680,020</b>	-	-
<b>Non-current</b>								
• Derivatives financial instruments	19	220	220	-	220	-	-	-
• Other investments		33	33	33	-	-	-	-
<b>Current</b>								
• Trade and other receivables	11	545,609	545,609	13,753	-	531,856	-	-
• Derivative financial instruments	19	2,698	2,698	-	2,698	-	-	-
• Other current financial assets		4,058	4,058	4,058	-	-	-	-
• Cash and cash equivalents		198,555	198,555	50,391	-	148,165	-	-
<b>Financial liabilities</b>		<b>231,774</b>	<b>231,774</b>	-	<b>7,514</b>	-	<b>224,261</b>	-
<b>Non-current</b>								
• Borrowings	13	32,331	32,331	-	-	-	32,331	-
• Derivative instruments	19	44	44	-	44	-	-	-
<b>Current</b>								
• Borrowings	13	65,526	65,526	-	-	-	65,526	-
• Derivative instruments	19	7,470	7,470	-	7,470	-	-	-
Trade and other payables	11	126,403	126,403	-	-	-	126,403	-

The valuation methods adopted for financial instruments are as follows:

- financial instruments other than derivatives recorded in the balance sheet:

The book values used are reasonable estimates of their market value except for marketable securities whose carrying values are determined based on the last known net asset values as of June 30, 2020;

- derivative financial instruments:

Market values are either those of the financial institutions or have been calculated by an external third party on the basis of the last known closing prices as of June 30, 2020. They are consistent with the valuation reports provided by the financial institutions.

#### Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives - hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of June 30, 2020.

Category of instruments (in thousand euros)	June 30, 2020			
	Total	Level 1	Level 2	Level 3
At fair value through the income statement - Assets	79,885	79,885	-	-
Derivative hedges - Assets	7,429	-	7,429	-
Derivative hedges - Liabilities	4,134	-	4,134	-



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