Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the three and six months ended September 30, 2018

November 29, 2018

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Introduction

Highlights

The financial results of Picard Bondco S.A. and its consolidated subsidiaries (the "Group", "Picard", "Picard Group", "we", "our" or "us") for the quarter ended September 30, 2018 ("Q2 2019") include the following highlights:

- Q2 2019 sales of goods increased by 1.0% to €289.0 million, from €286.0 million in Q2 2018, in spite of a 0.4% decrease in our French like-for-like sales, which were adversely affected by a negative calendar effect;

- Q2 2019 gross profit increased by 0.2% to €127.7 million, from €127.4 million in Q2 2018; and

- Q2 2019 EBITDA increased by 7.4%, to €26.1 million, from €24.3 million in Q2 2018. EBITDA in each of Q2 2019 and Q2 2018 were impacted by several significant non-recurring items, as discussed below.

CEO Philippe Dailliez commented: "Our Q2 2019 sales of goods increased by €3.0 million, or 1.0%, as compared to Q2 2018. French like-for-like sales decreased by 0.4%, mainly due to a negative calendar effect, explained by the change in the number of weekdays during the quarter (one Saturday less). As adjusted to exclude this calendar effect, our estimated French like-for-like sales increased by 0.5%. During the quarter, the number of tickets increased by 1.2% following notably increased ice cream sales during the summer, while the average basket size decreased as customers tend to increase the frequency of their visits but buy SKUs with lower average prices during warmer periods. In September, the unusually warm weather had a negative impact on our sales of goods. However, our expansion strategy in France enabled us to offset this effect by adding €3.3 million to our sales compared to the same period last year. Finally, our international partnerships with major leading retailers (Ocado in the UK, Albert Heijn in the Netherlands and Aeon in Japan) enabled us to further increase our international presence.

Our Q2 2019 gross profit increased by €0.3 million, or 0.2%, from €127.4 million in Q2 2018 to €127.7 million in Q2 2019, following the increase in our sales. Our gross margin slightly decreased to 44.2% in Q2 2019 from 44.5% in Q2 2018, mainly because of a slight change in our commercial calendar, as we started our major commercial campaign "*10 days of Picard*" ("*10 Jours Picard*") a week early, during the last days of September. During the campaign, we offer discounts of up to 30% on a selection of SKUs, therefore partially impacting Q2 2019 gross profit as compared to Q2 2018, whereas the impact last year was only on Q3 2018.

Our EBITDA increased by €1.8 million, or 7.4%, from €24.3 million in Q2 2018 to €26.1 million in Q2 2019. Q2 2018 was negatively impacted by the €4.6 million reassessment on our social charges, following the audit conducted by the URSSAF, and an €0.8 million restructuring provision for the closure of six loss-making stores in Sweden. Q2 2019 has also been impacted by a €2.1 million non-cash charge in respect of the deconsolidation of our Swedish operations. Considering the continuing losses recorded in Sweden despite store closures in prior periods 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. Therefore, we sold our Swedish operations to our joint-venture partner as of August 15, 2018 for a total consideration of €0.1 million. Concurrently with the disposal of our Swedish business, we entered 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 franchised stores, while the Group will supply Picard-branded products to the buyer for such purposes.

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 September 30, 2018, we had 1,010 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 16 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, 11 franchised stores in Sweden, 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 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 joint-venture partner as of August 15, 2018 and a new franchise agreement was signed on the same date through which the Swedish franchisee continues the development of the business in Sweden through various channels, including franchised stores and the contract with ICA under which the franchisee will supply corners within ICA's supermarkets and hypermarkets, while we will supply Picard-branded products to the franchisee.

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 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 September 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 September 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

<u>Financial statements presented</u>

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

We have prepared the unaudited condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2018 to September 30, 2018, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheets as of September 30, 2018 and March 31, 2018, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and six-month periods ended September 30, 2018 and (iii) the consolidated statement of cash flows for the six-month period ended September 30, 2018. See the "Notes to the 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.

<u>Other Financial Measures</u>

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 and like-for-like sales growth in a different manner than we do.

For Further Information

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

The historical information discussed below for Picard Bondco S.A. is as of and for the three-month and six-month periods ended September 30, 2017 and September 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 interim condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2018 to September 30, 2018, included herein, in accordance with IFRS; such financial information has not been audited 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		Six months* ended	
Currency: in million of €	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**	**September 30, 2018**
Sales of goods	286.0	289.0	602.6	601.1
Cost of goods sold	(158.6)	(161.3)	(335.5)	(334.9)
Gross profit	127.4	127.7	267.1	266.2
Other operating income	1.2	1.5	2.4	6.2
Other purchase and external expenses	(54.1)	(53.6)	(110.9)	(111.4)
Taxes	(3.3)	(3.5)	(6.6)	(6.9)
Personnel expenses	(41.7)	(43.5)	(82.8)	(85.9)
Other operating expenses	(5.3)	(2.5)	(5.7)	(3.9)
EBITDA(**)	24.3	26.1	63.5	64.4
Depreciation and amortization	(10.1)	(9.3)	(18.6)	(18.7)
Operating profit	14.3	16.8	44.9	45.7
Finance costs	(17.7)	(14.5)	(35.6)	(29.1)
Finance income	0.0	0.0	0.1	0.1
Share of profit in an associate	0.1	0.1	0.1	0.2
Income before tax	(3.3)	2.4	9.5	16.8
Income tax expense	0.7	(2.0)	(1.4)	(8.3)
Net income	(2.6)	0.4	8.1	8.6
Equity holders of the parent	(2.0)	0.4	8.9	8.6
Non-controlling interests	(0.6)	0.0	(0.8)	(0.0)

(*) Unaudited.
(**) EBITDA for the three-month and six-month periods ended September 30, 2017 was negatively impacted by a €4.63 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. EBITDA for the three-month and six-month periods ended September 30, 2018 was negatively impacted by a €2.1 million non-cash charges in respect of the deconsolidation of our Swedish operations.

The following discussion and analysis summarizes EBITDA for the three-month and six-month periods ended September 30, 2017 and September 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 September 30, 2018, we had 1,010 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, one franchised store in the French West Indies and 16 franchised stores in mainland France), 15 stores in Belgium and one store in Luxembourg, as well as 11 franchised stores in Sweden, seven franchised stores in Japan and six franchised stores in Switzerland.

Sales of goods

Six months ended September 30, 2018 and September 30, 2017

Our sales of goods decreased by €1.5 million, or 0.2%, from €602.6 million for the six months ended September 30, 2017 to €601.1 million for the six months ended September 30, 2018.

In France, sales of goods decreased by €1.4 million, or 0.2%, from €587.7 million for the six months ended September 30, 2017 to €586.3 million for the six months ended September 30, 2018. French like-for-like sales decreased by 1.5% in the six months ended September 30, 2018, as compared to the six months ended September 30, 2017, as a result of a 1.0% decrease in the average basket size, combined with a 0.6% decrease in the total number of tickets. The six-month period ended September 30, 2018 experienced a strongly negative calendar effect, mainly explained by the unfavorable positioning of bank holidays during the first half of May and the occurrence of Easter 2018 on the first day of our fiscal year. As a result, Easter sales took place and were recorded in the prior quarter (during the year ended March 31, 2018), while the bank holiday during which stores were closed fell during the current fiscal period, on April 2, 2018. As adjusted to exclude such calendar effect, we estimate that French like-for-like sales would have remained flat.

Sales in Belgium and Luxembourg decreased by €0.4 million, from €6.8 million for the six months ended September 30, 2017 to €6.4 million for the six months ended September 30, 2018, following a decrease in like-for-like sales and the closure of a loss-making store in Belgium in July 2018.

Sales in Sweden decreased by €1.3 million from €4.5 million for the six months ended September 30, 2017 to €3.2 million for the six months ended September 30, 2018, following the closures of four loss-making stores since September 2017, as well as the recent evolution of our presence in Sweden. Considering the continuing losses recorded in Sweden despite store closures in prior periods 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 joint-venture partner (already holding a 25% minority interest in Picard Sweden AB) for a total consideration of €0.1 million. Concurrently with the disposal of our Swedish business, we entered 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 franchised stores, while 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, although revenue generated in Sweden will initially be lower than prior to the divestment.

Additionally, sales to franchised stores and partners located in other locations outside of France increased by €1.6 million, from €3.5 million for the six months ended September 30, 2017 to €5.1 million for the six months ended September 30, 2018. In particular, sales in the United Kingdom through our partnership with Ocado increased by €0.2 million, from €1.2 million in the six months ended September 30, 2017 to €1.4 million in the six months ended September 30, 2018. The start of the partnership in the Netherlands with Albert Heijn amounted to €0.9 million of additional sales during the six months ended September 30, 2018. Finally, sales in Japan increased by €0.6 million, from €0.9 million for the six months ended September 30, 2017 to €1.5 million for the six months ended September 30, 2018, following the increase in the number of franchised stores opened by our partner Aeon.

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

Our sales of goods increased by €3.0 million, or 1.0%, from €286.0 million for the three months ended September 30, 2017 to €289.0 million for the three months ended September 30, 2018.

In France, sales of goods increased by €2.4 million, or 0.9%, from €279.3 million for the three months ended September 30, 2017 to €281.7 million for the three months ended September 30, 2018. French like-for-like sales decreased by 0.4% in the three months ended September 30, 2018, as compared to the three months ended September 30, 2017, as a result of a 1.6% decrease in the average basket size, partially offset by a 1.2% increase in the total number of tickets. The quarter experienced a negative calendar effect, mainly explained by the number of weekdays during the quarter (one less Saturday than the same period last year). As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 0.5%.

Sales in Belgium and Luxembourg decreased by €0.1 million, from €3.1 million for the three months ended September 30, 2017 to €3.0 million for the three months ended September 30, 2018, following a decrease in like-for-like sales and the closure of a loss-making store in Belgium in July 2018.

Sales in Sweden decreased by €0.9 million from €2.3 million for the three months ended September 30, 2017 to €1.4 million for the three months ended September 30, 2018 following the closures of four loss-making stores since September 2017 and the change in our business model described above, as the revenue derived from our new partnership will initially be lower than the revenue generated prior to the divestment.

Additionally, sales to franchised stores and partners located in other locations outside of France increased by €1.6 million for the three months ended September 30, 2018. In particular, sales in the United Kingdom through our partnership with Ocado increased by €0.6 million, after a slower start during the first quarter of the year. In addition, the start of the partnership in the Netherlands with Albert Heijn amounted to €0.5 million of additional sales during the three months ended September 30, 2018. Finally, sales in Japan increased by €0.5 million following the increase in the number of franchised stores opened by our partner Aeon.

Cost of goods sold

Six months ended September 30, 2018 and September 30, 2017

Our cost of goods sold decreased by €0.6 million, or 0.2%, from €335.5 million for the six months ended September 30, 2017 to €334.9 million for the six months ended September 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 remained flat at 55.7% for the six months ended September 30, 2017 and for the six months ended September 30, 2018.

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

Our cost of goods sold increased by €2.7 million, or 1.7%, from €158.6 million for the three months ended September 30, 2017 to €161.3 million for the three months ended September 30, 2018, mainly due to an increase in the volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales increased from 55.5% for the three months ended September 30, 2017 to 55.8% for the three months ended September 30, 2018, as a consequence of a slight change in our commercial operations as described below.

Gross profit

Six months ended September 30, 2018 and September 30, 2017

Our gross profit decreased by €0.9 million, or 0.3%, from €267.1 million for the six months ended September 30, 2017 to €266.2 million for the six months ended September 30, 2018, as a result of the decrease in sales. Gross profit as a percentage of sales of goods remained flat at 44.3% for the six months ended September 30, 2017 and for the six months ended September 30, 2018.

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

Our gross profit increased by €0.3 million, or 0.2%, from €127.4 million for the three months ended September 30, 2017 to €127.7 million for the three months ended September 30, 2018, as a result of the increase in sales. Gross profit as a percentage of sales of goods decreased from 44.5% for the three months ended September 30, 2017 to 44.2% for the three months ended September 30, 2018, as a consequence of a slight change in our commercial operations. Our major promotional campaign "*10 days of Picard*" ("*10 Jours Picard*"), during which we offer products at a discount of up to 30%, started one week earlier this year, therefore affecting the gross profit margin of September instead of October only last year.

Other operating income

Six months ended September 30, 2018 and September 30, 2017

Other operating income increased by €3.8 million from €2.4 million for the six months ended September 30, 2017 to €6.2 million for the six months ended September 30, 2018. This increase was primarily due to €3.9 million of income recorded during the six months ended September 30, 2018 in connection with a tax audit that took place in 2012 regarding the years ended March 31, 2009 to March 31, 2011 (including income of €3.2 million recorded during the quarter ended June 30, 2018 and €0.7 million recorded during the quarter ended September 30, 2018). During the year ended March 31, 2014, we had paid the corresponding tax reassessment on a tax on fish. We had challenged the position of the tax administration and, following a favorable ruling of the French Supreme Court ("*Conseil d'Etat*"), we obtained in August 2018 confirmation of the refund by the French tax administration. The refund of the total amount was effectively obtained in October 2018. The amount corresponding to the tax refund (€3.2 million) was recorded in our accounts for the three months ended June 30, 2018, as the French tax administration had confirmed the refund prior to the completion of the accounts for the reporting period. Accrued interests and late payment penalties (€0.7 million) were only determined at the time of receipt of the payment and were recorded in our accounts for the three months ended September 30, 2018. In addition, during the six months ended September 30, 2018, we also recorded €0.7 million in compensation received from the sale of energy certificates.

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

Other operating income increased by €0.3 million, from €1.2 million for the three months ended September 30, 2017 to €1.5 million for the three months ended September 30, 2018, mainly as a result of the €0.7 million income recorded in relation with the tax refund described above.

Other purchases and external expenses

Six months ended September 30, 2018 and September 30, 2017

Our other purchases and external expenses increased by €0.5 million, or 0.5%, from €110.9 million for the six months ended September 30, 2017 to €111.4 million for the six months ended September 30, 2018. This increase was primarily due to higher rents and energy costs resulting mainly from the expansion of our store network in France combined with higher indexes and prices, as well as higher logistics costs following the increase in gasoline prices and renegotiations of certain suppliers' terms of purchase. These increases were partially offset by lower advertising costs, as Easter occurred during the year ended March 31, 2018, the corresponding advertising costs, which were incurred during the six months ended September 30, 2017 last year, were incurred prior to the six-month period ended September 30, 2018 this year.

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

Our other purchases and external expenses decreased by €0.5 million, or 0.9%, from €54.1 million for the three months ended September 30, 2017 to €53.6 million for the three months ended September 30, 2018. This decrease was primarily due to lower advertising expenses, as a communication campaign that occurred in July last year took place one week earlier this year, therefore impacting the first quarter only. We also experienced lower maintenance and cleaning expenses, but these decreases were partially offset by increased logistics costs following the increase in sales of goods, in gasoline prices and the negative impact of renegotiations of certain suppliers' terms of purchase.

Taxes

Six months ended September 30, 2018 and September 30, 2017

Taxes other than on income increased by €0.3 million, from €6.6 million for the six months ended September 30, 2017 to €6.9 million for the six months ended September 30, 2018. Taxes other than on income as a percentage of sales of goods remained flat at 1.1% for the six months ended September 30, 2017 and for the six months ended September 30, 2018.

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

Taxes other than on income increased by €0.2 million, from €3.3 million for the three months ended September 30, 2017 to €3.5 million for the three months ended September 30, 2018. Taxes other than on income as a percentage of sales of goods remained flat at 1.2% for the three months ended September 30, 2017 and for the three months ended September 30, 2018.

Personnel expenses

Six months ended September 30, 2018 and September 30, 2017

Personnel expenses increased by €3.1 million, or 3.7%, from €82.8 million for the six months ended September 30, 2017 to €85.9 million for the six months ended September 30, 2018. As a proportion of sales of goods, personnel expenses increased from 13.7% for the six months ended September 30, 2017 to 14.3% for the six months ended September 30, 2018.

Wages and salaries increased by €1.1 million, or 1.9%, from €58.1 million for the six months ended September 30, 2017 to €59.2 million for the six months ended September 30, 2018, as a result of annual salary increases in France and Belgium and the expansion of our store network. As a proportion of sales of goods, wages and salaries increased from 9.6% for the six months ended September 30, 2017 to 9.8% for the six months ended September 30, 2018.

Employee profit sharing decreased by €0.4 million, from €5.7 million for the six months ended September 30, 2017 to €5.3 million for the six months ended September 30, 2018, as the decrease in contractual profit sharing ("*intéressement*"), which is computed based on sales performance, was partially offset by higher legal profit sharing ("*participation*") computed on the French income before tax.

Other personnel expenses increased by €2.4 million, from €19.0 million for the six months ended September 30, 2017 to €21.4 million for the six months ended September 30, 2018. The increase was partly explained by the impact of the lower CICE tax credit, which was recorded as a reduction of social security costs (€3.2 million in the six months ended September 30, 2017 and €2.8 million in the six months ended September 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 €1.6 million, from €19.5 million for the six months ended September 30, 2017 to €21.1 million for the six months ended September 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. Finally, other employee expenses also increased due to the reversal of unused provisions for redundancies that had been recorded last year, which reversal was for a smaller amount this year than for the six months ended September 30, 2017.

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

Personnel expenses increased by €1.8 million, or 4.3%, from €41.7 million for the three months ended September 30, 2017 to €43.5 million for the three months ended September 30, 2018. As a proportion of sales of goods, personnel expenses increased from 14.6% for the three months ended September 30, 2017 to 15.1% for the three months ended September 30, 2018.

Wages and salaries increased by €0.3 million, or 1.0%, from €29.8 million for the three months ended September 30, 2017 to €30.1 million for the three months ended September 30, 2018, as a result of annual salary increases in France and Belgium and the expansion of our store network, partially offset by the sale of our Swedish activity. As a proportion of sales of goods, wages and salaries remained flat at 10.4% for the three months ended September 30, 2017 and for the three months ended September 30, 2018.

Employee profit sharing increased by €0.1 million, from €2.4 million for the three months ended September 30, 2017 to €2.5 million for the three months ended September 30, 2018, as the decrease in contractual profit sharing ("*intéressement*"), which is computed based on sales performance, more than offset by higher legal profit sharing ("*participation*") computed on the French income before tax.

Other personnel expenses increased by €1.6 million, from €9.4 million for the three months ended September 30, 2017 to €11.0 million for the three months ended September 30, 2018. This increase was first explained by the impact of the lower CICE tax credit, which was recorded as a reduction of social security costs (€1.7 million in the three months ended September 30, 2017 and €1.4 million in the three months ended September 30, 2018, following a reduction in the rate of this tax credit implemented by the government from January 2018). In addition, excluding the impact of the CICE, social security costs increased by €0.9 million, from €9.9 million for the three months ended September 30, 2017 to €10.8 million for the three months ended September 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. Finally, other employee expenses also increased due to the reversal of unused provisions for redundancies that had been recorded last year, which reversal was for a smaller amount this year than for the three months ended September 30, 2017.

Other operating expenses

Six months ended September 30, 2018 and September 30, 2017

Our other operating expenses decreased by €1.8 million, from €5.7 million for the six months ended September 30, 2017 to €3.9 million for the six months ended September 30, 2018. During the six-month period ended September 30, 2017, we recorded a €4.6 million provision regarding a reassessment on social charges, following an audit conducted by the French administrative body responsible for collecting social security payments ("*URSSAF*"). During the six-month period ended September 30, 2018, we recorded exceptional charges relating to the sale of our Swedish operations. During the first quarter of the fiscal year ending March 31, 2019, we recorded a €0.9 million impairment charge on our Swedish assets following our decision to sell the Swedish business for a total consideration of €0.1 million, as described above. This impairment charge corresponds to the difference between the selling price and the net asset value of the Swedish assets. In addition, during the second quarter of the fiscal year ending March 31, 2019, when deconsolidating the entity after the loss of control, we derecognized the minority interests in an amount of €2.1 million in other operating expenses.

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

Our other operating expenses decreased by €2.8 million from €5.3 million for the three months ended September 30, 2017 to €2.5 million for the three months ended September 30, 2018. During the three-month period ended September 30, 2017, we recorded a €4.6 million provision regarding a reassessment on social charges, following an audit conducted by the French administrative body responsible for collecting social security payments ("*URSSAF*"). During the three-month period ended September 30, 2018, we recorded exceptional charges relating to the sale of our Swedish operations, as we derecognized the minority interests in an amount of €2.1 million in other operating expenses.

EBITDA

Six months ended September 30, 2018 and September 30, 2017

EBITDA increased by €0.9 million, or 1.4%, from €63.5 million for the six months ended September 30, 2017 to €64.4 million for the six months ended September 30, 2018, as a result of the factors discussed above. As a proportion of sales of goods, EBITDA increased from 10.5% for the six months ended September 30, 2017 to 10.7% for the six months ended September 30, 2018.

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

EBITDA increased by €1.8 million, or 7.4%, from €24.3 million for the three months ended September 30, 2017 to €26.1 million for the three months ended September 30, 2018, as a result of the factors discussed above. As a proportion of sales of goods, EBITDA increased from 8.5% for the three months ended September 30, 2017 to 9.0% for the three months ended September 30, 2018.

Depreciation and amortization

Six months ended September 30, 2018 and September 30, 2017

Depreciation and amortization increased by €0.1 million, from €18.6 million for the six months ended September 30, 2017 to €18.7 million for the six months ended September 30, 2018. As a proportion of sales of goods, depreciation and amortization remained flat at 3.1% for the six months ended September 30, 2017 and for the six months ended September 30, 2018.

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

Depreciation and amortization decreased by €0.8 million, from €10.1 million for the three months ended September 30, 2017 to €9.3 million for the three months ended September 30, 2018. This decrease was primarily due to a €1.3 million depreciation charge regarding the assets of six Swedish stores that were closed, which depreciation charge was recorded in the quarter ended September 30, 2017. As a proportion of sales of goods, depreciation and amortization decreased from 3.5% for the three months ended September 30, 2017 to 3.2% for the three months ended September 30, 2018.

Operating profit

Six months ended September 30, 2018 and September 30, 2017

Operating profit increased by €0.8 million, or 1.8%, from €44.9 million for the six months ended September 30, 2017 to €45.7 million for the six months ended September 30, 2018, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 7.5% for the six months ended September 30, 2017 to 7.6% for the six months ended September 30, 2018.

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

Operating profit increased by €2.5 million, or 17.5%, from €14.3 million for the three months ended September 30, 2017 to €16.8 million for the three months ended September 30, 2018, as a result of the factors discussed above. As a proportion of sales of goods, operating profit increased from 5.0% for the three months ended September 30, 2017 to 5.8% for the three months ended September 30, 2018.

Finance costs

Six months ended September 30, 2018 and September 30, 2017

Finance costs decreased by €6.5 million from €35.6 million for the six months ended September 30, 2017 to €29.1 million for the six months ended September 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 and May 2018, despite an increase in the aggregate principal amount of debt outstanding.

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

Finance costs decreased by €3.2 million from €17.7 million for the three months ended September 30, 2017 to €14.5 million for the three months ended September 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 and May 2018, despite an increase in the aggregate principal amount of debt outstanding.

Income before tax

Six months ended September 30, 2018 and September 30, 2017

Income before tax increased by €7.3 million, from €9.5 million for the six months ended September 30, 2017 to €16.8 million for the six months ended September 30, 2018. As a proportion of sales of goods, income before tax increased from 1.6% for the six months ended September 30, 2017 to 2.8% for the six months ended September 30, 2018.

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

Income before tax increased by €5.7 million, from a loss of €3.3 million for the three months ended September 30, 2017 to a profit of €2.4 million for the three months ended September 30, 2018. As a proportion of sales of goods, income before tax increased from -1.2% for the three months ended September 30, 2017 to 0.8% for the three months ended September 30, 2018.

Income tax expense

Six months ended September 30, 2018 and September 30, 2017

Income tax expense increased by €6.9 million, from €1.4 million for the six months ended September 30, 2017 to €8.3 million for the six months ended September 30, 2018. Income tax expense during the six months ended September 30, 2017 included non-recurring deferred tax income of €3.3 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 €4.7 million, representing 49.2% of income before tax for the six months ended September 30, 2017. For the six months ended September 30, 2018, the estimated average annual tax rate used was 44%.

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

Income tax expense increased by €2.7 million from a tax credit of €0.7 million for the three months ended September 30, 2017 to a charge of €2.0 million for the three months ended September 30, 2018, following the increase in income before tax.

Net income

Six months ended September 30, 2018 and September 30, 2017

Net income increased by €0.5 million, from €8.1 million for the six months ended September 30, 2017 to €8.6 million for the six months ended September 30, 2018, as a result of the factors described above.

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

Net income increased by €3.0 million, from a loss of €2.6 million for the three months ended September 30, 2017 to a profit of €0.4 million for the three months ended September 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

September 30, 2018

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended September 30, 2018	For the three-month period ended September 30, 2017	For the six-month period ended September 30, 2018	For the six-month period ended September 30, 2017
Sales of goods	*4*	289 026	286 038	601 083	602 564
Cost of good sold		(161 299)	(158 618)	(334 869)	(335 453)
Gross profit		**127 727**	**127 420**	**266 214**	**267 111**
Other operating income	*5.1*	1 461	1 201	6 224	2 402
Other purchase and external expenses		(53 611)	(54 058)	(111 373)	(110 918)
Taxes		(3 453)	(3 282)	(6 862)	(6 628)
Personnel expenses	*5.2*	(43 511)	(41 657)	(85 914)	(82 757)
Depreciation and amortization		(9 310)	(10 065)	(18 725)	(18 645)
Other operating expenses	*5.3*	(2 529)	(5 299)	(3 866)	(5 671)
Operating profit		**16 775**	**14 261**	**45 697**	**44 895**
Finance costs	*5.4*	(14 525)	(17 674)	(29 078)	(35 570)
Finance income	*5.4*	25	39	54	77
Share of profit in an associate		107	74	166	142
Income before tax		**2 381**	**(3 300)**	**16 839**	**9 544**
Income tax expense	*6*	(1 981)	661	(8 265)	(1 423)
Net income		**400**	**(2 639)**	**8 575**	**8 121**
Attributable to:					
Equity holders of the parent		386	(2 046)	8 616	8 874
Non-controlling interests		14	(593)	(41)	(753)
Earnings per share:					
Basic earnings per share (in euros)		0,15	(0,77)	3,26	3,36
Fully diluted earnings per share (in euros)		0,15	(0,77)	3,26	3,36

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 September 30, 2018	For the three-month period ended September 30, 2017	For the six-month period ended September 30, 2018	For the six-month period ended September 30, 2017
Net income		**400**	**(2 639)**	**8 575**	**8 121**
Items to be reclassified to profit and loss:					
Net gain / (loss) on cash flow hedges	*8.3*	-	-		
Income tax		-	-	-	-
		-	-	-	-
Foreign currency translation		(66)	(28)	(10)	(8)
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 tax		*(66)*	*(28)*	*(10)*	*(8)*
Comprehensive income		**334**	**(2 667)**	**8 565**	**8 113**
Attributable to:					
Equity holders of the parent		320	(2 074)	8 606	8 866
Non-controlling interests		14	(593)	(41)	(753)

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousand of €)	Notes	September 30, 2018	March 31, 2018
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		220 661	220 058
Other intangible assets		841 994	842 274
Investment in an associate		11 208	11 042
Other non-current financial assets	*7.1*	10 113	10 243
Total non-current assets		**1 899 146**	**1 898 787**
Inventories		90 788	90 212
Trade and other receivables		58 836	49 496
Income tax receivable		5 041	5 106
Current financial assets	*7.1*	379	379
Cash and cash equivalents	*8*	42 460	92 963
Total current assets		**197 504**	**238 156**
Total assets		**2 096 650**	**2 136 943**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	150
Other comprehensive income		-	233
Retained earnings		73 072	91 324
Net income of the period		8 616	58 213
Equity attributable to equity holders of the parent		**84 426**	**152 561**
Non-controlling interests		-	(1 845)
Total equity		**84 426**	**150 716**
Non-current liabilities			
Interest-bearing loans and borrowings	*7.2*	1 550 104	1 492 030
Other non current financial liabilities		100	85
Provisions		6 315	5 206
Employee benefit liability		7 824	7 550
Deferred tax liability		217 310	225 774
Total non-current liabilities		**1 781 653**	**1 730 645**
Current liabilities			
Trade and other payables		221 411	244 513
Income tax payable			1 955
Interest-bearing loans and borrowings	*7.3*	9 159	9 115
Total current liabilities		**230 570**	**255 583**
Total liabilities		**2 012 223**	**1 986 227**
Total equity and liabilities		**2 096 650**	**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		-	-	-	147	-	-	147	97 787	(97 934)	**-**	-	**-**
Net income for the period	-	-	-	-	-	-	-	-	-	8 874	**8 874**	(753)	**8 121**
Other comprehensive income	-	-	-		-	-	(8)	(8)	-	-	**(8)**	-	**(8)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(8)**	**(8)**	**-**	**8 874**	**8 866**	**(753)**	**8 113**
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	211	-	**211**	77	**288**
Other	-		-	-	-	-	-	-		-	**-**	-	
As at September 30, 2017	**2 642**	**266 185**	**-**	**-**	**-**	**-**	**8**	**8**	**181 943**	**8 874**	**459 652**	**(1 132)**	**458 520**
As at March 31, 2018	**2 642**	**150**	**-**	-	116	-	117	**233**	**91 324**	**58 213**	**152 562**	**(1 845)**	**150 716**
Net income attribution	-	-	-	-	(116)	-	-	(116)	58 329	(58 213)	**-**	-	**-**
Net income for the period	-	-	-	-	-	-		-		8 616	**8 616**	(41)	**8 575**
Other comprehensive income	-	-	-	-	-	-	(10)	(10)	-	-	**(10)**	-	**(10)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(10)**	**-**	**8 616**	**8 606**	**(41)**	**8 565**
Dividend paid	-	(53)	-	-	-	-	-	-	(76 947)	-	**(77 000)**		**(77 000)**
Other	-	-	-	-	-	-	(107)	(107)	366		**259**	1 886	**2 145**
As at September 30, 2018	2 642	97	-	-	-	-	-	-	**73 072**	**8 616**	**84 426**	**-**	**84 426**

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 six-month period ended September 30, 2018	For the six-month period ended September 30, 2017
Operating activities			
Operating profit		45 697	44 895
Depreciation and impairment of property, plant and equipment		15 693	16 170
Amortisation and impairment of intangible assets		3 032	2 475
Gain on disposal of property, plant and equipement		235	25
Other non cash operating items		3 048	4 092
Movements in provisions and pensions		180	219
Interest received		(29)	34
Income tax paid		(18 616)	(24 504)
Operating cash flows before change in working capital requirements		*49 240*	*43 405*
Change in Inventories		(576)	(250)
Change in trade and other receivables and prepayments		(9 340)	(7 295)
Change in trade and other payables		(22 745)	(10 711)
Net cash flows from operating activities		**16 580**	**25 149**
Investing activities			
Proceeds from sale of property, plant and equipment		110	568
Disposal of Italy, net of cash disposed of		190	190
Purchase of property, plant and equipment		(16 858)	(15 434)
Purchase of intangible assets		(2 588)	(3 382)
Purchase of financial instruments		(103)	(96)
Net cash used in investing activities		**(19 249)**	**(18 154)**
Financing activities			
Payment of finance lease liabilities		(101)	(121)
Proceeds from borrowings		60 000	-
Refinancing costs		(3 279)	-
Interest paid		(28 228)	(33 345)
Dividends paid to equity holder of the parent		(77 000)	
Net cash flows from/(used in) financing activities		**(48 608)**	**(33 466)**
Net increase / (decrease) in cash and cash equivalents		(51 277)	(26 471)
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**	**37 722**	**88 574**

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 (into which Lion Polaris Lux 1 S.à.r.l was merged in June 2015).

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 September 30, 2018.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six-month period ended September 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 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, 2018.

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, 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 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 impact of the standard. This process confirmed the absence of significant impact on the Group's consolidated 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 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);
- IFRS 3 – *Definition of a Business* (applicable 1/1/2020);
- IAS 1 and IAS 8 : *Definition of Material* (applicable 1/1/2020); 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**

IFRS 16 Leases replaces IAS 17 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e., the customer ("lessee") and the supplier ("lessor").

IFRS 16 eliminates the requirement to classify leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. The Group plans to adopt IFRS 16 from April 1, 2019, and expects to apply this standard retrospectively with the cumulative effect of initial application recognized as at April 1, 2019.

A preliminary assessment of the impact of this standard has been performed by the Group (including leases identification and collection, impact modelling and development of a dedicated tool).

Based on a preliminary assessment, the Group estimated that the operating profit for the year ended March 31, 2018 would have increased by an amount within a range of M€50 to M€56, and that the financial debt of the Group as at March 31, 2018 would have increased by an amount within a range of €251 million to €261 million.

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 estimating 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, 2018.

As at September 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 September 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 September 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 issued an additional €60 million aggregate principal amount of its floating rate senior secured notes due 2023.

- On August 15, 2018, Picard Group signed an agreement with our existing 25% joint-venture partner for the sale and purchase of 75% of the share capital of Picard Sweden AB owned by Picard Group. The total consideration received by Picard Group was K€ 100, in the form of a selling price of € 1 and the purchase of the current account due to Picard Group by the Swedish subsidiary (5 380 K€) for a price of K€ 100.

  As part of the transaction, a five-year commercial cooperation agreement has been signed between Picard Group and the buyer of the Swedish operations in order to:

  - grant the use of the brand name of Picard in Sweden; and

  - define the selling conditions for certain 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 franchised stores, while the Group will supply Picard-branded products to the buyer for such purposes.

  Following the disposal of Picard Sweden, the Group recognized additional charges of M€ 3.0, corresponding mainly to the derecognition of the non-controlling interests.

- On August 21, 2018, the Picard Group obtained a tax refund in respect of the fish tax in an amount of M€ 3.9 which was recognized as “Other operating income” in the financial statements for the six-month period ended September 30, 2018. This tax rebate was paid to the Group on October 2018.

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, prior to the evolution of the Group's activity there, 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 €	For the three-month period ended September 30, 2018			For the six-month period ended September 30, 2018		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	281 733	7 293	289 026	586 306	14 777	601 083
Operating profit	19 683	(2 909)	16 774	50 699	(5 002)	45 697

In thousand of €	For the three-month period ended September 30, 2017			For the six-month period ended September 30, 2017		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	279 270	6 768	286 038	587 714	14 850	602 564
Operating profit	17 634	(3 373)	14 261	49 280	(4 385)	44 895

- France:

  The operating profit increased by M€ 2.0, from M€ 17.6 for the three-month period ended September 30, 2017 to M€ 19.7 for the three-month period ended September 30, 2018, mainly as a consequence of the M€ 4.6 provision booked in September 30, 2017 in connection with URSSAF's conclusion following its audit.

- Other:

  The operating profit of the "Other" segment increased by M€ 0.5, from a loss of M€ 3.4 for the three-month period ended September 30, 2017 to a loss of M€ 2.9 for the three-month period ended September 30, 2018. This decrease in losses is mainly explained by the decision to close 5 loss-making stores in Sweden in the three-month period ended September 30, 2017. Following this decision made before September 30, 2017, 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 September 30, 2018**	**For the three-month period ended September 30, 2017**	**For the six-month period ended September 30, 2018**	**For the six-month period ended September 30, 2017**
Capitalized expenses	240	420	486	754
Other operating income	1 220	781	5 738	1 648
Total other operating income	**1 460**	**1 201**	**6 224**	**2 402**

For the six-month period ended September 30, 2018, other operating income includes income of M€ 3.9 corresponding to a tax refund obtained by the Group on August 21, 2018 (*see § 3.1.Significant events of the year*) and paid to the Group in October 2018.

5.2 Personnel expenses

In thousand of €	For the three-month period ended September 30, 2018	For the three-month period ended September 30, 2017	For the six-month period ended September 30, 2018	For the six-month period ended September 30, 2017
Wages and salaries	(30 058)	(29 839)	(59 155)	(58 130)
Social security costs	(9 348)	(8 204)	(18 293)	(16 291)
Pension costs	(98)	(119)	(180)	(219)
Employee profit sharing	(2 496)	(2 404)	(5 342)	(5 670)
Other employee benefits expenses	(1 511)	(1 091)	(2 944)	(2 447)
Total personnel expenses	**(43 510)**	**(41 657)**	**(85 914)**	**(82 757)**

For the six-month period ended September 30, 2018, social security costs include income of M€ 2.8 (compared to income of M€ 3.2 for the six-month period ended September 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 September 30, 2018	For the three-month period ended September 30, 2017	For the six-month period ended September 30, 2018	For the six-month period ended September 30, 2017
Royalties	(120)	(106)	(252)	(223)
Losses on bad debt	(231)	(225)	(449)	(415)
Claims	-	(4 631)		(4 631)
Other operating expenses	(2 178)	(337)	(3 165)	(402)
Total other operating expenses	**(2 528)**	**(5 299)**	**(3 866)**	**(5 671)**

For the six-month period ended September 30, 2018, other operating expenses include an expense of M€ 3.0 corresponding to exceptional charges relating to the sale of our Swedish operations. During the three months ended June 30, 2018, we recorded a M€ 0.9 impairment charge on our Swedish assets following our decision to sell the Swedish business. This impairment charge corresponded to the difference between the selling price and the net asset value of the Swedish assets. In addition, during the three months ended September 30, 2018, when deconsolidating the Swedish subsidiary following the sale of our Swedish operations, we derecognized the minority interests in the Swedish subsidiary and recorded an exceptional charge in an amount of M€ 2.1. (*see § 3.1.Significant events of the year*).

For the three-month period ended September 30, 2017, other operating expenses include K€ 4 631 corresponding to a provision relating to social security charges reduction on low wages ("allègements Fillon") following a dispute with the French administrative body responsible for collecting social security payments ("URSSAF").

5.4 Finance income and costs

In thousand of €	For the three-month period ended September 30, 2018	For the three-month period ended September 30, 2017	For the six-month period ended September 30, 2018	For the six-month period ended September 30, 2017
Interest expenses	(14 476)	(17 793)	(28 441)	(35 465)
Interest costs of employee benefits	(39)	(18)	(94)	(55)
Foreign exchange (losses) / gains	64	129	(282)	(35)
Other financial expense	(75)	8	(261)	(15)
Finance costs	**(14 525)**	**(17 674)**	**(29 078)**	**(35 570)**
Income on loans and receivables	5	18	10	23
Income on short term investment	18	25	37	54
Foreign exchange gains	1	(2)	2	
Other financial income	2	(2)	5	-
Finance income	**25**	**39**	**54**	**77**

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 49.2% in previous periods.

Income tax expense increased from an expense of K€ 1,423 for the six-month period ended September 30, 2017 to an expense of K€ 8,265 for the six-month period ended September 30, 2018.

The income tax expense as of September 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 from 36.1% to 28.9% from 2020 onwards). The impact of this revaluation (i.e., a tax credit of K€ 3,271) was recorded in the six-month period ended September 30, 2017. Excluding this impact, income tax expense for the six-month period ended September 30, 2017 would have been K€ 4,694.

As at September 30, 2018, the rate change voted in the 2017 Budget Act 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 September 30, 2018 (i.e., a tax credit of K€ 185). Excluding this impact, income tax expense for the six-month period ended September 30, 2018 would have been K€ 8,450.

7. Financial assets and financial liabilities

7.1 Other current and non-current financial assets

In thousand of €	September 30, 2018	March 31, 2018
Deposits and guarantees	9 575	9 527
Related party Loans	285	274
Other	632	821
Other non-current financial assets	**10 492**	**10 622**
of which non-current	*10 113*	*10 243*
of which current	*379*	*379*

Other financial assets of K€ 632 represent the amount of the consideration remaining due by the acquirers of Picard Surgelati, consistent with the sale and purchase agreement (K€ 379 of which was recorded as current as at September 30, 2018).

7.2 Interest-bearing loans and borrowings

In thousand of €	Coupon interest rate	Maturity	As at September 30, 2018	As at March 31, 2018
Current				
Obligations under finance leases			157	178
Accrued interest payable on loans and borrowings			4 264	4 973
Bank overdrafts		On demand	4 738	3 964
Total current interest bearing loans and borrowings			**9 159**	**9 115**
Non current				
Obligations under finance leases			426	494
Senior secured notes (1250M€)	Euribor 3M + margin 3%	2023	1 241 496	1 183 140
Senior notes 2024 (310M€)	5,50%	2024	308 182	308 396
Total non-current interest bearing loans and borrowings			**1 550 104**	**1 492 030**
Total interest bearing loans and borrowings			**1 559 263**	**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 €60 million aggregate principal amount of floating rate senior secured notes due 2023, the gross proceeds of which were used to (i) fund distributions to the shareholders of Picard Group and (ii) pay fees and expenses related to the transaction.

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 in December 2017 and an additional M€ 60 of floating rate senior secured notes due 2023 in May 2018. 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”.

7.3 Hedging activities and derivatives

Cash Flow Hedges

As at September 30, 2018, 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 September 30, 2018**	**As at September 30, 2018**	**As at March 31, 2018**	**As at March 31, 2018**
Financial assets				
Trade and other receivables	58 836	58 836	49 496	49 496
Income tax receivable	5 041	5 041	5 106	5 106
Other financial assets	10 492	10 492	10 632	10 632
Cash and cash equivalents	42 460	42 460	92 963	92 963
Total	**116 829**	**116 829**	**158 197**	**158 197**
Financial liabilities				
Fixed rate borrowings	(308 182)	(294 230)	(308 396)	(308 100)
Obligations under finance leases	(583)	(583)	(672)	(672)
Floating rate borrowings	(1 241 496)	(1 234 339)	(1 183 140)	(1 183 300)
Trade and other payables	(221 411)	(221 411)	(244 513)	(244 513)
Income tax payable	-	-	(1 955)	(1 955)
Bank overdraft	(4 738)	(4 738)	(3 964)	(3 964)
Total	**(1 776 410)**	**(1 755 301)**	**(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 September 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.

Fair value hierarchy

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

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

The fair value of all interest rate derivatives is determined through level 2 valuation techniques, although the Group currently has no interest rate swap agreement outstanding. 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 September 30, 2018	As at March 31, 2018	As at September 30, 2017	As at March 31, 2017
Cash at banks and on hand	39 589	71 390	72 534	56 186
Securities	2 871	21 573	16 040	58 859
Cash and cash equivalents	**42 460**	**92 963**	**88 574**	**115 045**

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

In thousand of €	As at September 30, 2018	As at March 31, 2018	As at September 30, 2017	As at March 31, 2017
Cash and cash equivalents	42 460	92 963	88 574	115 045
Bank overdrafts	(4 738)	(3 964)		
Cash and cash equivalents position	**37 722**	**88 999**	**88 574**	**115 045**

9. Events after the reporting period

There has been no significant event since September 30, 2018.