Picard Bondco S.A.

Unaudited Condensed Consolidated Interim Financial Statements as at and for the three and nine months ended December 31, 2017

March 1, 2018

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Introduction

Highlights

The financial results of Picard Bondco S.A. and its consolidated subsidiaries (the "Group" or "Picard") for Q3 2018 (the quarter ended December 31, 2017) include the following highlights:

- Q3 2018 sales of goods increased by 2.1% to €493.1 million, from €483.1 million in Q3 2017;
- Q3 2018 gross profit increased by 2.3% to €212.0 million, from €207.3 million in Q3 2017;
- Q3 2018 EBITDA increased by 1.6% to €89.5 million, from €88.1 million in Q3 2017.

CEO Philippe Dailliez commented: "Our Q3 2018 sales of goods increased by €10.0 million, or 2.1%, as compared to Q3 2017. French like-for-like sales increased by 0.8% in the crucial third quarter of our financial year, in spite of a negative calendar effect. This increase was mainly supported by the increase in our average basket, explained by the success of our Christmas offer, which included high value products and a wider range of premium products such as caviar and truffles, as well as by the increase in cost of certain food ingredients reflected in our prices.

Our expansion remained dynamic, as we opened 7 directly-operated stores and 2 franchised stores in France, as well as 3 franchised stores in Japan during Q3 2018. Expansion in France therefore enabled us to add €6.1 million to our sales of goods in Q3 2018, as compared to the same period last year.

In addition, during the quarter, we launched our "*Picard & moi*" loyalty program, which has grown rapidly and has had a very promising start, with 2.9 million customers having joined the program at the end of December 2017. Building an effective and comprehensive customer loyalty program is a key aspect of our future growth strategy and the launch of this program is the continuation of the steps initiated in 2015.

Our Q3 2018 gross profit increased by €4.7 million, or 2.3%, from €207.3 million in Q3 2017 to €212.0 million in Q3 2018, supported by the increase of our sales of goods and by the improvement of our margin, in spite of the attractive promotions offered to our customers in the context of the launch of the loyalty program.

During the quarter, EBITDA increased by €1.4 million, or 1.6%, from €88.1 million in Q3 2017 to €89.5 million in Q3 2018, thanks to our French like-for-like sales growth and to well-controlled operating expenses.

In light of the continuing challenging market conditions relating to a highly competitive environment and the maturing French frozen food market, 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 December 31, 2017, we had 1,000 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 14 franchised stores in mainland France), 16 stores in Belgium, 15 stores in Sweden, one store in Luxembourg, six franchised stores in Switzerland, and six franchised stores and two corners in Japan. We also sell Picard-branded products in Italy through a commercial agreement with an Italian retailer, in the UK through a partnership with Ocado and in Sweden under a partnership with ICA to open corners within ICA's supermarkets and hypermarkets.

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

On August 19, 2015, Aryzta, a world-wide group active in the food industry and leader in the manufacturing and distribution of bakery-related products to industrial companies acquired a 49.5% interest in the Picard Group's indirect parent company Lux HoldCo, from Lion Capital. Aryzta also benefits from a call option exercisable in 2018, 2019 and 2020, allowing it to acquire all the remaining shares of the Picard Group's indirect parent company Lux HoldCo, and Lion Capital benefits from "drag" rights under certain circumstances.

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 "2013 Senior Secured Notes"), the proceeds of which were used, along with cash in hand, to permanently repay the €625 million senior credit facilities entered into in 2010 in their entirety. On the same date, Picard Groupe S.A.S. entered into a €30 million revolving credit facility (the "2013 Revolving Credit Facility").

On September 29, 2014, Picard Bondco 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.

On February 20, 2015, Picard Groupe S.A.S. issued €342 million aggregate principal amount of additional 2013 Senior Secured Notes, while, at the same time, Picard Bondco S.A. issued €428 million aggregate principal amount of 7.75% Senior Notes due 2020 (the "2015 Senior Notes"). The proceeds of the additional 2013 Senior Secured Notes and the 2015 Senior Notes were used to (i) redeem the 2010 Senior Notes, (ii) pay the unpaid interest and the redemption premium associated with the redemption, (iii) fund distributions to the shareholders of the Picard Group and (iv) pay all fees and expenses related to the Refinancing. In connection with the refinancing, Picard PIKco S.A. issued additional PIK Notes in an aggregate principal amount of €40 million and repurchased and cancelled €20 million of previously-issued PIK Notes. On February 20, 2015, the terms of the PIK Notes were also amended to extend the maturity date to 2020, among other things.

On April 1, 2016, Picard Groupe S.A.S. elected to redeem €50 million of its 2013 Senior Secured Notes. The partial redemption occurred on May 3, 2016.

On December 14, 2017, Picard Groupe S.A.S. issued €1,190 million aggregate principal amount of Floating Rate Senior Secured Notes due 2023 (the "Senior Secured Notes") and Picard Bondco S.A.issued €310 million aggregate principal amount of Senior Notes due 2024 (the "Senior Notes" and, together with the Senior Secured Notes, the "Notes"). The gross proceeds from the sale of the Notes were used to (i) redeem Picard PIKco S.A.'s outstanding 11% PIK Notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 2015 Senior Notes, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of 2013 Senior Secured Notes, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Picard group, and (v) pay fees and expenses related to these transactions.

Reporting

This report is the report as of and for the quarter ended December 31, 2017 required pursuant to Section 4.03 of each of the indenture governing the Senior Secured Notes, as supplemented from time to time (the "Senior Secured Notes Indenture") and the indenture governing the Senior Notes (the "Senior Notes Indenture" and, together with the Senior Secured Notes Indenture, the "Indentures"), as well as clause 23.3 and clause 1.1.(b) of Schedule 14 of the agreement governing the Revolving Credit Facility (the "Revolving Credit Facility Agreement").

Presentation of Financial Information

Financial statements presented

This report contains the unaudited condensed consolidated interim 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 interim financial statements of Picard Bondco S.A. from April 1, 2017 to December 31, 2017, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of December 31, 2017, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and nine-month periods ended December 31, 2017 and (iii) the consolidated statement of cash flows for the nine-month periods ended December 31, 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 Unaudited Condensed Consolidated Interim Financial Statements" of Picard Bondco S.A. for a discussion of Picard Bondco S.A.'s accounting policies.

Other Financial Measures

EBITDA and French like-for-like sales 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- and nine-month periods ended December 31, 2016 and December 31, 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 interim financial statements for Picard Bondco S.A. from April 1, 2017 to December 31, 2017, included herein, in accordance with IFRS; such financial information has not been audited 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		Nine months* ended	
Currency: in million of €	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017
Sales of goods	**483.1**	**493.1**	**1 065.1**	**1 095.7**
Cost of goods sold	(275.7)	(281.2)	(599.8)	(616.6)
Gross profit	**207.3**	**212.0**	**465.2**	**479.1**
Other operating income	1.3	1.0	3.5	3.4
Other purchase and external expenses	(68.5)	(68.6)	(174.3)	(179.5)
Taxes	(4.2)	(4.4)	(11.5)	(11.0)
Personnel expenses	(47.4)	(50.0)	(126.6)	(132.7)
Other operating expenses	(0.4)	(0.5)	(1.4)	(6.2)
EBITDA	**88.1**	**89.5**	**154.9**	**153.0**
Depreciation and amortization	(8.2)	(8.7)	(24.9)	(27.4)
Operating profit	**79.9**	**80.8**	**130.1**	**125.7**
Finance costs	(18.6)	(42.8)	(54.9)	(78.4)
Finance income	0.0	0.0	0.1	0.1
Share of profit in an associate	0.2	0.1	0.4	0.2
Income before tax	**61.5**	**38.1**	**75.7**	**47.7**
Income tax expense	18.2	1.5	11.2	0.1
Net income	**79.7**	**39.7**	**86.8**	**47.8**
Equity holders of the parent	79.7	39.8	86.9	48.7
Non-controlling interests	(0.0)	(0.1)	(0.1)	(0.9)
EBITDA adjusted for URSSAF reassessment and restructuring provisions (**)	**88.1**	**89.7**	**154.9**	**158.7**

(*) Unaudited.
(**) EBITDA as adjusted to exclude a €4.79 million provision on social charges related to a reassessment by the URSSAF and a €0.83 million restructuring provision for the closure of six loss-making stores in Sweden.

The following discussion and analysis summarizes EBITDA for the three- and nine-month periods ended December 31, 2016 and December 31, 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 the Indentures and our Revolving Credit Facility Agreement. See "Presentation of Financial Information".

Results of Operations

Expansion of store network

As of December 31, 2017, we had 1,000 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 14 franchised stores in mainland France), 16 stores in Belgium, 15 stores, one store in Luxembourg, as well as six franchised stores and two corners in Japan and six franchised stores in Switzerland.

Sales of goods

Nine months ended December 31, 2017 and December 31, 2016

Our sales of goods increased by €30.6 million, or 2.9%, from €1,065.1 million for the nine months ended December 31, 2016 to €1,095.7 million for the nine months ended December 31, 2017.

In France, sales of goods increased by €29.0 million, or 2.8%, from €1,041.1 million for the nine months ended December 31, 2016 to €1,070.1 million for the nine months ended December 31, 2017. French like-for-like sales increased by 1.2% in the nine months ended December 31, 2017, as compared to the nine months ended December 31, 2016, as a result of a 1.3% increase in the average basket size, partially offset by a slight decrease in the total number of tickets (-0.1%). As adjusted to exclude the calendar effect, French like-for-like sales would have increased by an estimated 1.4%.

Sales in Belgium and Luxembourg increased by €0.4 million, from €12.2 million for the nine months ended December 31, 2016 to €12.6 million for the nine months ended December 31, 2017, driven by increases in both the number of tickets and the average basket size.

Sales in Sweden increased by €0.1 million from €7.2 million for the nine months ended December 31, 2016 to €7.3 million for the nine months ended December 31, 2017 in spite of a loss-making store closure during the three months ended March 31, 2017. Sales benefited from positive like-for-like sales development in local currency, as well as the opening of corners in ICA's hypermarkets and supermarkets. As part of the reorganization of our activities in Sweden, we entered into a new partnership with one of the largest Swedish retailers - ICA - to open corners presenting a Picard lay-out and branding within ICA's supermarkets and hypermarkets.

Additionally, sales to franchised stores and partners located in Switzerland, Japan, the United Kingdom and Italy increased by €1.1 million, from €4.6 million for the nine months ended December 31, 2016 to €5.7 million for the nine months ended December 31, 2017. In particular, sales in the United Kingdom through our partnership with Ocado increased by €1.4 million, from €0.4 million in the nine months ended December 31, 2016 to €1.8 million in the nine months ended December 31, 2017 following the commencement of the partnership in October 2016. In addition, sales in Switzerland increased by €0.2 million, from €1.1 million to €1.3 million. Sales in Japan remained flat at €1.4 million. Finally, sales in Italy decreased by €0.3 million from €1.6 million in the nine months ended December 31, 2016 to €1.3 million in the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Our sales of goods increased by €10.0 million, or 2.1%, from €483.1 million for the three months ended December 31, 2016 to €493.1 million for the three months ended December 31, 2017.

In France, sales of goods increased by €10.8 million, or 2.3%, from €471.6 million for the three months ended December 31, 2016 to €482.4 million for the three months ended December 31, 2017. French like-for-like sales increased by 0.8% in the three months ended December 31, 2017, as compared to the three months ended December 31, 2016, as a result of a 1.5% increase in the average basket size, partially offset by a 0.7% decrease in the total number of tickets. The quarter experienced a negative calendar effect due to one Saturday less compared to the same period last year. As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 1.6%.

Sales of goods in Belgium and Luxembourg increased by €0.1 million, from €5.8 million for the three months ended December 31, 2016 to €5.9 million for the three months ended December 31, 2017, due to the increase in like-for-like sales.

Sales of goods in Sweden decreased by €0.1 million, from €2.8 million for the three months ended December 31, 2016 to €2.7 million for the three months ended December 31, 2017, following a store closure during the three months ended March 31, 2017 and like-for-like sales evolution. Sales of goods however benefited from the start of sales of goods to ICA, following the opening of corners in ICA's hypermarkets and supermarkets.

Additionally, sales to franchised stores and partners located in Switzerland, Japan, the United Kingdom and Italy decreased by €0.6 million, from €2.8 million for the three months ended December 31, 2016 to €2.2 million for the three months ended December 31, 2017. This decrease was mainly explained by the first store openings in Japan during the three months ended December 31, 2016, which had been very successful and triggered significant orders. After the successful start-up period, sales in Japan returned to a more normalized level and decreased by €0.6 million, from €1.1 million in the three months ended December 31, 2016 to €0.5 million in the three months ended December 31, 2017. Sales in Switzerland amounted to €0.6 million in the three months ended December 31, 2017, increasing by €0.1 million compared to the same period last year. Sales in the United Kingdom through our partnership with Ocado amounted to €0.5 million in the three months ended December 31, 2017, increasing by €0.1 million compared to the same period last year. Finally, sales in Italy decreased by €0.2 million from €0.8 million in the three months ended December 31, 2016 to €0.6 million in the three months ended December 31, 2017.

Cost of goods sold

Nine months ended December 31, 2017 and December 31, 2016

Our cost of goods sold increased by €16.8 million, or 2.8%, from €599.8 million for the nine months ended December 31, 2016 to €616.6 million for the nine months ended December 31, 2017, primarily due to an increased volume of purchases from our suppliers. Cost of goods sold as a percentage of sales of goods remained stable at 56.3% for the nine months ended December 31, 2016 and for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Our cost of goods sold increased by €5.5 million, or 2.0%, from €275.7 million for the three months ended December 31, 2016 to €281.2 million for the three months ended December 31, 2017, mainly due to an increased volume of purchases from our suppliers. Cost of goods sold as a percentage of sales of goods decreased from 57.1% for the three months ended December 31, 2016 to 57.0% for the three months ended December 31, 2017.

Gross profit

Nine months ended December 31, 2017 and December 31, 2016

Our gross profit increased by €13.9 million, or 3.0%, from €465.2 million for the nine months ended December 31, 2016 to €479.1 million for the nine months ended December 31, 2017, mainly as a result of higher sales. Gross profit as a percentage of sales of goods remained flat at 43.7% for the nine months ended December 31, 2016 and for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Our gross profit increased by €4.7 million, or 2.3%, from €207.3 million for the three months ended December 31, 2016 to €212.0 million for the three months ended December 31, 2017, mainly as a result of higher sales. Gross profit as a percentage of sales of goods slightly increased from 42.9% for the three months ended December 31, 2016 to 43.0% for the three months ended December 31, 2017.

Other operating income

Nine months ended December 31, 2017 and December 31, 2016

Other operating income decreased by €0.1 million from €3.5 million for the nine months ended December 31, 2016 to €3.4 million for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Other operating income decreased by €0.3 million from €1.3 million for the three months ended December 31, 2016 to €1.0 million for the three months ended December 31, 2017.

Other purchases and external expenses

Nine months ended December 31, 2017 and December 31, 2016

Our other purchases and external expenses increased by €5.2 million, or 3.0%, from €174.3 million for the nine months ended December 31, 2016 to €179.5 million for the nine months ended December 31, 2017. This increase was primarily due to higher energy costs following an increase in the number of stores combined with an increase in taxes on electricity. Logistics costs also increased as they were mainly impacted by higher sales volumes and increases in fuel prices. In addition, higher advertising expenses were incurred in connection with the annual significant communication campaigns for Easter, which occurred during the nine months ended December 31, 2017 but not during the nine months ended December 31, 2016. Also, following the decision to close six loss-making stores in Sweden, a provision for restructuring was recorded with a €0.5 million impact on rents and maintenance costs. Other purchases and external expenses as a percentage of sales of goods remained flat at 16.4% for the nine months ended December 31, 2016 and for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Our other purchases and external expenses increased by €0.1 million, or 0.1%, from €68.5 million for the three months ended December 31, 2016 to €68.6 million for the three months ended December 31, 2017. This increase was primarily due to higher energy costs following an increase in the number of stores combined with an increase in taxes on electricity. Logistics costs also increased as they were impacted by volumes and gasoil prices notably. Advertising expenses however slightly decreased compared to the same period last year, particularly in October, as a significant campaign occurred in 2016 to support the launch of a new range of products that was not repeated in 2017. Other purchases and external expenses as a percentage of sales of goods decreased from 14.1% for the three months ended December 31, 2016 to 13.9% for the three months ended December 31, 2017.

Taxes

Nine months ended December 31, 2017 and December 31, 2016

Taxes decreased from €11.5 million for the nine months ended December 31, 2016 to €11.0 million for the nine months ended December 31, 2017. This decrease resulted mainly from a change in the accounting for the French tax on commercial areas (i.e. on retail footprints), which was implemented on April 1, 2016. Following a change in legislation and in accordance with the interpretation IFRIC 21 – "Levies", the tax on commercial areas is now recognized on a pro rata basis, instead of being fully accounted for on January 1 of each year. This change in accounting treatment triggered a one-off €0.8 million additional charge recorded in the nine months ended December 31, 2016 in connection with the tax on commercial areas, which charge was not repeated in the nine months ended December 31, 2017. As a result, taxes as a percentage of sales of goods decreased from 1.1% for the nine months ended December 31, 2016 to 1.0% for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Taxes increased by €0.2 million from €4.2 million for the three months ended December 31, 2016 to €4.4 million for the three months ended December 31, 2017. Taxes as a percentage of sales of goods remained flat at 0.9% for the three months ended December 31, 2016 and for the three months ended December 31, 2017.

Personnel expenses

Nine months ended December 31, 2017 and December 31, 2016

Personnel expenses increased by €6.1 million, or 4.8%, from €126.6 million for the nine months ended December 31, 2016 to €132.7 million for the nine months ended December 31, 2017. As a proportion of sales of goods, personnel expenses increased from 11.9% for the nine months ended December 31, 2016 to 12.1% for the nine months ended December 31, 2017.

Wages and salaries increased by €3.9 million, or 4.5%, from €86.0 million for the nine months ended December 31, 2016 to €89.9 million for the nine months ended December 31, 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 increased from 8.1% for the nine months ended December 31, 2016 to 8.2% for the nine months ended December 31, 2017.

Employee profit sharing in France increased from €12.1 million for the nine months ended December 31, 2016 to €12.7 million for the nine months ended December 31, 2017, as a result of higher contractual profit sharing ("*intéressement*") following a good sales performance and the renewal of our profit-sharing agreement on terms that were more favorable to employees.

Other personnel expenses increased by €1.6 million, or 5.6%, from €28.5 million for the nine months ended December 31, 2016 to €30.1 million for the nine months ended December 31, 2017 and included a €0.3 million restructuring provision for the closure of six loss-making stores in Sweden. The impact of the competitiveness and employment tax credit ("*Crédit d'impôt pour la compétitivité et l'emploi*") (the "CICE") was recorded as a reduction of social security costs of €4.5 million in the nine months ended December 31, 2016 and €5.3 million in the nine months ended December 31, 2017. Excluding the impact of the CICE, social security costs increased by €1.9 million, or 6.6%, from €28.8 million for the nine months ended December 31, 2016 to €30.7 million for the nine months ended December 31, 2017. This increase was mainly explained by the increase in wages and salaries and by the accrual of the "*allègements Fillon*" (social charges reduction on low wages). From June to October 2017, the French administrative body responsible for collecting social security payments ("URSSAF") conducted an audit of our social security charges payments for the calendar years 2014 to 2016. The conclusion of the audit received in December indicated a reassessment amounting to €4.3 million (plus potential penalties), mainly concerning the "*allègements Fillon*" (social charges reduction on low wages). A €4.8 million provision has been recorded during the nine-month period ended December 31, 2017 in the line item "Other operating expenses" to cover the risk associated with the reassessment (€4.3 million) and penalties (€0.5 million). The reassessment was paid in January 2018. In addition, the Group now accrues a provision on a monthly basis, which provision accounts for the additional social security charges incurred as a result of the application of the administration's methodology as if it had been applied since April 1, 2017. However, the Group believes that it has strong arguments to contest the URSSAF decision and will challenge the reassessment before the relevant court.

Three months ended December 31, 2017 and December 31, 2016

Personnel expenses increased by €2.3 million, or 4.8%, from €47.7 million for the three months ended December 31, 2016 to €50.0 million for the three months ended December 31, 2017. As a proportion of sales of goods, personnel expenses increased from 9.9% for the three months ended December 31, 2016 to 10.1% for the three months ended December 31, 2017.

Wages and salaries increased by €1.6 million, or 5.3%, from €30.2 million for the three months ended December 31, 2016 to €31.8 million for the three months ended December 31, 2017, as a result of annual salary increases in France, Belgium and Sweden, the expansion of our store network, combined with non-recurring store personnel costs associated with the launch of the loyalty program and a higher number of working Sundays in December 2017 compared to December 2016. As a proportion of sales of goods, wages and salaries increased from 6.3% for the three months ended December 31, 2016 to 6.4% for the three months ended December 31, 2017.

Employee profit sharing in France increased by €0.1 million, from €6.9 million for the three months ended December 31, 2016 to €7.0 million for the three months ended December 31, 2017, as a result of higher contractual profit sharing ("*intéressement*") following a good sales performance and the renewal of our profit-sharing agreement at terms on were more favorable to employees.

Other personnel expenses increased by €0.8 million, from €10.3 million for the three months ended December 31, 2016 to €11.1 million for the three months ended December 31, 2017. The impact of the CICE was recorded as a reduction of social security costs of €1.7 million in the three months ended December 31, 2016 and €2.1 million in the three months ended December 31, 2017. Excluding the impact of the CICE, social security costs increased by €0.8 million, from €10.4 million for the three months ended December 31, 2016 to €11.2 million for the three months ended December 31, 2017. This increase was mainly explained by the increase in wages and by the accrual of the "*allègements Fillon*" (social charges reduction on low wages), as described above.

Other operating expenses

Nine months ended December 31, 2017 and December 31, 2016

Other operating expenses increased by €4.8 million from €1.4 million for the nine months ended December 31, 2016 to €6.2 million for the nine months ended December 31, 2017. This increase was mainly explained by the €4.8 million provision regarding a reassessment on social security charges, as described above. Excluding this provision, other operating expenses remained flat.

Three months ended December 31, 2017 and December 31, 2016

Other operating expenses increased by €0.1 million from €0.4 million for the three months ended December 31, 2016 to €0.5 million for the three months ended December 31, 2017.

EBITDA

Nine months ended December 31, 2017 and December 31, 2016

EBITDA decreased by €1.9 million, or 1.2%, from €154.9 million for the nine months ended December 31, 2016 to €153.0 million for the nine months ended December 31, 2017. As a proportion of sales of goods, EBITDA decreased from 14.5% for the nine months ended December 31, 2016 to 14.0% for the nine months ended December 31, 2017. This decrease was mainly explained by the €4.8 million provision regarding the URSSAF reassessment described above and the €0.8 million provision relating to the restructuring of our activity in Sweden. Excluding these provisions, EBITDA increased by €3.7 million or 2.4%, from €154.9 million for the nine months ended December 31, 2016 to €158.6 million for the nine months ended December 31, 2017 mainly due to the increase in sales of goods and the controlled increase in operational expenses.

Three months ended December 31, 2017 and December 31, 2016

EBITDA increased by €1.4 million, or 1.6%, from €88.1 million for the three months ended December 31, 2016 to €89.5 million for the three months ended December 31, 2017. As a proportion of sales of goods, EBITDA remained stable at 18.2% for the three months ended December 31, 2016 and for the three months ended December 31, 2017.

Depreciation and amortization

Nine months ended December 31, 2017 and December 31, 2016

Depreciation and amortization increased by €2.5 million from €24.9 million for the nine months ended December 31, 2016 to €27.4 million for the nine months ended December 31, 2017. This increase was primarily due to higher IT capital expenditures in France and the expansion of our store network, as well as a €1.3 million non-recurring depreciation of the assets of the six Swedish stores to be closed. As a proportion of sales of goods, depreciation and amortization increased from 2.3% for the nine months ended December 31, 2016 to 2.5% for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Depreciation and amortization increased by €0.5 million, from €8.2 million for the three months ended December 31, 2016 to €8.7 million for the three months ended December 31, 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 increased from 1.7% for the three months ended December 31, 2016 to 1.8% for the three months ended December 31, 2017.

Operating profit

Nine months ended December 31, 2017 and December 31, 2016

Operating profit decreased by €4.4 million, or 3.4%, from €130.1 million for the nine months ended December 31, 2016, to €125.7 million for the nine months ended December 31, 2017. As a proportion of sales of goods, operating profit decreased from 12.2% for the nine months ended December 31, 2016 to 11.5% for the nine months ended December 31, 2017. This decrease was mainly explained by the non-recurring provision following the URSSAF reassessment on social charges as well as the restructuring provision and the depreciation of assets of the six loss-making stores in Sweden. Excluding these items, operating profit increased by €2.5 million, or 1.9%, from €130.1 million for the nine months ended December 31, 2016, to €132.6 million for the nine months ended December 31, 2017.

Three months ended December 31, 2017 and December 31, 2016

Operating profit increased by €0.9 million, or 1.1%, from €79.9 million for the three months ended December 31, 2016 to €80.8 million for the three months ended December 31, 2017. As a proportion of sales of goods, operating profit decreased from 16.5% for the three months ended December 31, 2016 to 16.4% for the three months ended December 31, 2017.

Finance costs

Nine months ended December 31, 2017 and December 31, 2016

Finance costs increased by €23.5 million from €54.9 million for the nine months ended December 31, 2016 to €78.4 million for the nine months ended December 31, 2017. This increase in finance costs was mainly due to the refinancing that occurred in December 2017. The early redemption of the 2013 Senior Secured Notes and the 2015 Senior Notes resulted in non-recurring finance costs of €25.1 million, reflecting the write-off of the non-amortized issuance fees (€8.5 million) and the early redemption penalty (€16.6 million). Excluding these non-recurring costs, finance costs decreased by €1.6 million from €54.9 million for the nine months ended December 31, 2016 to €53.3 million for the nine months ended December 31, 2017. This decrease was mainly explained by the costs of the hedging swap last year and the lower interest rates of the notes issued in December 2017.

Three months ended December 31, 2017 and December 31, 2016

Finance costs increased by €24.2 million from €18.6 million for the three months ended December 31, 2016 to €42.8 million for the three months ended December 31, 2017. This increase in finance costs was mainly due to the refinancing that occurred in December 2017, as described above. Excluding the non-recurring costs, finance costs decreased by €0.9 million from €18.6 million for the three months ended December 31, 2016 to €17.7 million for the three months ended December 31, 2017. This decrease was mainly explained by the costs of the hedging swap last year and the lower interest rates of the notes issued in December 2017.

Income before tax

Nine months ended December 31, 2017 and December 31, 2016

Income before tax decreased by €28.0 million, from €75.7 million for the nine months ended December 31, 2016 to €47.7 million for the nine months ended December 31, 2017, mainly due to the increase in finance costs described above. As a proportion of sales of goods, income before tax decreased from 7.1% for the nine months ended December 31, 2016 to 4.4% for the nine months ended December 31, 2017.

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

Income before tax decreased by €23.4 million, from €61.5 million for the three months ended December 31, 2016 to €38.1 million for the three months ended December 31, 2017, mainly due to the increase in finance costs described above. As a proportion of sales of goods, income before tax decreased from 12.7% for the three months ended December 31, 2016 to 7.7% for the three months ended December 31, 2017.

Income tax expense/credit

Nine months ended December 31, 2017 and December 31, 2016

Income tax credits decreased by €11.1 million from a credit of €11.2 million for the nine months ended December 31, 2016 to a credit of €0.1 million for the nine months ended December 31, 2017.

Income tax expense included non-recurring deferred tax income of €45.5 million for the nine months ended December 31, 2016 and €28.8 million for the nine months ended December 31, 2017, relating to the accounting impact of changes in tax rates on long-term deferred taxes. These non-recurring deferred tax income were explained by two reductions in the corporate income tax rate in France, the first step of which had been voted in the 2017 Budget Act (bringing the income tax rate to 28.92% from 2020 onwards) and the second step in the 2018 Budget Act (bringing the income tax rate to 25% from 2022 onwards). As a result of these two reductions, long-term deferred taxes – essentially related to the Picard trademark – were revalued based on the rate applicable as of 2020 and 2022, respectively.

Excluding these deferred tax impacts in the two periods, income tax expense would have amounted to €34.3 million in the nine months ended December 31, 2016 and to €28.7 million for the nine months ended December 31, 2017. The projected tax rate used to calculate income tax expense for the nine months ended December 31, 2017 was affected by an exceptional tax contribution, which was not applicable for the same period last year. On November 2, 2017, the French government introduced a “budget bill” at the National Assembly. The proposed bill includes an exceptional income tax to be applied to companies with sales exceeding €1 billion. This exceptional income tax amounts to 15% of the corporate income tax, therefore increasing the income tax rate applicable to French entities from 34.43% to 39.43% for the year ending March 31, 2018 only.

Three months ended December 31, 2017 and December 31, 2016

Income tax credits decreased by €16.7 million from a credit of €18.2 million for the three months ended December 31, 2016 to a credit of €1.5 million for the three months ended December 31, 2017.

Income tax expense included non-recurring deferred tax income of €45.5 million for the three months ended December 31, 2016 and €25.5 million for the three months ended December 31, 2017, relating to the accounting impact of changes in tax rates on long-term deferred taxes. These non-recurring deferred tax income were explained by two reductions in the corporate income tax rate in France, the first step of which had been voted in the 2017 Budget Act (bringing the income tax rate to 28,92% from 2020 onwards) and the second step in the 2018 Budget Act (bringing the income tax rate to 25% from 2022 onwards). As a result of these two reductions, long-term deferred taxes – essentially related to the Picard trademark – were revalued based on the rate applicable as of 2020.

Excluding these deferred tax impacts in the two periods, income tax expense would have amounted to €24.0 million for the three months ended December 31, 2017 and to €27.3 million in the three months ended December 31, 2016. The projected tax rate used to calculate income tax expense for the three months ended December 31, 2017 was affected by an exceptional tax contribution, which was not applicable for the same period last year. On November 2, 2017, the French government introduced a “budget bill” at the National Assembly. The proposed bill includes an exceptional income tax to be applied to companies with sales exceeding €1 billion. This exceptional income tax amounts to 15% of the corporate income tax, therefore increasing the income tax rate applicable to French entities from 34.43% to 39.43% for the year ending March 31, 2018 only.

Net income

Nine months ended December 31, 2017 and December 31, 2016

Net income decreased by €39.0 million, from €86.8 million for the nine months ended December 31, 2016 to €47.8 million for the nine months ended December 31, 2017, as a result of the factors described above.

Three months ended December 31, 2017 and December 31, 2016

Net income decreased by €40.0 million, from €79.7 million for the three months ended December 31, 2016 to €39.7 million for the three months ended December 31, 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. These loans were repaid in full in connection with the December 2017 refinancing. Currently, there is a €44.4 million intra-group loan from Picard Bondco S.A. to Lion/Polaris Lux 3 S.A. and a €43.9 million intra-group loan from Lion/Polaris Lux 3 S.A. to Lion/Polaris Lux 4 S.A. and a €44.4 million intra-group loan from Lion/Polaris Lux 4 S.A. to Lion Polaris II S.A.S. These intra-group loans will mature in 2024.

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 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.

Unaudited Interim Condensed Consolidated Financial Statements of Picard Bondco S.A.

Picard Bondco S.A.

Unaudited interim condensed consolidated financial statements

December 31, 2017

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended December 31, 2017	For the three-month period ended December 31, 2016	For the nine-month period ended December 31, 2017	For the nine-month period ended December 31, 2016
Sales of goods	*4*	493 133	483 052	1 095 697	1 065 081
Cost of good sold		(281 173)	(275 706)	(616 627)	(599 837)
Gross profit		**211 960**	**207 346**	**479 071**	**465 244**
Other operating income	*5.1*	1 009	1 346	3 411	3 460
Other purchase and external expenses		(68 607)	(68 537)	(179 525)	(174 306)
Taxes		(4 380)	(4 198)	(11 008)	(11 474)
Personnel expenses	*5.2*	(49 961)	(47 402)	(132 718)	(126 617)
Depreciation and amortization		(8 711)	(8 236)	(27 356)	(24 858)
Other operating expenses	*5.3*	(515)	(431)	(6 186)	(1 382)
Operating profit		**80 794**	**79 888**	**125 689**	**130 067**
Finance costs	*5.4*	(42 784)	(18 571)	(78 354)	(54 878)
Finance income	*5.4*	29	19	106	96
Share of profit in an associate		88	182	230	367
Income before tax		**38 127**	**61 518**	**47 671**	**75 652**
Income tax expense	*6*	1 549	18 163	126	11 153
Net income		**39 676**	**79 681**	**47 797**	**86 804**
Attributable to:					
Equity holders of the parent		39 787	79 704	48 661	86 926
Non-controlling interests		(111)	(23)	(864)	(122)
Earnings per share:					
Basic earnings per share (in euros)		15,06	30,17	18,42	32,91
Fully diluted earnings per share (in euros)		15,06	30,17	18,42	32,91

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 December 31, 2017	For the three-month period ended December 31, 2016	For the nine-month period ended December 31, 2017	For the nine-month period ended December 31, 2016
Net income		**39 676**	**79 681**	**47 797**	**86 804**
Items to be reclassified to profit and loss:					
Net gain / (loss) on cash flow hedges	***8.3***	-	323		663
Income tax		-	(233)	-	(350)
		-	90	-	313
Foreign currency translation		(35)	65	(43)	61
Items not to be reclassified to profit and loss:					
Actuarial gains / (loss) of the period		-	-	-	-
Income tax		-	-	-	-
		-	-	-	-
Other comprehensive income / (loss) for the period, net of		*(35)*	*155*	*(43)*	*374*
Comprehensive income		**39 641**	**79 836**	**47 754**	**87 178**
Attributable to:					
Equity holders of the parent		39 752	79 859	48 618	87 300
Non-controlling interests		(111)	(23)	(864)	(122)

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousand of €)	Notes	December 31, 2017	March 31, 2017
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		223 040	224 646
Other intangible assets		842 867	841 357
Investment in an associate		11 062	10 957
Other non-current financial assets	*7.1*	10 446	12 797
Total non-current assets		**1 902 584**	**1 904 928**
Inventories		98 685	88 087
Trade and other receivables		49 590	43 380
Income tax receivable		9 950	1 744
Current financial assets	*7.1*	379	379
Cash and cash equivalents	*8*	167 940	115 045
Total current assets		**326 545**	**248 635**
Total assets		**2 229 128**	**2 153 563**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		151	266 185
Other comprehensive income		(27)	(131)
Retained earnings		91 418	83 943
Net income of the period		48 661	97 934
Equity attributable to equity holders of the parent		**142 845**	**450 573**
Non-controlling interests		(1 244)	(456)
Total equity		**141 601**	**450 117**
Non-current liabilities			
Interest-bearing loans and borrowings	*7.2*	1 492 100	1 188 997
Other non current financial liabilities		90	88
Provisions		3 072	3 238
Employee benefit liability		7 712	7 301
Deferred tax liability		226 517	258 102
Total non-current liabilities		**1 729 491**	**1 457 725**
Current liabilities			
Trade and other payables		350 559	232 849
Income tax payable		191	1 823
Provisions	*3.1*	4 285	
Interest-bearing loans and borrowings	*7.2*	3 001	11 048
Total current liabilities		**358 036**	**245 721**
Total liabilities		**2 087 527**	**1 703 446**
Total equity and liabilities		**2 229 128**	**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	Coupn interest rat	-	-	-	26	-	-	26	38 604	(38 630)	**-**	-	**-**
Net income for the period	-	-	-	-	-	-	-	-	-	86 926	**86 926**	(122)	**86 804**
Other comprehensive income	-	-	-	313	-	-	61	374	-	-	**374**	-	**374**
Total comprehensive income	**-**	**-**	**-**	**313**	**-**	**-**	**61**	**374**	**-**	**86 926**	**87 300**	**(122)**	**87 178**
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	-	-	**-**	264	**264**
Other	-	(291)	-	-	-	-	-	-	291	-	**-**	-	
As at December 31, 2016	**2 642**	**266 185**	**-**	**(148)**	**-**	**-**	**21**	**(127)**	**83 620**	**86 926**	**439 246**	**38**	**439 284**
As at March 31, 2017	**2 642**	**266 185**	**-**	-	(147)	-	16	**(131)**	**83 943**	**97 934**	**450 573**	**(456)**	**450 117**
Net income attribution	-	-	-	-	147	-	-	147	97 787	(97 934)	**-**	-	**-**
Net income for the period	-	-	-	-	-	-		-	-	48 661	**48 661**	(864)	**47 797**
Other comprehensive income	-	-	-	-	-	-	(43)	(43)	-	-	**(43)**		**(43)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(43)**	**(43)**	**-**	**48 661**	**48 618**	**(864)**	**47 754**
Dividends paid	-	-	-	-	-	-	-	-	(90 600)	-	(90 600)		(90 600)
Share premium transfert		(266 034)						-			(266 034)		(266 034)
Issued capital attributable to NCI	-	-	-	-	-	-		-		-	**-**	364	**364**
Other	-	-	-	-	-	-	-	-	288	-	288	(288)	**-**
As at December 31, 2017	**2 642**	**151**	**-**	**-**	**-**	**-**	**(27)**	**(27)**	**91 418**	**48 661**	**142 845**	**(1 244)**	**141 601**

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 nine-month period ended December 31, 2017	For the nine-month period ended December 31, 2016
Operating activities			
Operating profit		125 689	130 067
Depreciation and impairment of property, plant and equipment		23 542	21 724
Amortisation and impairment of intangible assets		3 814	3 134
Share-based transaction expense		-	-
Decrease in financial instruments			
Gain on disposal of property, plant and equipement		297	739
Finance income			
Finance costs			
Other non cash operating items		4 514	(418)
Movements in provisions and pensions		361	325
Interest received		34	81
Dividends received from associate		125	188
Income tax paid		(34 231)	(31 870)
Operating cash flows before change in working capital requirements		*124 145*	*123 970*
Change in Inventories		(10 598)	(3 784)
Change in trade and other receivables and prepayments		(8 680)	(4 622)
Change in trade and other payables		109 582	93 038
Net cash flows from operating activities		**214 449**	**208 602**
Investing activities			
Proceeds from sale of property, plant and equipment		595	314
Disposal of Italy, net of cash disposed of		288	284
Purchase of property, plant and equipment		(21 882)	(21 121)
Purchase of intangible assets		(5 335)	(5 161)
Acquisition of subsidiaries, net of cash acquired			
Purchase of financial instruments		(145)	(113)
Purchase of financial assets			-
Net cash used in investing activities		**(26 479)**	**(25 797)**
Financing activities			
Payment of finance lease liabilities		(179)	(190)
Proceeds from borrowings		1 500 000	
Repayment of borrowings		(1 200 000)	(50 000)
Interest paid		(74 932)	(44 220)
Dividends paid to the Company's shareholders		(90 600)	-
Redemption share premium paid to the Company's shareholders		(266 036)	
Other cash items related to financing activities		(3 327)	-
Net cash flows from/(used in) financing activities		**(135 074)**	**(94 410)**
Net increase / (decrease) in cash and cash equivalents		52 896	88 395
Cash and cash equivalents at beginning of the period	**8**	**115 045**	**122 591**
Cash and cash equivalents at end of the period	**8**	**167 940**	**210 986**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Picard Bondco 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 December 31, 2017.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the nine-month period ended December 31, 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 consolidated annual financial statements, and should be read in conjunction with the Group's consolidated 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 annual 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 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);
- IFRS 15 – *Revenues from Contracts with Customers* and the Clarifications to IFRS 15 published in April 2016 (applicable according to the IASB in annual periods beginning on or after January 1, 2018);
- 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, 2021).

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);
- IFRS 9 : Prepayment Features with Negative Compensation (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- IAS 28 : Long-term Interests in Associates and Joint Ventures (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Improvements to IFRSs 2015-2017 Cycle (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- IAS 19 : Plan Amendment, Curtailment or Settlement (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Clarifications to IFRS 15 - Applicable according to the IASB in accounting periods beginning on or after January 1, 2018; and
- IFRIC 23 – Uncertainty over Income Tax Treatments (applicable according to the IASB in accounting 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 conditions. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of 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 December 31, 2017, the following estimates should be noted:

Impairment of non-financial assets

There was no indication of impairment of non-financial assets as at December 31, 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 December 31, 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

The financial statements for the nine-month period ended December 31, 2017 are impacted by the following significant events:

- From June to October 2017, the French administrative body responsible for collecting social security payments ("URSSAF") conducted an audit of our social security payments for the calendar years 2014 to 2016. The reassessment received in December amounted to M€ 4.3 (plus penalties), mainly concerning the "allègements Fillon" (social security charges reduction on low wages). On January 15, 2018, the Group paid the reassessment to the URSSAF, excluding the penalties. The Group believes it has arguments to dispute this decision and will challenge the reassessment before the relevant court. To cover the risk associated with this audit, the Group has recorded a M€ 4.8 provision as at December 31, 2017, in the line item "Other operating expenses" of the consolidated income statement. The portion of the provision classified as current in the consolidated balance sheet corresponds to the payment made in January 2018. In addition, the Group currently accrues a provision on a monthly basis, which provision accounts for the additional social security charges incurred as a result of the application of the administration's methodology as if it had been applied since April 1, 2017.

- As of December 7, 2017, Bondco has incorporated a new Luxembourg entity ("Lion / Polaris Lux Midco Sarl").

- On December 14, 2017, the Group issued €1,190 million aggregate principal amount of Floating Rate Senior Secured Notes due 2023 and €310 million aggregate principal amount of Senior Notes due 2024 (collectively, the "Notes"). The gross proceeds from the sale of the Notes, together with cash on hand, were used to (i) redeem Picard PIKco S.A.'s outstanding 11% PIK Notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 2015 Senior Notes, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of 2013 Senior Secured Notes, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Group, and (v) pay fees and expenses related to these transactions.

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, and Luxembourg, the Group has two reportable operating segments as follows:

- France;
- Other.

The "Other" operating segment includes distribution activities in Belgium, Luxembourg and Sweden, franchised and corner operations and partnerships in Italy, Switzerland, UK, Sweden 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.

In thousand of €

	For the three-month period ended December 31, 2017			For the nine-month period ended December 31, 2017		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	482 372	10 761	493 133	1 070 086	25 611	1 095 697
Operating profit	81 294	(500)	80 794	130 574	(4 885)	125 689

In thousand of €	For the three-month period ended December 31, 2016			For the nine-month period ended December 31, 2016		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	471 634	11 418	483 052	1 041 115	23 966	1 065 081
Operating profit	80 089	(201)	79 888	132 690	(2 623)	130 067

- France:

  The operating profit decreased by M€ 2.1, from M€ 132.7 for the nine-month period ended December 31, 2016 to M€ 130.6 for the nine-month period ended December 31, 2017, mainly as a consequence of the M€ 4.8 provision booked in connection with URSSAF's conclusion following its audit (*See 3.1 significant events of the period*).

- Other:

  The operating profit of the "Other" segment decreased by M€ 2.3, from a loss of M€ 2.6 for the nine-month period ended December 31, 2016 to a loss of M€ 4.9 for the nine-month period ended December 31, 2017. This decline is mainly explained by the decision to close 6 loss-making stores in Sweden. Following this decision, the Group booked a M€0.8 restructuring provision and fully impaired the assets of the stores, which had a net carrying value of M€ 1.3.

5. Other operating income/expenses

5.1 Other operating income

In thousand of €	**For the three-month period ended December 31, 2017**	**For the three-month period ended December 31, 2016**	**For the nine-month period ended December 31, 2017**	**For the nine-month period ended December 31, 2016**
Capitalized expenses	290	234	1 044	606
Other operating income	719	1 112	2 367	2 854
Total other operating income	**1 009**	**1 346**	**3 411**	**3 460**

5.2 Personnel expenses

In thousand of €	For the three-month period ended December 31, 2017	For the three-month period ended December 31, 2016	For the nine-month period ended December 31, 2017	For the nine-month period ended December 31, 2016
Wages and salaries	(31 783)	(30 228)	(89 913)	(86 035)
Social security costs	(9 113)	(8 709)	(25 404)	(24 343)
Pension costs	(142)	(100)	(361)	(325)
Employee profit sharing	(7 032)	(6 884)	(12 702)	(12 126)
Other employee benefits expenses	(1 891)	(1 481)	(4 338)	(3 788)
Total personnel expenses	**(49 961)**	**(47 402)**	**(132 718)**	**(126 617)**

For the nine-month period ended December 31, 2017, social security costs include income of M€ 5.3 (compared to income of M€ 4.5 for the nine-month period ended December 31, 2016) corresponding to the French competitiveness and employment tax credit (“*Crédit d’Impôt Compétitivité 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 December 31, 2017	For the three-month period ended December 31, 2016	For the nine-month period ended December 31, 2017	For the nine-month period ended December 31, 2016
Royalties	(111)	(113)	(334)	(331)
Losses on bad debt	(227)	(328)	(642)	(703)
Claims *	(157)		(4 788)	
Other operating expenses	(20)	10	(422)	(349)
Total other operating expenses	**(515)**	**(431)**	**(6 186)**	**(1 383)**

Other operating expenses increased from K€ 1,383 for the nine-month period ended December 31, 2016 to K€ 6,186 for the nine-month period ended December 31, 2017. This increase is mainly explained by the provision recorded following the litigation with the URSSAF as described in the note *3.1 - Significant events of the period* and disclosed in the line item “Claims”. This provision, which had been recorded as of September 30, 2017, was adjusted by K€ 157 during the third quarter of 2017 to reflect the final reassessment received from the administrative body.

5.4 Finance income and costs

In thousand of €	For the three-month period ended December 31, 2017	For the three-month period ended December 31, 2016	For the nine-month period ended December 31, 2017	For the nine-month period ended December 31, 2016
Interest expenses	(16 882)	(18 503)	(52 347)	(55 073)
Non-recurring interest expense	(25 141)		(25 141)	
Hedge relations - Ineffectiveness	-	320	-	835
Interest costs of employee benefits	5	(29)	(50)	(61)
Foreign exchange (losses) / gains	(211)	(238)	(246)	(205)
Other financial expense	(556)	(121)	(571)	(374)
Finance costs	**(42 784)**	**(18 571)**	**(78 354)**	**(54 878)**
Income on loans and receivables	(6)	6	17	15
Income on short term investment	15	13	69	81
Foreign exchange gains	11		11	
Other financial income	9	-	9	-
Finance income	**29**	**19**	**106**	**96**

As part of the refinancing of its debt (as described in notes *3.1 - Significant events of the period* and *7.2 - Interest-bearing loans and borrowings*, the Group has fully redeemed its 2013 Senior Secured Notes and its 2015 Senior Notes during the third quarter of the financial year. This early redemption resulted in non-recurring finance costs of K€ 25,141, corresponding to the write-off of the non-amortized issuance fees (K€ 8,556) and the early redemption penalty of the 2015 Senior Notes (K€ 16,585).

6. Income tax expense

The Group calculates income tax expenses of its interim financial statements using an estimated tax rate that would be applicable to the expected total annual earnings (projected pre-tax income at year-end) and including Business Contribution on Value Added ("CVAE") which is accounted for as an income tax in line with IAS 12. The projected annual tax rate amounted to 49.6% during the nine-month period ended December 31, 2016 and to 60.1% during the nine-month period ended December 31, 2017 (excluding the deferred tax effect explained below).

The projected tax rate was affected by an exceptional income tax. On November 2, 2017, the French government introduced a "budget bill" at the National Assembly. The proposed bill includes an exceptional income tax to be applied to companies with sales exceeding €1 billion. This exceptional income tax amounts to 15% of the CIT, therefore increasing the FY18 income tax rate applicable to French entities from 34.43% to 39.43%.

Income tax credit decreased from K€ 11,153 for the nine-month period ended December 31, 2016 to a credit of K€ 126 for the nine-month period ended December 31, 2017.

The income tax credit resulted mainly from the decrease of long-term deferred tax liabilities following two reductions in the corporate income tax rate in France, the first step of which had been voted in the 2017 Budget Act (bringing the income tax rate to 28.9% from 2020 onwards) and the second step in the 2018 Budget Act (bringing the income tax rate to 25% from 2022 onwards). As a result of these two reductions, long-term deferred taxes – essentially related to the Picard trademark – were revalued based on the rate applicable as of 2020, with the following effects:

- A first decrease in the corporate income tax rate of 4.41% had already been taken into account in the consolidated financial statements for the nine months ended December 31, 2016 (decrease in corporate income tax from 33.33% to 28.9% from 2020 onwards), generating a deferred tax credit of K€ 45,499.

- A second decrease in corporate income tax of 3.9% was taken into account in the consolidated financial statements for the nine months ended December 31, 2017 (decrease in corporate income tax from 28.9% to 25% from 2022 onwards), generating a deferred tax credit of K€ 28,818.

Excluding these deferred tax impacts in the two periods, income tax expense would have amounted to K€ 28,692 for the nine-month ended December 31, 2017 and to K€ 34,346 for the nine-month ended December 31, 2016.

7. Financial assets and financial liabilities

7.1 Other current and non-current financial assets

In thousand of €	**December 31, 2017**	**March 31, 2017**
Deposits and guarantees	9 640	11 722
Related party Loans	269	254
Other	916	1 200
Other non-current financial assets	**10 825**	**13 176**
of which non-current	*10 446*	*12 797*
of which current	*379*	*379*

The K€ 916 other financial assets represent the amount of the consideration remaining due by the acquirers of Picard Surgelati, consistent with the sale and purchase agreement (of which current at December 31, 2017: K€ 379).

7.2 Interest-bearing loans and borrowings

In thousand of €	Coupon interest rate	Maturity	As at December 31, 2017	As at March 31, 2017
Current				
Obligations under finance leases			562	234
Accrued interest payable on loans and borrowings			2 439	10 814
Bank overdrafts		On demand	-	
Total current interest bearing loans and borrowings			**3 001**	**11 048**
Non current				
Obligations under finance leases			168	672
Senior secured notes (772M€)	Euribor 3M + margin 4.25%	2019		764 701
Senior notes 2020 (310M€)	7,75%	2020		423 623
Senior secured notes (1190M€)	Euribor 3M + margin 3%	2023	1 183 127	
Senior notes 2024 (310M€)	5,25%	2024	308 804	
Total non-current interest bearing loans and borrowings			**1 492 099**	**1 188 996**
Total interest bearing loans and borrowings			**1 495 100**	**1 200 044**

On December 14, 2017, the Group issued €1,190 million aggregate principal amount of Floating Rate Senior Secured Notes due 2023 and €310 million aggregate principal amount of Senior Notes due 2024. The gross proceeds from the sale of the Notes, together with cash on hand, were used to (i) redeem Picard PIKco S.A.'s outstanding 11% PIK Notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 2015 Senior Notes, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of 2013 Senior Secured Notes, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Group, and (v) pay fees and expenses related to these transactions.

The Notes issued have the following characteristics:

- Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 1,190 of Floating Rate Senior Secured Notes due 2023. These Floating Rate Senior Secured Notes are payable after 6 years on November 30, 2023. 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 3%. The floating rate senior secured notes are refundable "in fine".
- The Company issued M€310 of Fixed Rate Senior Notes due 2024. These Senior Notes are payable after 7 years on November 30, 2024, and interest is paid twice a year based on a Fixed interest rate of 5.500%. The Senior Notes are refundable "in fine".

7.3 Hedging activities and derivatives

Cash Flow Hedges

As at December 31, 2017, the Group no longer has an interest rate swap agreement.

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 euros	Carrying amount	Fair value	Carrying amount	Fair value
Coupn interest rate	As at December 31, 2017	As at December 31, 2017	As at March 31, 2017	As at March 31, 2017
Financial assets				
Trade and other receivables	49 590	49 590	43 380	43 380
Income tax receivable	9 950	9 950	1 744	1 744
Other financial assets	10 825	10 825	13 176	13 176
Cash and cash equivalents	167 940	167 940	115 045	115 045
Total	**238 305**	**238 305**	**173 345**	**173 345**
Financial liabilities				
Fixed rate borrowings	(308 804)	(313 100)	(423 623)	(447 000)
Obligations under finance leases	(730)	(730)	(906)	(906)
Floating rate borrowings	(1 183 127)	(1 192 800)	(764 701)	(780 100)
Trade and other payables	(350 559)	(350 559)	(232 849)	(232 849)
Income tax payable	(191)	(191)	(1 823)	(1 823)
Total	**(1 843 411)**	**(1 857 380)**	**(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 December 31, 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;
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 €	**As at December 31, 2017**	**As at March 31, 2017**	**As at December 31, 2016**	**As at March 31, 2016**
Cash at banks and on hand	131 745	56 186	152 605	72 531
Securities	36 195	58 859	58 381	50 063
Cash and cash equivalents	**167 940**	**115 045**	**210 986**	**122 594**

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

In thousand of €	**As at December 31, 2017**	**As at March 31, 2017**	**As at December 31, 2016**	**As at March 31, 2016**
Cash and cash equivalents	167 940	115 045	210 986	122 594
Bank overdrafts	-		-	(3)
Cash and cash equivalents position	**167 940**	**115 045**	**210 986**	**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, which we challenged before the provincial court of Varese. The court issued a ruling in our 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. As of

December 15, 2017, a transaction agreement with the Italian tax authorities has been concluded for an amount of K€ 82.

10. Events after the reporting period

There has been no significant event since December 31, 2017.