2020 HALF-YEAR FINANCIAL REPORT

CONTENTS

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2020

1.1 KEY FIGURES

(With 2019 figures restated for unallocated costs)

(in million euros)			H1 2020 vs. H1 2019				
	H1 2019	H1 2020	As reported	FX impact [a] *(in pts)*	Change in Perimeter [b] *(in pts)*	Argentina impact [c] *(in pts)*	Comparative basis
Group							
Net Sales	**960.2**	**775.8**	**-19.2%**	**(1.0)**	**(0.1)**	**0.1**	**-18.2%**
Gross Profit	478.5	371.2					
Normalized Income From Operations (NIFO)	153.1	92.9					
Normalized IFO margin	***15.9%***	***12.0%***					
Income From Operations (IFO)	126.1	24.0					
IFO margin	*13.1%*	*3.1%*					
Net Income Group Share	**89.6**	**22.1**					
Earnings Per Share Group Share *(in euros)*	1.99	0.49					
Normalized Net Income Group Share	108.4	84.0					
Normalized Earnings Per Share Group Share *(in euros)*	**2.43**	**1.87**					
Stationery							
Net Sales	**400.8**	**293.9**	**-26.7%**	**(0.5)**	**0.2**	**0.1**	**-26.5%**
Normalized IFO	44.0	19.0					
Normalized IFO margin	***11.0%***	***6.5%***					
IFO	44.0	(34.9)					
IFO margin	*11.0%*	*-11.9%*					
Lighters							
Net Sales	**319.7**	**268.2**	**-16.1%**	**(1.0)**	**(0.3)**	**(0.1)**	**-14.7%**
Normalized IFO	113.0	87.3					
Normalized IFO margin	***35.3%***	***32.5%***					
IFO	113.0	84.0					
IFO margin	*35.3%*	*31.3%*					
Shavers							
Net Sales	**224.5**	**200.7**	**-10.6%**	**(1.8)**	**(0.2)**	**0.2**	**-8.8%**
Normalized IFO	21.5	21.9					
Normalized IFO margin	***9.6%***	***10.9%***					
IFO	21.5	17.3					
IFO margin	*9.6%*	*8.6%*					
Other products							
Net Sales	**15.2**	**13.1**	**-14.1%**	**(0.6)**	**(0.1)**	**0.0**	**-13.4%**
Normalized IFO	(2.1)	(1.1)					
IFO	(2.1)	(3.5)					
Unallocated costs							
Normalized IFO	(23.2)	(34.2)					

(a) Forex impact excluding Argentinian Peso (ARS).
(b) Lucky Stationary Ltd. acquisition in Nigeria, closure of Shaver and Stationery offices in China, closure of BIC Graphic Oceania.
(c) See Glossary.

1.2 H1 2020 HIGHLIGHTS

NET SALES

- **Stationery:** 293.9 million euros (-26.5% on a comparative basis).
- **Lighters:** 268.2 million euros (-14.7% on a comparative basis).
- **Shavers:** 200.7 million euros (-8.8% on a comparative basis).

RESULTS

- **Normalized Income From Operations (IFO):** 92.9 million euros (-39.3% as reported).
- **Normalized IFO margin:** 12.0% compared to 15.9% in H1 2019.
- **Income From Operations (IFO):** 24.0 million euros (-81.0% as reported).
- **IFO margin:** 3.1% compared to 13.1% in H1 2019.
- **Normalized Earning Per Share Group share:** 1.87 euros (-23.1% as reported).
- **Earning Per Share Group share:** 0.49 euro (-75.4% as reported).
- **Net cash position as of June 30, 2020:** 41.5 million euros.

- Weak underlying market trends worsened by an uneven COVID-19 epidemic impact:
  - developing countries deeply hit by the extended quarantine periods and frozen supply chains,
  - Superstores and Office Supply channels heavily impacted by school closures and limited business activity in Mature Markets.
- Improved short-term resilience thanks to prudent management of Operating Expenses.
- Sustained Cash Flow Generation.
- "BIC 2022 – Invent the Future" transformation plan on track to deliver 50 million euros annualized savings by the end of 2022.

1.3 H1 2020 GROUP OPERATIONAL TRENDS

NET SALES

H1 2020 Net Sales totaled 775.8 million euros, down 19.2% as reported and down 18.2% on a comparative basis. The unfavorable impact of currency fluctuations of 1.0 point was mainly due to the continuing sharp decline of the BRL partlly offset by the strong U.S. dollar against the euro [(1)].

While our categories' underlying trends remained challenging, overall performance was significantly hampered by the rapid spread of the COVID-19 pandemic. The total impact of the outbreak on H1 Net Sales on a comparative basis was between 11 and 12 points.

- Since the beginning of the epidemic, **the health and safety of our team members, customers, suppliers, and consumers has been an utmost priority**, and we complied with governments and local authorities guidelines everywhere. As part of our Corporate Responsibility, we contributed to the fight against the coronavirus through meaningful product donations and the manufacturing of personal protective equipment for health workers.
- In Latin America, India, and Africa, where traditional multilayered channels are ultra-dominant, in our categories, the impact of the pandemic has been severe. The economic **situation in India remains critical** due to a sharp decline in consumer confidence and spending, as the peak of the 1st wave is yet to pass. **In Europe and North America,** while mobility restrictions have started to ease, **superstores and office suppliers, as well as convenience stores** remain pressured by the closures of schools and the reduced store traffic.
- Focusing on commercial execution, **we maintained or gained market share** across our three categories and in almost all geographies. **BIC E-Commerce Net Sales increased by 14 %.** The strong performance in pure e-commerce merchants and market places was diluted by that of the Office Channels and B2B business. Adapting to changing consumers' shopping habits, we have further accelerated **the shift of our Brand Support investment to Digital**, with more than 80 % of our H1 promotional and advertising spending was on-line, across all geographies.
- **The U.S. Pocket Lighter market** showed some positive momentum in Q2 but remained under pressure from lower convenience store foot-traffic. The growth in Utility Lighters was boosted by increased athome cooking and grilling. The H1 performance in North America was affected by **convenience stores adapting to less in-store traffic** and shifting to hygiene and grocery products, reducing inventories in other product categories. The total impact on H1 Net Sales was approximately –2 points.
- In this unprecedented environment, **we focused on improving short-term resilience and strengthening operational Cash Flow generation.** We prudently managed Operating Expenses and selectively reduced CAPEX by 30 % to 31.2 million euros. We shut down our Stationery plant in Ecuador thereby reinforcing **our industrial efficiency** in Latin American.
- **Evolving our Operating Model**, we strengthened our Lighters Business Model with **the acquisition of Djeep**, which will allow us to accelerate our sleeve strategy and access to higher price-points segments. **We also continued to reinforce our** organization with targeted recruitments in growing sectors and channels of expertise to help anticipate and answer rapidly to changing consumer needs.
- Recognizing the positive benefits that remote working brings, we are implementing **remote working guidelines** across the world. This move allows us to protect and grow productivity and lower corporate real estate while improving employee satisfaction and reducing our overall carbon footprint. A review of our worldwide labor resources and facilities' footprint will be launched and should be completed during the second half of this year.
- **At the end of June 2020, the Net Cash position stood at 41.5 million euros**. We performed an in-depth review of our financing capacities, and we are working on setting up additional lines of credit with our primary banking partners to strengthen financing capability.

(1) Excluding the Argentinian peso.

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INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS

H1 2020 Gross Profit margin decreased by 2.0 pts at 47.8% compared to 49.8% in H1 2019. **Excluding under absorption of fixed costs due to the COVID-19 pandemic, the Gross Profit margin increased by 0.2 pts.** The slight increase is driven by favorable Forex and a decrease in Raw Materials costs partly offset by unfavorable manufacturing cost absorption (non COVID-19 related) and an increase in Brand Support above Net Sales.

H1 2020 Normalized IFO was 92.9 million euros compared with 153.1 million last year. **H1 2020 Normalized IFO margin at 12.0%,** compared with 15.9% last year, was impacted by the increase in Operating Expenses and other expenses (as a percentage of Net Sales) resulting from the sharp decline in Net Sales and the costs of the implementation of the new organization.

KEY COMPONENTS OF THE CHANGE IN NORMALIZED IFO MARGIN

(in points)	Q1 2020 *vs.* Q1 2019	Q2 2020 *vs.* Q2 2019	H1 2020 *vs.* H1 2019
• Change in Gross Profit [(a)]	+0.2	+0.1	+0.2
• Brand Support	(0.2)	+1.1	+0.5
• OPEX and other expenses [(a)]	(6.0)	(3.2)	(4.6)
TOTAL CHANGE IN NORMALIZED IFO MARGIN	**(6.0)**	**(2.0)**	**(3.9)**

(a) Excluding under absorption of fixed costs due to Covid-19 pandemic for the Gross Profit and excluding restructuring costs, Cello impairment and non-recurring items mostly commercial force underactivity for the OPEX and other expenses.

NON RECURRING ITEMS

(in million euros)	Q1 2019	Q1 2020	Q2 2019	Q2 2020	H1 2019	H1 2020
Income from Operations	**54.6**	**23.0**	**71.4**	**1.0**	**126.1**	**24.0**
As a % of Net Sales	13.1%	6.4%	13.1%	0.2%	13.1%	3.1%
Restructuring costs, o/w (Transformation plan 2019 and 2020, Ecuador factory closure on Q2 2020)	-	2.3	27.0	5.5	27.0	7.9
Cello impairment	-	-	-	41.7	-	41.7
Some Expenses related to the COVID-19 epidemic, mainly under absorption of fixed costs	-	-	-	19.3	-	19.3
Normalized IFO	**54.6**	**25.3**	**98.5**	**67.5**	**153.1**	**92.9**
As a % of Net Sales	**13.1%**	**7.1%**	**18.1%**	**16.1%**	**15.9%**	**12.0%**

H1 2020 non-recurring items included:

- **17.2 million euros in Cost of Goods** (13.3 million euros unfavorable manufacturing cost absorption resulting from plant closures and lower product demand due to the COVID-19, and 3.9 million euros direct expenses related to additional employees protection implemented to fight against the spread of the coronavirus: cleaning, masks, sanitizers);
- **7.9 million euros of restructuring costs** (of which transformation plan and BIC Ecuador factory closure are among the main drivers);
- **2.1 million euros in Operating Expenses and other expenses,** mostly commercial force under-activity, due to COVID-19;
- **41.7 million euros related to Cello impairment on property, plant & equipment, and trademark.** The impairment due to the lower than anticipated sales resulting from lockdown, and to lower volumes than initially expected, impacting the planned costs efficiencies. As the goodwill was fully impaired, the impairment was allocated on property, plant & equipment and trademark.

NET INCOME AND EPS

H1 2020 Income before tax was 33.9 million euros, compared to 124.4 million euros in H1 2019. **H1 2020 finance** revenue was 9.9 million euros compared with -1.7 million euros in H1 2019. The increase is due to the higher favorable impact of the fair value adjustments to financial assets denominated in USD compared to December 2019 (versus BRL and MXN).

H1 2020 Net Income Group Share totaled 22.1 million euros as reported, compared to 89.6 million euros in H1 2019.

H1 2020 Normalized Net Income Group share, excluding non-recurring items and Argentina hyperinflationary accounting (IAS 29), was 84.0 million euros compared to 108.4 million euros last year. The effective tax rate was 34.8%. The effective tax rate excluding Cello impairment was 28%.

H1 2020 EPS Group share was 0.49 euros, down 75%, compared to 1.99 euros in H1 2019.

Normalized H1 2020 EPS Group share decreased by 23% to 1.87 euros, compared to 2.43 euros last year.

NET CASH POSITION

CHANGE IN NET CASH POSITION

(in million euros)	2019	2020
NET CASH POSITION (BEGINNING OF PERIOD – DECEMBER)	**161.5**	**146.9**
Net cash from operating activities	+79.6	+85.7
• *Of which operating cash flow*	*+164.7*	*+95.6*
• *Of which change in working capital and others*	*(85.1)*	*(9.9)*
CAPEX [(a)]	(45.1)	(31.2)
Dividend payment	(155.2)	(110.2)
Share buyback program	(39.2)	(7.4)
Net cash from the liquidity contract	(0.8)	-
Haco Industries Ltd. acquisition	(1.8)	(2.7)
Other items	(10.0)	(39.6)
NET CASH POSITION (END OF PERIOD – JUNE)	**(11.0)**	**41.5**

(a) Excluding €(12.6)m in H1 2020 and €(2.6)m in H1 2019 related to assets payable change.

At the end of June 2020, the Group's net cash position was 41.5 million euros.

Net cash from operating activities was +85.7 million euros, of which +95.6 million euros in operating cash flow. The negative 9.9 million euros change in working capital, and others was mostly driven by inventory increase when compared to December 2019 due to the sharp decrease in Net Sales and the seasonality of Back to School.

SHAREHOLDERS' REMUNERATION

- Ordinary dividend of 2.45 euros per share paid in June 2020.
- 7.4 million euros in share buy-backs by Société BIC at the end of June 2020 (136,383 shares purchased at an average price of 53.90 euros). The Group has suspended its share buy-back program in April 2020.

1.4 H1 2020 OPERATIONAL TRENDS BY CATEGORY

STATIONERY

Stationery H1 2020 Net Sales totaled 293.9 million euros, down 26.7% reported, down 25.6% at constant currency and down 26.5% on a comparative basis. Q2 2020 Net Sales declined by 33.9% reported, down 33.1% at constant currency and 33.2% on a comparative basis.

H1 2020 Stationery Normalized IFO margin was 6.5% compared to 11.0% in 2019, impacted by the sharp decline in Net Sales, and unfavorable fixed costs absorption. This was partially offset by favorable Forex, lower Raw Material costs and a decrease in Brand support.

Amongst BIC's categories, Stationery was the most affected by the COVID-19 epidemic.

The most heavily disrupted channels were the Superstores and Office Suppliers, as well as our European imprinted product business BIC Graphic, which was a result of school closures, and reduced business activity.

- **In Europe and North America,** overall Stationery markets were down high-single digit in value, **with a shift towards value products** due to lower household real income and increased unemployment rates. Thanks to active partnerships with large retailers, total Back-to-School orders were in-line with last year's level, with a negative phasing impact in shipments from June to July due to some product unavailability.
- **Highly dependent on Convenience and Traditional stores, Latin America, India, and the Middle East and Africa suffered from extended quarantine periods and disrupted supply chains.**
- Despite a solid start to the year, Brazil's performance was impacted by the closure of large customers' stores due to COVID-19. In Mexico, sell-in continued to suffer from a higher level of promotional activities in a competitive environment.
- India's domestic sales decreased high-double-digit. The continued poor performance of Cello's domestic sales was compounded by two months of complete containment of the population and the closure of our factories.

LIGHTERS

Lighters H1 2020 Net Sales totaled 268.2 million euros and decreased 16.1% as reported, down 14.6% at constant currency, and down by 14.7% on a comparative basis. Second Quarter 2019 Net Sales were down by 13.3% as reported, and by 11.2% on a comparative basis.

H1 2020 Normalized IFO margin for Lighters was 32.5% compared to 35.3% in 2019, impacted by the sharp decline in Net Sales, partially offset by lower Brand Support compared to the same period last year.

- In our major markets, **the Lighter category performance was highly impacted by limited in-store traffic and the closure of Tobacco chains and Convenience Stores**, partially offset by commercial execution and distribution gains in Modern Mass Market.
- In the U.S., the Pocket Lighter market was down 3.1% in volume and 1.8% in value at the end of June [1]. The last weeks' sell-out showed an improvement, with improved in-store foot traffic. **The H1 performance in North America was due to convenience stores adapting to their business reality of less foot traffic and increasing demand for hygiene and grocery products, therefore reducing inventories in other product categories, such as Lighters.**

(1) IRI – Period ending 28 June 2020.

SHAVERS

Shavers H1 2020 Net Sales totaled 200.7 million euros and decreased by 10.6% reported, by 8.1% at constant currency, and by 8.8% on a comparative basis. Q2 2020 Net Sales decreased by 14.6% reported by 11.0% at constant currency and decreased by 11.5% on a comparative basis.

H1 2020 Normalized IFO margin for Shavers improved to 10.9% compared to 9.6% of sales in 2019. The increase in Gross Profit margin (due to positive impacts from Forex, lower Raw Material costs) and favorable Brand support, were partially offset by the decrease in Net Sales.

- **The Shaver category continued to be impacted by evolving consumer habits, compounded during the quarantines by changes in personal routines and regimes.** Yet, we gained share in all regions, thanks to our strong value proposition, and the success of new product launches.
- **In Europe**, we outperformed a declining market, thanks to a strong performance in the U.K, driven by both the female and the male segments.
- **In the U.S.**, the one-piece market continued to decline (-5.0% in value [1]), with an acceleration over the second Quarter. We gained 1.5 pts in value share, with a strong performance in the female and the male segments (+1.6 pts and +1.3 pts value share gain respectively) thanks to the continued success of new products, including the BIC Soleil Sensitive Advanced. Us, our gender-neutral refillable shaver displayed promising results, with a strong start at Dollar General and increasing distribution both in-store and on-line.
- **In Latin America**, our performance was impacted by a high level of customers' inventories at the start of the year in Mexico, partially offset by distribution gains in Argentina.

OTHER PRODUCTS

H1 2020 Net Sales of Other Products totaled 13.1 million euros and decreased by 14.1% as reported and by 13.4% on a comparative basis. Q2 2020 Net Sales decreased by 12.3% as reported and by 11.2% on a comparative basis.

UNALLOCATED COSTS

H1 2020 unallocated costs relate to Corporate headquarters costs and restructuring costs. The decrease in Normalized Income From Operations is due to the costs of the new organization.

(in million euros)	Q2 2019	Q2 2020	H1 2019	H1 2020
Normalized Income From Operations	(10.6)	(17.2)	(23.2)	(34.2)
Income From Operations	(37.6)	(20.1)	(50.2)	(38.9)

(1) IRI – Period ending YTD June 2020 – in value.

1.5 BIC GROUP NET SALES BY GEOGRAPHY

(in million euros)	Q2 2019	Q2 2020	As reported	On a Comparative basis	H1 2019	H1 2020	As reported	On a Comparative basis
Group	**544.8**	**418.9**	**-23.1%**	**-21.5%**	**960.2**	**775.8**	**-19.2%**	**-18.2%**
Europe	167.9	138.6	-17.4%	-16.6%	290.7	257.7	-11.4%	-10.9%
North America	227.5	202.8	-10.8%	-12.3%	389.3	343.2	-11.8%	-13.6%
Latin America	86.9	39.4	-54.6%	-46.1%	165.8	94.0	-43.3%	-36.9%
Middle East and Africa	24.8	18.9	-23.9%	-22.8%	47.1	39.0	-17.3%	-18.4%
Asia and Oceania (including India)	37.7	19.1	-49.2%	-45.6%	67.3	41.9	-37.7%	-34.1%

1.6 SECOND HALF 2020 & FULL YEAR TRENDS

Although we expect a gradual recovery during the Second Half, visibility on market trends and Full-Year performance remain low. For the balance of the year, most of the risks associated with the epidemic will remain:

- lower consumer spending and in-store traffic will affect our three categories;
- timing, roll-out, and conditions of the re-opening of schools and universities in the Northern hemisphere remain uncertain and could jeopardize the success of the Back-to-School season. Pre- Back-to-School plans for the Southern Hemisphere may model those of the North and affect retailer plans;
- slow rebound in business activity will dilute the Office Superstore and Office Supplier channels;
- the lack of improvement of Indian and Latin American economies will continue to impact our performance in these regions.

In this challenging environment, **we will continue to focus on protecting Operating Cash Flow generation**, and we are on track to achieving the actions announced in May to mitigate the impact of the crisis by:

- managing Operating Expenses by investing at the right levels and in the right places. The negative impact of Net Sales decrease on Normalized Income From Operations margin will be partially offset by 15 to 20 million euros Operating Expenses reduction;
- decreasing inventory levels by approximately 15 to 30 million euros vs. the end of 2019. The coming Back-to-School season will be determinant in achieving this goal;
- reducing 2020 CAPEX to around 80 million euros.

1.7 IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES

(in %)	Q2 2019	Q2 2020	H1 2019	H1 2020
Perimeter	**(1.0)**	**(0.1)**	**(0.7)**	**(0.1)**
Currencies	**+2.4**	**(1.5)**	**+2.4**	**(1.0)**
Of which USD	*+2.0*	*+0.7*	*+2.4*	*+0.8*
Of which BRL	*(0.1)*	*(1.1)*	*(0.3)*	*(1.1)*
Of which MXN	*+0.5*	*(0.4)*	*+0.4*	*(0.3)*
Of which AUD	-	*(0.1)*	-	*(0.1)*
Of which ZAR	*(0.1)*	*(0.1)*	*(0.1)*	*(0.1)*
Of which RUB and UAH	*+0.1*	*(0.1)*	-	*(0.1)*

1.8 RECONCILIATION WITH ALTERNATIVE PERFORMANCE MEASURES

1

NORMALIZED IFO RECONCILIATION

(in million euros)	H1 2019	FY 2019	H1 2020
Income from Operations	**126.1**	**252.7**	**24.0**
Cello impairment: trademark & goodwill impairment in H2 2019, property plant & equipment and trademark in H1 2020	-	44.3	41.7
Restructuring costs of which transformation plan in 2019 and 2020 and Ecuador factory closure on Q2 2020	27.0	44.7	7.9
UK pension adjustment for past service costs in 2019	-	(9.9)	-
Some expenses related to the COVID-19 epidemic mainly underabsorption of fixed costs	-	-	19.3
Normalized IFO	**153.1**	**331.8**	**92.9**

NORMALIZED EPS RECONCILIATION

(in euros)	H1 2019	FY 2019	H1 2020
EPS	**1.99**	**3.91**	**0.49**
Cello impairment	-	+0.98	+0.93
Restructuring costs of which transformation plan and Ecuador factory closure	+0.41	+0.69	+0.12
UK pension adjustment for past service costs in 2019	-	(0.18)	-
Some expenses related to the COVID-19 epidemic mainly underabsorption of fixed costs	-	-	+0.31
Argentina hyperinflationary accounting (IAS 29)	+0.03	+0.07	+0.02
Normalized EPS	**2.43**	**5.47**	**1.87**

NET CASH RECONCILIATION

(in million euros – rounded figures)	December 31, 2019	June 30, 2020
Cash and cash equivalents (1)	+198.6	+201.2
Other current financial assets (2) [(a)]	+4.1	0.0
Current borrowings (3) [(b)]	(52.8)	(156.8)
Non-current borrowings (4)	(2.9)	(2.8)
NET CASH POSITION (1)+(2)-(3)-(4)	**146.9**	**41.5**

(a) In the balance sheet at December 31, 2019, the line "Other current financial assets and derivative instruments" also includes €2.7m worth of derivative instruments and €4.5m at June 30, 2020.

(b) Excluding financial liabilities following IFRS 16 implementation.

1.9 SHARE REPURCHASE PROGRAM – CANCELLED SHARES

In the context of the COVID-19 outbreak, the Board of Directors decided to halt the BIC share buyback program, as announced on March 27. Hence, there was no share repurchase during Q2 2020.

During the first half of 2020:

- SOCIÉTÉ BIC repurchased 136,383 shares under the share repurchase programs authorized by the Annual Shareholders' Meeting held on May 22, 2019, excluding shares acquired under the liquidity agreement;
- SOCIÉTÉ BIC repurchased, under the liquidity agreement Natixis – ODDO BHF, 215,239 shares for a total value of 11.25 million euros and sold 213,872 shares for a total value of 11.22 million euros.

SHARE BUY-BACK PROGRAM – SOCIÉTÉ BIC

	Number of shares acquired	Average weighted price *(in euros)*	Amount *(in million euros)*
February 2020	48,818	56.53	2.8
March 2020	87,565	52.44	4.6
April 2020	-	-	-
May 2020	-	-	-
June 2020	-	-	-
TOTAL	**136,383**	**53.90**	**7.4**

The number of free, performance-based shares transferred by SOCIÉTÉ BIC to beneficiaries is 101,422 during the first half 2020. The number of free, non-performance-based shares transferred to beneficiaries by SOCIÉTÉ BIC was 24,900.

Moreover, SOCIÉTÉ BIC proceeded to 234,118 free, performance-based share grants and 30,613 free, non-performance-based share grants.

1.10 RELATED-PARTY TRANSACTIONS

This paragraph is aimed at ensuring transparency in the relationship between the Group and its Shareholders (and their representatives), as well as in the links between the Group and related companies that the Group does not exclusively control (i.e. joint ventures or investments in associates).

Significant related-party transactions are described in the Note 25 – *Related parties* on page 235 of the Group BIC 2019 universal registration document filed with the *Autorité des Marchés Financiers* (AMF) on March 31, 2020. During the first half of 2020, BIC has not identified any significant related-party transactions.

1.11 CAPITAL EVOLUTION

As of June 30, 2020, the total number of issued shares of SOCIÉTÉ BIC was 45,532,240 shares, representing:

- 66,992,235 voting rights;
- 66,440,239 voting rights excluding shares without voting rights.

Total number of treasury shares held at the end of June 2020: 551,996.

1.12 MATERIAL EVENTS THAT OCCURRED IN H1 2020

On May 20, BIC announced **five actions to improve the Group's short-term resilience** in the context of the COVID-19 crisis and to **strengthen its** "BIC 2022 – Invent the Future" **transformation plan** to accelerate long-term Growth:

1. **Managing OPEX** by investing at the right levels and in the right places: In 2020, the negative impact of Net Sales decrease on Normalized Income From Operations margin will be partially offset by 15 to 20 million euros OPEX reduction;
2. **Protecting cash flow** by managing CAPEX and reducing inventory levels:
   - 2020 inventories are expected to decrease by approximately 15 to 30 million euros vs. the end of 2019. The coming Back-to-School season will be determinant in achieving this goal,
   - 2020 CAPEX will be reduced to around 80 million euros;
3. **Launching innovation** with several new product introductions with the new multipurpose pocket lighter BIC® EZ-Reach in the U.S. in the second half of the year, and the refillable BIC® Cristal® with a metal barrel by the end of the year;
4. **Scaling operations** by reducing complexity and driving process efficiency and speed:
   - "BIC 2022 – Invent the Future" plan will be strengthened with a total of 50 million euros in annualized savings by the end of 2022;
5. **Driving growth** by leveraging new commercial capabilities and **reinforcing existing businesses through targeted acquisitions:**
   - E-commerce Net Sales are expected to grow by approximately 20% in 2020.

On June 8, BIC **shut down its Writing Instruments factory in Ecuador**, while maintaining commercial, distribution, and packaging activities. This strategic business decision aimed at consolidating BIC's global manufacturing footprint.

On June 16, BIC announced the acquisition of **Djeep, manufacturer of quality lighters** for 40 million euros and a deferred consideration based on Djeep future sales growth. Djeep's strong positioning on the decorated and personalized lighter market segment will strengthen BIC's position in the pocket lighters market and will offer substantial growth opportunities in Europe and North America.

1.13 MATERIAL EVENTS THAT OCCURRED AFTER JUNE 30, 2020

On July 1, BIC announced that it had completed the acquisition of Djeep, the French manufacturer of quality lighters.

Also, BIC obtained from the U.S. International Trade Commission a General Exclusion Order that prevents the importation into the USA of all lighters imitating BIC lighters' iconic appearance. This decision is an important milestone to halt the importation of non-compliant, knock-off lighters into the U.S. market.

On July 6, BIC announced that Chad Spooner has been appointed Chief Financial Officer and a member of the Executive Committee [1].

On 24 July, BIC announced it received notification of the closure by the European Commission of the infringement procedure it initiated in 2012 against the Netherlands, and the complaints filed in 2018 against France and Germany for failing to perform effective surveillance of the safety lighter. These proceedings aimed at remedying the fact that two-thirds of lighter models in Europe, a large proportion of which are imported, did not comply with the safety standards, resulting in tens of thousands of severe accidents every year. Product quality and safety are an absolute priority for BIC. The Group is disappointed by the European Commission's decision not to pursue Consumer Safety as a priority, but we nonetheless remain a demanding and vigilant partner of European and national institutions to ensure the safety of consumers in Europe.

(1) SOCIÉTÉ BIC will not fill the Executive Vice-President role.

1.14 DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF 2020

BIC pursues an active and dynamic approach to risk management. The objective of this approach is to enhance the Group's capacity in identifying, managing, preventing, mitigating, and monitoring key risks that could affect:

- the Group's employees, customers, Shareholders, assets, environment or reputation;
- the Group's ability to achieve its objectives, abide and defend its Values, ethics, or laws and regulations.

This approach is based on the identification and analysis of the main risks to which the Group is exposed.

A description of the main risks identified by the BIC Group is available in the section entitled *Risk Management* of the 2019 Universal Registration Document (URD) (Chapter 2 – page 43) filed with the *Autorité des Marchés Financiers* (AMF) on March 31, 2020 and which is available online, following this link: http://www.bicworld.com/en/finance/publications/.

Main risks and risk assessment as disclosed in BIC's 2019 URD	Medium	High
Risks related to Plastic and Climate change		X
Risks related to Consumer Demand and Growth in our three business categories		X
Risks related to Retail Disruption and Consolidation		X
Risks related to BIC's Supply Chain and Production		X
Risks related to BIC's Net Sales Regional Concentration	X	
Risk related to the execution of BIC's transformation program "BIC 2022 – Invent the Future"	X	
Risks related to Product Safety	X	
Risks related to counterfeiting, parallel imports, and non-compliant products from competition	X	
Risks related to increased Regulations	X	
Risks related to the non-respect of Human Rights and Unfair Practices	X	

RISK ASSOCIATED TO COVID-19 OUTBREAK

Among the risks identified, several economic and financial risks are directly and indirectly associated to the COVID-19 outbreak.

Risks related to Consumer Demand and Growth

Level of risk: high

BIC is exposed to changes in consumer trends based upon consumer preferences and attitudes towards its products in the three categories – Stationery, Lighters, and Shavers. Global consumer trends can include rise in digital stationery technology, tobacco use cessation, change in shaving habits.

Although the full impact of the COVID-19 epidemic remains difficult to assess, the Group should be exposed in several ways, notably in case of economic recession affecting consumer demand globally.

Risks related to Retail Disruption and Consolidation

Level of risk: high

BIC® product sales may be adversely impacted due to the consolidation of retail customers *via* e-commerce and the potential decrease in pricing power related to retailers' demand for lower pricing, increased promotional programs, direct to consumer channels.

Although the full impact of the COVID-19 epidemic is difficult to assess at the time of publication of this document, the Group should be exposed in several ways, in particular with lower customer activity, or with store closures in the affected countries, notably in the traditional channel and convenience stores.

Risks related to BIC's Supply Chain and Production

Level of risks: medium

As a consumer products manufacturing, distribution and sales-oriented organization, BIC is exposed to the risk of production interruptions and internal and external supply chains issues related to potential raw materials shortages, operational interruptions at suppliers or production issues at BIC, particularly during critical seasonal purchasing periods such as 'back-to-school' in stationery.

BIC maintains several manufacturing and warehousing sites throughout the world to support its business; however, certain products may be concentrated within specific geographic, which may be impacted in the event of a catastrophic event.

BIC is exposed to specific risks linked to the storage and use of hazardous products and substances, both inflammable and non-inflammable. Among these are:

- gas for lighters;
- solvents for permanent markers and dry-wipe markers;
- solvents for industrial cleaning processes.

Although the full impact of the COVID-19 epidemic remains difficult to assess the Group could be exposed in several ways, notably by the disruption in BIC's Global Supply Chain, as well as the discontinuation of the activity of some of its suppliers and subcontractors. Global supply chain can also be impacted by potential border closures and human capital implications where outbreaks inhibit the workforce (directly and indirectly).

1.15 GLOSSARY

- **Constant currency basis:** constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.
- **Organic change or comparative basis:** at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date. All Net Sales category comments are made on a comparative basis. Organic change excludes Argentina Net Sales for both 2019 and 2020.
- **Gross profit:** is the margin that the Group realizes after deducting its manufacturing costs.
- **Normalized IFO:** normalized means excluding non-recurring items.
- **Normalized IFO margin:** normalized IFO as a percentage of Net Sales.
- **Net cash from operating activities:** cash generated from principal activities of the entity and other activities that are not investing or financing activities.
- **Net cash position:** cash and cash equivalents + Other current financial assets - Current borrowings - Non-current borrowings (except financial liabilities following IFRS 16 implementation).
- **Unallocated costs:**
  - net costs [balance of income and expenses] of Corporate headquarters including I.T., finance, legal and H.R. costs, and of future shared services center,
  - other net costs that cannot be allocated to Categories, notably restructuring costs, gains or losses on assets' divestiture, etc. Major unallocated items will be separately identified and disclosed.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

2.1 CONSOLIDATED INCOME STATEMENT

(condensed financial statements)

(in thousand euros)	Notes	June 30, 2019	June 30, 2020
Net sales	2-2	960,200	775,832
Cost of goods	4	(481,654)	(404,639)
Gross profit [(a)]		**478,546**	**371,192**
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)
Income from operations		**126,051**	**23,991**
Income from cash and cash equivalents	6	2,725	2,058
Net finance income/(Net finance costs)	6	(4,342)	7,832
Income before tax		**124,434**	**33,881**
Income tax expense	7	(34,841)	(11,797)
Consolidated income of which:		**89,593**	**22,084**
Non-controlling interests		-	-
Net income Group share	**8**	**89,593**	**22,084**
Earnings per share Group share *(in euros)*		1.99	0.49
Diluted earnings per share Group share *(in euros)* [(b)]		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.

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(condensed financial statements)

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

(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.

2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(condensed financial statements)

Assets

(in thousand euros)	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
Non-current assets		**1,149,167**	**1,044,401**
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
Current assets		**1,243,021**	**1,241,892**
TOTAL ASSETS		**2,392,188**	**2,286,292**

CF: see Consolidated cash flow statement.

2

Equity and liabilities

(in thousand euros)	Notes	December 31, 2019	June 30, 2020
Share capital	12	171,869	171,824
Retained earnings		1,436,213	1,215,363
Shareholders' equity Group share		**1,608,082**	**1,387,187**
Non-controlling interests		-	-
Shareholders' equity	**SHEQ**	**1,608,082**	**1,387,187**
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
Non-current liabilities		**295,655**	**294,953**
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
Current liabilities		**488,451**	**604, 152**
TOTAL EQUITY AND LIABILITIES		**2,392,188**	**2,286,292**

SHEQ: see Consolidated statement of changes in equity.

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	**Notes**	**Share capital**	**Accu-mulated profits**	**Addi-tional paid in capital**	**Actuarial differences recognized in equity**	**Translation reserve**	**Cash flow hedge derivatives**	**Cost of hedging through OCI**	**Share-holders' equity Group share**	**Non-controlling interests**	**Share-holders' equity**
At December 31, 2018		**173,269**	**1,666,841**	**16,255**	**(94,948)**	**(118,943)**	**(4,347)**	**-**	**1,638,126**	**-**	**1,638,126**
First application IFRIC 23 "Uncertainty over income tax treatments" impact (see Note 1)		-	(12,850)	-	-	-	-	-	(12,850)	-	(12,850)
At January 1, 2019 restated		**173,269**	**1,653,991**	**16,255**	**(94,948)**	**(118,943)**	**(4,347)**	**-**	**1,625,276**	**-**	**1,625,276**
Dividends paid	*CF, 17*	-	*(155,228)*	-	-	-	-	-	*(155,228)*	-	*(155,228)*
Decrease in share capital [(a)]		-	-	-	-	-	-	-	-	-	-
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)*
Total transactions with Shareholders		***(1,403)***	***191,867***	***113***	**-**	***(5)***	**-**	**-**	***(193,161)***	**-**	***193,161***
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*
Total comprehensive income		**-**	***89,387***	**-**	***(4,921)***	***14,067***	***(1,652)***	**-**	***96,881***	**-**	***96,881***
At June 30,2019		**171,866**	**1,550,921**	**16,368**	**(99,869)**	**(104,845)**	**(5,998)**	**-**	**1,528,443**	**-**	**1,528,443**
At January 1, 2020		**171,869**	**1,642,195**	**12,342**	**(101,231)**	**(113,183)**	**(3,909)**	**-**	**1,608,082**	**-**	**1,608,082**
Dividends paid	*CF, 17*	-	*(110,214)*	-	-	-	-	-	*(110,214)*	-	*(110,214)*
Decrease in share capital [(a)]		-	-	-	-	-	-	-	-	-	-
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)*
Total transactions with Shareholders		***(45)***	***(116,559)***	***2,185***	**-**	**-**	**-**	**-**	***(114,419)***	**-**	***(114,419)***
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)*
Total comprehensive income		**-**	***23,762***	**-**	***(31,505)***	***(103,710)***	***4,977***	**-**	***(106,476)***	**-**	***(106,476)***
At June 30, 2020		**171,824**	**1,549,398**	**14,527**	**(132,736)**	**(216,893)**	**1,068**	**-**	**1,387,187**	**-**	**1,387,187**

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

CF: see Consolidated cash flow statement.

2.5 CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)	Notes	June 30, 2019	June 30, 2020
Operating activities			
Net income Group share	IS	89,593	22,084
Income and expense without cash impact:			
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
Cash flow from operations		**164,655**	**95,637**
(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)
NET CASH FROM OPERATING ACTIVITIES		**79,633**	**85,692**
Investing activities			
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)
NET CASH FROM INVESTING ACTIVITIES		**(45,596)**	**(42,220)**
Financing activities			
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)	-	-
NET CASH FROM FINANCING ACTIVITIES		**(100,784)**	**(20,998)**
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)
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**BS, 13, 21**	**84,629**	**150,435**

IS: see Consolidated income statement.
SHEQ: see Consolidated statement of changes in equity.
BS: see Consolidated balance sheet.

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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* Stationery	Lighters	Shavers	Other Products	Unallocated costs	Total	June 30, 2020 Stationery	Lighters	Shavers	Other Products	Unallocated costs	Total
Income statement												
• 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
Restatements made to obtain normalized income from operations												
• 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
Normalized income from operations restated for unallocated costs	**44**	**113**	**22**	**(2)**	**(23)**	**153**	**19**	**87**	**22**	**(1)**	**(34)**	**93**

* *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.

	June 30, 2019					June 30, 2020				
(in million euros)	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Capital additions [(a)(b)]	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.

	June 30, 2019					June 30, 2020						
(in million euros)	France	Europe excluding France	North America	Developing Markets	Total	France	Europe excluding France	North America	Latin America	Middle East and Africa	Asia and Ocenia (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
	280

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.

	June 30, 2019					June 30, 2020				
(in million euros)	France	Europe excluding France	North America	Developing Markets	Total	France	Europe excluding France	North America	Developing Markets	Total
Non-current assets [(a)]	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

(in thousand euros)	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
TOTAL	**805,962**	**700,731**

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

(in thousand euros)	June 30, 2019	June 30, 2020
Royalties income	102	57
Other	5,640	2,893
Other income	**5,742**	**2,950**
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)
Other expenses	**(33,929)**	**(54,060)**
TOTAL	**(28,187)**	**(51,110)**

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

(in thousand euros)	June 30, 2019	June 30, 2020
Interest income from cash and cash equivalents	1,099	1,211
Interest on bank deposits	1,626	847
Income from cash and cash equivalents	**2,725**	**2,058**
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
Net finance income/(Net finance costs)	**(4,342)**	**7,832**
FINANCE (COSTS)/REVENUE	**(1,617)**	**9,890**

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

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

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

(in thousand euros)	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*
TOTAL (1)+(2)	**(137,616)**	**7,771**

At June 30, 2019

(in thousand euros)	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*
TOTAL (1)+(2)	**5,337**	**1,952**

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 relutive impact and the maximum dilutive effect from unvested free shares is around 0.2% of the share capital.

	June 30, 2019	June 30, 2020
Numerator *(in thousand euros)*		
Net income Group share from continuing operations	89,593	22,084
Denominator *(in number of shares)*		
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
Earnings per share (Group share) from continuing operations *(in euros)*		
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
At January 1, 2020	**313,737**	**(110,032)**	**203,705**
Exchange differences	(7,846)	6,335	(1,511)
At June 30, 2020	**305,891**	**(103,697)**	**202,194**

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

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

(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
BIC CORPORATION				
• 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

(in thousand euros)	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
TOTAL	**41,781**	**25,984**

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

(in thousand euros)	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
• *Inventory - Gross value*	*470,664*	*51,858*	-	-	*(23,178)*	*499,345*
• *Inventory - Impairment*	*(15,021)*	*163*	-	-	*443*	*(14,415)*
Trade and other receivables	545,609	(3,403)	-	-	(25,103)	517,103
Trade and other payables [(a)]	(126,403)	(30,409)	12,601	-	4,199	(140,013)
Other receivables and payables	(237,020)	13,001	-	2,721	7,574	(213,724)
NET WORKING CAPITAL	**637,829**	**31,211**	**12,601**	**2,721**	**(36,065)**	**648,297**

(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)
SHARE CAPITAL	**171,869**	**171,824**

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 [(a)]	33,455	44.72	0.07%
Free share grants [(a)]	518,541	87.23	1.14%
TOTAL	**551,996**	**84.66**	**1.21%**

(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 [(a)]	
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

(in thousand euros)	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
At January 1, 2020	**51,710**	**1,157**	**2,897**	**12,660**	**29,434**	**97,856**
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)*
At June 30, 2020	**50,716**	**106,114**	**2,775**	**12,179**	**29,545**	**201,329**

Bank overdrafts are due within one year.

Bank loans and financial liabilities have the following maturities:

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

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

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

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.

2

NOTE 14 PROVISIONS

(in thousand euros)	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2020	**5,019**	**10,958**	**339**	**6,270**	**22,586**
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)
At June 30, 2020	**4,203**	**11,306**	**339**	**8,319**	**24,167**

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

(in thousand euros)	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
OTHER CURRENT LIABILITIES	**266,259**	**251,806**

NOTE 16 COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

References from (a) to (l) refer to the Consolidated Cash Flow Statement on page 23.

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 [(a)].

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

There was no individually significant disposal of fixed assets during the first half of 2019 and 2020 [(c)].

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 [(d)].

The 2019 variance was mainly explained by an increase in trade receivables [(d)].

The payments related to employee benefits were mainly driven by the U.S. [(e)].

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 [(c)].

During the first half of 2020, the BIC Group disbursed 43.8 million euros of property, plant and equipement and intangible assets (including 12.6 million euros related to assets payables variance) [(g)].

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 [(g)].

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

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 [(h)].

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*) [(j)].

As of June 30, 2020, new borrowings amounted to 105.0 million euros, compared to 103.8 million euros during the first half 2019[(k)]. 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 [(l)].

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 [(l)].

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 [(a)] - Note 6	Income from operations - Note 4	Other comprehensive income before tax [(a)]	Current assets [(b)]	Non-current assets	Current liabilities	Non-current liabilities
Hedging revaluation impact								
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)	-
Subtotal (1)		**(281)**	**805**	**7,258**	**4,454**	**2,892**	**(3,984)**	**(104)**
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	110	-	-	82	-	(45)	-
Subtotal (2)		**110**	**-**	**-**	**82**	**-**	**(45)**	**-**
TOTAL (1+2)		**(172)**	**805**	**7,258**	**4,537**	**2,892**	**(4,030)**	**(104)**

(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 [(a)]	Current assets [(b)]	Non-current assets	Current liabilities	Non-current liabilities
Hedging revaluation impact								
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)
Subtotal (1)		**-**	**822**	**872**	**2,560**	**220**	**(7,259)**	**(44)**
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	(147)	-	-	138	-	(211)	-
Subtotal (2)		**(147)**	**-**	**-**	**138**	**-**	**(211)**	**-**
TOTAL (1+2)		**(147)**	**822**	**872**	**2,698**	**220**	**(7,470)**	**(44)**

(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
Gross trade receivables			
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
Total gross trade receivables		**515,348**	**482,352**
Doubtful receivables		12,679	13,022
TOTAL BEFORE ALLOWANCE (A)		**528,026**	**495,375**
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)
TOTAL ALLOWANCE (B)		**(28,649)**	**(30,091)**
• *Allowance on specific trade receivables*		*(23,840)*	*(24,298)*
• *Allowance on statistically calculated trade receivables*		*(4,809)*	*(5,798)*
Other receivables (C)		**46,232**	**51,824**
TRADE AND OTHER RECEIVABLES - NET (A)+(B)+(C)	**11**	**545,609**	**517,103**

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	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
Financial assets		**725,715**	**725,715**	**79,885**	**7,429**	**638,402**	**-**	**-**
Non-current								
• *Derivative financial instruments*	*19*	*2,892*	*2,892*	*-*	*2,892*	*-*	*-*	*-*
• *Other investments*		*28*	*28*	*28*	*-*	*-*	*-*	*-*
Current								
• *Trade and other receivables*	*11*	*517,103*	*517,103*	*15,518*	*-*	*501,585*	*-*	*-*
• *Derivative financial instruments*	*19*	*4,537*	*4,537*	*-*	*4,537*	*-*	*-*	*-*
• *Other current financial assets*		*4*	*4*	*4*	*-*	*-*	*-*	*-*
• *Cash and cash equivalents*		*201,152*	*201,152*	*64,335*	*-*	*136,817*	*-*	*-*
Financial liabilities		**345,477**	**345,477**	**-**	**4,134**	**-**	**341,343**	**-**
Non-current								
• *Borrowings*	*13*	*32,320*	*32,320*	*-*	*-*	*-*	*32,320*	*-*
• *Derivative instruments*	*19*	*104*	*104*	*-*	*104*	*-*	*-*	*-*
Current								
• *Borrowings*	*13*	*169,010*	*169,010*	*-*	*-*	*-*	*169,010*	*-*
• *Derivative instruments*	*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**
Financial assets		**751,172**	**751,172**	**68,234**	**2,918**	**680,020**	**-**	**-**
Non-current								
• *Derivatives financial instruments*	*19*	*220*	*220*	*-*	*220*	*-*	*-*	*-*
• *Other investments*		*33*	*33*	*33*	*-*	*-*	*-*	*-*
Current								
• *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*	*-*	*-*
Financial liabilities		**231,774**	**231,774**	**-**	**7,514**	**-**	**224,261**	**-**
Non-current								
• *Borrowings*	*13*	*32,331*	*32,331*	*-*	*-*	*-*	*32,331*	*-*
• *Derivative instruments*	*19*	*44*	*44*	*-*	*44*	*-*	*-*	*-*
Current								
• *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	-

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

For the period from January 1st to June 30th, 2020

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by our Annual General Meeting and in accordance with the requirements of article L. 451-1-2-III of the French monetary and financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of SOCIÉTÉ BIC, for the period from January 1st to June 30th, 2020;
- the verification of the information presented in the half-yearly management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on July 28, 2020 on the basis of the information available on that date in an evolving context of the crisis related to Covid-19 and difficulties in understanding its impacts and prospects of the future. Our role is to express a conclusion on these financial statements based on our review.

I . Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II . Specific verification

We have also verified the information presented in the half-yearly management report established on July 28th, 2020 on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, September 25, 2020

The Statutory Auditors

French original signed by

Grant Thornton	Deloitte & Associés
French member of Grant Thornton International	
Vianney MARTIN	Jean-Pierre AGAZZI

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STATEMENT ON THE HALF-YEARLY REPORT 2020

NAME AND FUNCTION

Gonzalve Bich

Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE HALF-YEAR REPORT

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and the profit of the Company and the entities included in the scope of consolidation of the Group and that the First Half Management Report includes a faithful representation of the major events which occurred during the first six months of the financial year, their impact on the financial statements, of the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the year.

On September 25, 2020

Gonzalve Bich

Chief Executive Officer

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