Picard Bondco S.A.

Consolidated Financial Statements at March 31, 2019*

June 28, 2019

This report will be supplemented with additional information on or prior to July 29, 2019, in accordance with Section 4.03 of the Indentures and clause 23.3 and clause 1.1.(a) of Schedule 14 of the Revolving Credit Facility Agreement (each, as defined herein)

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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 March 31, 2019 ("Q4 2019") include the following highlights:

- Q4 2019 sales of goods decreased by 4.5% to €338.2 million, from €354.0 million in the three months ended March 31, 2018 ("Q4 2018");

- Q4 2019 gross profit decreased by 4.1% to €150.4 million, from €156.9 million in Q4 2018; and

- Q4 2019 EBITDA decreased by 9.1% to €44.0 million, from €48.4 million in Q4 2018.

CEO Philippe Dailliez commented: "Our Q4 2019 sales of goods decreased by €15.8 million, or 4.5%, as compared to Q4 2018 with French like-for-like sales decreasing by 4.9%. As anticipated, French like-for-like sales were impacted by a significant negative calendar effect relating mainly to the absence of Easter this year in Q4 (whereas French like-for-like sales had benefitted from such effect last year and had therefore increased by 4.6% as a result of such calendar effect and other factors). As adjusted to exclude such calendar effect, we estimate that our French like-for-like sales decreased by 2.4%. This decline was due mainly to lower performance, particularly in January and February, in a context of deteriorated consumer confidence and social movements in France. In particular, the average basket declined by 2.6% 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.

Our expansion strategy enabled us to add €2.9 million to our French sales of goods during Q4 2019 compared to Q4 2018. During Q4 2019, we pursued this strategy and opened two directly-operated stores in mainland France and one franchised store in Japan.

In this difficult context, we closely managed our gross margin and our operating expenses to preserve the profitability of the Group. Our Q4 2019 gross profit decreased by €6.5 million, or 4.1%, from €156.9 million in Q4 2018 to €150.4 million in Q4 2019, following the decrease in our sales but our gross margin increased to 44.5% in Q4 2019 from 44.3% in Q4 2018. In addition, despite our cost structure being largely fixed, we managed to reduce our operating expenses by 1.8%, from €109.9 million in Q4 2018 to €107.9 million in Q4 2019. However, our EBITDA decreased by €4.4 million, or 9.1%, from €48.4 million in Q4 2018 to €44.0 million in Q4 2019, following the decline in French like-for-like sales which were affected by a strong negative calendar effect.

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 March 31, 2019, we had 1,016 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 nine 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 ICA with Picard-branded products for 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 worldwide 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 PIK Notes, 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 will be supplemented by the 2019 Annual Report as of and for the year ended March 31, 2019 on or prior to July 29, 2019 pursuant to Section 4.03 of the indenture governing the Senior Secured Notes, as amended and supplemented from time to time (the "Senior Secured Notes Indenture"), and the indenture governing the Senior Notes as amended and supplemented from time to time (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 audited consolidated financial statements of Picard Bondco S.A. (the "Consolidated Financial Statements"), 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 audited consolidated financial statements for Picard Bondco S.A. from April 1, 2018 to March 31, 2019, which are presented in this report in accordance with IFRS, including (i) the consolidated statement of financial position as of March 31, 2019, (ii) the statement of income for the year ended March 31, 2019 and (iii) the statement of cash flow for the year ended March 31, 2019. See the "Notes to the consolidated financial statements" of Picard Bondco S.A. for a discussion of Picard Bondco S.A.'s accounting policies.

The accounting policies of Picard Bondco S.A. as set out in the Picard Bondco annual financial statements as of and for the year ended March 31, 2019 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" of Picard Bondco S.A. for a discussion of Picard Bondco S.A.'s accounting policies.

We have also included herein unaudited condensed financial information for Picard Bondco S.A. as of and for the three months ended March 31, 2019.

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR PICARD BONDCO

The historical information discussed below for Picard Bondco S.A. is as of and for the three- and twelve-month periods ended March 31, 2018 and March 31, 2019 and is not necessarily representative of Picard Bondco's results of operations for any future period or our financial condition at any future date. We have prepared the audited consolidated financial statements for Picard Bondco S.A. from April 1, 2018 to March 31, 2019 included herein, in accordance with IFRS. We have also included herein unaudited condensed financial information for Picard Bondco S.A. as of and for the three-month periods ended March 31, 2018 and March 31, 2019.

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

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

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

	Three months ended*		Twelve months ended	
Currency: in millions of €	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019
Sales of goods	**354.0**	**338.2**	**1 449.7**	**1 422.8**
Cost of goods sold	(197.1)	(187.7)	(813.7)	(797.6)
Gross profit	**156.9**	**150.4**	**636.0**	**625.2**
Other operating income	1.4	1.5	4.8	8.8
Other purchase and external expenses	(60.3)	(58.1)	(239.8)	(241.4)
Taxes	(5.9)	(5.6)	(16.9)	(16.7)
Personnel expenses	(42.9)	(43.2)	(175.6)	(177.1)
Other operating expenses	(0.9)	(1.0)	(7.1)	(5.5)
EBITDA	**48.4**	**44.0**	**201.4**	**193.3**
Depreciation and amortization	(12.1)	(10.0)	(39.5)	(37.6)
Operating profit	**36.3**	**34.1**	**161.9**	**155.8**
Finance costs	(14.2)	(14.1)	(92.5)	(57.6)
Finance income	0.0	0.1	0.1	0.1
Share of profit in an associate	(0.0)	0.1	0.2	0.3
Income before tax	**22.1**	**20.2**	**69.8**	**98.6**
Income tax expense	(13.2)	(0.5)	(13.0)	(34.8)
Net income	**8.9**	**19.7**	**56.7**	**63.9**
Equity holders of the parent	9.6	19.7	58.2	63.9
Non-controlling interests	(0.6)	0.0	(1.5)	(0.0)

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three months and for the years ended March 31, 2018 and 2019. 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 definition of "Consolidated EBITDA" under our Indentures. See "Presentation of Financial Information".

Results of operations

Expansion of Store Network

As of March 31, 2019, we had 1,016 stores in France (including two franchised stores in Corsica, seven franchised stores in La Réunion, two franchised store 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, nine franchised stores in Japan and six franchised stores in Switzerland.

Sales of goods

Years ended March 31, 2019 and March 31, 2018

Our sales of goods decreased by €26.9 million, or 1.9%, from €1,449.7 million for the year ended March 31, 2018 to €1,422.8 million for the year ended March 31, 2019.

In France, sales of goods decreased by €24.4 million, or 1.7%, from €1,414.9 million for the year ended March 31, 2018 to €1,390.5 million for the year ended March 31, 2019. French like-for-like sales decreased by 2.9% over the period, as a result of a 1.1% decrease in the total number of tickets combined with a 1.9% decrease in the average basket size. This decrease in French like-for-like sales was partially due to a negative calendar effect estimated at 1.1%, mainly explained by the occurrence of both Easter 2017 and Easter 2018 during the year ended March 31, 2018, whereas the year ended March 31, 2019 comprised no Easter. As adjusted to exclude such calendar effect, French like-for-like sales would have declined by an estimated 1.8%. This decline in sales was particularly due to the second half of the year, which was marked by social protests and weakened consumer confidence in France.

Sales in Belgium and Luxembourg decreased by €1.0 million, or 6.1%, from €16.4 million for the year ended March 31, 2018 to €15.4 million for the year ended March 31, 2019, due to the decrease in like-for-like sales.

Sales in Sweden decreased by €4.1 million from €9.8 million for the year ended March 31, 2018 to €5.7 million for the year ended March 31, 2019, following the change in our business model in August 2018 described above, as the revenue at wholesale prices derived from our new partnership is lower than the revenue generated from retail sales prior to the divestment.

Additionally, sales to franchised stores and partners located in Switzerland, Japan, the United Kingdom, the Netherlands and Italy increased by €2.6 million, from €8.6 million for the year ended March 31, 2018 to €11.2 million for the year ended March 31, 2019. In particular, sales in the United Kingdom under the partnership with Ocado increased by €1.0 million, from €2.4 million in the year ended March 31, 2018 to €3.4 million in the year ended March 31, 2019, mainly due to an increase in the number of SKUs available. In addition, sales in Japan increased by €0.5 million, from €1.6 million in the year ended March 31, 2018 to €2.1 million in the year ended March 31, 2019, as our partner continued to open stores over the period. Finally, sales generated with Albert Heijn in the Netherlands increased by €1.0 million, from €1.1 million in the year ended March 31, 2018 to €2.1 million in the year ended March 31, 2019 reflecting the full year impact of sales in the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Our sales of goods decreased by €15.8 million, or 4.5%, from €354.0 million for the three months ended March 31, 2018 to €338.2 million for the three months ended March 31, 2019.

In France, sales of goods decreased by €13.5 million, or 3.9%, from €344.8 million for the three months ended March 31, 2018 to €331.3 million for the three months ended March 31, 2019. French like-for-like sales decreased by 4.9% over the period, as a result of a 2.6% decrease in the average basket size, combined with a 2.3% decrease in the total number of tickets. French like-for-like sales were penalized by a negative calendar effect estimated at 2.5%, which relates to Easter negatively impacting the three months ended March 31, 2019. As adjusted to exclude such calendar effect, French like-for-like sales would have decreased by an estimated 2.4%.

Sales in Belgium and Luxembourg decreased by €0.2 million from €3.8 million for the three months ended March 31, 2018 to €3.6 million for the three months ended March 31, 2019.

Sales in Sweden decreased by €1.4 million from €2.5 million for the three months ended March 31, 2018 to €1.1 million for the three months ended March 31, 2019, following 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 Switzerland, Japan, the United Kingdom, Netherlands and Italy decreased by €0.5 million, from €2.8 million for the three months ended March 31, 2018 to €2.3 million for the three months ended March 31, 2019. In particular, sales in the United Kingdom under the partnership with Ocado increased by €0.4 million, from €0.7 million in the three months ended March 31, 2018 to

€1.1 million in the three months ended March 31, 2019, mainly due to an increase in the number of SKUs available. However, sales in the Netherlands declined by €1.0 million, as the contract started during the three months ended March 31, 2018 and had triggered significant orders to constitute inventories. After this start-up period, sales in the Netherlands returned to a normalized level.

Cost of goods sold

Years ended March 31, 2019 and March 31, 2018

Our cost of goods sold decreased by €16.1 million, or 2.0%, from €813.7 million for the year ended March 31, 2018 to €797.6 million for the year ended March 31, 2019, primarily due to a decreased volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales remained flat at 56.1% for the year ended March 31, 2018 and for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Our cost of goods sold decreased by €9.4 million, or 4.8%, from €197.1 million for the three months ended March 31, 2018 to €187.7 million for the three months ended March 31, 2019, mainly due to a decreased volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales decreased from 55.7% for the three months ended March 31, 2018 to 55.5% for the three months ended March 31, 2019 due notably to the absence of Easter during the three months ended March 31, 2019.

Gross Profit

Years ended March 31, 2019 and March 31, 2018

Our gross profit decreased by €10.8 million, or 1.7%, from €636.0 million for the year ended March 31, 2018 to €625.2 million for the year ended March 31, 2019, as a result of lower sales. Gross profit as a percentage of sales of goods remained flat at 43.9% for the year ended March 31, 2018 and for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Our gross profit decreased by €6.5 million, or 4.1%, from €156.9 million for the three months ended March 31, 2018 to €150.4 million for the three months ended March 31, 2019, as a result of lower sales. Gross profit as a percentage of sales of goods increased from 44.3% for the three months ended March 31, 2018 to 44.5% for the three months ended March 31, 2019 due notably to the absence of Easter during the three months ended March 31, 2019.

Other operating income

Years ended March 31, 2019 and March 31, 2018

Other operating income increased by €4.0 million, from €4.8 million for the year ended March 31, 2018 to €8.8 million for the year ended March 31, 2019. This increase was primarily due to €3.9 million of income recorded during the year ended March 31, 2019 in connection with a tax audit that took place in 2012 regarding the years ended March 31, 2009 to March 31, 2011. 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 year ended March 31, 2019, we also recorded €0.7 million in compensation received from the sale of energy certificates.

Three months ended March 31, 2019 and March 31, 2018

Other operating income increased by €0.1 million, from €1.4 million for the three months ended March 31, 2018 to €1.5 million for the three months ended March 31, 2019.

Other purchases and external expenses

Years ended March 31, 2019 and March 31, 2018

Our other purchases and external expenses increased by €1.6 million, or 0.7%, from €239.8 million for the year ended March 31, 2018 to €241.4 million for the year ended March 31, 2019. 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 effects were partially offset by lower maintenance costs, as well as lower advertising expenses due to the absence of Easter during the year ended March 31, 2019. Other purchases and external expenses as a percentage of sales of goods increased from 16.5% for the year ended March 31, 2018 to 17.0% for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Our other purchases and external expenses decreased by €2.2 million, or 3.6%, from €60.3 million for the three months ended March 31, 2018 to €58.1 million for the three months ended March 31, 2019. This decrease was primarily due to lower advertising costs due to the absence of Easter during the three months ended March 31, 2019, savings in maintenance expenses, as well as slightly lower rent expenses and logistic costs following the sale of our Swedish operations in August 2018. Other purchases and external expenses as a percentage of sales of goods increased from 17.0% for the three months ended March 31, 2018 to 17.2% for the three months ended March 31, 2019.

Taxes other than on income

Years ended March 31, 2019 and March 31, 2018

Taxes other than on income decreased from €16.9 million for the year ended March 31, 2018 to €16.7 million for the year ended March 31, 2019. Taxes other than on income as a percentage of sales of goods remained flat at 1.2% for the year ended March 31, 2018 and March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Taxes other than on income decreased from €5.9 million for the year ended March 31, 2018 to €5.6 million for the year ended March 31, 2019. Taxes other than on income as a percentage of sales of goods remained flat at 1.7% for the three months ended March 31, 2018 and March 31, 2019.

Personnel expenses

Years ended March 31, 2019 and March 31, 2018

Personnel expenses increased by €1.5 million, or 0.9%, from €175.6 million for the year ended March 31, 2018 to €177.1 million for the year ended March 31, 2019. As a percentage of sales of goods, personnel expenses increased from 12.1% for the year ended March 31, 2018 to 12.4% for the year ended March 31, 2019.

Wages and salaries increased by €0.6 million, or 0.5%, from €119.0 million for the year ended March 31, 2018 to €119.6 million for the year ended March 31, 2019, 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 operations in August 2018. As a percentage of sales of goods, wages and salaries increased from 8.2% for the year ended March 31, 2018 to 8.4% for the year ended March 31, 2019.

Employee profit sharing decreased from €16.9 million for the year ended March 31, 2018 to €15.7 million for the year ended March 31, 2019, following the decrease in contractual profit sharing ("*intéressement*"), which is computed based on sales performance.

Other personnel expenses increased from €39.7 million for the year ended March 31, 2018 to €41.8 million for the year ended March 31, 2019. The increase was partially explained by the lower impact of the CICE tax credit, which was recorded as a reduction of social security costs. The statutory rate of the CICE tax credit has been reduced since April 1, 2018 and converted into a reduction of security social charges since January 1, 2019. As a result, the CICE income recorded in reduction of social security costs declined from €6.7 million in the year ended March 31, 2018 to €4.8 million in the year March 31, 2019. This decline has been partially offset by lower social charges during the three months ended March 31, 2019. Excluding the impact of the CICE, social security costs decreased by €0.7 million, or 1.7%, from €40.5 million for the year ended March 31, 2018 to €39.8 million for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Personnel expenses increased by €0.3 million, or 0.7%, from €42.9 million for the three months ended March 31, 2018 to €43.2 million for the three months ended March 31, 2019. As a percentage of sales of goods, personnel expenses increased from 12.1% for the three months ended March 31, 2018 to 12.8% for the three months ended March 31, 2019.

Wages and salaries remained flat at €29.0 million for the three months ended March 31, 2018 and March 31, 2019, as the increase in France and Belgium has been offset by the decrease related to the sale of our Swedish operations in August 2018. As a percentage of sales of goods, wages and salaries increased from 8.2% for the three months ended March 31, 2018 to 8.6% for the three months ended March 31, 2019.

Employee profit sharing increased from €4.2 million for the three months ended March 31, 2018 to €4.4 million for the three months ended March 31, 2019, following an increase in legal profit sharing (*"participation aux bénéfices"*).

Other personnel expenses remained flat at €9.8 million, for the three months ended March 31, 2018 and March 31, 2019. The statutory rate of the CICE tax credit has been reduced since April 1, 2018 and converted into a reduction of security social charges since January 1, 2019. As a result, the CICE income recorded in reduction of social security costs declined from €1.4 million in the three months ended March 31, 2018 to nil in the three months ended March 31, 2019. This decline has been partially offset by lower social security charges. Excluding the impact of the CICE, social security costs decreased by €1.9 million, from €9.8 million for the three months ended March 31, 2018 to €7.9 million for the three months ended March 31, 2019.

Other operating expenses

Year ended March 31, 2019 and March 31, 2018

Other operating expenses decreased by €1.6 million, from €7.1 million for the year ended March 31, 2018 to €5.5 million for the year ended March 31, 2019. This decrease was partially due to a non-recurring €4.8 million provision regarding a reassessment on social charges recorded during the year ended March 31, 2018, following an audit conducted by the French administrative body responsible for collecting social security payments ("*URSSAF*"). The corresponding decrease was partially offset by exceptional charges relating to the sale of our Swedish operations recorded during the year ended March 31, 2019, which charges included a €0.9 million impairment charge and the derecognition of the minority interests in an amount of €2.1 million.

Three months ended March 31, 2019 and March 31, 2018

Other operating expenses increased by €0.1 million, from €0.9 million for the three months ended March 31, 2018 to €1.0 million for the three months ended March 31, 2019.

EBITDA

Years ended March 31, 2019 and March 31, 2018

EBITDA decreased by €8.1 million, or 4.0%, from €201.4 million for the year ended March 31, 2018 to €193.3 million for the year ended March 31, 2019. This decrease was mainly due to the decrease in French like-for-like sales, partially offset by well-controlled operating expenses. EBITDA in the year ended March 31, 2018 had also been affected by €4.8 million of litigation and restructuring provisions. Excluding the impact of those provisions, EBITDA amounted to €207.1 million in the year ended March 31, 2018. As a percentage of sales of goods, EBITDA decreased from 13.9% for the year ended March 31, 2018 to 13.6% for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

EBITDA decreased by €4.4 million, or 9.1%, from €48.4 million for the three months ended March 31, 2018 to €44.0 million for the three months ended March 31, 2019. As a percentage of sales of goods, EBITDA decreased from 13.7% for the three months ended March 31, 2018 to 13.0% for the three months ended March 31, 2019.

Depreciation and amortization

Years ended March 31, 2019 and March 31, 2018

Depreciation and amortization decreased by €1.9 million, from €39.5 million for the year ended March 31, 2018 to €37.6 million for the year ended March 31, 2019. This decrease was primarily due to depreciation expenses relating to our stores in Sweden that were incurred during the year ended March 31, 2018. In September 2017, a €1.3 million depreciation expense relating to the assets of six Swedish stores to be closed was recorded. During the fourth quarter of the year ended March 31, 2018, considering the losses of our store network, the remaining fixed assets were also subject to a €2.7 million depreciation expense, bringing the fixed asset value of our Swedish store network to nil. As a percentage of sales of goods, depreciation and amortization decreased from 2.7% for the year ended March 31, 2018 to 2.6% for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Depreciation and amortization decreased from €12.1 million for the three months ended March 31, 2018 to €10.0 million for the three months ended March 31, 2019. This decrease was primarily due to the incurrence of a €2.7 million depreciation charge in Sweden described above, which was recorded during the three months ended March 31, 2018. As a percentage of sales of goods, depreciation and amortization decreased from 3.4% for the three months ended March 31, 2018 to 3.0% for the three months ended March 31, 2019.

Operating profit

Years ended March 31, 2019 and March 31, 2018

Operating profit decreased by €6.1 million, or 3.8%, from €161.9 million for the year ended March 31, 2018, to €155.8 million for the year ended March 31, 2019, as a result of the combination of the factors described above. As a percentage of sales of goods, operating profit decreased from 11.2% for the year ended March 31, 2018 to 11.0% for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Operating profit decreased by €2.2 million, or 6.1%, from €36.3 million for the three months ended March 31, 2018, to €34.1 million for the three months ended March 31, 2019, as a result of the combination of the factors described above. As a percentage of sales of goods, operating profit decreased from 10.3% for the three months ended March 31, 2018 to 10.1% for the three months ended March 31, 2019.

Finance costs

Years ended March 31, 2019 and March 31, 2018

Finance costs decreased by €34.9 million, from €92.5 million for the year ended March 31, 2018 to €57.6 million for the year ended March 31, 2019. 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 €67.4 million for the year ended March 31, 2018 to €57.6 million for the year ended March 31, 2019, 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 March 31, 2019 and March 31, 2018

Finance costs decreased by €0.1 million from €14.2 million for the three months ended March 31, 2018 to €14.1 million for the three months ended March 31, 2019.

Income before Tax

Years ended March 31, 2019 and March 31, 2018

Income before tax increased by €28.8 million, from €69.8 million for the year ended March 31, 2018 to €98.6 million for the year ended March 31, 2019. As a percentage of sales of goods, income before tax increased from 4.8% for the year ended March 31, 2018 to 6.9% for the year ended March 31, 2019.

Three months ended March 31, 2019 and March 31, 2018

Income before tax decreased by €1.8 million, from €22.1 million for the three months ended March 31, 2018 to €20.3 million for the three months ended March 31, 2019. As a percentage of sales of goods, income before tax decreased from 6.2% for the three months ended March 31, 2018 to 6.0% for the three months ended March 31, 2019.

Income tax expense

Years ended March 31, 2019 and March 31, 2018

Income tax expense increased by €21.8 million, from €13.0 million for the year ended March 31, 2018 to €34.8 million for the year ended March 31, 2019. Income tax expense during the year ended March 31, 2018 included non-recurring deferred tax income of €30.5 million relating to the accounting impact of changes in tax rates on long-term deferred taxes. This income resulted from the reduction in the corporate income tax rate in France, adopted in the 2018 Budget Act and applicable starting in 2020, 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, which led to non-recurring deferred tax income of €30.5 million. In addition, income tax expense during the year ended March 31, 2019 included non-recurring deferred tax income of €10.3 million relating to the recognition of deferred tax assets on non-deductible interest expenses from previous periods. In accordance with thin-capitalization rules applicable in France, interest expenses in an amount of €35.0 million were not deducted from the tax results in prior periods but were carried-forward. These unused tax credits were not recognized as deferred tax assets considering uncertainties as to whether such deductible interest expenses could be utilized against taxable results in the future. However, following changes in the capital structure resulting from the financing in December 2017, the Group believes it will now be able to deduct these interest expenses from its future taxable results. Therefore, we recognized the deferred tax assets corresponding to the carried-forward deductible interest expenses. Excluding the non-recurring effects on deferred taxes in the two periods, income tax expense increased by €1.6 million, from €43.5 million for the year ended March 31, 2018 to €45.1 million for the year ended March 31, 2019.

As a percentage of income before tax, income tax expense decreased from 62.3% for the year ended March 31, 2018 to 45.7% for the year ended March 31, 2019. This decrease in income tax expense was primarily due to the incurrence of an exceptional contribution on corporate income tax, which was applicable only for the year ended March 31, 2018 and amounted to 15% of the corporate income tax.

Three months ended March 31, 2019 and March 31, 2018

Income tax expense decreased by €12.7 million, from €13.2 million for the three months ended March 31, 2018 to €0.5 million for the three months ended March 31, 2019. This decrease in income tax was due to the deferred tax assets recognized during the three months ended March 31, 2019, as described above.

Net income

Years ended March 31, 2019 and March 31, 2018

Net income increased by €7.2 million, from €56.7 million for the year ended March 31, 2018 to €63.9 million for the year ended March 31, 2019, as a result of the factors described above.

Three months ended March 31, 2019 and March 31, 2018

Net income increased by €10.8 million, from €8.9 million for the three months ended March 31, 2018 to €19.7 million for the three months ended March 31, 2019, 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 following the December 2017 refinancing. As of March 31, 2019, there were no outstanding intra-group loans.

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

Pursuant to the terms of a notarial merger deed entered into on March 29, 2019, Lion/Polaris Lux 3 S.A. merged with and into Lion/Polaris Lux Midco S.à r.l. on May 10, 2019, with Lion/Polaris Lux Midco S.à r.l. as the surviving entity (the “Merger”). In connection with the Merger, on May 10, 2019, Picard Bondco S.A., Picard Groupe S.A.S. and Lion/Polaris Lux Midco S.à r.l. entered into supplemental indentures to each Indenture, as applicable, whereby Lion/Polaris Lux Midco S.à r.l. provided confirmation that its respective guarantees under the Indentures continue to be in full force and effect, subject to any limitations set out in the governing documentation. In accordance with the Indentures and the relevant security documents, the liens over certain assets of Lion/Polaris Lux 3 S.A. securing the Notes were released and the assets of Lion/Polaris Lux 3 S.A. that were subject to liens securing the Notes continue to be subject to liens securing the Notes under the security documents with the other security providers.

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 Midco S.à r.l. and Lion/Polaris Lux 4 S.A.

Picard Bondco S.A.

Consolidated Financial Statements

For the year ended March 31, 2019

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Consolidated Income Statement

(In thousand of €)	Notes	March 31, 2019	March 31, 2018
Sales of goods	*6*	1 422 772	1 449 671
Cost of goods sold		(797 584)	(813 689)
Gross profit		**625 188**	**635 982**
Other operating income	*7.1*	8 847	4 847
Other purchases and external expenses		(241 446)	(239 783)
Taxes		(16 655)	(16 925)
Personnel expenses	*7.3*	(177 138)	(175 608)
Depreciation and amortization		(37 587)	(39 502)
Other operating expenses	*7.2*	(5 451)	(7 070)
Operating profit		**155 757**	**161 940**
Finance costs	*7.4*	(57 551)	(92 533)
Finance income	*7.4*	136	149
Share of profit in an associate	*8*	304	210
Income before tax		**98 647**	**69 766**
Income tax expense	*9*	(34 770)	(13 041)
Net income		**63 877**	**56 726**
Attributable to:			
Equity holders of the parent		63 918	58 213
Non-controlling interests		(41)	(1 487)
Earnings per share:			
Basic earnings per share (*in euros*)	*19*	24,20	22,04
Fully diluted earnings per share (*in euros*)	*19*	24,20	22,04

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

Consolidated Statement of Comprehensive Income

(In thousand of €)	Notes	March 31, 2019	March 31, 2018
Net income		**63 877**	**56 726**
Items to be reclassified to profit and loss:			
Net gain / (loss) on cash flow hedges	***12.3***		
Income tax		-	-
		-	-
Foreign currency translation		252	101
Items not to be reclassified to profit and loss:			
Actuarial gains / (loss) of the period	***21***	(247)	228
Income tax		64	(112)
		(183)	116
Other comprehensive income / (loss) for the period, net of tax		*69*	*217*
Comprehensive income		**63 946**	**56 943**
Attributable to:			
Equity holders of the parent		63 987	58 430
Non-controlling interests		(41)	(1 487)

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

Consolidated Statement of Financial Position

(In thousand of €)	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Goodwill	*13*	815 170	815 170
Property, plant and equipment	*11*	217 059	220 058
Other intangible assets	*10*	841 908	842 274
Investment in an associate	*8*	11 346	11 042
Other non-current financial assets	*12.1*	10 293	10 243
Total non-current assets		**1 895 776**	**1 898 787**
Inventories	*14*	86 626	90 212
Trade and other receivables	*15*	50 122	49 496
Income tax receivable		9 598	5 106
Current financial assets		379	379
Cash and cash equivalents	*16*	106 434	92 963
Total current assets		**253 159**	**238 156**
Assets held for sale	*24*	-	-
Total assets		**2 148 935**	**2 136 943**
Equity and liabilities			
Issued capital	*17*	2 642	2 642
Share premium	*17*	97	150
Other comprehensive income		(66)	233
Retained earnings		72 955	91 324
Net income of the period		63 918	58 213
Equity attributable to equity holders of the parent		**139 545**	**152 561**
Non-controlling interests		-	(1 845)
Total equity		**139 545**	**150 716**
Non-current liabilities			
Interest-bearing loans and borrowings	*12.2*	1 550 828	1 492 030
Other non-current financial liabilities		87	85
Provisions	*20*	7 028	5 206
Employee benefit liability	*21*	8 326	7 550
Deferred tax liability	*9*	214 859	225 774
Total non-current liabilities		**1 781 127**	**1 730 645**
Current liabilities			
Trade and other payables	*22*	221 896	244 513
Income tax payable		1 975	1 955
Interest-bearing loans and borrowings	*12.2*	4 392	9 115
Total current liabilities		**228 263**	**255 583**
Total liabilities		**2 009 390**	**1 986 227**
Total equity and liabilities		**2 148 935**	**2 136 943**

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

Consolidated Statement of Changes in Equity

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**	**-**	**0**	**(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	-	-	-	-	-	-	-	-	-	58 213	**58 213**	(1 487)	**56 726**
Other comprehensive income	-	-	-		116	-	101	217	-	-	**217**	-	**217**
Total comprehensive income	**-**	**-**	**-**	**-**	**116**	**-**	**101**	**217**	**-**	**58 213**	**58 430**	**(1 487)**	**56 943**
Capital contribution without issue	**-**		-	**-**	**-**	**-**	**-**	**-**	**(90 600)**	**-**	**(90 600)**	**-**	**(90 600)**
Adjustment on dividend paid	**-**	(266 035)	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**(266 035)**	**-**	**(266 035)**
Issued capital attributable to NCI	-	-	-	-	-	-	-	-	(98)	-	**(98)**	98	**-**
Other	-		-	-	-	-	-	-	295	-	**295**	-	**295**
As at March 31, 2018	**2 642**	**150**	**-**	**0**	**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	-	-	-	-	-	-	-	-	-	63 918	**63 918**	(41)	**63 877**
Other comprehensive income	-	-	-	-	(183)	-	252	69	-	-	**69**	-	**69**
Total comprehensive income	**-**	**-**	**-**	**-**	**(183)**	**-**	**252**	**69**	**-**	**63 918**	**63 987**	**(41)**	**63 946**
Dividends paid	-	(53)	-	-	-	-	-	-	(76 947)	-	(77 000)		(77 000)
Other	-		-	-	-	-	(252)	(252)	252	-	**-**	1 886	1 886
As at March 31, 2019	**2 642**	**97**	-	0	(183)	-	117	**(66)**	**72 955**	**63 918**	**139 545**	**-**	**139 545**

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

Consolidated Statement of Cash Flows

In thousand of €	Notes	March 31, 2019	March 31, 2018
Operating activities			
Operating profit		155 757	161 940
Depreciation and impairment of property, plant and equipment		31 329	35 231
Amortisation and impairment of intangible assets		6 258	4 271
(Gain) /loss on disposal of property, plant and equipement		368	(54)
Other non cash operating items		(3 960)	(3 549)
Movements in provisions and pensions		417	376
Interest received		49	103
Dividends received from associate	**8**	-	125
Income tax paid		(42 159)	(40 138)
Operating cash flows before change in working capital requirements		*148 059*	*158 305*
Change in inventories		3 586	(2 125)
Change in trade and other receivables and prepayments		(626)	(8 586)
Change in trade and other payables		(22 617)	11 659
Net cash flows from operating activities, total		**128 402**	**159 254**
Investing activities			
Proceeds from sale of property, plant and equipment		293	906
Disposal of Italy, net of cash disposed of		379	379
Purchase of property, plant and equipment		(28 729)	(30 324)
Purchase of intangible assets		(6 225)	(6 912)
Purchase of financial instruments		(281)	(213)
Net cash used in investing activities		**(34 563)**	**(36 164)**
Financing activities			
Payment of finance lease liabilities		(202)	(236)
Proceeds from borrowings		60 000	1 500 000
Refinancing costs		(3 121)	(6 424)
Repayment of borrowings			(1 200 000)
Dividends paid to equity holder of the parent		(77 000)	(90 600)
Redemption share premium paid to the Company's shareholders			(266 036)
Interest paid		(56 084)	(85 840)
Capital increase - non controlling interests			
Net cash flows from/(used in) financing activities		**(76 407)**	**(149 136)**
Net increase / (decrease) in cash and cash equivalents		17 432	(26 046)
Net cash at the beginning of the year		88 999	115 044
Net cash at March 31	**16**	**106 432**	**88 999**
of which classified in held for sale		-	-
of which classified in continued operations		*106 432*	*88 999*

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

Notes to the 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 Lion/Polaris Lux Topco S.à.r.l.

Picard Bondco S.A. was incorporated for the purpose of acquiring Picard Groupe S.A.S., 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.

On June 27, 2019, the board of the Company approved the consolidated financial statements as of and for the year ended March 31, 2019, which will be submitted for approval to the Company's shareholders.

2. Accounting principles

2.1 Basis of preparation

The consolidated financial statements cover the financial year started April 1, 2018 and ended March 31, 2019. The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in euro and all values are rounded to the nearest thousand (€000) except where otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and as adopted by the European Union and effective for financial years beginning on or after April 1, 2018.

IFRS as adopted by the European Union ("IFRS-EU") can be viewed on the European Commission's website (http://ec.europa.eu/commission/index_en).

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 – *Insurance contracts*: 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 IFRS 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 - Financial Instruments 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 - Revenue from Contracts with Customers 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.

This standard provides a principle-based approach for revenue recognition and introduces the concept of recognizing revenue for obligations as they are satisfied. The standard applies to all contracts with customers, except for insurance contracts, lease contracts, financial instruments and certain contractual rights or obligations, non-monetary exchanges between entities in the same line of business to facilitate sales to customers and certain guarantees

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 not yet mandatorily applicable are as follows:

- IFRS 16 – *Leases* (applicable according to the IASB in annual periods beginning on or after January 1, 2019);
- IFRS 9 – *Prepayment Features with Negative Compensation* (applicable according to the IASB in accounting periods beginning on or after January 1, 2019).
- IFRIC 15 – Agreements for the Construction of Real Estate (applicable according to the IASB in accounting periods beginning on or after December 31, 2019);
- IAS 28 – Long-term Interests in Associates and Joint Ventures (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Improvements to IFRSs 2015-2017 Cycle (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- IAS 19 – Plan Amendment, Curtailment or Settlement (applicable according to the IASB in accounting periods beginning on or after January 1, 2019); and
- IFRIC 23 – Uncertainty over Income Tax Treatments (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);

All these amendments will be effective after April 1, 2019 for the Group and the potential impacts of these new pronouncements are currently being analyzed.

- **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"). The Group will apply 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.

IFRS 16 eliminates the requirement to classify leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Under IFRS 16, all leases are to be brought onto the statement of financial position by recognizing a right-of-use asset and a lease liability corresponding to the present value of the lease payments due over the reasonably certain term of the lease. IFRS 16 will therefore affect the presentation of lease transactions in the income statement (with rental expense replaced by a depreciation expense and interest expense) and in the statement of cash flows (lease payments, representing payment of interest and repayment of the outstanding liability, will impact financing cash flows).

The Group has opted to apply the two exemptions proposed in the standard, concerning leases for which the underlying asset is of low value and short-term leases (for periods of 12 months or less).

Leases concern:

- property assets for the most part (around 1,000 leases), including both stores and administrative buildings; and
- vehicles to a lesser extent.

On the IFRS 16 transition date, lease liabilities will be measured using the lessee's incremental borrowing rate.

In parallel, the Group has finalized implementation of a computer application to calculate and generate the data needed to account for leases in accordance with IFRS 16.

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 this preliminary assessment, the Group estimated that the liabilities of the Group as at March 31, 2019 would have increased by an amount within a range of €257 million to €267 million.

The difference between the financial liability estimated under IFRS 16 and the future minimum lease commitments reported above is primarily due to the effect of discounting future lease payments, which reduces the reported commitment, and an increase in the terms of the leases under consideration. The Group applies right-of use equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

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

- IFRS 3 – *Definition of a Business* (applicable according to the IASB in annual periods beginning on or after January 1, 2021) ;
- 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 17 – *Insurance Contracts* (applicable according to the IASB in annual periods beginning on or after January 1, 2021) ;
- IAS1 and IAS 8 – *Definition of Material* (applicable according to the IASB in accounting periods beginning on or after January 1, 2020);

The impact of all these standards not yet adopted by the European Union on the Group's results and financial situation is currently being evaluated.

2.2 Summary of significant accounting policies

a. Foreign currency translation

The consolidated financial statements are presented in euro (€), which is the Company's functional and the Group's presentation currency.

b. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration

transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

For each business combination, the non-controlling interest in the acquired business is measured either at fair value or at the proportionate share of the acquired business's identifiable net assets. Acquisition costs incurred are expensed and included in "Other operating expenses".

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired business is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in accordance with IAS 36 either in profit or loss or as a change to "Other comprehensive income". If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of (i) the consideration transferred and (ii) the fair value of non-controlling interest and the identifiable assets acquired net of liabilities assumed. If the consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Under the definition of IAS 36, the Group identified cash-generating units, and group of cash-generating units, which are defined in Note 2.2. Summary of significant accounting policies.

c. Investment in associate

The Group's investment in its associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The share of profit of the associate is shown on the face of the income statement on the line "Share of profit in an associate". This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Company and using the same accounting policies. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If such is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

d. Revenue recognition

In accordance with IFRS 15, revenue is recognized under sales when the control of goods or services is transferred to the customer. The amount recognized corresponds to the consideration the entity expects to receive in exchange for the goods or services.

Sale of goods
The Group operates a chain of retail outlets for selling their products. Sales of goods are recognized when an entity sells a product to the customer. Retail sales are usually in cash or by credit card.

Dividends
Revenue is recognized when the Group's right to receive the payment is established.

e. Operating expenses & Other purchases and external expenses

The Group benefits from certain tax credits generated by its activity. Such tax credits are deemed to be equivalent to grants related to income and are thus deducted from related expenses.

In order to align the presentation of the Consolidated Income Statement with industry best practices, the Group classifies loss and gift of goods expense and discounts granted under corporation agreements credit under the "Cost of goods sold" line item.

f. Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

For the years ended March 31, 2018 and March 31, 2019, the French tax Business Contribution on Added Value (CVAE) is shown and accounted for under the "Income tax expense" line.

Deferred income tax

Deferred taxes are determined using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except for specific conditions (initial recognition of an asset or liability in a transaction that is not a business combination that affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes relating to items recognized outside profit or loss are recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

g. Pensions and other post-employment benefits

The Group operates one defined benefit pension scheme, as detailed in Note 21 Employee benefits. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognized in other comprehensive income in the period in which they occur.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in Note 21.Employee benefits).

The defined benefit expense is recognized through “Personnel expenses” (under pension costs) for the service cost component of the expense and through “Finance costs” (under interest costs of employee benefits) for the interest cost component.

h. Financial liabilities – initial recognition and subsequent measurement

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Financial liabilities within the scope of IFRS 9 – Financial instruments are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, bank overdraft, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method (EIR). Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in “Finance costs” in the income statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement through “Finance costs”.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined at each reporting date by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12. Financial assets and financial liabilities.

i. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are recognized in the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

For the purpose of hedge accounting, those derivatives that meet the criteria of hedge effectiveness are classified as cash flow hedges.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the income statement.

For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the income statement over the remaining term to maturity. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognized, the unamortized fair value is recognized immediately in the income statement. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the income statement.

As at March 31, 2019, the Group did not have any fair value hedging derivatives.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while any ineffective portion is recognized immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

j. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated. Historical cost includes expenditures directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as

follows:

• Buildings and building improvements	20	years
• Operating equipment	5 to 10	years
• Transportation equipment	4	years
• Computers and hardware	3 to 5	years
• Furniture	10	years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the line item "Other operating expenses".

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

k. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement in the line "Finance costs".

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight--line basis over the lease term.

l. Intangible assets

Trademarks

Trademarks acquired through business combination are not amortized when their useful lives are deemed to be indefinite.

Trademarks which are not amortized are tested for impairment annually and upon each indication that they may be impaired.

The useful lives of trademarks have been defined according to their strategic market position (for instance, a strong international trademark will be deemed to have an indefinite useful life).

As at March 31, 2019, the trademark recognized corresponds to the Picard brand.

Leasehold rights

Leasehold rights are constituted by sums paid to the owners of the leasehold (the former tenants) at the opening of new stores. Gross values recorded on the Consolidated Statement of Financial Position are stated at cost. Because of the legal protection attached to leasehold rights in France, the Group does not amortize these intangible assets.

Leasehold rights which are not amortized are tested for impairment annually and upon each indication that it may be impaired.

Software

Software acquired by the Group is booked as an intangible asset at its original cost. It is depreciated following the straight-line method over a maximum period of 3 years.

Software developed by the Group for its internal use is recorded as an intangible asset at its development cost and is depreciated following the straight-line method over a maximum period of 3 years.

m. Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined under the weighted average cost method, which does not generate a significant difference from the FIFO method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

An inventory impairment is recorded in the following cases:

- 50%: on frozen (and not frozen) products permanently deleted from the catalog but which are disposed of in the stores;
- 75%: on products whose inventory quantities are higher than the sales forecasts in the expected time-to-market (Group decision);
- 75%: on products likely to be impaired due to the regulations of sales period; and
- 100%: on unmarketable products definitively deleted from the catalog.

n. Impairment of non-financial assets

Cash-generating units (CGU)

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The cash-generating unit is defined by management as the store level, with two main groups of cash-generating units, based on geographical implantation in:

- France, and
- Other.

The “Other” operating segment includes distribution activities in Belgium, Luxembourg, and Sweden, franchised operations and partnerships in Italy, Switzerland, UK, Netherlands and Japan as well as our holding company operations (other than Group financing and income

taxes) in Luxembourg.

Impairment analysis

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the groups of cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill and other indefinite useful life intangible assets (trademark), an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

Goodwill

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Other intangible assets with indefinite useful lives (including mainly brand and leasehold rights) are tested for impairment annually either individually or at the cash generating unit or group of cash-generating units level, as appropriate and when circumstances indicate that the carrying value may be impaired.

o. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at banks and on hand, short-term deposits and highly liquid securities with an original maturity

of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash, short-term deposits and highly liquid securities as defined above, net of outstanding bank overdrafts.

p. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

q. Assets and liabilities held for sale

IFRS 5 - *Non-Current Assets Held for Sale and Discontinued Operations*, sets out the accounting treatment applicable to assets held for sale as well as presentation and disclosure requirements. The standard notably requires the separate presentation of assets held for sale in the Consolidated Statement of Financial Position at the lower of net carrying amount and fair value less costs to sell, where the criteria set-out in the standard are satisfied. Should an unrealized loss be recorded, it is not deductible for tax purposes.

When the Group is committed to a sales process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale where the standard classification criteria are met, irrespective of whether the Group retains a residual interest in the entity after sale.

3. Significant accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of 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 year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its

recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget. The recoverable amount is mostly sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Further details about assumptions and sensitivity of valuations are disclosed in Note 13. Impairment test of goodwill and other intangible assets with indefinite useful lives.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligation 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. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with high quality ratings, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on a publicly available mortality table. Future salary increases and expected turnover rates of employees are based on the expectation of management and on past practices over recent years.

Further details about the assumptions used are given in Note 22. Trade and other payables.

Deferred income tax

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits.

The assessment of the Group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the Group are significantly different from those expected, the Group will be obliged to increase or decrease the carrying amount of deferred tax assets, with a potentially material impact on the Consolidated Statement of Financial Position and Consolidated Income Statement of the Group.

4. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to

raise finances for the Group's operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that result directly from its operations.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The board of directors of the Company reviews and agrees policies for managing each of these risks which are summarized below.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings (including listed bonds), deposits, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Below is presented the sensitivity to interest rate variation:

	Sensitivity to +20bps change		**Sensitivity to -20bps change**	
Year ended 31 March 2019	**P&L Impact**	**OCI Impact**	**P&L Impact**	**OCI Impact**
Floating rate debt	(2 500)	-	2 500	-
	(2 500)	**-**	**2 500**	**-**

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the Group.

Considering its activity, the Group is only exposed to limited credit risk from operating activities. Furthermore, the Group is not exposed to material credit risk from its financing activities (deposits with banks and financial institutions and other financial instruments) as investments of surplus funds are made only with approved counterparties.

The Group's policy to manage this risk is to place funds only with banks that have strong credit ratings.

Liquidity risk

The Group monitors its exposure to a risk of shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and finance leases. 0.3 % of the

Group's interest bearing loans and borrowings mature less than one year after March 31, 2019, based on the carrying value of borrowings reflected in the financial statements.

Maturity profile of the Group's financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date.

In thousands of €

Year ended 31 March 2019	**Less than one year**	**1 to 5 years**	**over 5 years**	**Total**
Fixed rate borrowings	(17 287)	(69 195)	(325 819)	(412 300)
Obligations under finance lease	(135)	(311)	(42)	(488)
Floating rate borrowings	(38 125)	(1 389 375)		(1 427 500)
Trade and other payables	(221 896)	-	-	(221 896)
Income tax payable	(1 975)	-	-	(1 975)
	(279 418)	**(1 458 880)**	**(325 860)**	**(2 064 159)**

5. Significant events of the financial year ended March 31, 2019

The financial statements for the year ended March 31, 2019 are impacted by the following significant events:

- On May 14, 2018, Picard Group issued an additional M€60 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 that 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 financial year ended March 31, 2019. This tax rebate was paid to the Group in October 2018.

- On 29 March 2019, Lion Polaris Lux 3 SA was merged into Lion Polaris Lux Midco Sarl, with Lion Polaris Midco being the surviving entity.

6. 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 outside France, 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, Sweden, Japan and the UK, 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.

	March 31, 2019		
In thousand of €	**France**	**Other**	**Total**
Sales	1 390 483	32 289	1 422 772
Operating profit	160 319	(4 562)	155 757

	March 31, 2018		
In thousand of €	**France**	**Other**	**Total**
Sales	1 414 874	34 797	1 449 671
Operating profit	170 242	(8 302)	161 940

- France:
  The operating profit decreased by M€ 9.9, from M€ 170.2 for the year ended March 31, 2018 to M€ 160.3 for the year ended March 31, 2019, mainly as a consequence of the decline in sales.

- Other:

  The operating profit of the "Other" segment increased by M€ 3.7, from a loss of M€ 8.3 for the year ended March 31, 2018 to a loss of M€ 4.6 for year ended March 31, 2019. This increase is mainly explained by the decision as of March 31, 2018 to close 7 loss-making stores in Sweden. As of March 31, 2018, only 4 stores were closed. As of March 31, 2018, the Group booked a M€ 0.8 restructuring provision with respect to the 3 remaining stores. The Group fully impaired the assets of the stores, which had a zero net carrying value as of March 31, 2018.

  For the year ended March 31, 2019, operating profit of the "Other" segment include

additional charges of M€ 3.0 following the disposal of Picard Sweden (*see Note 5. Significant events of the financial year ended March 31, 2019*).

7. Other operating income/expenses

7.1. Other operating income

In thousand of €	March 31, 2019	March 31, 2018
Capitalized expenses	1 082	1 389
Other operating income	7 764	3 457
Total other operating income	**8 847**	**4 847**

For the year ended March 31, 2019, other operating income include a tax refund in respect of the fish tax in an amount of M€ 3.9 (*see Note 5. Significant events of the financial year ended March 31, 2019*).

7.2. Other operating expenses

In thousand of €	March 31, 2019	March 31, 2018
Royalties	(508)	(491)
Losses on bad debt	(1 069)	(801)
Claims		(4 946)
Other operating expenses	(3 874)	(832)
Total other operating expenses	**(5 451)**	**(7 070)**

Other operating expenses decreased from K€ 7,070 for the year ended March 31, 2018 to K€ 5,451 for the year ended March 31, 2019. This decrease is mainly explained as follows:

- For the year ended March 31, 2019, other operating expenses include an expense of M€ 3.0 corresponding to the derecognition of minority interests following the sale of Picard Sweden (*see Note 5. Significant events of the financial year ended March 31, 2019*).
- For the year ended March 31, 2018, other operating expenses include M€ 4.8 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").

7.3. Personnel expenses

In thousand of €	March 31, 2019	March 31, 2018
Wages and salaries	(119 616)	(119 009)
Social security costs	(35 055)	(33 800)
Pension costs	(417)	(376)
Employee profit sharing	(15 748)	(16 867)
Other employee benefits expenses	(6 303)	(5 556)
Total personnel expenses	**(177 138)**	**(175 608)**

For the year ended on March 31, 2019, social security costs include income of K€ 4,775 (compared to income of K€ 6,748 as of March 31, 2018) corresponding to the CICE (*Crédit d'Impôt Compétitivité Emploi*) in effect in France since January 1, 2013. This decline is mainly explained by the fact that the CICE has been repealed since January 1, 2019, but converted into a reduction of security social costs.

7.4. Finance income and costs

In thousand of €	March 31, 2019	March 31, 2018
Interest expenses	(56 192)	(66 415)
Non-recurring interest expense		(25 140)
Interest costs of employee benefits	(112)	(101)
Foreign exchange losses	(283)	(2)
Other financial expenses	(964)	(875)
Finance costs	**(57 551)**	**(92 533)**
Income on loans and receivables	2	25
Income on short term investment	49	103
Other financial income	85	21
Finance income	**136**	**149**

During the year ended March 31, 2018, as part of the refinancing of its debt (as described in Note *12.2. Interest-bearing loans and borrowings*), the Group fully redeemed its senior secured notes due 2019 and its senior notes due 2020. The early redemption of those notes resulted in non-recurring expenses 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 senior notes issued in 2015 (K€ 16,585).

As at March 31, 2019, the Group no longer has an interest rate swap

8. Investment in an associate

The Group has a 37.21% interest in Primex International S.A., which is involved in importation and wholesale of frozen meat and seafood.

Primex International is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarized financial information of the Group's investment in Primex International S.A.:

In thousand of €	March 31, 2019	March 31, 2018
Share of the associate's statement of financial position:		
Non-current assets	10 616	6 717
Current assets	11 045	13 291
Current liabilities	7 600	6 016
Non-current liabilities	2 708	2 916
Equity	**11 353**	**11 077**
Share of the associate's revenue and profit:		
Revenue	28 246	33 045
Profits	304	210
Carrying amount of the investment	**11 346**	**11 042**

Variations during the period were the following:

In thousand of €	March 31, 2019	March 31, 2018
Carrying value at opening	**11 042**	**10 957**
Share of profit in an associate	304	210
Distribution of dividends	-	(125)
Carrying value as of March 31	**11 346**	**11 042**

9. Income tax expense

In thousand of €	For the twelve months period ended March 31, 2019	For the twelve months period ended March 31, 2018
Current tax	(45 621)	(45 481)
Deferred tax	10 851	32 440
Total income tax expense	**(34 770)**	**(13 041)**
Income tax recognized in other comprehensive income	64	(112)
Total income tax	**(34 706)**	**(13 153)**

Income tax expense increased from an expense of K€ 13,041 for the financial year ended March 31, 2018 to an expense of K€ 34,770 for the financial year ended March 31, 2019.

The income tax expense for the financial year ended March 31, 2018 resulted mainly from the decrease of long-term deferred tax liabilities following the reduction in the corporate income tax rate in France which has been voted in the 2017 Budget Act and 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€ 30,475) was recorded during the financial year ended March 31, 2018. Excluding this impact, income tax expense for the financial year ended March 31, 2018 would have been K€ 43,516.

For the financial year ended March 31, 2019, deferred tax includes an income of K€ 10,255 relating to the recognition of deferred tax assets on non-deductible interests from previous periods. In accordance with thin-capitalization rules, interests in an amount of €35 million were not deducted from previous tax results but were carried-forward. These unused tax credits were not recognized as deferred tax assets considering uncertainties on the horizon under which this deductible temporary difference could be utilized. However, following the change in the structure of the financing in December 2017, the Group believes it will now be able to deduct these interests from its future tax results and therefore recognized the corresponding deferred tax assets. Excluding this impact, income tax expense of March 31, 2019 would have been K€ 45,025.

A reconciliation between tax expense and accounting profit (based on France's domestic tax rate for the year ended March 31, 2019, France being the country where most of the taxable income is generated) is as follows:

In thousand of €	**For the twelve months period ended March 31, 2019**	**For the twelve months period ended March 31, 2018**
Income before tax	98 647	69 766
At French statutory income tax rate of 34.43%	(33 964)	(24 021)
Effect of non deductible expenses/taxable income:	(6 272)	(13 901)
- Share of profit in associate	*105*	*72*
- Non deductible interests	*(6 515)*	*(10 046)*
- Other non taxable income	*2 168*	*2 819*
- Other non deductible expenses	*(2 029)*	*(6 746)*
Deferred tax assets on temporarily non-deductible financial interests in France	10 255	
Unrecognised tax losses	(321)	(1 248)
Effect of CVAE expense	(4 589)	(4 543)
Amortization of deferred tax related to CVAE	196	196
Change in tax rate	(76)	30 475
Total income tax expense	**(34 770)**	**(13 041)**

Deferred tax

Deferred tax relates to the following:

In thousand of €	**March 31, 2019**	**March 31, 2018**	**Variation**	***Of which, through P&L***	***Of which through OCI***
Intangible assets - Picard brand	(201 474)	(201 474)	-	-	-
Other intangible assets	(2 299)	(2 299)	-	-	-
Property and Equipement	(25 901)	(26 775)	874	*874*	-
Inventories	(316)	(330)	14	*14*	-
Financial instruments	(2 665)	(2 454)	(212)	*(212)*	
Long term Employee benefits	2 155	1 957	198	*134*	*64*
Profit sharing	4 850	5 111	(261)	*(261)*	-
Tax rate changes			-		
Other temporary differences	10 791	491	10 301	*10 301*	-
Deferred Tax asset/(liability)	**(214 859)**	**(225 774)**	**10 915**	**10 851**	**64**
Reflected in the statement of financial position as follows :					
Deferred tax assets	-	-			
Deferred tax liabilities	(214 859)	(225 774)			
Deferred Tax asset/(liability)	**(214 859)**	**(225 774)**			

10. Other intangible assets

In thousand of €	Software	Brand	Leasehold rights	Other intangible in-progress	**Total intangible assets**
Cost:					
As at 31 March 2017	**39 556**	**780 000**	**47 861**	**4 708**	**872 125**
Addition	8 399	-	750	1 699	**10 848**
Disposals	(3)	-	(106)	(3 968)	**(4 077)**
Assets held for sale	-	-	-	-	**-**
As at 31 March 2018	**47 952**	**780 000**	**48 505**	**2 439**	**878 896**
Addition	4 124	-	226	3 547	**7 897**
Disposals	(3)	-	(497)	(1 636)	**(2 136)**
Assets held for sale	-	-	-	-	**-**
As at 31 March 2019	**52 073**	**780 000**	**48 234**	**4 350**	**884 657**
Depreciation and impairment:					
As at 31 March 2017	**(30 242)**	**-**	**(526)**	**-**	**(30 768)**
Additions	(5 451)	-	(473)		**(5 924)**
Disposals		-	70		**70**
Assets held for sale		-	-	-	**-**
As at 31 March 2018	**(35 693)**	**-**	**(929)**	**-**	**(36 622)**
Additions	(6 073)	-	(386)		**(6 459)**
Disposals	-	-	332		**332**
Assets held for sale		-	-	-	**-**
As at 31 March 2019	**(41 766)**	**-**	**(983)**	**-**	**(42 749)**
Net book value:					
As at 31 March 2017	**9 314**	**780 000**	**47 335**	**4 708**	**841 357**
As at 31 March 2018	**12 259**	**780 000**	**47 576**	**2 439**	**842 274**
As at 31 March 2019	**10 307**	**780 000**	**47 251**	**4 350**	**841 908**

11. Property, plant and equipment

In thousand of €	Land	Buildings	Technical fittings Machinery and equipment	Other tangible assets	**Total tangible assets**
Cost:					
As at 31 March 2017	**32 771**	**75 422**	**191 756**	**233 909**	**533 858**
Additions		153	16 979	15 092	**32 224**
Disposals	(102)	(363)	(8 442)	(6 977)	**(15 884)**
As at 31 March 2018	**32 669**	**75 212**	**200 293**	**242 024**	**550 198**
Additions		109	15 303	13 244	**28 656**
Disposals	(47)	(90)	(9 469)	(9 337)	**(18 943)**
As at 31 March 2019	**32 622**	**75 231**	**206 127**	**245 931**	**559 911**
Depreciation and impairment:					
As at 31 March 2017	**-**	**(49 962)**	**(119 034)**	**(140 216)**	**(309 212)**
Additions	-	(1 120)	(17 635)	(14 227)	**(32 982)**
Disposals	-	336	8 030	3 688	**12 054**
As at 31 March 2018	**-**	**(50 746)**	**(128 639)**	**(150 755)**	**(330 140)**
Additions	-	(1 073)	(15 601)	(13 727)	**(30 401)**
Disposals	-	15	11 997	5 677	**17 689**
As at 31 March 2019	**-**	**(51 804)**	**(132 243)**	**(158 805)**	**(342 852)**
Net book value:					
As at 31 March 2017	**32 771**	**25 460**	**72 722**	**93 693**	**224 646**
As at 31 March 2018	**32 669**	**24 466**	**71 654**	**91 269**	**220 058**
As at 31 March 2019	**32 622**	**23 427**	**73 884**	**87 126**	**217 059**

12. Financial assets and financial liabilities

12.1. Other financial assets

In thousand of €	**As at March 31, 2019**	**As at March 31, 2018**
Deposits and guarantees	9 934	9 527
Related party loans*	296	274
Other	442	821
Other financial assets	**10 672**	**10 622**
Of which non-current	10 293	*10 243*
Of which current	379	*379*

** see Note 23 "Related party disclosures"*

12.2. Interest-bearing loans and borrowings

In thousand of €	Coupon interest rate	Maturity	As at March 31, 2019	As at March 31, 2018
Current				
Obligations under finance leases			135	178
Current portion of interest bearing loans and borrowings			4 254	4 973
Bank overdrafts		On demand	2	3 964
Total current interest bearing loans and borrowings			**4 392**	**9 115**
Non current				
Obligations under finance leases			353	494
Senior secured notes (1250M€)	Euribor 3M + margin 3%	2023	1 242 261	1 183 140
Senior notes 2024 (310M€)	5,50%	2024	308 214	308 396
Total non-current interest bearing loans and borrowings			**1 550 828**	**1 492 030**
Total interest bearing loans and borrowings			**1 555 220**	**1 501 145**

On December 14, 2017, the Group issued M€1,190 aggregate principal amount of floating rate senior secured notes due 2023 and M€310 aggregate principal amount of 5.50% senior notes due 2024 (collectively, the "Notes"). The gross proceeds from the sale of the Notes, together with cash on hand, were used to (i) make a distribution to Picard PIKco S.A. in order to redeem Picard PIKco S.A.'s outstanding 11% PIK notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 7.75% senior notes due 2020, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of floating rate notes due 2019, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Group, and (v) pay fees and expenses related to these transactions. On May 14, 2018, Picard Groupe S.A.S. issued an additional M€60 aggregate principal amount of floating rate senior secured notes due 2023, the 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 on December 14, 2017 and an additional M€ 60 of floating rate senior secured notes due 2023 on May 14, 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".

12.3. Hedging activities and derivatives

Cash Flow Hedges

As at March 31, 2019, the Group no longer has an interest rate swap.

12.4. Fair values

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

In thousands of €	Carrying amount	Fair value	Carrying amount	Fair value
	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
Financial assets				
Trade and other receivables	50 122	50 122	49 496	49 496
Income tax receivable	9 598	9 598	5 106	5 106
Other financial assets	10 672	10 672	10 622	10 622
Cash and cash equivalents	106 434	106 434	92 963	92 963
Total	**176 826**	**176 826**	**158 187**	**158 187**
Financial liabilities				
Fixed rate borrowings	(308 214)	(289 955)	(308 396)	(308 100)
Obligations under finance leases	(488)	(488)	(672)	(672)
Floating rate borrowings	(1 242 261)	(1 219 225)	(1 183 140)	(1 183 300)
Trade and other payables	(221 896)	(221 896)	(244 513)	(244 513)
Income tax payable	(1 975)	(1 975)	(1 955)	(1 955)
Bank overdraft	(2)	(2)	(3 964)	(3 964)
Total	**(1 774 836)**	**(1 733 541)**	**(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, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at March 31, 2019, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.

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

Fair value hierarchy

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

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

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

13. Impairment test of goodwill and other intangible assets with indefinite useful lives

As of March 31, 2019, goodwill and the brand recognized through business combinations have been fully allocated to the group of CGU composed of stores in France. Leasehold rights are followed and tested for impairment at the store level (CGU). As of March 31, 2019, net booked value of goodwill and other intangible with indefinite useful lives is the following:

In thousand of €	**As at March 31, 2019**	**As at March 31, 2018**
Goodwill gross value	815 170	815 170
Brand gross value	780 000	780 000
Leasehold rights gross value	48 126	48 018
Impairment of leasehold rights	(983)	(471)
Total	**1 642 313**	**1 642 717**

Goodwill and brand

The recoverable amount of the goodwill and the brand has been determined based on a value in use calculation using cash flow projections of French stores taken all together from financial budgets approved by senior management covering a five-year period, with determination of a final value calculated by discounting the estimated normative cash flow at the perpetual rate of growth to infinity.

Key assumptions used in the determination of the value in use

The calculation of value-in-use is mostly sensitive to the following assumptions:

- Discount rate; and
- Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate applied to cash flow projections is 7.25% (compared to 7.25% the prior year) and cash flows beyond the five-year period are extrapolated using a 1.75% growth rate (compared to 1.75% the prior year). As a result of this analysis, no impairment has been recognized by the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of goodwill and the brand, the Group estimates that an increase in the discount rate by 50 basis points or a decrease by 50 basis points in the growth rate would not cause the carrying value of the above cash-generating units to materially exceed its recoverable amount.

Reasonable changes in assumptions defined by the management should not cause the CGU's carrying amount to exceed its recoverable amount.

Leasehold rights

Leasehold rights are tested annually at the store level. Their value in use is compared to their carrying value amount. If carrying value of the leasehold rights exceeds their value in use, an impairment is recognized for the difference.

An impairment charge of M€ 0.5 has been recorded during the financial year ended March 31, 2019.

14. Inventory

In thousand of €	**As at March 31, 2019**	**As at March 31, 2018**
Packaging	881	859
Non packaged finished goods	11 701	13 980
Packaged finished goods	75 294	76 973
Depreciation	(1 250)	(1 600)
Inventory	**86 626**	**90 212**

15. Trade and other receivables

In thousand of €	As at March 31, 2019	As at March 31, 2018
Trade receivables	10 563	11 157
Prepaid expenses	22 179	21 679
VAT receivables and other sales taxes	10 144	9 890
Other receivables	7 235	6 770
Trade and other receivables	**50 122**	**49 496**

16. Cash and cash equivalents

In thousand of €	As at March 31, 2019	As at March 31, 2018
Cash at banks and on hand	103 575	71 390
Securities	2 859	21 573
Cash and cash equivalents	**106 434**	**92 963**

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

In thousand of €	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	106 434	92 963
Bank overdrafts	(2)	(3 964)
Net cash position	**106 432**	**88 999**

17. Issued capital

In thousand of €	Number of shares	Share Capital	Share Premium
As at 31 March 2017	**2 641 726**	**2 642**	**266 185**
As at 31 March 2018	**2 641 726**	**2 642**	**150**
As at 31 March 2019	**2 641 726**	**2 642**	**97**

The share capital is fully paid-up.

Capital Management

The capital used by the Group is managed so as to:

- ensure the continuity of the Group's operations;
- maintain an appropriate ratio of shareholders' equity to debt in order to minimize the cost of capital.

In addition, in order to maintain or adjust its capital structure, the Group may be prompted to take out new debt or repay existing debt, adjust the amount of its dividends paid to shareholders, conduct a capital repayment to shareholders, issue new shares or sell assets in order to reduce debt levels.

During the fiscal year ended March 31, 2019 Picard Bondco S.A. distributed M€ 77 to its shareholders by way of payment of a dividend of M€ 76.9 (*See Note 18. Dividends paid*) and share premium repayment of M€ 0.1.

18. Dividends paid

During the period ended March 31, 2019, the Group paid a dividend of M€ 77 to its shareholders.

19. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

In thousand of €	**As at March 31, 2019**	**March 31, 2018**
Net income attributed to Company shareholders (in thousands of euros) ……	**63 918**	**58 213**
Weighted average number of common shares outstanding (in thousands)…………	2 642	2 642
Weighted average number of issued common shares and non dilutive potential shares (in thousands)……………………………………………………………	**2 642**	**2 642**
Basic earnings per share (in euros)…………………………………………………	**24,20**	**22,03**
Net income attributed to Company shareholders (in thousands of euros) ……	**63 918**	**58 213**
Weighted average number of issued common shares and non dilutive potential shares (in thousands)……………………………………………………………	2 642	2 642
Weighted average number of common shares used for the claculation of fully diluted earnings per share (in thousands)……………………………………	**2 642**	**2 642**
Fully diluted earnings per share (in euros)………………………………………	**24,20**	**22,03**

20. Provisions and contingent liabilities

In thousand of €	Risks related to the operations	Disputes and litigations	Total
Provision as at March 31, 2017	**210**	**3 028**	**3 237**
Allowances	20	8 119	8 139
Reversal	(58)	(6 112)	(6 170)
Provision as at March 31, 2018	**172**	**5 035**	**5 206**
Allowances	42	3 075	3 117
Reversal	(110)	(1 185)	(1 295)
Provision as at March 31, 2019	**104**	**6 925**	**7 028**

21. Employee benefits

The Picard defined benefit pension plan covers substantially all of the Group's French employees. The plan is not funded.

French employees are entitled to a lump sum when they retire depending on their length of service and on final salary.

The following tables summarize the components of net benefit expense recognized in the income statement and the unfunded status and amounts recognized in the statement of financial position for these plans:

In thousand of €	As at March 31, 2019	As at March 31, 2018
Current service cost	593	480
Interest cost	112	101
Benefit paid	(176)	(104)
Net benefit expense	**529**	**477**
recognized in operating income	417	376
recognized in financial income	112	101

The position recorded in the consolidated statement of financial position breaks down as follows:

In thousand of €	As at March 31, 2019	As at March 31, 2018
Benefit obligation	8 326	7 550
Funded status	**8 326**	**7 550**
Unrecognized prior service cost	-	-
Benefit liability	**8 326**	**7 550**

The Group's liability for defined benefit plans is K€ 8,326 as of March 31, 2019.

Changes in employee benefit obligations are as follows:

In thousand of €	As at March 31, 2019	As at March 31, 2018
Benefit obligation at April 1	7 550	7 301
Current service cost	593	480
Interest cost	112	101
Actuarial (gains) and losses	247	(228)
Benefits paid	(176)	(104)
Benefit obligation at March 31	**8 326**	**7 550**
of which classified in continued operations	*8 326*	*7 550*
of which classified in liabilities held for sale	-	-

The cumulative amounts of actuarial (gains) and losses (before taxes) recognized in the consolidated statements of comprehensive income are as follows:

In thousand of €	As at March 31,2019	As at March 31,2018
Balance at April 1	(1 671)	(1 443)
Net actuarial (losses)/gains during the period	247	(228)
Balance at March 31	**(1 424)**	**(1 671)**

The benefit obligation and the experience actuarial gains (losses) are as follows:

In thousand of €	As at March 31,2019	As at March 31,2018
Benefit obligation at April 1	7 550	7 301
Experience adjustments generated on the benefit obligation		
In amount	(106)	86
In percentage of the benefit obligation	-1%	1%

The principal assumptions used in determining defined benefit obligation for the French retirement indemnities plan are shown below:

In thousand of €	As at March 31, 2019	As at March 31, 2018
Discount rate	1,30%	1,38%
Average expected rate of salary increase	1,50%	1,40%
Withdrawal rates	[0% - 31.9%]	[0% - 31.9%]

A single equivalent discount rate has been calculated using a cash flows matching method on future cash flows.

For the French retirement indemnities plan, a decrease of 0.25% of the discount rate would increase the defined benefit obligation by approximately K€ 437. An increase of 0.25% of the discount rate would decrease the defined benefit obligation by approximately K€ 299.

22. Trade and other payables

In thousand of €	As at March 31, 2019	As at March 31, 2018
Trade payables	159 289	179 762
Payables to suppliers of fixed assets	7 419	8 954
Social liabilities	51 415	54 205
Tax payables	3 364	1 255
Other payables	409	339
Trade and other payables	**221 896**	**244 513**

Social liabilities include variable components of salaries which are not due for payment yet, accrued costs in relation with paid vacations, "recoverable" days in accordance with the French legal regime of "Reduction of working time", and legal and contractual profit sharing.

23. Related party disclosures

The consolidated financial statements include the financial statements of the Group and of the subsidiaries listed in Note 27. Consolidated entities.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

In thousands of €		Dividends from related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Associate: Primex International SA	**As at March 31, 2018**	125	44 086	0	4 674
Associate: Primex International SA	**As at March 31, 2019**	0	43 264	0	2 034

The following loans have been entered with related parties:

In thousands of €	**As at March 31, 2019**	**As at March 31, 2018**
Lion Polaris Lux Topco	274	254
Interests accrued	22	20
Total	**296**	**274**

Compensation of key management personnel of the Group for the period are:

In thousands of €	**As at March 31, 2019**	**As at March 31, 2018**
Total compensation paid to key management personnel	1 868	1 770

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel (amount relates to short term benefits).

24. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on commercial premises and warehouses. These leases have an average life of three years with renewal options included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2019 are as follows:

In thousand of €	**Total**	**Less than one year**	**Between 1 and 5 years**	**More than 5 years**
Operating leases	127 170	53 791	65 522	7 857

In thousand of €	**March 31, 2019**	**March 31, 2018**
Property rental	55 178	55 097

Mortgages and pledges

The following security interests have been granted to secure the 5.50% senior notes issued by the Company for M€ 310 and floating rate senior secured notes issued by Picard Groupe S.A.S. for M€ 1,250, as well as the M€ 30 revolving credit facility:

- Pledges over all the shares of Lion/Polaris Lux Midco S.à r.l., Lion/Polaris Lux 4 S.A. and Lion Polaris II S.A.S.;
- Pledges over the receivables under an intercompany loan between the Company and Lion/Polaris Lux Midco S.à r.l., an intercompany loan between Lion/Polaris Lux Midco S.à r.l. and Lion/Polaris Lux 4 S.A. and an intercompany loan between Lion/Polaris Lux 4 S.A. and Lion/Polaris II S.A.S.; and
- Pledges over bank accounts of the Company, Lion/Polaris Lux Midco S.à r.l. and Lion/Polaris Lux 4 S.A.

In addition, the following security interests have also been granted to secure only the floating rate senior secured notes issued by Picard Groupe S.A.S. for M€ 1,250 and the M€ 30 revolving credit facility:

- Pledges over certain intellectual property rights of Picard Surgelés S.A.S.;
- Pledges over the shares of Picard Groupe S.A.S., Picard Surgelés S.A.S. and Picard International S.A.S.;
- Pledges over the bank accounts the Company Picard Groupe S.A.S. and Lion Polaris II S.A.S.; and
- Pledges over the receivables under an intercompany loan between the Company and Lion/Polaris Lux Midco S.à r.l., an intercompany loan between Lion/Polaris II S.A.S. and Picard Groupe S.A.S. and an intercompany loan between Picard Groupe S.A.S. and Picard Surgelés S.A.S.

Partnership

Picard Surgelés S.A.S., a subsidiary of the Company, enters into framework agreements with some of its suppliers with a commitment on an annual volume of purchase. Under those framework agreements, suppliers may produce and store products dedicated to Picard Surgelés S.A.S. Nevertheless, the transfer of ownership of those products occurs only at delivery of goods to Picard Surgelés S.A.S. or subcontractors warehouses.

25. Events after the reporting period

No significant event occurred after March 31, 2019.

26. Employees

Number of employees	As at March 31, 2019	As at March 31, 2018
Total employees	**5 329**	**5 329**

The staffing table above represents the number of employees present as at March 31, 2019 and includes 238 Employees "Cadres", 1,174 Employees "Agents de maîtrise" and 3,917 Other employees.

27. Consolidated entities

		As of March 31, 2019			As of March 31, 2018		
Name	**Country of incorporation**	**Consolidation method**	**% of interest**	**% of control**	**Consolidation method**	**% of interest**	**% of control**
Picard Bondco S.A.	Luxembourg	Full	100.00%	100.00%	Full	100.00%	100.00%
Lion/Polaris Lux 3 S.A.	Luxembourg	Not consolidated	N/A	N/A	Full	100.00%	100.00%
Lion/Polaris Lux 4 S.A.	Luxembourg	Full	100.00%	100.00%	Full	100.00%	100.00%
Picard Luxembourg	Luxembourg	Full	100.00%	100.00%	Full	100.00%	100.00%
Midco	Luxembourg	Full	100.00%	100.00%	Full	100.00%	100.00%
Picard Groupe SAS	France	Full	100.00%	100.00%	Full	100.00%	100.00%
Lion Polaris II	France	Full	100.00%	100.00%	Full	100.00%	100.00%
Picard International SAS	France	Full	100.00%	100.00%	Full	100.00%	100.00%
Picard Sweden	Sweden	Not consolidated	N/A	N/A	Full	75.00%	75.00%
Picard België	Belgium	Full	100.00%	100.00%	Full	100.00%	100.00%
Primex International SA	France	Equity method	37.21%	37.21%	Equity method	37.21%	37.21%

28. Statutory Auditor's fees

The total fees paid by the Group to the statutory auditors and their networks are as follow:

In thousands of euros	As at March 31, 2019		As at March 31, 2018	
	Certification of accounts	**Other services**	**Certification of accounts**	**Other services**
PricewaterhouseCoopers	**596**	**412**	508	678
RSM	**16**	**-**	38	-
KPMG	**25**	**20**	76	40
Total fees	**637**	**432**	**622**	**718**