Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the quarter ended June 30, 2017

August 29, 2017

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Introduction

Highlights

The financial results of Picard Bondco S.A. for Q1 2018 (the quarter ended June 30, 2017) include the following highlights:

- Q1 2018 sales of goods increased by 3.0% to €316.5 million, from €307.3 million in Q1 2017, mainly due to a 1.1% increase in our French like-for-like sales;

- Q1 2018 gross profit increased by 3.3% to €139.7 million, from €135.3 million in Q1 2017; and

- Q1 2018 EBITDA increased by 4.0% to €39.2 million, from €37.7 million in Q1 2017.

CEO Philippe Dailliez commented: "Our Q1 2018 sales of goods increased by €9.2 million, or 3.0%, as compared to Q1 2017. French like-for-like sales increased by 1.1%, mainly due both to an increase in the number of tickets as well as in our average basket. Our expansion strategy enabled us to increase our French sales by €4.5 million, while our sales outside of France increased by €1.5 million. During the period, we opened five stores in mainland France (including three franchises) and two additional franchised stores in Switzerland. Additionally, we also opened our first franchised store in the French West Indies.

Our Q1 2018 gross profit increased by €4.4 million, or 3.3%, from €135.3 million in Q1 2017 to €139.7 million in Q1 2018, supported by our sales, and our gross margin increased to 44.1% in Q1 2018 from 44.0% in Q1 2017, confirming our ability to maintain our margin in spite of higher expenses due to our CRM initiatives and the development of franchises in the group.

The French like-for-like sales growth, the expansion of our store network, the increase in gross profit margin and our close control of operating expenses enabled us to achieve good performance over the Q1 2018 period and to increase our EBITDA by 4.0%, or €1.5 million, as compared to Q1 2017.

In light of the continuing challenging market conditions, management remains particularly cautious with respect to future results. In this context, our strategy for the coming quarters remains focused on optimizing our sales performance (in particular, by increasing our use of various communication channels, including digital communication, to improve customer outreach), opening new stores in France and pursuing prudent international expansion driven notably by franchised stores and partnerships, while maintaining our gross margin and closely monitoring our costs."

About Picard

Picard is the leading retailer of frozen food products in France, and the pioneer in the sector. We offer our customers approximately 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full-range of ready-made starters, main courses, desserts and ice cream at various prices. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food. As of June 30, 2017, we had 991 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 12 franchised stores in mainland France), 16 stores in Belgium, 15 stores and ten corners in Sweden, one store in Luxembourg, six franchised stores in Switzerland, and three franchised stores and five corners in Japan. We also sell Picard-branded products in Italy through a commercial agreement with an Italian retailer and in the UK through a partnership with Ocado.

On October 14, 2010, Picard Groupe S.A.S. was acquired by funds managed or advised by Lion Capital LLP ("Lion Capital"). Lion Capital is a consumer retail-oriented investment firm with a focus on investments in mid-size and large, consumer-oriented brands in Europe and North America.

On March 31, 2015, Lion Capital and its associated funds entered into negotiations with ARYZTA AG, a world-wide group active in the food industry and a leader in the manufacturing and distribution of bakery-related products to industrial companies, regarding the acquisition of a 49.5% interest in Picard Groupe S.A.S.'s indirect parent company. Following receipt of all necessary regulatory approvals, the acquisition of 49.5% of Picard Groupe S.A.S.'s indirect parent company was completed on August 19, 2015. ARYZTA AG also benefits from a call option in 2018, 2019 and 2020, allowing it to acquire all the remaining shares of Picard Groupe S.A.S.'s indirect parent company.

On October 6, 2010, Picard Bondco S.A. issued €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "2010 Senior Notes"), and on October 14, 2010, Lion Polaris S.A.S. (a subsidiary of Picard Bondco S.A., which merged with Picard Groupe S.A. on June 20, 2011 and was renamed Picard Groupe S.A.S.) borrowed €625 million under senior credit facilities. In 2010 and 2011, Picard PIKco S.A. (the direct parent company of Picard Bondco S.A.) also issued 12% PIK Notes due 2019 (the "PIK Notes") in an original aggregate principal amount of €95 million.

On August 1, 2013, Picard Groupe S.A.S. issued €480 million aggregate principal amount of floating rate senior secured notes due 2019 (the "Existing Senior Secured Notes"), the proceeds of which were used, along with cash in hand, to permanently repay the €625 million senior credit facilities in their entirety. On the same date, Picard Groupe S.A.S. entered into a €30 million revolving credit facility (the "Revolving Credit Facility").

On September 29, 2014, Picard Bondco S.A. elected to redeem €115 million of its 2010 Senior Notes. The partial redemption occurred on October 29, 2014. On March 9, 2015, Picard Bondco S.A. redeemed the remaining €185 million outstanding of its 2010 Senior Notes (the "Redemption").

On February 20, 2015, Picard Groupe S.A.S. issued €342 million aggregate principal amount of additional Existing Senior Secured Notes (the "Additional Senior Secured Notes" and, together with the Existing Senior Secured Notes, the "Senior Secured Notes"), while, at the same time, Picard Bondco S.A. issued €428 million aggregate principal amount of 7.75% Senior Notes due 2020 (the "Senior Notes" and, together with the Additional Senior Secured Notes and the Redemption, the "Refinancing"). The proceeds of the Additional Senior Secured Notes and the Senior Notes were used to (i) redeem the 2010 Senior Notes, (ii) pay the unpaid interest and the redemption premium associated with the Redemption, (iii) fund distributions to the shareholders of the Picard Group and (iv) pay all fees and expenses related to the Refinancing. In connection with the Refinancing, Picard PIKCo issued additional PIK Notes in an aggregate principal amount of €40 million and repurchased and cancelled €20 million of previously-issued PIK Notes. On February 20, 2015, the terms of the PIK Notes were also amended to extend the maturity date to 2020, among other things.

On April 1, 2016, Picard Groupe S.A.S. elected to redeem €50 million of its Senior Secured Notes. The partial redemption occurred on May 3, 2016.

Reporting

This report is the report as of and for the quarter ended June 30, 2017 required pursuant to Section 4.03 of each of the indentures governing the Senior Secured Notes, as supplemented from time to time (the "Senior Secured Notes Indenture"), the indenture governing the PIK Notes, as amended and supplemented from time to time (the "PIK Notes Indenture"), and the indenture governing the New Senior Notes (the "New Senior Notes Indenture" and, together with the Senior Secured Notes Indenture and the PIK Notes Indenture, the "Indentures"), as well as clause 23.3 and clause 1.1.(a) of Schedule 14 of the agreement governing the Revolving Credit Facility (the "Revolving Credit Facility Agreement").

Presentation of Financial Information

<u>Financial statements presented</u>

This report contains the unaudited interim condensed consolidated financial statements of Picard Bondco S.A., the reporting entity for the Picard group, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU" or "IFRS").

We have prepared the unaudited condensed consolidated financial statements for Picard Bondco S.A. from April 1, 2017 to June 30, 2017, which are presented in this report in accordance with IFRS, including (i) the consolidated statement of financial position as of June 30, 2017, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the quarter ended June 30, 2017 and (iii) the consolidated statement of cash flows for the quarter ended June 30, 2017. See the "Notes to the Unaudited Interim Condensed

Consolidated Financial Statements” of Picard Bondco S.A. for a discussion of Picard Bondco S.A.’s accounting policies.

The accounting policies of Picard Bondco S.A. as set out in the Picard Bondco annual financial statements as of and for the year ended March 31, 2017 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2017. See note 2.2 of the “Notes to the Consolidated Financial Statements” of Picard Bondco S.A. for a discussion of Picard Bondco S.A.’s accounting policies.

Other Financial Measures

The following measures are the primary non-IFRS financial measures that are presented in this report.

EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS and is used by management as an indicator of operating performance. EBITDA differs from the definitions of “Consolidated EBITDA” under the Indentures and the Revolving Credit Facility Agreement.

EBITDA, as presented in this report, is not a measurement of financial performance under IFRS-EU and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS-EU.

“French like-for-like sales” refers to like-for-like sales made through directly-operated stores in mainland France, excluding franchises in mainland France, Corsica, the French West Indies and La Réunion. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month and (ii) on the first day of the thirteenth month following its opening date in all other cases. Like-for-like sales growth is presented because we believe it is frequently used by investors and other interested parties in evaluating companies in the retail sector. However, other companies may define like-for-like sales growth in a different manner than we do.

For Further Information

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Management's Discussion and Analysis of Financial Condition and Results of Operations for Picard Bondco S.A.

The historical information discussed below for Picard Bondco S.A. is as of and for the three-month periods ended June 30, 2016 and June 30, 2017 and is not necessarily representative of Picard Bondco S.A.'s results of operations for any future period or our financial condition at any future date. We have prepared the unaudited condensed consolidated financial statements for Picard Bondco S.A. from April 1, 2017 to June 30, 2017, included herein, in accordance with IFRS; such financial information has not been audited or reviewed by any auditor.

The following discussion includes forward-looking statements based on assumptions about our future business. Our future results could differ materially from those contained in these forward-looking statements. Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

In this report, unless otherwise indicated, all amounts are expressed in millions of euro.

Selected Condensed Consolidated Financial Information of Picard Bondco S.A.

	Three months* ended	
Currency: in million of €	**June 30, 2016**	**June 30, 2017**
Sales of goods	**307.3**	**316.5**
Cost of goods sold	(171.9)	(176.8)
Gross profit	**135.3**	**139.7**
Other operating income	0.7	1.2
Other purchase and external expenses	(54.4)	(56.9)
Taxes	(4.0)	(3.3)
Personnel expenses	(39.6)	(41.1)
Other operating expenses	(0.4)	(0.4)
EBITDA	**37.7**	**39.2**
Depreciation and amortization	(8.2)	(8.6)
Operating profit	**29.4**	**30.6**
Finance costs	(18.3)	(17.9)
Finance income	0.1	0.0
Share of profit in an associate	0.1	0.1
Income before tax	**11.3**	**12.8**
Income tax expense	(5.6)	(2.1)
Net income	**5.7**	**10.8**
Equity holders of the parent	5.8	10.9
Non-controlling interests	(0.1)	(0.2)

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three months ended June 30, 2016 and June 30, 2017. EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS-EU and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under our Indentures and our Revolving Credit Facility Agreement. See "Presentation of Financial Information".

Results of Operations

Expansion of store network

As of June 30, 2017, we had 991 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 12 franchised stores in mainland France), 16 stores in Belgium, 15 stores and ten corners in Sweden, one store in Luxembourg, as well as three franchised stores and five corners in Japan and six franchised stores in Switzerland.

Sales of goods

Three months ended June 30, 2017 and June 30, 2016

Our sales of goods increased by €9.2 million, or 3.0%, from €307.3 million for the three months ended June 30, 2016 to €316.5 million for the three months ended June 30, 2017.

In France, sales of goods increased by €7.7 million, or 2.6%, from €300.7 million for the three months ended June 30, 2016 to €308.4 million for the three months ended June 30, 2017. French like-for-like sales increased by 1.1% in the three months ended June 30, 2017, as compared to the three months ended June 30, 2016, as a result of a 0.7% increase in the average basket size, combined with a 0.4% increase in the total number of tickets. The quarter experienced a negative calendar effect, as the positive impact of Easter was more than offset by the negative impact of the unfavorable timing of bank holidays in May. As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 1.3%.

Sales in Belgium and Luxembourg increased by €0.1 million, from €3.5 million for the three months ended June 30, 2016 to €3.6 million for the three months ended June 30, 2017, mainly due to an increase in like-for-like sales.

Sales in Sweden remained stable at €2.2 million for the three months ended June 30, 2016 and June 30, 2017 in spite of a store closure during the three months ended March 31, 2017.

Additionally, sales to franchised stores and partners located in other locations outside of France increased by €1.4 million, from €0.9 million for the three months ended June 30, 2016 to €2.3 million for the three months ended June 30, 2017. In particular, sales in Switzerland increased by €0.1 million, from €0.3 million to €0.4 million, sales in Japan increased by €0.4 million, from €0.1 million to €0.5 million following the opening by Aeon of three franchised stores and sales in the United Kingdom through our partnership with Ocado amounted to €1.0 million. Finally, sales in Italy decreased by €0.1 million from €0.5 million to €0.4 million.

Cost of goods sold

Three months ended June 30, 2017 and June 30, 2016

Our cost of goods sold increased by €4.9 million, or 2.9%, from €171.9 million for the three months ended June 30, 2016 to €176.8 million for the three months ended June 30, 2017, mainly due to an increased volume of purchases from our suppliers. Cost of goods sold as a percentage of sales remained flat at 55.9% for the three months ended June 30, 2016 and for the three months ended June 30, 2017.

Gross profit

Three months ended June 30, 2017 and June 30, 2016

Our gross profit increased by €4.4 million, or 3.3%, from €135.3 million for the three months ended June 30, 2016 to €139.7 million for the three months ended June 30, 2017, mainly as a result of higher sales. Gross profit as a percentage of sales of goods increased from 44.0% for the three months ended June 30, 2016 to 44.1% for the three months ended June 30, 2017.

Other operating income

Three months ended June 30, 2017 and June 30, 2016

Other operating income increased by €0.5 million from €0.7 million for the three months ended June 30, 2016 to €1.2 million for the three months ended June 30, 2017. This increase was primarily due to a €0.5 million insurance reimbursement received in compensation for damage to a store in 2016.

Other purchases and external expenses

Three months ended June 30, 2017 and June 30, 2016

Our other purchases and external expenses increased by €2.5 million, or 4.6%, from €54.4 million for the three months ended June 30, 2016 to €56.9 million for the three months ended June 30, 2017. This increase was primarily due to higher energy and logistics costs resulting from the expansion of our store network in France, as well as higher advertising expenses, notably explained by the fact that Easter fell in April 2017, as a significant communication campaign is always performed during the Easter period. Other operating expenses, including mainly rents, maintenance and cleaning, were closely controlled and did not experience a significant increase.

Taxes other than on income

Three months ended June 30, 2017 and June 30, 2016

Taxes other than on income decreased by €0.7 million, from €4.0 million for the three months ended June 30, 2016 to €3.3 million for the three months ended June 30, 2017. This decrease resulted mainly from a change in the accounting for the French tax on commercial areas which was implemented on April 1, 2016. Following a change in legislation and in accordance with the interpretation IFRIC 21 – "Levies", the tax is now recognized on a pro rata basis, instead of being fully accounted for on January 1st of each year. This change in accounting treatment triggered a €0.8 million charge recorded in the three months ended June 30, 2016 in connection with the tax on commercial areas. Due to this accounting method change, taxes other than on income as a percentage of sales of goods decreased from 1.3% for the three months ended June 30, 2016 to 1.0% for the three months ended June 30, 2017.

Personnel expenses

Three months ended June 30, 2017 and June 30, 2016

Personnel expenses increased by €1.5 million, or 3.8%, from €39.6 million for the three months ended June 30, 2016 to €41.1 million for the three months ended June 30, 2017. As a proportion of sales of goods, personnel expenses increased from 12.9% for the three months ended June 30, 2016 to 13.0% for the three months ended June 30, 2017.

Wages and salaries increased by €0.8 million, or 2.9%, from €27.5 million for the three months ended June 30, 2016 to €28.3 million for the three months ended June 30, 2017, as a result of annual salary increases in France, Belgium and Sweden and the expansion of our store network. As a proportion of sales of goods, wages and salaries remained flat at 8.9% for the three months ended June 30, 2016 and for the three months ended June 30, 2017.

Employee profit sharing increased by €0.3 million, from €3.0 million for the three months ended June 30, 2016 to €3.3 million for the three months ended June 30, 2017, as a result of the increase in French net income and higher contractual profit sharing ("*intéressement*").

Other personnel expenses increased by €0.4 million, from €9.1 million for the three months ended June 30, 2016 to €9.5 million for the three months ended June 30, 2017. The impact of the CICE was recorded as a reduction of social security costs (€1.4 million in the three months ended June 30, 2016 and €1.6 million in the three months ended June 30, 2017). Excluding the impact of the CICE, social security costs increased by €0.6 million, from €9.1 million for the three months ended June 30, 2016 to €9.7 million for the three months ended June 30, 2017. As a proportion of sales of goods, social security costs (excluding CICE) increased from 3.0% for the three months ended June 30, 2016 to 3.1% for the three months ended June 30, 2017.

EBITDA

Three months ended June 30, 2017 and June 30, 2016

EBITDA increased by €1.5 million, or 4.0%, from €37.7 million for the three months ended June 30, 2016 to €39.2 million for the three months ended June 30, 2017. As a proportion of sales of goods, EBITDA increased from 12.3% for the three months ended June 30, 2016 to 12.4% for the three months ended June 30, 2017. This increase is primarily due to the increase in sales and in gross profit, the limited increase in operational expenses.

Depreciation and amortization

Three months ended June 30, 2017 and June 30, 2016

Depreciation and amortization increased by €0.4 million, from €8.2 million for the three months ended June 30, 2016 to €8.6 million for the three months ended June 30, 2017. This increase was primarily due to higher IT capital expenditures in France and the expansion of our store network. As a proportion of sales of goods, depreciation and amortization remained flat at 2.7% for the three months ended June 30, 2016 and for the three months ended June 30, 2017.

Operating profit

Three months ended June 30, 2017 and June 30, 2016

Operating profit increased by €1.2 million, or 4.1%, from €29.4 million for the three months ended June 30, 2016 to €30.6 million for the three months ended June 30, 2017. As a proportion of sales of goods, operating profit increased from 9.6% for the three months ended June 30, 2016 to 9.7% for the three months ended June 30, 2017.

Finance costs

Three months ended June 30, 2017 and June 30, 2016

Finance costs decreased by €0.4 million from €18.3 million for the three months ended June 30, 2016 to €17.9 million for the three months ended June 30, 2017. This decrease in finance costs was mainly explained by a decrease in our interest expense notably following the €50.0 million partial redemption of the Senior Secured Notes that occurred in May 2016, which was partially offset by a €0.2 million foreign exchange loss and a €0.2 million gain relating to our hedging contracts recorded last year.

Finance income

Three months ended June 30, 2017 and June 30, 2016

Finance income slightly decreased from €0.1 million for the three months ended June 30, 2016 to €0.0 million for the three months ended June 30, 2017, following a decrease in foreign exchange gains.

Income before tax

Three months ended June 30, 2017 and June 30, 2016

Income before tax increased by €1.5 million, from €11.3 million for the three months ended June 30, 2016 to €12.8 million for the three months ended June 30, 2017. As a proportion of sales of goods, income before tax increased from 3.7% for the three months ended June 30, 2016 to 4.0% for the three months ended June 30, 2017.

Income tax expense

Three months ended June 30, 2017 and June 30, 2016

Income tax expense decreased by €3.5 million from €5.6 million for the three months ended June 30, 2016 to €2.1 million for the three months ended June 30, 2017. Income tax expense included non-recurring deferred tax income of €3.5 million relating to the accounting impact of changes in tax rates on long-term deferred taxes. This effect resulted from the reduction in the corporate income tax rate in France, adopted in the 2017 Budget Act and applicable starting in 2020, and which reduces the tax rate used to calculate our deferred tax liability from 34.43% to 28.92%. As a result, long-term deferred taxes on pensions and regulated provisions were revalued based on the rate applicable as of 2020.

Excluding this non-recurring effect, income tax expense amounted to €5.6 million, representing 43.5% of income before tax for the three months ended June 30, 2017. For the three months ended June 30, 2016, income tax expense represented 49.6% of the income before tax. This decrease was mainly explained by a reduction of our currently applicable tax rate, as the exceptional contribution on corporate income tax, which had been applicable in France since 2012, was discontinued as of December 31, 2016.

Net income

Three months ended June 30, 2017 and June 30, 2016

Net income increased by €5.1 million, from €5.7 million for the three months ended June 30, 2016 to €10.8 million for the three months ended June 30, 2017, as a result of the factors described above.

Certain material differences in the financial condition and results of operations between Picard Bondco S.A. and Lion Polaris II S.A.S. (the direct parent of Picard Groupe S.A.S.)

The consolidated financial information of Picard Bondco S.A. does not reflect intercompany loans between Picard Bondco S.A. and its subsidiaries. On February 20, 2015, Picard Groupe S.A.S. issued €342 million in aggregate principal amount of Additional Senior Secured Notes and Picard Bondco S.A. issued €428 million in aggregate principal amount of Senior Notes. In connection therewith, a loan in an aggregate principal amount of €428 million from Picard Bondco S.A. to Lion/Polaris Lux 3 S.A., a loan in an aggregate principal amount of €428 million from Lion/Polaris Lux 3 S.A. to Lion/Polaris Lux 4 S.A. and a loan in an aggregate principal amount of €428 million from Lion/Polaris Lux 4 S.A. to Lion Polaris II S.A.S. were made, in each case due February 2020, bearing interest at a rate of 7.75% plus a margin.

In addition, Picard Groupe S.A.S. is the issuer of the Senior Secured Notes. The Senior Secured Notes are guaranteed on a senior basis by Lion/Polaris Lux 3 S.A., Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and Picard Surgelés S.A.S. and on a subordinated basis by Picard Bondco S.A. Picard Bondco S.A. is the issuer of the Senior Notes. The Senior Notes are guaranteed on a subordinated basis by Lion Polaris II S.A.S., Lion/Polaris Lux 3 S.A. and Lion/Polaris Lux 4 S.A.

The results of operations of Picard Bondco S.A. and its subsidiaries do not differ materially from those of Lion Polaris II S.A.S. and its subsidiaries. The difference in EBITDA is primarily due to the holding company expenses of Picard Bondco S.A., Lion/Polaris Lux 3 S.A. and Lion/Polaris Lux 4 S.A.

Picard Bondco S.A.

Unaudited interim condensed consolidated financial statements

June 30, 2017

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Sales of goods	*5*	316 526	307 254
Cost of goods sold		(176 835)	(171 923)
Gross profit		**139 691**	**135 331**
Other operating income	*6.1*	1 201	697
Other purchase and external expenses		(56 860)	(54 383)
Taxes	*6.2*	(3 346)	(3 997)
Personal expenses	*6.3*	(41 100)	(39 572)
Depreciation and amortization		(8 580)	(8 210)
Other operating expenses	*6.4*	(372)	(419)
Operating profit		**30 634**	**29 447**
Finance costs	*6.5*	(17 896)	(18 333)
Finance income	*6.5*	38	138
Share of profit in an associate		68	77
Income before tax		**12 844**	**11 329**
Income tax expense	*7*	(2 084)	(5 615)
Net income		**10 760**	**5 714**
Attributable to:			
Equity holders of the parent		10 920	5 812
Non-controlling interests		(160)	(98)
Earnings per share:			
Basic earnings per share (*in euros*)		4.13	2.20
Fully diluted earnings per share (*in euros*)		4.13	2.20

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Net income		**10 760**	**5 714**
Net gain / (loss) on cash flow hedges	***8.3***	-	340
Income tax		-	(117)
		-	223
Actuarial gains / (loss) of the period		-	-
Income tax		-	-
		-	-
Foreign currency translation		20	(4)
Other comprehensive income / (loss) for the period, net of tax		20	*219*
Comprehensive income		**10 780**	**5 933**
Attributable to:			
Equity holders of the parent		10 940	6 031
Non-controlling interests		**(160)**	(98)

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousand of €)	Notes	As at June 30, 2017	As at March 31, 2017
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		222 570	224 646
Other intangible assets		841 963	841 357
Investment in an associate		11 025	10 957
Other non-current financial assets	*7.1*	13 095	12 797
Total non-current assets		**1 903 823**	**1 904 928**
Inventory		89 827	88 087
Trade and other receivables		42 886	43 380
Income tax receivable		4 892	1 744
Current financial assets	*7.1*	95	379
Cash and cash equivalents	*8*	115 310	115 045
Total current assets		**253 011**	**248 635**
Total assets		**2 156 834**	**2 153 563**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		266 185	266 185
Other comprehensive income		(111)	(131)
Retained earnings		182 089	83 943
Net income of the period		10 920	97 934
Equity attributable to equity holders of the parent		**461 725**	**450 573**
Non-controlling interests		(539)	(456)
Total equity		**461 186**	**450 117**
Non-current liabilities			
Interest-bearing loans and borrowings	*7.2*	1 189 917	1 188 997
Other non-current financial liabilities		90	88
Provisions		2 984	3 238
Employee benefit liability		7 438	7 301
Deferred tax liability		252 901	258 102
Total non-current liabilities		**1 453 330**	**1 457 725**
Current liabilities			
Trade and other payables		221 046	231 215
Income tax payable		1 730	3 457
Interest-bearing loans and borrowings	*7.2*	19 542	11 048
Other current financial liabilities		-	
Provisions		-	-
Total current liabilities		**242 318**	**245 721**
Total liabilities		**1 695 648**	**1 703 446**
Total equity and liabilities		**2 156 834**	**2 153 563**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

In thousand of €	**Issued capital**	**Share premium**	**MRPS**	Cash flow hedge reserve	Actuarial gain / (losses)	Share Based payment	Foreign currency translation	**Total other comprehensive income**	**Retained earnings**	**Net income**	**Equity attributable to equity holders of the parent**	**Non-controlling interest**	**Total Equity**
As at March 31, 2016	**2 642**	**266 476**		(461)	(26)		(40)	**(527)**	**44 725**	**38 630**	**351 946**	**(104)**	**351 842**
Net income attribution	-	-	-	-		-	-	-	38 630	(38 630)	-	-	**-**
Net income for the period (*)	-	-	-	-	-	-	-	-	-	5 812	**5 812**	(98)	**5 714**
Other comprehensive income	-	-	-	223	-	-	(4)	219	-	-	**219**	-	**219**
Total comprehensive income	**-**	**-**	**-**	**223**	**-**	**-**	**(4)**	**219**	**-**	**5 812**	**6 031**	**(98)**	**5 933**
Capital contribution without issue	-			-	-	-	-	-		-	-	-	**-**
Redemption of MRPs											-		**-**
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	-	-	-	219	**219**
As at June 30, 2016	**2 642**	**266 476**	-	(238)	(26)	-	(44)	**(309)**	**83 355**	**5 812**	**357 976**	**17**	**357 993**
As at March 31, 2017	**2 642**	**266 185**	-	-	(147)	-	16	**(131)**	**83 943**	**97 934**	**450 573**	**(456)**	**450 117**
Net income attribution	-	-	-	-	-	-	-	-	97 934	(97 934)	-	-	**-**
Net income for the period	-	-	-	-	-	-	-	-	-	10 920	**10 920**	(160)	**10 760**
Other comprehensive income	-	-	-	-			20	20			**20**	-	**20**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**20**	**20**	**-**	**10 920**	**10 940**	**(160)**	**10 780**
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	211	-	**211**	77	**288**
As at June 30, 2017	**2 642**	**266 185**	-	-	(147)	-	36	**(111)**	**182 089**	**10 920**	**461 725**	**(539)**	**461 186**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In thousand of €	Notes	For the three-month period ended June 30, 2017	For the three-month period ended June 30, 2016
Operating activities			
Operating profit		30 634	29 447
Depreciation and impairment of property, plant and equipment		7 345	7 251
Amortisation and impairment of intangible assets		1 235	959
Share-based transaction expense		-	-
Gain on disposal of property, plant and equipement		17	26
Other non cash operating items		(875)	(247)
Movements in provisions and pensions		110	112
Interest received		29	38
Dividends received from associate		-	-
Income tax paid		(12 108)	(9 013)
Operating cash flows before change in working capital requirements		*26 387*	*28 573*
Change in Inventories		(1 740)	241
Change in trade and other receivables and prepayments		495	3 303
Change in trade and other payables		(10 169)	(10 586)
Net cash flows from operating activities		**14 973**	**21 532**
Investing activities			
Proceeds from sale of property, plant and equipment		41	188
Disposal of Italy, net of cash disposed of		94	94
Purchase of property, plant and equipment		(5 010)	(5 660)
Purchase of intangible assets		(1 447)	(1 905)
Purchase of financial instruments		(10)	(24)
Proceeds from sale of financial instruments		-	-
Net cash used in investing activities		**(6 332)**	**(7 307)**
Financing activities			
Payment of finance lease liabilities		(64)	(63)
Repayment of borrowings			(50 000)
Interest paid		(8 312)	(9 541)
Dividends paid to equity holder of the parent		-	-
Net cash flows from/(used in) financing activities		**(8 376)**	**(59 604)**
Net increase / (decrease) in cash and cash equivalents		265	(45 379)
Cash and cash equivalents at the beginning of the period	9	115 045	122 591
Cash and cash equivalents at the end of the period	**9**	**115 310**	**77 212**

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Picard Bondco S.A. (previously named Lion Polaris Lux 2 S.A.) is a limited liability company, incorporated on August 9, 2010 and having its registered office in Luxembourg. The registered office of Picard Bondco S.A. is at 7 rue Lou-Hemmer, L-1748 Luxembourg-Findel. Picard Bondco S.A. is an affiliate (fully controlled) of Picard PIKco S.A.

Picard Bondco S.A. was incorporated for the purpose of acquiring Picard Groupe S.A.S. ("Picard Group"), the leader in the frozen food production and distribution business in France. The acquisition was completed on October 14, 2010.

Picard Bondco S.A. (the "Company") and its subsidiaries (together the "Group") operate in the frozen food production and distribution business, mainly in France. The Group's financial year ends on March 31.

The present unaudited interim condensed consolidated financial statements cover the period from April 1, 2017 to June 30, 2017.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the three-month period ended June 30, 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended March 31, 2017.

The unaudited interim condensed consolidated financial statements are presented in thousands of euros, the Group's functional and presentation currency. The figures in the tables have been individually rounded to the nearest thousand euros. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

2.1.1 New accounting standards and interpretations in effect starting from April 1, 2017

Since April 1, 2017, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses* (applicable according to the IASB in accounting periods beginning on or after January 1, 2017); and
- Amendments to IAS 7 – *Disclosure Initiative* (applicable according to the IASB in annual periods beginning on or after January 1, 2017).

The adoption of these policies had no significant impact on the Group's financial statements.

2.1.2 New accounting standards and interpretations with effect in future periods

The new standards and interpretations endorsed by the European Union not yet mandatorily applicable are as follows:

All these amendments will be effective after April 1, 2017 for the Group and the potential impacts of these new pronouncements are currently being analyzed.

The new or amended standards and interpretations adopted by the European Union are as follows:

- IFRS 9 – *Financial Instruments* and amendments to IFRS 9, IFRS 7 and IAS 39 – Hedge Accounting (applicable according to the IASB in annual periods beginning on or after January 1, 2018); and
- IFRS 15 – *Revenues from Contracts with Customers* and the Clarifications to IFRS 15 published in April 2016 (applicable according to the IASB in accounting periods beginning on or after January 1, 2018).

The new or amended standards and interpretations not yet adopted by the European Union are as follows:

- Amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- Amendments to IAS 40 – *Transfers of Investment Property* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- Annual Improvements to IFRS – *Cycle 2014-2016* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- Amendments to IFRS4 - *Applying IFRS9 Financial Instruments with IFRS4 Insurance Contracts* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- IFRIC 23 – Uncertainty over Income Tax Treatments (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- IFRS 16 – *Leases* (applicable according to the IASB in annual periods beginning on or after January 1, 2019); and
- IFRS 17 – *Insurance Contracts* (applicable according to the IASB in annual periods beginning on or after January 1, 2019).

The impact of these standards on the Group's results and financial situation is currently being evaluated.

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the Group's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic condition. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting periods are disclosed in the consolidated financial statements of the Group as at March 31, 2017.

As at June 30, 2017, the following estimates should be noted:

Impairment of non-financial assets

There was no indication of impairment of non-financial assets as at June 30, 2017. As a result, no impairment test was performed at this date.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. As of June 30, 2017, all assumptions remain the same as at March 31, 2017.

3. Significant events and seasonality of operations

3.1 Significant events of the period

No significant event in the period.

3.2 Seasonality of operations

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

4. Operating segment information

For management purposes, the Group is organised into business units based on distribution networks. Following the development of the activity of the Group in Belgium, Sweden, the UK and Luxembourg, the Group has two reportable operating segments as follows:

- France; and
- Other.

The "Other" operating segment includes distribution activities in Belgium, Luxembourg and Sweden, franchised operations and partnerships in Italy, Switzerland, the UK and Japan as well as our holding company operations (other than Group financing and income taxes) in Luxembourg.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

	As at June 30, 2017			**As at June 30, 2016**		
In thousand of €	**France**	**Other**	**Total**	**France**	**Other**	**Total**
Sales	308 444	8 082	316 526	300 666	6 588	307 254
Operating profit	31 646	(1 012)	30 634	30 735	(1 288)	29 447

5. Other operating income/expenses

5.1 Other operating income

In thousand of €	For the three month period ended June 30, 2017	For the three month period ended June 30, 2016
Capitalized expenses	334	181
Other operating income	867	516
Total other operating income	**1 201**	**697**

5.2 Personnel expenses

In thousand of €	For the three month period ended June 30, 2017	For the three month period ended June 30, 2016
Wages and salaries	(28 291)	(27 465)
Social security costs	(8 087)	(7 650)
Pension costs	(100)	(115)
Employee profit sharing	(3 266)	(3 011)
Share-based payment transaction expense	-	-
Other employee benefits expenses	(1 356)	(1 331)
Total personnel expenses	**(41 100)**	**(39 572)**

For the three-month period ended June 30, 2017, social security costs include income of M€ 1.6 (compared to income of M€ 1.4 for the three-month period ended June 30, 2016) corresponding to the French competitiveness and employment tax credit (*"Crédit d'Impôt pour la Compétitivité de l'Emploi" or "CICE"*) in effect in France since January 1, 2013.

5.3 Other operating expenses

In thousand of €	For the three month period ended June 30, 2017	For the three month period ended June 30, 2016
Royalties	(117)	(107)
Losses on bad debt	(190)	(259)
Other operating expenses	(65)	(53)
Total other operating expenses	**(372)**	**(419)**

5.4 Finance income and costs

In thousand of €	For the three month period ended June 30, 2017	For the three month period ended June 30, 2016
Interest expense	(17 575)	(18 332)
Hedging relationships - Ineffectiveness	-	139
Interest costs of employee benefits	(37)	(14)
Foreign exchange losses	(164)	-
Other financial expense	(120)	(126)
Finance costs	**(17 896)**	**(18 333)**
Income on loans and receivables	5	5
Income on short term investment	29	38
Foreign exchange gains	2	95
Other financial income	2	-
Finance income	**38**	**138**

6. Income tax expense

The Group calculates income tax expenses using an estimated tax rate that would be applicable to the expected total annual earnings (projected pre-tax income at year-end). The estimated average annual tax rate used is 43.50%, including Business Contribution on Value Added ("*Cotisation sur la valeur ajoutée des entreprises*" or "CVAE") which is accounted for as an income tax in line with IAS 12. The projected annual tax rate amounted to 49.6% in previous periods. The reduction in the projected tax rate is due to the fact that the exceptional contribution on corporate income tax, which had been applicable in France since 2012, was discontinued as of December 31, 2016.

Income tax expense decreased from K€ 5,615 for the three-month period ended June 30, 2016 to K€ 2,084 for the three-month period ended June 30, 2017 mainly as a result of the decrease of long-term deferred tax liabilities on pensions and regulated provisions following the reduction in the corporate income tax rate in France, adopted in the 2017 Budget Act and which reduces the income tax rate to 28.92% starting in 2020. The impact of this revaluation (tax credit of K€ 3,503) was recorded in the three-month period ended June 30, 2017. Excluding this impact, income tax expense for the three-month period ended June 30, 2017 would have been K€ 5,587.

7. Financial assets and financial liabilities

7.1 Other current and non-current financial assets

In thousand of €	**As at June 30, 2017**	**As at March 31, 2017**
Deposits and guarantees	11 825	11 722
Related party loans	259	254
Other	1 106	1 200
Other non-current financial assets	**13 190**	**13 176**
Of which non-current	*13 095*	*12 797*
Of which current	*95*	*379*

The K€ 1,106 in other financial assets represents the amount of the consideration remaining due by the acquirers of Picard Surgelati, consistently with the sale and purchase agreement (of which K€ 95 was recorded in current financial assets as at June 30, 2017).

7.2 Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	As at June 30, 2017	As at March 31, 2017
Current				
Obligations under finance leases			344	234
Current portion of interest bearing loans and borrowings			19 198	10 814
Bank overdrafts		On demand		-
Total current interest bearing loans and borrowings			**19 542**	**11 048**
Non current				
Obligations under finance leases			504	672
Senior secured notes (772M€)	Euribor 3M + margin 4.25%	2019	765 442	764 701
Senior notes 2020 (428M€)	7.75%	2020	423 971	423 623
Total non-current interest bearing loans and borrowings			**1 189 917**	**1 188 996**
Total interest bearing loans and borrowings			**1 209 459**	**1 200 044**

On August 1, 2013, Picard Groupe S.A.S., a subsidiary of the Company, issued M€480 of floating rate senior secured notes due 2019. These floating rate senior secured notes are payable after 6 years on August 1, 2019, and interest is paid quarterly based on a variable interest rate fixed in reference to a market rate (3-month Euribor) increased by a margin of 4.25%. The floating rate senior secured notes are refundable “in fine”.

On the same date, Picard Groupe S.A.S. entered into a M€30 Revolving Credit Facility.

On February 20, 2015, Picard Groupe S.A.S., a subsidiary of the Company, issued M€342 of additional floating rate senior secured notes due 2019. These floating rate senior secured notes are payable after 4 years on August 1, 2019, and interest is paid quarterly based on a variable interest rate fixed in reference to a market rate (3-month Euribor) increased by a margin of 4.25%. The additional floating rate senior secured notes are refundable “in fine”.

On February 20, 2015, the Company issued M€428 of fixed rate senior notes due 2020. These senior notes are payable after 5 years on February 1, 2020, and interest is paid twice a year based on a fixed interest rate of 7.75%. The senior notes are refundable “in fine”.

As of June 30, 2017, the Revolving Credit Facility was not drawn.

An early redemption of the floating rate senior secured notes for an amount of M€50 was notified to the bondholders before fiscal year end closing and made on May 3, 2016. Such amount has been reclassified as current at March 31, 2016.

Financial instruments contracts ended in March 2017, which terminated the accounting hedge relationship.

7.3 Hedging activities and derivatives

Cash Flow Hedges

As at June 30, 2017, the Group no longer has any interest rate swaps.

7.4 Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

In thousands of €	Carrying amount June 30, 2017	Fair value June 30, 2017	Carrying amount March 31, 2017	Fair value March 31, 2017
Financial assets				
Trade and other receivables	42 886	42 886	43 380	43 380
Income tax receivable	4 892	4 892	1 744	1 744
Other financial assets	13 190	13 190	13 176	13 176
Cash and cash equivalents	115 310	115 310	115 045	115 045
Total	**176 278**	**176 278**	**173 345**	**173 345**
Financial liabilities				
Fixed rate borrowings	(423 971)	(446 900)	(423 623)	(447 000)
Obligations under finance leases	(848)	(848)	(906)	(906)
Floating rate borrowings	(765 442)	(779 900)	(764 701)	(780 100)
Trade and other payables	(221 046)	(221 046)	(231 215)	(231 215)
Income tax payable	(1 730)	(1 730)	(3 457)	(3 457)
Total	**(1 413 037)**	**(1 450 424)**	**(1 423 903)**	**(1 462 679)**

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Fair value of cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximated their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer/counterparty and the risk characteristics of the financed project. Based on this evaluation, provision allowances are taken into account for the expected losses relating to these receivables. As at June 30, 2017, the carrying amounts of such receivables, net of provision allowances, approximated their fair values.

- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed-rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instrument. With respect to derivative interest rate contracts, the fair value of these contracts (e.g., interest rate swap agreements) is estimated by discounting expected future cash flows using current market interest rates and the yield curve over the remaining term of the instrument.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- *Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities;
- *Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- *Level 3:* techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is determined through Level 2 valuation techniques. The fair value of long-term debt is determined using price quotations, when available, at the reporting date (Level 1).

8. Cash and cash equivalents

In thousand of €	**June 30, 2017**	**March 31, 2017**	**June 30, 2016**	**March 31, 2016**
Cash at banks and on hand	56 451	56 186	30 210	72 531
Securities	58 859	58 859	47 011	50 063
Cash and cash equivalents	**115 310**	**115 045**	**77 221**	**122 594**

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

In thousand of €	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2016
Cash and cash equivalents	115 310	115 045	77 221	122 594
Bank overdrafts	-	-	(9)	(3)
Cash and cash equivalents position	**115 310**	**115 045**	**77 212**	**122 591**

9. Contingent liabilities

The Italian tax authorities conducted a tax audit of Picard Surgelati concerning the years ended March 31, 2009 to March 31, 2012. The company received tax reassessments for these four years that we challenged before the provincial court of Varese. The court issued a ruling in the company's favour for the years ended March 31, 2009 to March 31, 2012. The Italian tax authorities appealed the decisions regarding the years ended March 31, 2009 and March 31, 2010, but the Regional Commission confirmed the decisions of the court of Varese in June 2016. In January 2017, the Italian tax authorities appealed to the court of cassation against this decision.

10. Events after the reporting period

There has been no significant event since June 30, 2017.