Picard Bondco S.A.

Unaudited Interim Condensed Consolidated Financial Statements as at and for the three and nine months ended December 31, 2018

March 1, 2019

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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 December 31, 2018 ("Q3 2019") include the following highlights:

- Q3 2019 sales of goods decreased by 1.9% to €483.5 million, from €493.1 million in Q3 2018, mainly due to a 3.2% decrease in our French like-for-like sales;

- Q3 2019 gross profit decreased by 1.7% to €208.5 million, from €212.0 million in Q3 2018; and

- Q3 2019 EBITDA decreased by 5.1%, to €84.9 million, from €89.5 million in Q3 2018.

CEO Philippe Dailliez commented: "Our Q3 2019 sales of goods decreased by €9.6 million, or 1.9%, as compared to Q3 2018 with French like-for-like sales decreasing by 3.2%. This decline is due, among other reasons, to the context of the end of the year in France, which was marked by the yellow vests protests and deteriorating consumer confidence. Those factors had two consequences on our like-for-like sales in France: first, we observed a slight decline in the number of tickets (-0.8% in Q3 2019 compared to Q3 2018), mainly driven by stores located near hypermarkets, while stores in Paris suffered during Saturdays; second, the average basket declined by 2.4% compared to the corresponding period last year as customers limited the number of SKUs in their basket and reduced the average price of products they bought in the context of strong customer concerns about their purchasing power. These deteriorated market conditions were particularly marked before Christmas, but we observed more dynamic sales during the New Year's Eve period, enabling us to increase the number of tickets in our French stores network.

During the quarter, we pursued our expansion strategy and opened three directly-operated stores and one franchised store in mainland France. Our expansion strategy enabled us to add €5.3 million in sales during Q3 2019 compared to Q3 2018. In addition, our partnerships abroad, among which sales to Ocado in the United Kingdom, to Albert Heijn in the Netherlands and to Aeon in Japan, also partially offset the decline in French like-for-like sales.

In this difficult context, we closely managed our gross margin and our operating expenses to preserve the profitability of the Group. Our Q3 2019 gross profit decreased by €3.5 million, or 1.7%, from €212.0 million in Q3 2018 to €208.5 million in Q3 2019, following the decrease in our sales but our gross margin increased to 43.1% in Q3 2019 from 43.0% in Q3 2018. In addition, the increase in operating expenses was limited to 0.9%, with personnel expenses declining by €1.9 million, or 3.8%. Ensuing from lower sales, our EBITDA decreased by €4.6 million, or 5.1%, from €89.5 million in Q3 2018 to €84.9 million in Q3 2019.

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

About Picard

Picard is the leading retailer of frozen food products in France, and the pioneer in the sector. We offer our customers approximately 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full-range of ready-made starters, main courses, desserts and ice cream at various prices. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food. As of December 31, 2018, we had 1,014 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, two franchised stores in the French West Indies and 17 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, nine franchised stores in Sweden, six franchised stores in Switzerland, and eight 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 supplies corners within ICA's supermarkets and hypermarkets, while we 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 December 31, 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 interim condensed consolidated financial statements for Picard Bondco S.A. for the period from April 1, 2018 to December 31, 2018, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheets as of December 31, 2018 and March 31, 2018, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and nine-month periods ended December 31, 2018 and (iii) the consolidated statement of cash flows for the nine-month period ended December 31, 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.

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 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 nine-month periods ended December 31, 2017 and December 31, 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 December 31, 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		Nine months* ended	
Currency: in million of €	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018
Sales of goods	**493.1**	**483.5**	**1 095.7**	**1 084.6**
Cost of goods sold	(281.2)	(275.0)	(616.6)	(609.8)
Gross profit	**212.0**	**208.5**	**479.1**	**474.8**
Other operating income	1.0	1.2	3.4	7.4
Other purchase and external expenses	(68.6)	(72.0)	(179.5)	(183.4)
Taxes	(4.4)	(4.2)	(11.0)	(11.1)
Personnel expenses	(50.0)	(48.1)	(132.7)	(134.0)
Other operating expenses	(0.5)	(0.5)	(6.2)	(4.4)
EBITDA	**89.5**	**84.9**	**153.0**	**149.3**
Depreciation and amortization	(8.7)	(8.9)	(27.4)	(27.6)
Operating profit	**80.8**	**76.0**	**125.7**	**121.7**
Finance costs	(42.8)	(14.4)	(78.4)	(43.5)
Finance income	0.0	0.0	0.1	0.1
Share of profit in an associate	0.1	(0.0)	0.2	0.2
Income before tax	**38.1**	**61.6**	**47.7**	**78.5**
Income tax expense	1.5	(26.0)	0.1	(34.3)
Net income	**39.7**	**35.6**	**47.8**	**44.2**
Equity holders of the parent	39.8	35.6	48.7	44.2
Non-controlling interests	(0.1)	-	(0.9)	(0.0)

(*) Unaudited.
(**) EBITDA for the nine-month period ended December 31, 2017 was negatively impacted by a €4.8 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 nine-month period ended December 31, 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 nine-month periods ended December 31, 2017 and December 31, 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 December 31, 2018, we had 1,014 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, two franchised stores in the French West Indies and 17 franchised stores in mainland France), 15 stores in Belgium and one store in Luxembourg, as well as nine franchised stores in Sweden, eight franchised stores in Japan and six franchised stores in Switzerland.

Sales of goods

Nine months ended December 31, 2018 and December 31, 2017

Our sales of goods decreased by €11.1 million, or 1.0%, from €1,095.7 million for the nine months ended December 31, 2017 to €1,084.6 million for the nine months ended December 31, 2018.

In France, sales of goods decreased by €10.9 million, or 1.0%, from €1,070.1 million for the nine months ended December 31, 2017 to €1,059.2 million for the nine months ended December 31, 2018. French like-for-like sales decreased by 2.3% in the nine months ended December 31, 2018, as compared to the nine months ended December 31, 2017, as a result of a 1.7% decrease in the average basket size, combined with a 0.7% decrease in the total number of tickets. The nine-month period ended December 31, 2018 experienced a 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 the current fiscal year. As a result, Easter 2018 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 year, on April 2, 2018. As adjusted to exclude such calendar effect, we estimate that French like-for-like sales would have declined by 1.7%. This decline was mainly the consequence of the disappointing performance in November and December, explained by several reasons, including the yellow vests protests ("*gilets jaunes*"). In Paris, the impact was mainly concentrated on the Saturdays, while stores outside Paris suffered because of fewer customer visits to hypermarkets due to road blockades and other factors related to the yellow vests protests. In addition, we observed a change in consumption habits with less shopping in advance by customers and an increase in last minute shopping for Christmas, which reduced the amount of time dedicated to Christmas purchases and to shopping in multiple places. Such changing consumption habits mainly impacted the sales of our festive products while our sales of other products remained satisfactory. Finally, lower consumer confidence and customers' concerns regarding their purchasing power were reflected in the average basket size, with a decline in both the average number of units in the basket and the average price per unit.

Sales in Belgium and Luxembourg decreased by €0.8 million, from €12.6 million for the nine months ended December 31, 2017 to €11.8 million for the nine months ended December 31, 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 €2.7 million from €7.3 million for the nine months ended December 31, 2017 to €4.6 million for the nine months ended December 31, 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 continues the development of the business in Sweden through various channels, including the contract with ICA and franchised stores, while the Group supplies 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 €3.3 million, from €5.7 million for the nine months ended December 31, 2017 to €9.0 million for the nine months ended December 31, 2018. In particular, sales in the United Kingdom through our partnership with Ocado increased by €0.6 million, from €1.8 million in the nine months ended December 31, 2017 to €2.4 million in the nine months ended December 31, 2018. The start of the partnership in the Netherlands with Albert Heijn amounted to €2.0 million of additional sales during the nine months ended December 31, 2018. Finally, sales in Japan increased by €0.6 million, from €1.3 million for the nine months ended December 31, 2017 to €1.9 million for the nine months ended December 31, 2018, following the increase in the number of franchised stores opened by our partner Aeon.

Three months ended December 31, 2018 and December 31, 2017

Our sales of goods decreased by €9.6 million, or 1.9%, from €493.1 million for the three months ended December 31, 2017 to €483.5 million for the three months ended December 31, 2018.

In France, sales of goods decreased by €9.5 million, or 2.0%, from €482.4 million for the three months ended December 31, 2017 to €472.9 million for the three months ended December 31, 2018. French like-for-like sales decreased by 3.2% in the three months ended December 31, 2018, as compared to the three months ended December 31, 2017, as a result of a 2.4% decrease in the average basket size, combined with a 0.8% decrease in the total number of tickets. As adjusted to exclude a slightly favorable calendar effect during the quarter, French like-for-like sales would have decreased by an estimated 3.7% for the reasons described above.

Sales in Belgium and Luxembourg decreased by €0.5 million, from €5.9 million for the three months ended December 31, 2017 to €5.4 million for the three months ended December 31, 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 €1.4 million from €2.7 million for the three months ended December 31, 2017 to €1.3 million for the three months ended December 31, 2018 following the closures of four loss-making stores since September 2017 and the change in our business model described above, as the revenue at wholesale prices rather than retail derived from our new partnership is 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 €1.7 million for the three months ended December 31, 2018. In particular, sales in the United Kingdom through our partnership with Ocado increased by €0.5 million. In addition, the start of the partnership in the Netherlands with Albert Heijn amounted to €1.2 million of additional sales during the three months ended December 31, 2018.

Cost of goods sold

Nine months ended December 31, 2018 and December 31, 2017

Our cost of goods sold decreased by €6.8 million, or 1.1%, from €616.6 million for the nine months ended December 31, 2017 to €609.8 million for the nine months ended December 31, 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 56.3% for the nine months ended December 31, 2017 to 56.2% for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

Our cost of goods sold decreased by €6.2 million, or 2.2%, from €281.2 million for the three months ended December 31, 2017 to €275.0 million for the three months ended December 31, 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 57.0% for the three months ended December 31, 2017 to 56.9% for the three months ended December 31, 2018.

Gross profit

Nine months ended December 31, 2018 and December 31, 2017

Our gross profit decreased by €4.3 million, or 0.9%, from €479.1 million for the nine months ended December 31, 2017 to €474.8 million for the nine months ended December 31, 2018, as a result of the decrease in sales. Gross profit as a percentage of sales of goods increased from 43.7% for the nine months ended December 31, 2017 to 43.8% for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

Our gross profit decreased by €3.5 million, or 1.7%, from €212.0 million for the three months ended December 31, 2017 to €208.5 million for the three months ended December 31, 2018, as a result of the decrease in sales. Gross profit as a percentage of sales of goods increased from 43.0% for the three months ended December 31, 2017 to 43.1% for the three months ended December 31, 2018, as a consequence of a slight change in our commercial operations, as 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 both September and October instead of October only last year. In addition, the lower sales of promotions during the December period had a positive effect on our gross margin. Finally, during the three months ended December 31, 2017, the Group supported the launch of the loyalty program "*Picard & Moi*" with attractive promotions that had a slightly negative impact on gross margin.

Other operating income

Nine months ended December 31, 2018 and December 31, 2017

Other operating income increased by €4.0 million from €3.4 million for the nine months ended December 31, 2017 to €7.4 million for the nine months ended December 31, 2018. This increase was primarily due to €3.9 million of income recorded during the nine months ended December 31, 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 nine months ended December 31, 2018, we also recorded €0.7 million in compensation received from the sale of energy certificates.

Three months ended December 31, 2018 and December 31, 2017

Other operating income increased by €0.2 million, from €1.0 million for the three months ended December 31, 2017 to €1.2 million for the three months ended December 31, 2018.

Other purchases and external expenses

Nine months ended December 31, 2018 and December 31, 2017

Our other purchases and external expenses increased by €3.9 million, or 2.2%, from €179.5 million for the nine months ended December 31, 2017 to €183.4 million for the nine months ended December 31, 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.

Three months ended December 31, 2018 and December 31, 2017

Our other purchases and external expenses increased by €3.4 million, or 5.0%, from €68.6 million for the three months ended December 31, 2017 to €72.0 million for the three months ended December 31, 2018. This increase was primarily due to increased logistics costs following the increase in gasoline prices and renegotiations of certain suppliers' terms of purchase, as well as higher advertising costs, as we launched additional marketing campaigns to support sales in October.

Taxes

Nine months ended December 31, 2018 and December 31, 2017

Taxes other than on income increased by €0.1 million, from €11.0 million for the nine months ended December 31, 2017 to €11.1 million for the nine months ended December 31, 2018. Taxes other than on income as a percentage of sales of goods remained flat at 1.0% for the nine months ended December 31, 2017 and for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

Taxes other than on income decreased by €0.2 million, from €4.4 million for the three months ended December 31, 2017 to €4.2 million for the three months ended December 31, 2018. Taxes other than on income as a percentage of sales of goods remained flat at 0.9% for the three months ended December 31, 2017 and for the three months ended December 31, 2018.

Personnel expenses

Nine months ended December 31, 2018 and December 31, 2017

Personnel expenses increased by €1.3 million, or 1.0%, from €132.7 million for the nine months ended December 31, 2017 to €134.0 million for the nine months ended December 31, 2018. As a proportion of sales of goods, personnel expenses increased from 12.1% for the nine months ended December 31, 2017 to 12.4% for the nine months ended December 31, 2018.

Wages and salaries increased by €0.6 million, or 0.7%, from €90.1 million for the nine months ended December 31, 2017 to €90.7 million for the nine months ended December 31, 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 8.2% for the nine months ended December 31, 2017 to 8.4% for the nine months ended December 31, 2018.

Employee profit sharing decreased by €1.3 million, from €12.7 million for the nine months ended December 31, 2017 to €11.4 million for the nine months ended December 31, 2018, following the decrease in contractual profit sharing ("*intéressement*"), which is computed based on sales performance, and in the legal profit sharing ("*participation*") computed on the French income before tax.

Other personnel expenses increased by €2.0 million, from €30.0 million for the nine months ended December 31, 2017 to €32.0 million for the nine months ended December 31, 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 (€5.3 million in the nine months ended December 31, 2017 and €4.8 million in the nine months ended December 31, 2018, following a reduction in the rate of this tax credit implemented by the French government from January 2018). Excluding the impact of the CICE, social security costs increased by €1.2 million, from €30.7 million for the nine months ended December 31, 2017 to €31.9 million for the nine months ended December 31, 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.

Three months ended December 31, 2018 and December 31, 2017

Personnel expenses decreased by €1.9 million, or 3.8%, from €50.0 million for the three months ended December 31, 2017 to €48.1 million for the three months ended December 31, 2018. As a proportion of sales of goods, personnel expenses decreased from 10.1% for the three months ended December 31, 2017 to 9.9% for the three months ended December 31, 2018.

Wages and salaries decreased by €0.4 million, or 1.3%, from €31.9 million for the three months ended December 31, 2017 to €31.5 million for the three months ended December 31, 2018, mainly due to the sale of our Swedish activity and by well controlled personnel expenses in France. As a proportion of sales of goods, wages and salaries remained flat at 6.5% for the three months ended December 31, 2017 and for the three months ended December 31, 2018.

Employee profit sharing decreased by €1.0 million, from €7.0 million for the three months ended December 31, 2017 to €6.0 million for the three months ended December 31, 2018, following the decrease in contractual profit sharing ("*intéressement*"), which is computed based on sales performance, and in legal profit sharing ("*participation*") computed on the French income before tax.

Other personnel expenses decreased by €0.5 million, from €11.0 million for the three months ended December 31, 2017 to €10.5 million for the three months ended December 31, 2018. This decrease was explained by the decrease in social security costs, in line with the decrease in wages and salaries, partially offset by the lower CICE tax credit, which was recorded as a reduction of social security costs (€2.1 million in the three months ended December 31, 2017 and €2.0 million in the three months ended December 31, 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 decreased by €0.4 million, from €11.2 million for the three months ended December 31, 2017 to €10.8 million for the three months ended December 31, 2018.

Other operating expenses

Nine months ended December 31, 2018 and December 31, 2017

Our other operating expenses decreased by €1.8 million, from €6.2 million for the nine months ended December 31, 2017 to €4.4 million for the nine months ended December 31, 2018. During the nine-month period ended December 31, 2017, we recorded a €4.8 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 nine-month period ended December 31, 2018, we recorded exceptional charges relating to the sale of our Swedish operations corresponding to a €0.9 million impairment charge and the derecognition of the minority interests in an amount of €2.1 million.

Three months ended December 31, 2018 and December 31, 2017

Our other operating expenses remained flat at €0.5 million for the three months ended December 31, 2017 and for the three months ended December 31, 2018.

EBITDA

Nine months ended December 31, 2018 and December 31, 2017

EBITDA decreased by €3.7 million, or 2.4%, from €153.0 million for the nine months ended December 31, 2017 to €149.3 million for the nine months ended December 31, 2018, as a result of the factors discussed above. As a proportion of sales of goods, EBITDA decreased from 14.0% for the nine months ended December 31, 2017 to 13.8% for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

EBITDA decreased by €4.6 million, or 5.1%, from €89.5 million for the three months ended December 31, 2017 to €84.9 million for the three months ended December 31, 2018, as a result of the factors discussed above. As a proportion of sales of goods, EBITDA decreased from 18.2% for the three months ended December 31, 2017 to 17.6% for the three months ended December 31, 2018.

Depreciation and amortization

Nine months ended December 31, 2018 and December 31, 2017

Depreciation and amortization increased by €0.2 million, from €27.4 million for the nine months ended December 31, 2017 to €27.6 million for the nine months ended December 31, 2018. As a proportion of sales of goods, depreciation and amortization remained flat at 2.5% for the nine months ended December 31, 2017 and for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

Depreciation and amortization increased by €0.2 million, from €8.7 million for the three months ended December 31, 2017 to €8.9 million for the three months ended December 31, 2018. As a proportion of sales of goods, depreciation and amortization remained flat at 1.8% for the three months ended December 31, 2017 and for the three months ended December 31, 2018.

Operating profit

Nine months ended December 31, 2018 and December 31, 2017

Operating profit decreased by €4.0 million, or 3.2%, from €125.7 million for the nine months ended December 31, 2017 to €121.7 million for the nine months ended December 31, 2018, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 11.5% for the nine months ended December 31, 2017 to 11.2% for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

Operating profit decreased by €4.8 million, or 5.9%, from €80.8 million for the three months ended December 31, 2017 to €76.0 million for the three months ended December 31, 2018, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 16.4% for the three months ended December 31, 2017 to 15.7% for the three months ended December 31, 2018.

Finance costs

Nine months ended December 31, 2018 and December 31, 2017

Finance costs decreased by €34.9 million from €78.4 million for the nine months ended December 31, 2017 to €43.5 million for the nine months ended December 31, 2018. This decrease in finance costs was mainly due to the refinancing that occurred in December 2017. The early redemption of the 2013 Senior Secured Notes and the 2015 Senior Notes resulted in non-recurring finance costs of €25.1 million, reflecting the write-off of the non-amortized issuance fees (€8.5 million) and the early redemption premium (€16.6 million). Excluding these non-recurring costs, finance costs decreased by €9.8 million from €53.3 million for the nine months ended December 31, 2017 to €43.5 million for the nine months ended December 31, 2018, mainly due to the lower interest rates on the Notes issued in December 2017 and May 2018, despite an increase in the aggregate principal amount of debt outstanding.

Three months ended December 31, 2018 and December 31, 2017

Finance costs decreased by €28.4 million from €42.8 million for the three months ended December 31, 2017 to €14.4 million for the three months ended December 31, 2018. This decrease in finance costs was mainly explained by the €25.1 million non-recurring finance costs described above. Excluding these costs, finance costs decreased by €3.3 million, from €17.7 million for the three months ended December 31, 2017 to €14.4 million for the three months ended December 31, 2018, mainly due to the lower interest rates on the Notes issued in December 2017 and May 2018, despite an increase in the aggregate principal amount of debt outstanding.

Income before tax

Nine months ended December 31, 2018 and December 31, 2017

Income before tax increased by €30.8 million, from €47.7 million for the nine months ended December 31, 2017 to €78.5 million for the nine months ended December 31, 2018, mainly as a result of significantly lower finance costs, partly offset by a decrease in operating profit. As a proportion of sales of goods, income before tax increased from 4.4% for the nine months ended December 31, 2017 to 7.2% for the nine months ended December 31, 2018.

Three months ended December 31, 2018 and December 31, 2017

Income before tax increased by €23.5 million, from €38.1 million for the three months ended December 31, 2017 to €61.6 million for the three months ended December 31, 2018, mainly as a result of significantly lower finance costs, partly offset by a decrease in operating profit. As a proportion of sales of goods, income before tax increased from 7.7% for the three months ended December 31, 2017 to 12.7% for the three months ended December 31, 2018.

Income tax expense

Nine months ended December 31, 2018 and December 31, 2017

Income tax expense increased by €34.4 million, from a credit of €0.1 million for the nine months ended December 31, 2017 to a charge of €34.3 million for the nine months ended December 31, 2018. Income tax expense during the nine months ended December 31, 2017 included non-recurring deferred tax income of €28.8 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 2018 Budget Act and applicable starting in 2020, and which reduced the tax rate used to calculate our deferred tax liability to 25.0% from 2022 onwards. As a result, long-term deferred taxes on pensions and regulated provisions were revalued based on the rate applicable as of 2020.

Excluding the non-recurring effect on long-term deferred taxes, income tax expense amounted to €28.7 million, representing 60.2% of income before tax for the nine months ended December 31, 2017. For the nine months ended December 31, 2018, the estimated average annual tax rate used was 44%. Income tax expense in the nine months ended December 31, 2017 was affected by an exceptional tax contribution, which is no longer applicable. This exceptional income tax amounted to 15% of the corporate income tax, which increased the income tax rate applicable to French entities from 34.43% to 39.43% for the year ended March 31, 2018 only.

Three months ended December 31, 2018 and December 31, 2017

Income tax expense increased by €27.5 million from a tax credit of €1.5 million for the three months ended December 31, 2017 to a charge of €26.0 million for the three months ended December 31, 2018. Income tax expense during the three months ended December 31, 2017 included non-recurring deferred tax income of €25.5 million as a result of the changes in tax rates discussed above.

Excluding the non-recurring effect on long-term deferred taxes, income tax expense amounted to €24.0 million for the three months ended December 31, 2017. The projected tax rate used to calculate income tax expense for the three months ended December 31, 2017 was affected by an exceptional tax contribution, which is no longer applicable, as described above.

Net income

Nine months ended December 31, 2018 and December 31, 2017

Net income decreased by €3.6 million, from €47.8 million for the nine months ended December 31, 2017 to €44.2 million for the nine months ended December 31, 2018, as a result of the factors described above.

Three months ended December 31, 2018 and December 31, 2017

Net income decreased by €4.1 million, from €39.7 million for the three months ended December 31, 2017 to of €35.6 million for the three months ended December 31, 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

December 31, 2018

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended December 31, 2018	For the three-month period ended December 31, 2017	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Sales of goods	*4*	483 518	493 133	1 084 601	1 095 697
Cost of good sold		(274 976)	(281 173)	(609 845)	(616 627)
Gross profit		**208 542**	**211 960**	**474 756**	**479 071**
Other operating income	*5.1*	1 168	1 009	7 393	3 411
Other purchase and external expenses		(71 992)	(68 607)	(183 365)	(179 525)
Taxes		(4 228)	(4 380)	(11 090)	(11 008)
Personnel expenses	*5.2*	(48 057)	(49 961)	(133 971)	(132 718)
Depreciation and amortization		(8 892)	(8 711)	(27 617)	(27 356)
Other operating expenses	*5.3*	(539)	(515)	(4 405)	(6 186)
Operating profit		**76 003**	**80 794**	**121 700**	**125 689**
Finance costs	*5.4*	(14 380)	(42 784)	(43 459)	(78 354)
Finance income	*5.4*	12	29	67	106
Share of profit in an associate		(1)	88	165	230
Income before tax		**61 634**	**38 127**	**78 473**	**47 671**
Income tax expense	*6*	(26 020)	1 549	(34 285)	126
Net income		**35 614**	**39 676**	**44 188**	**47 797**
Attributable to:					
Equity holders of the parent		35 614	39 787	44 229	48 661
Non-controlling interests		-	(111)	(41)	(864)
Earnings per share:					
Basic earnings per share (in euros)		13,48	15,06	16,74	18,42
Fully diluted earnings per share (in euros)		13,48	15,06	16,74	18,42

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousand of €)	Notes	For the three-month period ended December 31, 2018	For the three-month period ended December 31, 2017	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Net income		**35 613**	**39 676**	**44 188**	**47 797**
Items to be reclassified to profit and loss:					
Net gain / (loss) on cash flow hedges	*8.3*	-	-		
Income tax		-	-	-	-
		-	-	-	-
Foreign currency translation		56	(35)	(10)	(43)
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		*56*	*(35)*	*(10)*	*(43)*
Comprehensive income		**35 669**	**39 641**	**44 178**	**47 754**
Attributable to:					
Equity holders of the parent		35 669	39 752	44 219	48 618
Non-controlling interests		-	(111)	(41)	(864)

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousand of €)	Notes	December 31, 2018	March 31, 2018
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		218 718	220 058
Other intangible assets		842 180	842 274
Investment in an associate		11 207	11 042
Other non-current financial assets	*7.1*	10 219	10 243
Total non-current assets		**1 897 494**	**1 898 787**
Inventories		99 213	90 212
Trade and other receivables		59 459	49 496
Income tax receivable		-	5 106
Current financial assets	*7.1*	379	379
Cash and cash equivalents	*8*	195 390	92 963
Total current assets		**354 441**	**238 156**
Total assets		**2 251 935**	**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		44 229	58 213
Equity attributable to equity holders of the parent		**120 040**	**152 561**
Non-controlling interests		-	(1 845)
Total equity		**120 040**	**150 716**
Non-current liabilities			
Interest-bearing loans and borrowings	*7.2*	1 550 404	1 492 030
Other non current financial liabilities		86	85
Provisions		6 917	5 206
Employee benefit liability		7 961	7 550
Deferred tax liability		219 575	225 774
Total non-current liabilities		**1 784 942**	**1 730 645**
Current liabilities			
Trade and other payables		336 274	244 513
Income tax payable		10 335	1 955
Interest-bearing loans and borrowings	*7.3*	345	9 115
Total current liabilities		**346 954**	**255 583**
Total liabilities		**2 131 897**	**1 986 227**
Total equity and liabilities		**2 251 935**	**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	-	-	-	-	-	-	-	-	-	48 661	**48 661**	(864)	**47 797**
Other comprehensive income	-	-	-		-	-	(43)	(43)	-	-	**(43)**	-	**(43)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(43)**	**(43)**	**-**	**48 661**	**48 618**	**(864)**	**47 754**
Capital contribution without issuance													**-**
Dividend paid									(90 600)		(90 600)		**(90 600)**
Share premium transfered		(266 034)									(266 034)		**(266 034)**
Issued capital attributable to NCI	-	-	-	-	-	-	-	-		-	-	364	**364**
Other	-		-	-	-	-	-	-	288	-	288	(288)	**-**
As at December 31, 2017	**2 642**	**151**	**-**	**-**	**-**	**-**	**(27)**	**(27)**	**91 418**	**48 661**	**142 845**	**(1 244)**	**141 601**
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	-	-	-	-	-	-		-		44 229	**44 229**	(41)	**44 188**
Other comprehensive income	-	-	-	-	-	-	(10)	(10)	-	-	**(10)**	-	**(10)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(10)**	**(10)**	**-**	**44 229**	**44 219**	**(41)**	**44 178**
Dividend paid	-	(53)	-	-	-	-	-	-	(76 947)	-	**(77 000)**		**(77 000)**
Other	-	-	-	-	-	-	(107)	(107)	366		**259**	1 886	**2 145**
As at December 31, 2018	2 642	97	-	-	-	-	-	-	**73 072**	**44 229**	**120 040**	**-**	**120 040**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In thousand of €	Notes	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Operating activities			
Operating profit		121 700	125 689
Depreciation and impairment of property, plant and equipment		23 076	23 542
Amortisation and impairment of intangible assets		4 541	3 814
Gain on disposal of property, plant and equipement		334	297
Other non cash operating items		3 726	4 514
Movements in provisions and pensions		293	361
Interest received		(9)	34
Income tax paid		(26 991)	(34 231)
Operating cash flows before change in working capital requirements		*126 670*	*124 145*
Change in Inventories		(9 001)	(10 598)
Change in trade and other receivables and prepayments		(9 963)	(8 680)
Change in trade and other payables		91 761	109 582
Net cash flows from operating activities		**199 468**	**214 449**
Investing activities			
Proceeds from sale of property, plant and equipment		137	595
Disposal of Italy, net of cash disposed of		288	288
Purchase of property, plant and equipment		(22 426)	(21 882)
Purchase of intangible assets		(4 282)	(5 335)
Purchase of financial instruments		(203)	(145)
Net cash used in investing activities		**(26 486)**	**(26 479)**
Financing activities			
Payment of finance lease liabilities		(151)	(179)
Proceeds from borrowings		60 000	1 500 000
Repayment of borrowings			(1 200 000)
Interest paid		(46 524)	(74 932)
Dividends paid to equity holder of the parent		(77 000)	(90 600)
Redemption share premium paid to the Company's shareholders		-	(266 036)
Other cash items related to financing activities		(3 111)	(3 327)
Net cash flows from/(used in) financing activities		**(66 786)**	**(135 074)**
Net increase / (decrease) in cash and cash equivalents		106 196	52 896
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**	**195 195**	**167 940**

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 December 31, 2018.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the nine-month period ended December 31, 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 consolidated 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 consolidated 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);
- IFRS 17 Insurance Contracts (applicable 1/1/2021);
- 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 EBITDA (defined as the operating profit plus the depreciation and amortization) for the year ended March 31, 2018 would have increased by an amount within a range of €50 million to €56 million, 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 December 31, 2018, the following estimates should be noted:

Impairment of non-financial assets

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

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 nine-month period ended December 31, 2018. This tax rebate was paid to the Group in 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 December 31, 2018			For the nine-month period ended December 31, 2018		
	France	Other	Total	France	Other	Total
Sales	472 902	10 616	483 518	1 059 208	25 393	1 084 601
Operating profit	74 375	1 628	76 003	125 074	(3 374)	121 700

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

- France:

  The operating profit decreased by M€ 6.9, from M€ 81.3 for the three-month period ended December 31, 2017 to M€ 74.4 for the three-month period ended December 31, 2018, mainly as a consequence of the decline in sales during the third quarter.

- Other:

  The operating profit of the "Other" segment increased by M€ 2.1, from a loss of M€ 0.5 for the three-month period ended December 31, 2017 to a profit of M€ 1.6 for the three-month period ended December 31, 2018. This increase in the operating profit is mainly explained by the disposal of Picard Sweden on August 15, 2018.

  For the nine-month period ended December 31, 2018 the "Other" segment mainly includes the M€ 2.1 additional charges corresponding to the derecognition of the non-controlling interests.

5. Other operating income/expenses

5.1 Other operating income

In thousand of €	For the three-month period ended December 31, 2018	For the three-month period ended December 31, 2017	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Capitalized expenses	304	290	790	1 044
Other operating income	865	719	6 603	2 367
Total other operating income	**1 169**	**1 009**	**7 393**	**3 411**

For the nine-month period ended December 31, 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 period*) and paid to the Group in October 2018.

5.2 Personnel expenses

In thousand of €	For the three-month period ended December 31, 2018	For the three-month period ended December 31, 2017	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Wages and salaries	(31 500)	(31 929)	(90 655)	(90 059)
Social security costs	(8 829)	(9 113)	(27 122)	(25 404)
Pension costs	(113)	(142)	(293)	(361)
Employee profit sharing	(6 010)	(7 032)	(11 352)	(12 702)
Other employee benefits expenses	(1 605)	(1 745)	(4 549)	(4 192)
Total personnel expenses	**(48 057)**	**(49 961)**	**(133 971)**	**(132 718)**

For the nine-month period ended December 31, 2018, social security costs include income of M€ 4.8 (compared to income of M€ 5.3 for the nine-month period ended December 31, 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 December 31, 2018	For the three-month period ended December 31, 2017	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Royalties	(116)	(111)	(368)	(334)
Losses on bad debt	(146)	(227)	(595)	(642)
Claims	-	(157)		(4 788)
Other operating expenses	(277)	(20)	(3 442)	(422)
Total other operating expenses	**(539)**	**(515)**	**(4 405)**	**(6 186)**

For the nine-month period ended December 31, 2018, other operating expenses include an expense of M€ 3.0 corresponding to the consolidation loss related to the sale of Picard Sweden (*see § 3.1. Significant events of the period*).

For the nine-month period ended December 31, 2017, other operating expenses include, in the line items “*claims*”, K€ 4 788 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 December 31, 2018	For the three-month period ended December 31, 2017	For the nine-month period ended December 31, 2018	For the nine-month period ended December 31, 2017
Interest expenses	(14 284)	(16 882)	(42 725)	(52 347)
Non-recurring interest expense	-	(25 140)		(25 140)
Hedge relations - Ineffectiveness	-	-	-	
Interest costs of employee benefits	(24)	5	(118)	(50)
Foreign exchange (losses) / gains	-	(211)	(282)	(246)
Provision Allowances on other financial assets	-	-		-
Other financial expenses	-	-		-
Other financial expense	(73)	(556)	(334)	(571)
Finance costs	**(14 381)**	**(42 784)**	**(43 459)**	**(78 354)**
Income on loans and receivables	7	(6)	17	17
Income on short term investment	5	15	42	69
Foreign exchange gains	-	11	2	11
Other financial income	1	9	6	9
Finance income	**13**	**29**	**67**	**106**

During the three-month period ended December 31, 2017, as part of the refinancing of its debt (as described in note *7.2. Interest-bearing loans and borrowings*), the Group fully redeemed its 2013 Senior Secured Notes and its 2015 Senior Notes. This early redemption resulted in non-recurring finance costs of K€ 25,140, corresponding to the write-off of the non-amortized issuance fees (K€ 8 556) and the early redemption premium on the 2015 Senior Notes (K€ 16,585).

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 60.1% in previous periods.

Income tax expense increased from a credit of K€ 126 for the nine-month period ended December 31, 2017 to an expense of K€ 34,285 for the nine-month period ended December 31, 2018.

The income tax expense as of December 31, 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 and the one voted in the 2018 Budget Act (bringing the income tax rate to 25.0% from 2022 onwards). The impact of this revaluation (i.e., a tax credit of K€ 28,818) was recorded in the nine-month period ended December 31, 2017. Excluding this impact, income tax expense for the nine-month period ended December 31, 2017 would have been K€ 28,692.

As at December 31, 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 December 31, 2018 (i.e., a tax credit of K€ 245). Excluding this impact, income tax expense for the nine-month period ended December 31, 2018 would have been K€ 34,530.

7. Financial assets and financial liabilities

7.1 Other current and non-current financial assets

In thousand of €	December 31, 2018	March 31, 2018
Deposits and guarantees	9 771	9 527
Related party Loans	290	274
Other	537	821
Other financial assets	**10 598**	**10 622**
of which non-current	*10 219*	*10 243*
of which current	*379*	*379*

Other financial assets of K€ 537 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 December 31, 2018).

7.2 Interest-bearing loans and borrowings

In thousand of €	Coupon interest rate	Maturity	As at December 31, 2018	As at March 31, 2018
Current				
Obligations under finance leases			150	178
Accrued interest payable on loans and borrowings			-	4 973
Bank overdrafts		On demand	196	3 964
Total current interest bearing loans and borrowings			**345**	**9 115**
Non current				
Obligations under finance leases			389	494
Senior secured notes (1250M€)	Euribor 3M + margin 3%	2023	1 241 870	1 183 140
Senior notes 2024 (310M€)	5,50%	2024	308 145	308 396
Total non-current interest bearing loans and borrowings			**1 550 404**	**1 492 030**
Total interest bearing loans and borrowings			**1 550 749**	**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 December 31, 2018, the Group no longer has an interest rate swap agreement.

Fair values

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

In thousands euros	Carrying amount	Fair value	Carrying amount	Fair value
Coupn interest rate	**As at December 31, 2018**	**As at December 31, 2018**	**As at March 31, 2018**	**As at March 31, 2018**
Financial assets				
Trade and other receivables	59 459	59 459	49 496	49 496
Income tax receivable	0	0	5 106	5 106
Other financial assets	10 598	10 598	10 622	10 622
Cash and cash equivalents	195 390	195 390	92 963	92 963
Total	**265 447**	**265 447**	**158 187**	**158 187**
Financial liabilities				
Fixed rate borrowings	(308 145)	(256 048)	(308 396)	(308 100)
Obligations under finance leases	(538)	(538)	(672)	(672)
Floating rate borrowings	(1 241 870)	(1 168 889)	(1 183 140)	(1 183 300)
Trade and other payables	(336 274)	(336 274)	(244 513)	(244 513)
Income tax payable	(10 335)	(10 335)	(1 955)	(1 955)
Bank overdraft	(196)	(196)	(3 964)	(3 964)
Total	**(1 897 358)**	**(1 772 279)**	**(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 December 31, 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 December 31, 2018	As at March 31, 2018	As at December 31, 2017	As at March 31, 2017
Cash at banks and on hand	192 505	71 390	131 745	56 186
Securities	2 885	21 573	36 195	58 859
Cash and cash equivalents	**195 390**	**92 963**	**167 940**	**115 045**

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

In thousand of €	As at December 31, 2018	As at March 31, 2018	As at December 31, 2017	As at March 31, 2017
Cash and cash equivalents	195 390	92 963	167 940	115 045
Bank overdrafts	(196)	(3 964)		
Cash and cash equivalents position	**195 195**	**88 999**	**167 940**	**115 045**

9. Events after the reporting period

There has been no significant event since December 31, 2018.