Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the quarter ended June 30, 2018

August 29, 2018

Table of Contents

Introduction

Highlights

The financial results of Picard Bondco S.A. for Q1 2019 (the quarter ended June 30, 2018) include the following highlights:

- Q1 2019 sales of goods decreased by 1.4% to €312.1 million, from €316.5 million in Q1 2018, mainly due to a 2.6% decrease in our French like-for-like sales, which were adversely affected by a strong calendar effect;
- Q1 2019 gross profit decreased by 0.9% to €138.5 million, from €139.7 million in Q1 2018; and
- Q1 2019 EBITDA decreased by 2.3% to €38.3 million, from €39.2 million in Q1 2018.

CEO Philippe Dailliez commented: "Our Q1 2019 sales of goods decreased by €4.4 million, or 1.4%, as compared to Q1 2018. French like-for-like sales decreased by 2.6%, mainly due to a strongly negative calendar effect, as the result of the Easter shopping period occurring during Q1 2018 and not during Q1 2019 and the positioning of bank holidays. Our expansion strategy in France enabled us to partially offset this effect by adding €3.7 million to our sales compared to the same period last year. During the period, we opened three stores in mainland France (including one franchised store).

Our Q1 2019 gross profit decreased by €1.2 million, or 0.9%, from €139.7 million in Q1 2018 to €138.5 million in Q1 2019, following the decrease in our sales. However, our gross margin increased to 44.4% in Q1 2019 from 44.1% in Q1 2018. This increase in our margin rate was explained by the absence of Easter (during which period the level of promotion is typically higher) but also by our ability to maintain our margin in spite of higher expenses due to our CRM initiatives and the development of franchises in the group.

Our EBITDA decreased by 2.3% from €39.2 million in Q1 2018 to €38.3 million in Q1 2019, and was impacted by two significant effects. First, we recorded other operating income of €3.2 million in connection with a tax audit that took place in 2012. During the year ended March 31, 2014, we had paid the corresponding reassessment following the adjustment on a tax on fish decided by the French tax administration. We had challenged the position of the administration and we obtained in August 2018 confirmation of the refund by the French tax administration. Second, considering the continuing losses recorded in Sweden in spite of the store closures and the development of the contract with ICA to open corners in their supermarkets, we took the decision to change our business model in Sweden in order to create value for the Group. We therefore sold our Swedish operations to our existing partner as of August 15, 2018 for a total consideration of €0.1 million and consequently recorded a €0.9 million impairment. This sale was accompanied by the entering into of a five-year franchise agreement pursuant to which the buyer will continue the development of the business in Sweden through various channels, including the contract with ICA and stores, and the Group will supply Picard-branded products to the buyer for such purposes.

Excluding these effects, our EBITDA declined by €3.2 million, or 8.2%, from €39.2 million in Q1 2018 to €36.0 million in Q1 2019. This decline was mainly due to the decrease in like-for-like sales in France as discussed above, in spite of our improved margin and our expansion.

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, 2018, we had 1,007 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 15 franchised stores in mainland France), 16 stores in Belgium, 11 stores in Sweden, one store in Luxembourg, six franchised stores in Switzerland, and seven franchised stores 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, in Sweden under a partnership with ICA to open corners within ICA's supermarkets and hypermarkets and in the Netherlands following a partnership signed in January 2018 with Albert Heijn to offer a selection of our products in their hypermarkets and supermarkets. Our Swedish operations were sold to our existing partner as of August 15, 2018 and a new franchise agreement was signed on the same date to continue the development of the business in Sweden through various channels, including the contract with ICA and stores.

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 Picard Bondco S.A. and its subsidiaries (the "Picard Group" or the "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 5.50% 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) make a distribution to Picard PIKco S.A. in order to 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. On the same date, Picard Groupe S.A.S. and other entities of the Picard Group entered into a €30 million revolving credit facility (the "Revolving Credit Facility").

On May 14, 2018, Picard Groupe S.A.S. issued an additional €60 million aggregate principal amount of Senior Secured Notes. The gross proceeds from the sale of the Senior Secured Notes were used, together with cash on hand, to (i) fund €77 million in distributions to the shareholders of the Picard Group and (ii) pay fees and expenses related to the transaction.

Reporting

This report is the report as of and for the quarter ended June 30, 2018 required pursuant to Section 4.03 of each of the indenture governing the Senior Secured Notes (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.(a) 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 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. for the period from April 1, 2018 to June 30, 2018, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of June 30, 2018, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the quarter ended June 30, 2018 and (iii) the consolidated statement of cash flows for the quarter ended June 30, 2018. 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 significant accounting policies.

The accounting policies of Picard Bondco S.A. as set out in the Picard Bondco annual consolidated financial statements as of and for the year ended March 31, 2018 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2018. See note 2.2 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco S.A. annual consolidated financial statements for a discussion of Picard Bondco S.A.'s significant 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

Investor Relations: Guillaume Degauque

E-mail: investor_relations@picard.fr

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, 2017 and June 30, 2018 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. for the period from April 1, 2018 to June 30, 2018, 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," within the meaning of the U.S. securities laws, based on our current expectations and projections about future events. All statements other than statements of historical facts included in this discussion, including, without limitation, statements regarding our tax rate on long-term deferred taxes, revenue and operating profits, strategy, capital expenditures, expected investments, projected costs, our plans and objectives for future operations, may be deemed to be forward looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on assumptions that could potentially be inaccurate and that could cause future results to differ materially from those expected or implied by the forward-looking statements. Our future results could differ materially from those anticipated in our forward-looking statements for many reasons, including due to changes in tax laws or their application or interpretation, more generally, or unfavorable changes in the tax rate on long-term deferred taxes, more specifically, economic and other trends affecting the food retail industry, changes in consumer preferences, the competitive environment in which we operate and other factors described in the section entitled "Risk Factors" in our annual report for the year ended March 31, 2018. Given these risks and uncertainties, you should not place undue reliance on forward looking statements as a prediction of actual results.

Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

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

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

	Three months* ended	
Currency: in million of €	**June 30, 2017**	**June 30, 2018**
Sales of goods	**316.5**	**312.1**
Cost of goods sold	(176.8)	(173.6)
Gross profit	**139.7**	**138.5**
Other operating income	1.2	4.8
Other purchase and external expenses	(56.9)	(57.8)
Taxes	(3.3)	(3.4)
Personnel expenses	(41.1)	(42.4)
Other operating expenses	(0.4)	(1.3)
EBITDA	**39.2**	**38.3**
Depreciation and amortization	(8.6)	(9.4)
Operating profit	**30.6**	**28.9**
Finance costs	(17.9)	(14.6)
Finance income	0.0	0.0
Share of profit in an associate	0.1	0.1
Income before tax	**`12.8**	**14.5**
Income tax expense	(2.1)	(6.3)
Net income	**10.8**	**8.2**
Equity holders of the parent	10.9	8.2
Non-controlling interests	(0.2)	(0.1)

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three months ended June 30, 2017 and June 30, 2018. 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, 2018, we had 1,007 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 15 franchised stores in mainland France), 16 stores in Belgium, 11 stores in Sweden, one store in Luxembourg, as well as seven franchised stores in Japan and six franchised stores in Switzerland.

Sales of goods

Three months ended June 30, 2018 and June 30, 2017

Our sales of goods decreased by €4.4 million, or 1.4%, from €316.5 million for the three months ended June 30, 2017 to €312.1 million for the three months ended June 30, 2018.

In France, sales of goods decreased by €3.8 million, or 1.2%, from €308.4 million for the three months ended June 30, 2017 to €304.6 million for the three months ended June 30, 2018. French like-for-like sales decreased by 2.6% in the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, as a result of a 0.5% decrease in the average basket size, combined with a 2.1% decrease in the total number of tickets. The quarter experienced a strongly negative calendar effect, mainly explained by the positioning of bank holidays and the positioning of Easter this year on the first day of the fiscal year and quarter. Corresponding sales therefore took place and were recorded in the prior quarter and year ended March 31, 2018, while the bank holiday during which stores were closed fell during the current fiscal quarter on April 2, 2018. As adjusted to exclude such calendar effect, French like-for-like sales would have decreased by an estimated 0.4%.

Sales in Belgium and Luxembourg decreased by €0.2 million, from €3.6 million for the three months ended June 30, 2017 to €3.4 million for the three months ended June 30, 2018, following a decrease in like-for-like sales.

Sales in Sweden decreased by €0.3 million from €2.2 million for the three months ended June 30, 2017 to €1.9 million for the three months ended June 30, 2018 following the closures of four loss making stores since September 2017. Considering the continuing losses recorded in Sweden in spite of the store closures and the development of the contract with ICA to open corners in their supermarkets, we took the decision to change our business model in Sweden in order to create value for the Group. We therefore sold our Swedish operations to our existing partner (already holding a 25% minority interest in the company) for a total consideration of €0.1 million. This sale was effective on August 15, 2018 and was accompanied by the entering into of a five-year franchise agreement pursuant to which the buyer will continue the development of the business in Sweden through various channels, including the contract with ICA and stores and the Group will supply Picard-branded products to the buyer for such purposes. This commercial agreement enables us to maintain our presence in Sweden, through a distribution channel that will add value to our business, even if the revenue derived from this activity will initially be lower than the revenue generated prior to this divestment.

Additionally, sales to franchised stores and partners located in other locations outside of France remained flat at €2.3 million for the three months ended June 30, 2017 and for the three months ended June 30, 2018. In particular, sales in the United Kingdom through our partnership with Ocado decreased by €0.4 million, as it compared with the dynamic start of this activity last year. This decline was offset by the start of the partnership in the Netherlands with Albert Heijn that amounted to €0.4 million of additional sales during the three months ended June 30, 2018.

Cost of goods sold

Three months ended June 30, 2018 and June 30, 2017

Our cost of goods sold decreased by €3.2 million, or 1.8%, from €176.8 million for the three months ended June 30, 2017 to €173.6 million for the three months ended June 30, 2018, mainly due to a decrease in the volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales decreased from 55.9% for the three months ended June 30, 2017 to 55.6% for the three months ended June 30, 2018.

Gross profit

Three months ended June 30, 2018 and June 30, 2017

Our gross profit decreased by €1.2 million, or 0.9%, from €139.7 million for the three months ended June 30, 2017 to €138.5 million for the three months ended June 30, 2018, as a result of the decrease in sales. Gross profit as a percentage of sales of goods increased from 44.1% for the three months ended June 30, 2017 to 44.4% for the three months ended June 30, 2018, and benefited notably from the absence of Easter, a period during which the level of promotion is higher.

Other operating income

Three months ended June 30, 2018 and June 30, 2017

Other operating income increased by €3.6 million, from €1.2 million for the three months ended June 30, 2017 to €4.8 million for the three months ended June 30, 2018. This increase was primarily due to €3.2 million of income recorded in connection with a tax audit that took place in 2012 and concerned the years ended March 31, 2009 to March 31, 2011. During the year ended March 31, 2014, we had paid the corresponding reassessment following an adjustment on a tax on fish ("*Contribution pour une pêche durable*") decided by the French tax administration. We had challenged the position of the administration and, following a favorable decision of the French Council of State ("*Conseil d'Etat*"), we obtained in August 2018 confirmation of the refund by the French tax administration. In addition, during the three months ended March 31, 2018, we also recorded €0.7 million in compensation received from the sale of energy certificates.

Other purchases and external expenses

Three months ended June 30, 2018 and June 30, 2017

Our other purchases and external expenses increased by €0.9 million, or 1.6%, from €56.9 million for the three months ended June 30, 2017 to €57.8 million for the three months ended June 30, 2018. This increase was primarily due to higher rents, energy costs and maintenance and cleaning expenses resulting mainly from the expansion of our store network in France, partially offset by slightly lower advertising costs, notably explained by the absence of Easter during the three months ended June 30, 2018, as a significant communication campaign is always performed during the Easter period.

Taxes other than on income

Three months ended June 30, 2018 and June 30, 2017

Taxes other than on income increased by €0.1 million, from €3.3 million for the three months ended June 30, 2017 to €3.4 million for the three months ended June 30, 2018. Taxes other than on income as a percentage of sales of goods increased from 1.0% for the three months ended June 30, 2017 to 1.1% for the three months ended June 30, 2018.

Personnel expenses

Three months ended June 30, 2018 and June 30, 2017

Personnel expenses increased by €1.3 million, or 3.2%, from €41.1 million for the three months ended June 30, 2017 to €42.4 million for the three months ended June 30, 2018. As a proportion of sales of goods, personnel expenses increased from 13.0% for the three months ended June 30, 2017 to 13.6% for the three months ended June 30, 2018.

Wages and salaries increased by €0.8 million, or 2.8%, from €28.3 million for the three months ended June 30, 2017 to €29.1 million for the three months ended June 30, 2018, 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 8.9% for the three months ended June 30, 2017 to 9.3% for the three months ended June 30, 2018.

Employee profit sharing decreased by €0.5 million, from €3.3 million for the three months ended June 30, 2017 to €2.8 million for the three months ended June 30, 2018, as a result of the decrease in French net income and lower contractual profit sharing ("*intéressement*"), which is computed based on sales performance.

Other personnel expenses increased by €1.0 million, from €9.5 million for the three months ended June 30, 2017 to €10.5 million for the three months ended June 30, 2018. The impact of the CICE was recorded as a reduction of social security costs (€1.6 million in the three months ended June 30, 2017 and €1.4 million in the three months ended June 30, 2018, following a reduction in the rate of this tax credit implemented by the government from January 2018). Excluding the impact of the CICE, social security costs increased by €0.6 million, from €9.7 million for the three months ended June 30, 2017 to €10.3 million for the three months ended June 30, 2018, as a consequence of the increase in wages and salaries and increased social charges resulting from the tax audit performed by the URSSAF last year. As a proportion of sales of goods, social security costs (excluding CICE) increased from 3.1% for the three months ended June 30, 2017 to 3.3% for the three months ended June 30, 2018.

Other operating expenses

Three months ended June 30, 2018 and June 30, 2017

Our other operating expenses increased by €0.9 million from €0.4 million for the three months ended June 30, 2017 to €1.3 million for the three months ended June 30, 2018. This increase was primarily due to a €0.9 million impairment of our Swedish operations following our decision to sell this business for total consideration of €0.1 million, as described above. This impairment therefore corresponds to the difference between the selling price and the net asset value.

EBITDA

Three months ended June 30, 2018 and June 30, 2017

EBITDA decreased by €0.9 million, or 2.3%, from €39.2 million for the three months ended June 30, 2017 to €38.3 million for the three months ended June 30, 2018. As a proportion of sales of goods, EBITDA decreased from 12.4% for the three months ended June 30, 2017 to 12.3% for the three months ended June 30, 2018. Excluding the tax refund and the Swedish impairment, our EBITDA declined by €3.2 million or 8.2%, from €39.2 million in the three months ended June 30 2017 to €36.0 million in the three months ended June 30 2018. This decrease is primarily due to the decrease in sales, in spite of the limited increase in operational expenses and the improved gross margin.

Depreciation and amortization

Three months ended June 30, 2018 and June 30, 2017

Depreciation and amortization increased by €0.8 million, from €8.6 million for the three months ended June 30, 2017 to €9.4 million for the three months ended June 30, 2018. This increase was primarily due to higher IT capital expenditures in France in the year ended March 31, 2018. As a proportion of sales of goods, depreciation and amortization increased from 2.7% for the three months ended June 30, 2017 to 3.0% for the three months ended June 30, 2018.

Operating profit

Three months ended June 30, 2018 and June 30, 2017

Operating profit decreased by €1.7 million, or 5.6%, from €30.6 million for the three months ended June 30, 2017 to €28.9 million for the three months ended June 30, 2018. As a proportion of sales of goods, operating profit decreased from 9.7% for the three months ended June 30, 2017 to 9.3% for the three months ended June 30, 2018.

Finance costs

Three months ended June 30, 2018 and June 30, 2017

Finance costs decreased by €3.3 million from €17.9 million for the three months ended June 30, 2017 to €14.6 million for the three months ended June 30, 2018. This decrease in finance costs was mainly explained by a decrease in our interest expense notably following the lower interest rates of the Notes issued in December 2017 despite an increase in the aggregate principal amount of debt outstanding.

Income before tax

Three months ended June 30, 2018 and June 30, 2017

Income before tax increased by €1.7 million, from €12.8 million for the three months ended June 30, 2017 to €14.5 million for the three months ended June 30, 2018. As a proportion of sales of goods, income before tax increased from 4.0% for the three months ended June 30, 2017 to 4.6% for the three months ended June 30, 2018.

Income tax expense

Three months ended June 30, 2018 and June 30, 2017

Income tax expense increased by €4.2 million from €2.1 million for the three months ended June 30, 2017 to €6.3 million for the three months ended June 30, 2018. Income tax expense during the three months ended June 30, 2017 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, 2018, income tax expense represented 44.0% of income before tax.

Net income

Three months ended June 30, 2018 and June 30, 2017

Net income decreased by €2.6 million, from €10.8 million for the three months ended June 30, 2017 to €8.2 million for the three months ended June 30, 2018, 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 2013 Senior Secured Notes and Picard Bondco S.A. issued €428 million in aggregate principal amount of 2015 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.

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 Picard Bondco S.A., Lion/Polaris Lux 3 S.A., Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and Picard Surgelés S.A.S. 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

June 30, 2018

Table of content

Contents

Consolidated income statement (unaudited)

(In thousand of €)	Notes	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2017
Sales of goods	*4*	312 057	316 526
Cost of good sold		(173 570)	(176 835)
Gross profit		**138 486**	**139 691**
Other operating income	*5.1*	4 764	1 201
Other purchase and external expenses		(57 762)	(56 860)
Taxes		(3 409)	(3 346)
Personnel expenses	*5.2*	(42 404)	(41 100)
Depreciation & amortization		(9 415)	(8 580)
Other operating expenses	*5.3*	(1 338)	(372)
Operating profit		**28 923**	**30 634**
Finance costs	*5.4*	(14 553)	(17 896)
Finance income	*5.4*	29	38
Share of profit in an associate		59	68
Income before tax		**14 458**	**12 844**
Income tax expense	*6*	(6 283)	(2 084)
Net income		**8 174**	**10 760**
Attributable to:			
Equity holders of the parent		8 229	10 920
Non-controlling interests		(55)	(160)
Earnings per share:			
Basic earnings per share (*in euros*)		3,12	4,13
Fully diluted earnings per share (*in euros*)		3,12	4,13

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousand of €)	Notes	**For the three-month period ended June 30, 2018**	**For the three-month period ended June 30, 2017**
Net income		**8 174**	**10 760**
Net gain / (loss) on cash flow hedges	*7.3*	-	-
Income tax		-	-
		-	-
Actuarial gains / (loss) of the period		-	-
Income tax		-	-
		-	-
Foreign currency translation		56	20
Other comprehensive income / (loss) for the period, net of		*56*	*20*
Comprehensive income		**8 230**	**10 780**
Attributable to:			
Equity holders of the parent		8 285	10 940
Non-controlling interests		(55)	(160)

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, 2018	As at March 31, 2018
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		220 055	220 058
Other intangible assets		841 834	842 274
Investment in an associate		11 101	11 042
Other non-current financial assets	*7.1*	10 226	10 243
Total non-current assets		**1 898 386**	**1 898 787**
Inventory		89 662	90 212
Trade and other receivables		52 448	49 496
Income tax receivable		6 441	5 106
Current financial assets	*7.1*	379	379
Cash and cash equivalents	*8*	62 403	92 963
Total current assets		**211 334**	**238 156**
Assets held for sale	*9*	2 940	-
Total assets		**2 112 660**	**2 136 943**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	150
Other comprehensive income		289	233
Retained earnings		72 575	91 324
Net income of the period		8 229	58 213
Equity attributable to equity holders of the parent		**83 832**	**152 561**
Non-controlling interests		(1 886)	(1 845)
Total equity		**81 946**	**150 716**
Non-current liabilities			
Interest-bearing loans and borrowings	*7.2*	1 549 530	1 492 030
Other non-current financial liabilities		99	85
Provisions		6 440	5 206
Employee benefit liability		7 687	7 550
Deferred tax liability		223 061	225 774
Total non-current liabilities		**1 786 817**	**1 730 645**
Current liabilities			
Trade and other payables		242 274	244 513
Income tax payable		110	1 955
Interest-bearing loans and borrowings	*7.2*	167	9 115
Total current liabilities		**242 551**	**255 583**
Total liabilities		**2 029 368**	**1 986 227**
Liabilities held for sale	*9*	1 346	-
Total equity and liabilities		**2 112 660**	**2 136 943**

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, 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**
Capital contribution without issue	-			-	-	-	-	-		-	-	-	-
Redemption of MRPs											-		-
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**
As at March 31, 2018	**2 642**	**150**	**-**	-	116	-	117	**233**	**91 324**	**58 213**	**152 562**	**(1 845)**	**150 716**
Net income attribution	-	-	-	-	-	-	-	-	58 213	(58 213)	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	-	8 229	**8 229**	(55)	**8 174**
Other comprehensive income	-	-	-	-			56	56			**56**	-	**56**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**56**	**56**	**-**	**8 229**	**8 285**	**(55)**	**8 230**
Dividend paid		(53)							(76 947)		**(77 000)**		**(77 000)**
Issued capital attributable to NCI	-		-	-	-	-	-	-	(14)	-	**(14)**	14	**-**
As at June 30, 2018	**2 642**	**97**	**-**	-	116	-	173	**289**	**72 575**	**8 229**	**83 832**	**(1 886)**	**81 946**

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, 2018	For the three-month period ended June 30, 2017
Operating activities			
Operating profit		28 923	30 634
Depreciation and impairment of property, plant and equipment		7 918	7 345
Amortisation and impairment of intangible assets		1 497	1 235
Share-based transaction expense		-	-
Gain on disposal of property, plant and equipement		30	17
Other non cash operating items		(57)	(875)
Movements in provisions and pensions		82	110
Interest received		(64)	29
Dividends received from associate		-	-
Income tax paid		(11 958)	(12 108)
Operating cash flows before change in working capital requirements		*26 370*	*26 387*
Change in Inventories		549	(1 740)
Change in trade and other receivables and prepayments		(2 952)	495
Change in trade and other payables		(4 304)	(10 169)
Net cash flows from operating activities		**19 664**	**14 973**
Investing activities			
Proceeds from sale of property, plant and equipment		52	41
Disposal of Italy, net of cash disposed of		94	94
Purchase of property, plant and equipment		(8 169)	(5 010)
Purchase of intangible assets		(897)	(1 447)
Purchase of financial instruments		(71)	(10)
Net cash used in investing activities		**(8 991)**	**(6 332)**
Financing activities			
Payment of finance lease liabilities		(50)	(64)
Proceeds from borrowings		60 000	
Refinancing costs		(1 649)	
Interest paid		(18 570)	(8 312)
Dividends paid to equity holder of the parent		(77 000)	-
Net cash flows from/(used in) financing activities		**(37 269)**	**(8 376)**
Net increase / (decrease) in cash and cash equivalents		(26 596)	265
Cash and cash equivalents at the beginning of the period	8	88 999	115 045
Cash and cash equivalents at the end of the period	**8**	**62 403**	**115 310**

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, 2018 to June 30, 2018.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements as at and for the three-month period ended June 30, 2018 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 audited consolidated financial statements as at and for the year ended March 31, 2018.

The unaudited interim condensed consolidated financial statements are presented in thousands of euro, the Group's functional and presentation currency. The figures in the tables have been individually rounded to the nearest thousand euro. 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, 2018

Since April 1, 2018, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- IFRS 15 : *Revenue from Contracts with Customers* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- IFRS 9 : *Financial Instruments* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- 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);
- IFRS 4 : Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- Improvements to IFRSs 2014-2016 Cycle (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- IAS 40 : *Transfers of Investment Property* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018);
- Clarifications to IFRS 15 (applicable according to the IASB in accounting periods beginning on or after January 1, 2018); and
- IFRIC 22 : *Foreign Currency Transactions and Advance Consideration* (applicable according to the IASB in accounting periods beginning on or after January 1, 2018).

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

- **IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement.**

IFRS 9 sets out three classification categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. Classification depends on the entity's business model and the financial asset's cash-flow characteristics.

The Group assessed the impact of the standard on its results, financial position and cash flow and concluded that the application of IFRS 9 does not have significant impacts on the Group's financial statements.

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. It came into effect on January 1, 2018 and includes new principles for the recognition of revenue.

An analysis has been completed by the Group to identify and evaluate the potential impacts of the standard. This process confirmed the absence of significant impacts on the Group's consolidated 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 applied from April 1, 2019 with respect to 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 16 : *Leases* (applicable according to the IASB in annual periods beginning on or after January 1, 2019); and
- IFRS 9 : *Prepayment Features with Negative Compensation* (applicable according to the IASB in accounting periods beginning on or after January 1, 2019).

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

- IFRS 17 : *Insurance Contracts* (applicable according to the IASB in annual periods beginning on or after January 1, 2021);
- 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);
- Amendments to References to the Conceptual Framework in IFRS Standards (applicable according to the IASB in accounting periods beginning on or after January 1, 2020); 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.

- **IFRS 16 Leases**

On October 31, 2017, the European Union adopted IFRS 16, which is applicable according to the IASB in annual periods beginning on or after January 1, 2019. This standard replaces the existing distinction between finance leases and operating leases. With respect to leases currently qualifying as operating leases, it will have the effect of recognizing the right to use the asset as debt in the balance sheet of lessees.

The relevant contracts of the Group have been identified and are being analyzed.

The impact of all of these other standards on the Group's results and financial situation are 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. The Group's 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 audited consolidated financial statements of the Group as at and for the year ended March 31, 2018.

As at June 30, 2018, 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, 2018. 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, 2018, all assumptions remain the same as at March 31, 2018.

3. Significant events and seasonality of operations

3.1 Significant events of the period

On May 14, 2018, Picard Groupe S.A.S. issued an additional M€ 60 aggregate principal amount of floating rate senior secured notes due 2023, the proceeds of which were used, together with cash on hand, to fund M€ 77 in distributions to the shareholders of the Group and to pay related transaction fees and expenses.

3.2 Seasonality of operations

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

4. Operating segment information

For management purposes, the Group is organized into business units based on distribution networks. Following the development of the activity of the Group in Belgium, Sweden 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 and corner operations and partnerships in Italy, Netherlands, 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 €	As at June 30, 2018 France	Other	Total	As at June 30, 2017 France	Other	Total
Sales	304 573	7 484	312 057	308 444	8 082	316 526
Operating profit	31 016	(2 093)	28 923	31 646	(1 012)	30 634

5. Other operating income/expenses

5.1 Other operating income

In thousand of €	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2017
Capitalized expenses	246	334
Other operating income	4 518	867
Total other operating income	**4 764**	**1 201**

For the three-month period ended June 30, 2018, other operating income includes income of M€ 3.2 corresponding to a tax refund obtained by the Group following a tax reassessment paid in 2014 and concerning an adjustment on a tax on fish ("*Contribution pour une pêche durable*") decided by the French tax administration (*see § 10. Events after the reporting period*).

5.2 Personnel expenses

In thousand of €	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2017
Wages and salaries	(29 097)	(28 291)
Social security costs	(8 945)	(8 087)
Pension costs	(82)	(100)
Employee profit sharing	(2 846)	(3 266)
Other employee benefits expenses	(1 433)	(1 356)
Total personnel expenses	**(42 404)**	**(41 100)**

For the three-month period ended June 30, 2018, social security costs include income of M€ 1.4 (compared to income of M€ 1.6 for the three-month period ended June 30, 2017) 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 June 30, 2018	For the three-month period ended June 30, 2017
Royalties	(132)	(117)
Losses on bad debt	(218)	(190)
Other operating expenses	(987)	(65)
Total other operating expenses	**(1 338)**	**(372)**

For the three-month period ended June 30, 2018, other operating expenses include an expense of K€ 865 corresponding to Sweden's net negative position, excluding intragroup accounts, estimated at the date of disposal (*see §9. Assets and liabilities held for sale*).

5.4 Finance income and costs

In thousand of €	For the three-month period ended June 30, 2018	For the three-month period ended June 30, 2017
Interest expense	(13 965)	(17 575)
Hedging relationships - Ineffectiveness	-	-
Interest costs of employee benefits	(55)	(37)
Foreign exchange losses	(346)	(164)
Other financial expense	(186)	(120)
Finance costs	**(14 553)**	**(17 896)**
Income on loans and receivables	5	5
Income on short term investment	19	29
Foreign exchange gains	1	2
Other financial income	3	2
Finance income	**29**	**38**

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 44%, 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 43.45% in previous periods.

Income tax expense increased from an expense of K€ 2,084 for the three-month period ended June 30, 2017 to an expense of K€ 6,283 for the three-month period ended June 30, 2018.

The income tax expense as of June 30, 2017 resulted mainly from the decrease of long-term deferred tax liabilities following the reduction in the corporate income tax rate in France which had been voted in the 2017 Budget Act (bringing the income tax rate to 28.9% from 2020 onwards). The impact of this revaluation (i.e., a 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.

As at June 30, 2018, the rate change above and the one voted in the 2018 Budget Act (bringing the income tax rate to 25% from 2022 onwards) had only a limited impact on the income statement as of June 30, 2018 (i.e., a tax credit of K€ 79). Excluding this impact, income tax expense for the three-month period ended June 30, 2018 would have been K€ 6,362.

7. Financial assets and financial liabilities

7.1 Other current and non-current financial assets

In thousand of €	**As at June 30, 2018**	**As at March 31, 2018**
Deposits and guarantees	9 599	9 527
Related party loans	279	274
Other	727	821
Other non-current financial assets	**10 605**	**10 622**
Of which non-current	*10 226*	*10 243*
Of which current	*379*	*379*

The K€ 727 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 June 30, 2018: K€ 379).

7.2 Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	As at June 30, 2018	As at March 31, 2018
Current				
Obligations under finance leases			167	178
Current portion of interest bearing loans and borrowings			-	4 973
Bank overdrafts		On demand		3 964
Total current interest bearing loans and borrowings			**167**	**9 115**
Non current				
Obligations under finance leases			460	494
Senior secured notes (1250M€)	Euribor 3M + margin 3%	2023	1 240 619	1 183 140
Senior notes 2024 (310M€)	5,50%	2024	308 451	308 396
Total non-current interest bearing loans and borrowings			**1 549 530**	**1 492 030**
Total interest bearing loans and borrowings			**1 549 697**	**1 501 145**

On December 14, 2017, the Group issued M€ 1,190 aggregate principal amount of floating rate senior secured notes due 2023 and M€ 310 aggregate principal amount of 5.50% 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) make a distribution to Picard PIKco S.A. in order to 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 7.75% senior notes due 2020, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.’s outstanding principal amount of floating rate notes due 2019, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Group, and (v) pay fees and expenses related to these transactions.

On May 14, 2018, Picard Groupe S.A.S. issued an additional M€ 60 aggregate principal amount of floating rate senior secured notes due 2023, the proceeds of which were used, together with cash on hand, to fund M€ 77 in distributions to the shareholders of the Group and to pay related transaction fees and expenses.

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, subject to a 0% floor) increased by a margin of 3% per annum. 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 5.50%. The senior notes are refundable “in fine”.
- The Group issued an additional M€ 60 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, subject to a 0% floor) increased by a margin of 3% per annum. The floating rate senior secured notes are refundable “in fine”.

7.3 Hedging activities and derivatives

Cash Flow Hedges

As at June 30, 2018, the Group no longer had an interest rate swap.

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, 2018	Fair value June 30, 2018	Carrying amount March 31, 2018	Fair value March 31, 2018
Financial assets				
Trade and other receivables	52 448	52 448	49 496	49 496
Income tax receivable	6 441	6 441	5 106	5 106
Other financial assets	10 605	10 605	10 622	10 622
Cash and cash equivalents	62 403	62 403	92 963	92 963
Total	**131 897**	**131 897**	**158 187**	**158 187**
Financial liabilities				
Fixed rate borrowings	(308 451)	(290 814)	(308 396)	(308 100)
Obligations under finance leases	(627)	(627)	(672)	(672)
Floating rate borrowings	(1 240 619)	(1 218 594)	(1 183 140)	(1 183 300)
Trade and other payables	(242 274)	(242 274)	(244 513)	(244 513)
Income tax payable	(110)	(110)	(1 955)	(1 955)
Bank overdrafts	-		(3 964)	(3 964)
Total	**(1 792 081)**	**(1 752 419)**	**(1 742 640)**	**(1 742 504)**

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

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, 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, 2018, the carrying amounts of such receivables, net of provision allowances, approximated their fair values.

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

- 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 €	**June 30, 2018**	**March 31, 2018**	**June 30, 2017**	**March 31, 2017**
Cash at banks and on hand	41 485	71 390	56 451	56 186
Securities	20 918	21 573	58 859	58 859
Cash and cash equivalents	**62 403**	**92 963**	**115 310**	**115 045**

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

In thousand of €	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2017
Cash and cash equivalents	62 403	92 963	115 310	115 045
Bank overdrafts	-	(3 964)	-	-
Cash and cash equivalents position	**62 403**	**88 999**	**115 310**	**115 045**

9. Assets and liabilities held for sale

Considering the continuing losses recorded in Sweden in spite of the store closures and the development of the contract with ICA to open corners in their supermarkets, the Group took the decision to change its business model in Sweden in order to create value for the Group. The Swedish operations were therefore sold to the existing partner as of August 15, 2018 (See §*10. Events after the reporting period*).

At June 30, 2018, with the disposal of Picard Sweden AB ("Picard Sweden") being considered highly probable, all the associated assets and liabilities were reclassified in the Group's consolidated balance sheet as held for sale.

In addition, the Group recognized a K€ 865 impairment charge representing the difference between Picard Sweden's net asset value and the selling price.

10. Events after the reporting period

- The Picard Group signed an agreement as of August 15, 2018 with its existing partner (already holding a 25% minority interest in Picard Sweden) for the sale and purchase of 75% of the share capital of Picard Sweden owned by the Group and settlement of an intercompany loan for a total consideration of M€ 0.1.

  In addition, in order to maintain its presence in Sweden while creating value for the Group, a five-year franchise agreement has been signed between the Group and the buyer in order to:

  - grant the use of the brand name of Picard in Sweden; and
  - define the selling conditions for some Picard products to the buyer.

Pursuant to this agreement, the buyer will continue the development of the business in Sweden through various channels, including the contract with ICA and stores and the Group will supply Picard-branded products to the buyer for such purposes.

On August 21, 2018, the Group received a notification from the French tax administration indicating a refund on a tax on fish in an amount of M€ 3.2 which was recognized as Other operating income in the financial statements ended June 30, 2018. This refund was the consequence of a tax audit that took place in 2012 and concerned the years ended March 31, 2009 to March 31, 2011. During the year ended March 31, 2014, we had paid the corresponding tax reassessment following an adjustment on a tax on fish ("*Contribution pour une pêche durable*"). We had challenged the position of the French tax administration and, following a favorable decision of the French Council of State ("*Conseil d'Etat*"), we obtained in August 2018 confirmation of the tax refund by the administration.