# Picard Bondco S.A.

# Consolidated Financial Statements at March 31, 2020*

**June 26, 2020**

***This report will be supplemented with additional information on or prior to July 29, 2020, 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, 2020 ("Q4 2020") include the following highlights:

- Q4 2020 sales of goods increased by 15.6% to €390.8 million, from €338.2 million in Q4 2019;

- Q4 2020 gross profit increased by 15.4% to €173.6 million, from €150.4 million in Q4 2019; and

- Q4 2020 EBITDA increased by 50.2% to €66.1 million, from €44.0 million in Q4 2019, including a €14.9 million impact of the adoption of IFRS 16 as of April 1, 2019. The Group adopted IFRS 16 as of April 1, 2019 using the modified retrospective approach and therefore our financial statements from Q4 2019 have not been restated as allowed by the transitional provisions of IFRS 16.

CEO Cathy Collart-Geiger* commented: "Q4 2020 has been impacted by the COVID-19 health crisis that resulted in the implementation of emergency measures in France from mid-March 2020. In this context, our Picard stores remained open and operated throughout the crisis period, being designated as essential stores. The COVID-19 crisis had a strongly positive impact on the frozen food market, frozen food being considered as both safer and more practical in such period. In addition, customers tended to avoid hypermarkets to shop in smaller stores, closer to their houses and with fewer social interactions. Finally, the food retail sector benefitted from the closure of restaurants and out-of-home food services during the lockdown period. These trends therefore clearly benefitted Picard and our Q4 2020 sales of goods strongly increased by €52.6 million, or 15.6%, as compared to Q4 2019 with French like-for-like sales increasing by 14.3%. The quarter has been divided into two different phases, with like-for-like sales increasing by 1.9% in January, and then accelerating from mid-February 2020 onwards to reach a 30% like-for-like sales increase in March. This growth resulted from an increase in the total number of tickets (+3.4%) and strongly higher average basket size (+10.6%) as customers tended to buy more products at the same time during the lockdown period. French like-for-like sales were also impacted by a positive leap year effect estimated at 0.6%. Home-delivery sales were also very positively impacted, increasing by 25.8% over the quarter.

Our expansion strategy also enabled us to add €3.1 million to our French sales during Q4 2020 compared to Q4 2019. During the quarter, we pursued this strategy and opened four directly-operated stores in mainland France.

In this exceptional context, we closely managed our gross margin and our operating expenses to increase the profitability of the Group. Our Q4 2020 gross profit increased by €23.2 million, or 15.4%, from €150.4 million in Q4 2019 to €173.6 million in Q4 2020, following the increase in our sales, whereas our gross margin slightly decreased to 44.4% in Q4 2020 from 44.5% in Q4 2019.

Our EBITDA increased by €22.1 million, or 50.2%, from €44.0 million in Q4 2019 to €66.1 million in Q4 2020 including the €14.9 million impact of the adoption of IFRS 16. Excluding the positive impact of the adoption of IFRS 16 in Q4 2020, our EBITDA increased by 16.4% to €51.2 million in Q4 2020.

The COVID-19 crisis continued to have a positive impact on the Group's sales and results in April and May 2020. However, this global health crisis has triggered a severe economic recession and creates strong uncertainties regarding the social and economic climate in France for the years 2020 and 2021. Therefore, 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."

* Cathy Collart-Geiger was appointed our CEO on June 15, 2020 and replaced Philippe Pauze.

**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, 2020, we had 1,030 stores in France (including two franchised stores in Corsica, eight franchised stores in La Réunion, two franchised stores in the French West Indies and 19 franchised stores in mainland France), 14 stores in Belgium, one store in Luxembourg, 9 franchised stores in Scandinavia and 14 franchised stores in Japan. During the periods under review, a franchisee also operated six stores in Switzerland, but these were closed in early January 2020. 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 under which we supply Picard-branded products to the Swedish franchisee and the franchisee continues the development of the business in Sweden through various channels, including franchised stores and a contract with ICA under which the franchisee supplies ICA with Picard-branded products for corners within ICA's supermarkets and hypermarkets.

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

On August 19, 2015, Aryzta, a world-wide group active in the food industry and leader in the manufacturing and distribution of bakery-related products to industrial companies acquired a 49.5% interest in the Picard Group's indirect parent company, Lux HoldCo, from Lion Capital. Aryzta also benefits from a call option exercisable in 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 4, 2019, Aryzta announced that it had received a binding offer from the French company Invest Group Zouari ("IGZ") to sell a 43% stake in the Picard Group. The transaction was completed on January 23, 2020. Aryzta retains a 4.5% shareholding in Picard and Lion Capital remains the majority shareholder of the Group.

On October 6, 2010, Picard Bondco S.A. issued €300 million aggregate principal amount of 9% Senior Notes due 2018 (the "2010 Senior Notes"), and on October 14, 2010, Lion Polaris S.A.S. (a subsidiary of Picard Bondco S.A., which merged with Picard Groupe S.A. on June 20, 2011 and was renamed Picard Groupe S.A.S.) borrowed €625 million under senior credit facilities. In 2010 and 2011, Picard PIKco S.A. (the direct parent company of Picard Bondco S.A.) also issued 12% PIK Notes due 2019 (the "PIK Notes") in an original aggregate principal amount of €95 million.

On August 1, 2013, Picard Groupe S.A.S. issued €480 million aggregate principal amount of floating rate senior secured notes due 2019 (the "2013 Senior Secured Notes"), the proceeds of which were used, along with cash in hand, to permanently repay the €625 million senior credit facilities entered into in 2010 in their entirety. On the same date, Picard Groupe S.A.S. entered into a €30 million revolving credit facility (the "2013 Revolving Credit Facility").

On September 29, 2014, Picard Bondco S.A. elected to redeem €115 million of its 2010 Senior Notes. The partial redemption occurred on October 29, 2014. On March 9, 2015, Picard Bondco S.A. redeemed the remaining €185 million outstanding of its 2010 Senior Notes.

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

February 20, 2015, the terms of the PIK Notes were also amended to extend the maturity date to 2020, among other things.

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

On December 14, 2017, Picard Groupe S.A.S. issued €1,190 million aggregate principal amount of Floating Rate Senior Secured Notes due 2023 (the "Senior Secured Notes") and Picard Bondco S.A. issued €310 million aggregate principal amount of 5.50% Senior Notes due 2024 (the "Senior Notes" and, together with the Senior Secured Notes, the "Notes"). The gross proceeds from the sale of the Notes were used to (i) make a distribution to Picard PIKco S.A. in order to redeem Picard PIKco S.A.'s outstanding 11% PIK Notes due 2020, including accrued and uncapitalized interest and the applicable redemption premium, (ii) redeem Picard Bondco S.A.'s outstanding principal amount of 2015 Senior Notes, including accrued and unpaid interest and applicable redemption premium, (iii) redeem Picard Groupe S.A.S.'s outstanding principal amount of 2013 Senior Secured Notes, including accrued and unpaid interest, (iv) fund distributions to the shareholders of the Picard Group, and (v) pay fees and expenses related to the 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 transactions.

**Reporting**

This report will be supplemented by the 2020 Annual Report as of and for the year ended March 31, 2020 on or prior to July 29, 2020 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. for the year from April 1, 2019 to March 31, 2020, which are presented in this report in accordance with IFRS, including (i) the consolidated statement of financial position as of March 31, 2020, (ii) the consolidated statement of income and the consolidated statement of comprehensive income for the year ended March 31, 2020 and (iii) the consolidated statement of cash flow for the year ended March 31, 2020. 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 significant accounting policies of Picard Bondco S.A. are set out in the Picard Bondco annual consolidated financial statements as of and for the year ended March 31, 2020 under IFRS. See note 2.2 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco S.A. annual consolidated financial statements for a discussion of Picard Bondco S.A.'s significant accounting policies.

We have also included herein unaudited condensed financial information for Picard Bondco S.A. as of and for the three months ended March 31, 2020.

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.

Since April 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective approach. The application of this standard significantly increases the Group's EBITDA.

"French like-for-like sales" refers to like-for-like sales made through directly-operated stores in mainland France, excluding franchises in mainland France, Corsica, the French West Indies and La Réunion. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month and (ii) on the first day of the thirteenth month following its opening date in all other cases. Like-for-like sales growth is presented because we believe it is frequently used by investors and other interested parties in evaluating companies in the retail sector. However, other companies may define like-for-like sales growth in a different manner than we do.

We present in this report certain estimates in respect of the impact of certain events (including calendar effect and the impact of the COVID-19 pandemic) on our financial performance. In making such estimates, the Group's management makes certain assumptions based upon our financial performance from the prior corresponding period, as adjusted to reflect certain recent trends observed by management. The accuracy of these estimates depends upon the accuracy of the underlying assumptions and is subject to known and unknown risks and uncertainties.

**For Further Information**

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*Mr. Degauque, our Deputy CFO, is currently acting as our Interim CFO during the temporary leave of absence of our CFO.

**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, 2019 and March 31, 2020 and is not necessarily representative of Picard Bondco S.A.'s results of operations for any future period or our financial condition at any future date. We have prepared the audited consolidated financial statements for Picard Bondco S.A. from April 1, 2019 to March 31, 2020 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, 2019 and March 31, 2020.

The following discussion includes "forward looking statements," within the meaning of the U.S. securities laws, based on our current expectations and projections about future events. All statements other than statements of historical facts included in this discussion, including, without limitation, statements regarding our tax rate on long-term deferred taxes, revenue and operating profits, strategy, capital expenditures, expected investments, projected costs, our plans and objectives for future operations, may be deemed to be forward looking statements. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on assumptions that could potentially be inaccurate and that could cause future results to differ materially from those expected or implied by the forward-looking statements. Our future results could differ materially from those anticipated in our forward-looking statements for many reasons, including due to changes in tax laws or their application or interpretation, more generally, or unfavorable changes in the tax rate on long-term deferred taxes, more specifically, economic and other trends affecting the food retail industry, changes in consumer preferences, the competitive environment in which we operate and other factors described in the section entitled "Risk Factors" in our annual report for the year ended March 31, 2019. Given these risks and uncertainties, you should not place undue reliance on forward looking statements as a prediction of actual results.

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

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

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

| | Three months ended* | | Twelve months ended | |
|---|---|---|---|---|
| *Currency: in million of €* | **March 31, 2019** | **March 31, 2020** | **March 31, 2019** | **March 31, 2020** |
| **Sales of goods** | **338.2** | **390.8** | **1 422.8** | **1 507.4** |
| Cost of goods sold | (187.7) | (217.3) | (797.6) | (847.5) |
| **Gross profit** | **150.4** | **173.6** | **625.2** | **659.9** |
| Other operating income | 1.5 | 1.3 | 8.8 | 5.2 |
| Other purchase and external expenses | (58.1) | (47.7) | (241.4) | (193.7) |
| Taxes | (5.6) | (6.7) | (16.7) | (17.4) |
| Personnel expenses | (43.2) | (52.9) | (177.1) | (191.3) |
| Other operating expenses | (1.0) | (1.3) | (5.5) | (3.8) |
| **EBITDA** | **44.0** | **66.1** | **193.3** | **258.9** |
| Depreciation and amortization | (10.0) | (23.8) | (37.6) | (93.6) |
| **Operating profit** | **34.1** | **42.3** | **155.8** | **165.3** |
| Finance costs | (14.1) | (15.1) | (57.6) | (61.4) |
| Finance income | 0.1 | 0.0 | 0.1 | 0.1 |
| Share of profit in an associate | 0.2 | 0.0 | 0.3 | (5.0) |
| **Income before tax** | **20.3** | **27.3** | **98.6** | **99.0** |
| Income tax expense | (0.5) | (6.8) | (34.8) | (46.8) |
| **Net income** | **19.8** | **20.5** | **63.9** | **52.2** |

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three-month and twelve-month periods ended March 31, 2019 and March 31, 2020. EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS-EU and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under our Indentures and our Revolving Credit Facility Agreement. See "Presentation of Financial Information".

Since April 1, 2019, the Group has applied IFRS 16 in accordance with the modified retrospective approach and therefore our financial statements from Q4 2019 and the year ended March 31, 2019 have not been restated.

**Results of operations**

***Expansion of Store Network***

As of March 31, 2020, we had 1,030 stores in France (including two franchised stores in Corsica, eight franchised stores in La Réunion, two franchised stores in the French West Indies and 19 franchised stores in mainland France), 14 stores in Belgium, one store in Luxembourg, nine franchised stores in Scandinavia and 14 franchised stores in Japan. During part of the periods under review, a franchisee also operated six stores in Switzerland, but these were subsequently closed in early January 2020.

***Sales of goods***

*Years ended March 31, 2020 and March 31, 2019*

Our sales of goods increased by €84.6 million, or 5.9%, from €1,422.8 million for the year ended March 31, 2019 to €1,507.4 million for the year ended March 31, 2020.

In France, sales of goods increased by €83.6 million, or 6.0%, from €1,390.5 million for the year ended March 31, 2019 to €1,474.1 million for the year ended March 31, 2020. French like-for-like sales increased by 5.2% over the period, as a result of a 2.6% increase in the total number of tickets combined with a 2.5% increase in the average basket size. The year ended March 31, 2020 experienced a positive calendar effect, mainly explained by the positioning of the Easter shopping period in Q1 2020 and not in Q1 2019 and by the leap year effect. As adjusted to exclude such calendar effect, French like-for-like sales would have increased by an estimated 4.7%. In addition, our financial performance was significantly impacted by the COVID-19 pandemic, which had an estimated impact on our sales of goods of approximately €35 million. Excluding this effect and calendar effect, French like-for-like sales would have increased by approximately 2.1%.

Sales in Belgium and Luxembourg increased by €0.6 million, or 3.9%, from €15.4 million for the year ended March 31, 2019 to €16.0 million for the year ended March 31, 2020, due to the increase in like-for-like sales notably as a result of the positive COVID-19 impact, and despite the closure of two loss-making stores in Belgium in July 2018 and in January 2020.

Sales in Scandinavia decreased by €0.6 million from €5.7 million for the year ended March 31, 2019 to €5.1 million for the year ended March 31, 2020 following the sale of our Swedish operations in August 2018 and the change in our business model in Sweden, partially offset by the opening of our first franchised store in Norway. Our commercial agreement enables us to maintain our presence in Sweden and expand in Norway, through a distribution channel that adds value to our business, even if the revenue derived from this activity is initially lower than the revenue generated prior to this divestment.

Additionally, sales to franchised stores and partners located in Switzerland, Japan, the United Kingdom, the Netherlands and Italy increased by €1.0 million, from €11.2 million for the year ended March 31, 2019 to €12.2 million for the year ended March 31, 2020. In particular, sales in the United Kingdom under the partnership with Ocado increased by €0.5 million, from €3.4 million in the year ended March 31, 2019 to €3.9 million in the year ended March 31, 2020, following mainly an increase in the number of SKUs available. In addition, sales in Japan increased by €1.7 million, from €2.1 million in the year ended March 31, 2019 to €3.8 million in the year ended March 31, 2020, following the increase in the number of franchised stores opened by our partner Aeon. These increases were partially offset by a decrease in sales in the Netherlands and in Switzerland following the closure of franchised stores in January 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Our sales of goods increased by €52.6 million, or 15.6%, from €338.2 million for the three months ended March 31, 2019 to €390.8 million for the three months ended March 31, 2020.

In France, sales of goods increased by €50.9 million, or 15.3%, from €331.3 million for the three months ended March 31, 2019 to €382.1 million for the three months ended March 31, 2020. In a context of the COVID-19 pandemic, French like-for-like sales increased by 14.3% over the period, as a result of a 10.6% increase in the average basket size, combined with a 3.4% increase in the total number of tickets. French like-for-like sales were also impacted by positive leap year effect estimated at 0.6%. Excluding calendar effect and the COVID-19 impact, French like-for-like sales would have increased by an estimated 2.6%.

Sales in Belgium and Luxembourg increased by €0.7 million from €3.6 million for the three months ended March 31, 2019 to €4.3 million for the three months ended March 31, 2020.

Sales in Scandinavia increased by €0.2 million from €1.1 million for the three months ended March 31, 2019 to €1.3 million for the three months ended March 31, 2020, following the opening of our first franchised store in Norway.

Additionally, sales to franchised stores and partners located outside of France increased by €0.9 million, from €2.2 million for the three months ended March 31, 2019 to €3.1 million for the three months ended March 31, 2020. In particular, sales in Japan increased by €0.6 million following the increase in the number of franchised stores opened by our partner Aeon, and sales in Netherlands increased by €0.4 million partly offset by a decrease in Switzerland following the closure of the franchised stores in January 2020.

***Cost of goods sold***

*Years ended March 31, 2020 and March 31, 2019*

Our cost of goods sold increased by €49.9 million, or 6.3%, from €797.6 million for the year ended March 31, 2019 to €847.5 million for the year ended March 31, 2020, primarily due to the increased volume of goods purchased from our suppliers, as our sales increased during the year for the reasons described above, and particularly as a result of the COVID-19 pandemic. Cost of goods sold as a percentage of sales slightly increased from 56.1% for the year ended March 31, 2019 to 56.2% for the year ended March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Our cost of goods sold increased by €29.6 million, or 15.8%, from €187.7 million for the three months ended March 31, 2019 to €217.3 million for the three months ended March 31, 2020, mainly due to the COVID-19 pandemic period since mid-February with an exceptional volume of goods purchased from our suppliers. Cost of goods sold as a percentage of sales slightly increased from 55.5% for the three months ended March 31, 2019 to 55.6% for the three months ended March 31, 2020.

***Gross Profit***

*Years ended March 31, 2020 and March 31, 2019*

Our gross profit increased by €34.7 million, or 5.6%, from €625.2 million for the year ended March 31, 2019 to €659.9 million for the year ended March 31, 2020, as a result of higher sales mainly due to the COVID-19 pandemic period. Gross profit as a percentage of sales of goods slightly decreased from 43.9% for the year ended March 31, 2019 to 43.8% for the year ended March 31, 2020, notably due to the presence of the Easter shopping period in April 2019 and not in April 2018, during which the level of promotion is higher, the change in our business model in Sweden, from an own store model to a franchise model, as well as by the success of our promotional campaigns in October, November and December, that contributed to an increase in sales. In addition, sales of raw products (mainly meat and fish) during the COVID-19 pandemic strongly increased, with slightly lower margin than prepared meals.

*Three months ended March 31, 2020 and March 31, 2019*

Our gross profit increased by €23.2 million, or 15.4%, from €150.4 million for the three months ended March 31, 2019 to €173.6 million for the three months ended March 31, 2020, as a result of higher sales mainly due to the COVID-19 pandemic period since mid-February. Gross profit as a percentage of sales of goods slightly decreased from 44.5% for the three months ended March 31, 2019 to 44.4% for the three months ended March 31, 2020, as sales of raw products (mainly meat and fish) during the COVID-19 pandemic strongly increased, with slightly lower margin than prepared meals.

***Other operating income***

*Years ended March 31, 2020 and March 31, 2019*

Other operating income decreased by €3.6 million, from €8.8 million for the year ended March 31, 2019 to €5.2 million for the year ended March 31, 2020. This decrease was primarily due to €3.9 million of income recorded last year, as we obtained a refund from the French tax administration of a reassessment following an adjustment on a tax on fish ("Contribution pour une pêche durable"). In addition, during the year ended March 31, 2019, we also recorded €0.7 million in compensation received from the sale of energy certificates. During the year ended March 31, 2020, we recorded €1.0 million of income corresponding to an indemnity received in connection with a store eviction.

*Three months ended March 31, 2020 and March 31, 2019*

Other operating income decreased by €0.2 million, from €1.5 million for the three months ended March 31, 2019 to €1.3 million for the three months ended March 31, 2020.

***Other purchases and external expenses***

*Years ended March 31, 2020 and March 31, 2019*

Our other purchases and external expenses decreased by €47.7 million, or 19.8%, from €241.4 million for the year ended March 31, 2019 to €193.7 million for the year ended March 31, 2020. This decrease was primarily due to the adoption of IFRS 16 as of April 1, 2019, that had a €58.7 million positive impact. The Group has chosen to apply IFRS 16 using the simplified retrospective approach as of April 1, 2019 and the March 31, 2019 financial statements have consequently not been restated. Prior to the adoption of this standard, rent expenses were recorded in the line item "other purchases and external expenses". Following the adoption of this new standard, the Group has recognized right-of-use assets for its eligible stores and vehicles, which are depreciated over the lease term, depreciation charges being recorded in the line item "depreciation and amortization" of the Group income statement. Excluding the impact of IFRS 16, other purchases and external expenses increased by €11.0 million, or 4.6%, mainly due to higher logistics costs, due to the strong increase in sales, higher energy costs, following the increase in the price of electricity costs, and the increase in advertising expenses due to TV ads launched in July, September and January. These increases were partially offset by savings in maintenance costs.

*Three months ended March 31, 2020 and March 31, 2019*

Our other purchases and external expenses decreased by €10.4 million, or 17.9%, from €58.1 million for the three months ended March 31, 2019 to €47.7 million for the three months ended March 31, 2020. This decrease was primarily due to the adoption of IFRS 16 as of April 1, 2019, that had a €14.9 million positive impact. Excluding the impact of IFRS 16, other purchases and external expenses increased by €4.5 million, or 7.7%, mainly due to higher logistics costs, following higher sales volumes, and energy costs, following the increase in the price of electricity costs.

***Taxes other than on income***

*Years ended March 31, 2020 and March 31, 2019*

Taxes other than on income increased from €16.7 million for the year ended March 31, 2019 to €17.4 million for the year ended March 31, 2020. Taxes other than on income as a percentage of sales of goods remained flat at 1.2% for the year ended March 31, 2019 and March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Taxes other than on income increased from €5.6 million for the year ended March 31, 2019 to €6.7 million for the year ended March 31, 2020, due to a reduction in certain tax credits and the increase in taxes based on sales. Taxes other than on income as a percentage of sales of goods remained flat at 1.7% for the three months ended March 31, 2019 and March 31, 2020.

***Personnel expenses***

*Years ended March 31, 2020 and March 31, 2019*

Personnel expenses increased by €14.2 million, or 8.0%, from €177.1 million for the year ended March 31, 2019 to €191.3 million for the year ended March 31, 2020. As a percentage of sales of goods, personnel expenses increased from 12.4% for the year ended March 31, 2019 to 12.7% for the year ended March 31, 2020.

Wages and salaries increased by €8.8 million, or 7.4%, from €119.6 million for the year ended March 31, 2019 to €128.4 million for the year ended March 31, 2020, as a result of annual salary increases in France and Belgium, the expansion of our store network, and a non-recurring COVID-19 bonus of €4.5 million paid to employees in our stores, partially offset by the sale of our Swedish operations in August 2018. As a percentage of sales of goods, wages and salaries slightly increased from 8.4% for the year ended March 31, 2019 to 8.5% for the year ended March 31, 2020. Excluding the non-recurring bonus, wages and salaries increased by €4.3 million, or 3.6%, from €119.6 million for the year ended March 31, 2019 to €123.9 million for the year ended March 31, 2020.

Employee profit sharing increased from €15.7 million for the year ended March 31, 2019 to €18.3 million for the year ended March 31, 2020, following the increase in contractual profit sharing ("*intéressement*"), reflecting the improvement of the store commercial performance throughout the year.

Other personnel expenses increased from €41.8 million for the year ended March 31, 2019 to €44.7 million for the year ended March 31, 2020. The CICE tax credit was recorded as a reduction of social security costs and amounted to €4.8 million for the year ended March 31, 2019. This tax credit has been repealed and converted into a direct reduction of social security charges since January 1, 2019. Social security costs (net of CICE in 2019) increased by €2.3 million from €35.1 million in the year ended March 31, 2019 to €37.4 million in the year March 31, 2020. As a proportion of sales of goods, social security costs (net of CICE in 2019) remained flat at 2.5% for the year ended March 31, 2019 and for the year ended March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Personnel expenses increased by €9.7 million, or 22.5%, from €43.2 million for the three months ended March 31, 2019 to €52.9 million for the three months ended March 31, 2020. As a percentage of sales of goods, personnel expenses increased from 12.8% for the three months ended March 31, 2019 to 13.5% for the three months ended March 31, 2020.

Wages and salaries increased from €29.0 million for the three months ended March 31, 2019 to €36.0 million for the three months ended March 31, 2020, as a result of annual salary increases in France and Belgium, the expansion of our store network, a non-recurring COVID-19 bonus of €4.5 million paid to employees in stores and additional workforce in store during the COVID-19 period. As a percentage of sales of goods, wages and salaries increased from 8.6% for the three months ended March 31, 2019 to 9.2% for the three months ended March 31, 2020. Excluding the exceptional bonus, wages and salaries increased by €2.5 million, from €29.0 million for the year ended March 31, 2019 to €31.5 million for the year ended March 31, 2020.

Employee profit sharing increased from €4.4 million for the three months ended March 31, 2019 to €5.5 million for the three months ended March 31, 2020, following an increase in contractual profit sharing (*"intéressement"*) as a result of increased sales, primarily following the COVID-19 pandemic.

Other personnel expenses increased from €9.8 million for the three months ended March 31, 2019 to €11.4 million for the three months ended March 31, 2020. Social security costs increased from €7.9 million in the three months ended March 31, 2019 to €9.5 million in the three months ended March 31, 2020, following the increase in salaries during the quarter.

***Other operating expenses***

*Year ended March 31, 2020 and March 31, 2019*

Other operating expenses decreased by €1.7 million, from €5.5 million for the year ended March 31, 2019 to €3.8 million for the year ended March 31, 2020. During the year ended March 31, 2019, we recorded exceptional charges relating to the sale of our Swedish operations corresponding to a €0.9 million impairment charge and the derecognition of the minority interests in an amount of €2.1 million. During the year ended March 31, 2020, we recorded a €1.1 million loss on bad debt following the commencement of bankruptcy proceedings in respect of our franchisee in Switzerland, which was operating six stores until early January 2020 when such stores were closed.

*Three months ended March 31, 2020 and March 31, 2019*

Our other operating expenses increased by €0.3 million, from €1.0 million for the three months ended March 31, 2019 to €1.3 million for the three months ended March 31, 2020.

***EBITDA***

*Years ended March 31, 2020 and March 31, 2019*

EBITDA increased by €65.6 million, or 33.9%, from €193.3 million for the year ended March 31, 2019 to €258.9 million for the year ended March 31, 2020. As a percentage of sales of goods, EBITDA increased from 13.6% for the year ended March 31, 2019 to 17.2% for the year ended March 31, 2020. Excluding the positive impact of the adoption of IFRS 16 in the year ended March 31, 2020, our EBITDA increased by €6.9 million, or 3.6%, from €193.3 million in the year ended March 31, 2019 to €200.2 million in the year ended March 31, 2020, as a result of the factors discussed above.

*Three months ended March 31, 2020 and March 31, 2019*

EBITDA increased by €22.1 million, or 50.2%, from €44.0 million for the three months ended March 31, 2019 to €66.1 million for the three months ended March 31, 2020. As a percentage of sales of goods, EBITDA increased from 13.0% for the three months ended March 31, 2019 to 16.9% for the three months ended March 31, 2020. Excluding the positive impact of the adoption of IFRS 16 in the three months ended March 31, 2020, our EBITDA increased by €7.2 million, or 16.4%, from €44.0 million in the three months ended March 31, 2019 to €51.2 million in the three months ended March 31, 2020, as a result of the factors discussed above.

***Depreciation and amortization***

*Years ended March 31, 2020 and March 31, 2019*

Depreciation and amortization increased by €56.0 million, from €37.6 million for the year ended March 31, 2019 to €93.6 million for the year ended March 31, 2020. This increase was primarily due to the €56.5 million amortization charge on the right of use asset recognized following the adoption of IFRS 16. Other depreciation and amortization decreased by €0.5 million, from €37.6 million for the year ended March 31, 2019 to €37.1 million for the year ended March 31, 2020. As a percentage of sales of goods, depreciation and amortization increased from 2.6% for the year ended March 31, 2019 to 6.2% for the year ended March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Depreciation and amortization increased from €10.0 million for the three months ended March 31, 2019 to €23.8 million for the three months ended March 31, 2020. This increase was primarily due to the €14.3 million amortization charge on the right of use asset recognized following the adoption of IFRS 16. Other depreciation and amortization decreased by €0.5 million, from €10.0 million in the three months ended March 31, 2019 to €9.5 million in the three months ended March 31, 2020.

***Operating profit***

*Years ended March 31, 2020 and March 31, 2019*

Operating profit increased by €9.5 million, or 6.1%, from €155.8 million for the year ended March 31, 2019, to €165.3 million for the year ended March 31, 2020, as a result of the combination of the factors described above. As a percentage of sales of goods, operating profit remained flat at 11.0% for the year ended March 31, 2019 and for the year ended March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Operating profit increased by €8.2 million, or 24.0%, from €34.1 million for the three months ended March 31, 2019, to €42.3 million for the three months ended March 31, 2020, as a result of the combination of the factors described above. As a percentage of sales of goods, operating profit increased from 10.1% for the three months ended March 31, 2019 to 10.8% for the three months ended March 31, 2020.

***Finance costs***

*Years ended March 31, 2020 and March 31, 2019*

Finance costs increased by €3.8 million, from €57.6 million for the year ended March 31, 2019 to €61.4 million for the year ended March 31, 2020. This increase in finance costs was mainly due to €4.0 million in interest expense relating to lease commitments recognized following the adoption of IFRS 16. This increase was partially offset by a €0.3 million decrease in foreign exchange losses following the sale of our Swedish business.

*Three months ended March 31, 2020 and March 31, 2019*

Finance costs increased by €1.0 million from €14.1 million for the three months ended March 31, 2019 to €15.1 million for the three months ended March 31, 2020. This increase in finance costs was mainly due to €1.0 million in interest expense relating to lease commitments recognized following the adoption of IFRS 16.

***Share of profit in an associate***

*Years ended March 31, 2020 and March 31, 2019*

Share of profit in an associate decreased by €5.3 million from a profit of €0.3 million for the the year ended March 31, 2019 to a loss of €5.0 million for the year ended March 31, 2020. This loss is mainly due to the result of our associate Primex International in which we have a 37.2% interest. Primex Norway, a subsidiary of Primex International, developed a fish plant in Norway in 2018 and has since faced significant start-up costs to operate this facility. Primex International therefore partially recorded a non-cash impairment of its investment in Primex Norway to reflect these operational losses.

*Three months ended March 31, 2020 and March 31, 2019*

Share of profit in an associate decreased by €0.1 million from a profit of €0.1 million for the three months ended March 31, 2019 to €0.0 million for the three months ended March 31, 2020.

***Income before Tax***

*Years ended March 31, 2020 and March 31, 2019*

Income before tax increased by €0.4 million, from €98.6 million for the year ended March 31, 2019 to €99.0 million for the year ended March 31, 2020, mainly as a result of the increase in operating profit, which was partly offset by higher finance costs following the adoption of IFRS 16 and the share of profit in associate decreasing to a higher loss. As a percentage of sales of goods, income before tax decreased from 6.9% for the year ended March 31, 2019 to 6.6% for the year ended March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Income before tax increased by €7.1 million, from €20.2 million for the three months ended March 31, 2019 to €27.3 million for the three months ended March 31, 2020, following the stronger sales performance discussed above. As a percentage of sales of goods, income before tax increased from 6.0% for the three months ended March 31, 2019 to 7.0% for the three months ended March 31, 2020.

***Income tax expense***

*Years ended March 31, 2020 and March 31, 2019*

Income tax expense increased by €12.0 million, from a charge of €34.8 million for the year ended March 31, 2019 to a charge of €46.8 million for the year ended March 31, 2020. 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 year ended March 31, 2019, income tax expense increased by €1.7 million, from €45.1 million for the year ended March 31, 2019 to €46.8 million for the year ended March 31, 2020.

*Three months ended March 31, 2020 and March 31, 2019*

Income tax expense increased by €6.3 million, from €0.5 million for the three months ended March 31, 2019 to €6.8 million for the three months ended March 31, 2020, for the reasons described above.

***Net income***

*Years ended March 31, 2020 and March 31, 2019*

Net income decreased by €11.7 million, from €63.9 million for the year ended March 31, 2019 to €52.2 million for the year ended March 31, 2020, as a result of the factors described above.

*Three months ended March 31, 2020 and March 31, 2019*

Net income increased by €0.8 million, from €19.7 million for the three months ended March 31, 2019 to €20.5 million for the three months ended March 31, 2020, 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. As of March 31, 2020, an aggregate principal amount of €19.5 million was outstanding under an intercompany loan from Lion/Polaris Lux 4 S.A. to Lion Polaris II S.A.S.

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

On May 10, 2019. Lion/Polaris Lux 3 S.A. merged with and into Lion/Polaris Lux Midco S.à r.l. 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 are now owned by 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.

**Consolidated Financial Statements of Picard Bondco S.A.**

# Picard Bondco S.A.

# Consolidated Financial Statements

For the year ended March 31, 2020

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## Consolidated Income Statement

| *(In thousand of €)* | Notes | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| Sales of goods | *6* | 1 507 436 | 1 422 772 |
| Cost of goods sold | | (847 507) | (797 584) |
| **Gross profit** | | **659 929** | **625 188** |
| Other operating income | *7.1* | 5 196 | 8 847 |
| Other purchases and external expenses | *10.1* | (193 695) | (241 446) |
| Taxes | | (17 447) | (16 655) |
| Personnel expenses | *7.3* | (191 323) | (177 138) |
| Depreciation and amortization | *10.2* | (93 580) | (37 587) |
| Other operating expenses | *7.2* | (3 750) | (5 451) |
| **Operating profit** | | **165 330** | **155 757** |
| Finance costs | *7.4* | (61 446) | (57 551) |
| Finance income | *7.4* | 144 | 136 |
| Share of result in an associate | *8* | (5 013) | 304 |
| **Income before tax** | | **99 015** | **98 647** |
| Income tax expense | *9* | (46 807) | (34 770) |
| **Net income** | | **52 208** | **63 877** |
| Attributable to: | | | |
| Equity holders of the parent | | 52 208 | 63 918 |
| Non-controlling interests | | | (41) |
| Earnings per share: | | | |
| Basic earnings per share (*in euros*) | *20* | 19,76 | 24,20 |
| Fully diluted earnings per share (*in euros*) | *20* | 19,76 | 24,20 |

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

## Consolidated Statement of Comprehensive Income

| *(In thousand of €)* | Notes | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **Net income** | | **52 208** | **63 877** |
| **Items to be reclassified to profit and loss:** | | | |
| Net gain / (loss) on cash flow hedges | *13.4* | | |
| Income tax | | - | - |
| | | - | - |
| Foreign currency translation | | | 252 |
| **Items not to be reclassified to profit and loss:** | | | |
| Actuarial gains / (loss) of the period | *22* | (226) | (247) |
| Income tax | | 59 | 64 |
| | | (167) | (183) |
| *Other comprehensive income / (loss) for the period, net of tax* | | *(167)* | *69* |
| **Comprehensive income** | | **52 041** | **63 946** |
| Attributable to: | | | |
| Equity holders of the parent | | 52 041 | 63 987 |
| Non-controlling interests | | - | (41) |

***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, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | *14* | 815 170 | 815 170 |
| Property, plant and equipment | *12* | 223 866 | 217 059 |
| Right-of-use Assets | *10.1* | 304 814 | |
| Other intangible assets | *11* | 795 477 | 841 908 |
| Investment in an associate | *8* | 6 333 | 11 346 |
| Other non-current financial assets | *13.1* | 10 784 | 10 293 |
| **Total non-current assets** | | **2 156 444** | **1 895 776** |
| | | | |
| Inventories | *15* | 86 049 | 86 626 |
| Trade and other receivables | *16* | 50 160 | 50 122 |
| Income tax receivable | | 2 568 | 9 598 |
| Current financial assets | *13.1* | 41 | 379 |
| Cash and cash equivalents | *17* | 220 707 | 106 434 |
| **Total current assets** | | **359 525** | **253 159** |
| **Total assets** | | **2 515 971** | **2 148 935** |
| | | | |
| **Equity and liabilities** | | | |
| Issued capital | *18* | 2 642 | 2 642 |
| Share premium | *18* | 97 | 97 |
| Other comprehensive income | | (351) | (66) |
| Retained earnings | | 123 916 | 72 955 |
| Net income of the period | | 52 208 | 63 918 |
| **Equity attributable to equity holders of the parent** | | **178 513** | **139 545** |
| Non-controlling interests | | - | - |
| **Total equity** | | **178 513** | **139 545** |
| | | | |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | *13.2* | 1 552 311 | 1 550 828 |
| Other non-current financial liabilities | *13.3* | 203 383 | 87 |
| Provisions | *21* | 9 115 | 7 028 |
| Employee benefit liability | *22* | 9 146 | 8 326 |
| Deferred tax liability | *9* | 219 048 | 214 859 |
| **Total non-current liabilities** | | **1 993 002** | **1 781 127** |
| **Current liabilities** | | | |
| Trade and other payables | *23* | 255 511 | 221 896 |
| Income tax payable | | 1 721 | 1 975 |
| Interest-bearing loans and borrowings | *13.2* | 34 255 | 4 392 |
| Other current financial liabilities | *13.3* | 52 969 | |
| **Total current liabilities** | | **344 456** | **228 263** |
| **Total liabilities** | | **2 337 459** | **2 009 390** |
| **Total equity and liabilities** | | **2 515 971** | **2 148 935** |

***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, 2018** | **2 642** | **150** | **-** | **0** | **116** | **-** | **117** | **233** | **91 324** | **58 213** | **152 562** | **(1 845)** | **150 717** |
| 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** |
| Adjustment on dividend paid | **-** | (53) | **-** | **-** | **-** | **-** | **-** | **-** | (76 947) | **-** | **(77 000)** | | **(77 000)** |
| Issued capital attributable to NCI | - | - | - | - | - | - | - | - | (98) | - | **(98)** | 98 | **-** |
| 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** |
| IFRS 16 first application adjustments | | | | | | | | | | | **-** | | **-** |
| **As at April 1, 2019** | **2 642** | **97** | - | 0 | (183) | - | 117 | **(66)** | **72 955** | **63 918** | **139 545** | **-** | **139 545** |
| Net income attribution | - | - | - | - | - | - | - | - | 63 918 | (63 918) | **-** | - | **-** |
| Net income for the period | - | - | - | - | - | - | | - | | 52 208 | **52 208** | - | **52 208** |
| Other comprehensive income | - | - | - | - | (167) | - | | (167) | - | - | **(167)** | - | **(167)** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **(167)** | **-** | **-** | **(167)** | **-** | **52 208** | **52 041** | **-** | **52 041** |
| Dividends paid | - | | - | - | - | - | - | - | (13 074) | - | (13 074) | | (13 074) |
| Other | - | | - | - | - | - | (117) | (117) | 117 | - | **-** | - | **-** |
| **As at March 31, 2020** | **2 642** | **97** | **-** | **0** | **(350)** | **-** | **-** | **(350)** | **123 916** | **52 208** | **178 513** | **-** | **178 513** |

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

# Consolidated Statement of Cash Flows

| *In thousand of €* | Notes | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | | 165 330 | 155 757 |
| Depreciation and impairment of property, plant and equipment | | 87 018 | 31 329 |
| Amortisation and impairment of intangible assets | | 6 562 | 6 258 |
| (Gain) /loss on disposal of property, plant and equipement | | 880 | 368 |
| Other non cash operating items | | 727 | (3 960) |
| Movements in provisions and pensions | | 479 | 417 |
| Interest received | | 47 | 49 |
| Income tax paid | | (34 588) | (42 159) |
| *Operating cash flows before change in working capital requirements* | | *226 455* | *148 059* |
| Change in inventories | | 576 | 3 586 |
| Change in trade and other receivables and prepayments | | (3 210) | (626) |
| Change in trade and other payables | | 33 616 | (22 617) |
| **Net cash flows from operating activities, total** | | **257 437** | **128 402** |
| **Investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 189 | 293 |
| Disposal of Italy, net of cash disposed of | | 379 | 379 |
| Purchase of property, plant and equipment | | (38 214) | (28 729) |
| Purchase of intangible assets | | (7 925) | (6 225) |
| Purchase of financial instruments | | (325) | (281) |
| **Net cash used in investing activities** | | **(45 896)** | **(34 563)** |
| **Financing activities** | | | |
| Payment of finance lease liabilities | | | (202) |
| Proceeds from borrowings | | 30 000 | 60 000 |
| Refinancing costs | | | (3 121) |
| Interest paid * | | (60 266) | (56 084) |
| Payment related to leases contracts * | | (53 934) | |
| Dividends paid to equity holder of the parent | | (13 074) | (77 000) |
| **Net cash flows from/(used in) financing activities** | | **(97 274)** | **(76 407)** |
| Net increase / (decrease) in cash and cash equivalents | | 114 266 | 17 432 |
| Net cash at the beginning of the year | | 106 432 | 88 999 |
| **Net cash at March 31** | **16** | **220 699** | **106 432** |
| *of which classified in held for sale* | | - | - |
| *of which classified in continued operations* | | *220 699* | *106 432* |

**In accordance with IFRS 16, which the Group adopted as from April 1, 2019 (see Note 2.1.1), payments under leases along with any related interest are shown in financing cash flows.*

***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 4 rue Lou-Hemmer, L-1748 Senningerberg. 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 26, 2020, the board of the Company approved the consolidated financial statements as of and for the year ended March 31, 2020, 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, 2019 and ended March 31, 2020. 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, 2019.

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, 2019

Since April 1, 2019, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- Amendments to 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);
- Amendments to Improvements to IFRSs 2015-2017 Cycle (applicable according to the IASB in accounting periods beginning on or after January 1, 2019);
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable according to the IASB in accounting periods beginning on or after January 1, 2019); and
- IFRS 16 Leases (applicable according to the IASB in accounting periods beginning on or after January 1, 2019)

The adoption of these policies had no significant impact on the Group's consolidated financial statements except for IFRS 16 as presented below.

- **IFRIC 23 Uncertainty over Income Tax Treatments**

On June 7, 2017, the IASB published its interpretation IFRIC 23, "Uncertainty over Tax Treatments." The interpretation, adopted by the European Union on October 23, 2018, is applicable as from January 1, 2019. IFRIC 23 clarifies the application of IAS 12, "Income Tax," with respect to recognition and valuation where uncertainty exists as to income tax treatment.

The interpretation provides several clarifications, including with respect to:

- the unit of account, meaning the level of tax risk at which the principles for recognition and valuation of the asset or liability should be applied: either grouped together (by tax entity, jurisdiction, or group), or at the level of each risk taken individually;

- the detection risk, which must be taken fully into account in the recognition and valuation of tax risk. It should be assumed that the tax authorities will conduct an audit and that they will have access to all information needed to identify the error or incorrect interpretation of the tax standard. The principle of recognition relies on an estimate of the probability (in the sense of "more likely than not") that the uncertain tax position will be acceptable. Thus, if it is more likely than not (probability of over 50%) that the tax authorities will not accept the company's position with respect to tax treatment, the uncertain tax position must be reflected in the financial statements as income tax payable and/or deferred tax; and

- the valuation principle concerning the provision, which relies on the estimate of the amount that the company expects to pay to or recover from the tax authorities. Two valuation methods may be used on a case by case basis: the most probable amount, or the expected value.

An analysis was performed by the Group and did not reveal any significant impact on the Group's consolidated financial statements in relation to the application of this standard.

- **IFRS 16 Leases**

IFRS 16 eliminates the requirement to classify leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. The Group adopted IFRS 16 as of April 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The details of the changes in accounting policies are disclosed below, as well as in Note 7.4 (*Finance Income and Costs*), Note 10 (*Leases*), Note 13.1 (*Other current and non-current financial assets*) and Note 13.3 (*Other financial liabilities*).

Leases primarily relate to property assets (around 1,000 leases), including both stores and administrative buildings and to a lesser extent, vehicles.

**Accounting policies applied in these consolidated financial statements**

- **Under IAS 17 (comparative period)**

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. Assets held under finance leases were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized on the Group's balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

- **Under new accounting policy – IFRS 16 (from April 1, 2019)**

*Definition of a lease under IFRS 16*

Under IFRS 16, the assessment of whether or not a contract contains a lease, is based on whether or not the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - o the Group has the right to operate the asset; or
    - o the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices and the aggregate stand-alone price of the non-lease components. However, for leases of land and buildings in respect of which it is a lessee, the Group has elected not to separate non-lease components and accounts for lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease.

The lease payments included in the valuation of the lease liability include:

- fixed payments, including in -substance fixed payments;

- variable lease payments that depend on an index or a rate, which are initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

IFRS 16 requires separate presentation of the interest expense on the lease liabilities and the depreciation charge for the right-of-use asset in the lessee's statement of profit or loss and other comprehensive income. The interest expense on the lease liability is a component of finance costs.

- **Lease terms**

The Group has estimated the term of each of its lease agreements (i.e. the period during which it is reasonably certain to remain in the premises), taking into account the facts and circumstances that are specific to each lease agreement.

This estimated lease term corresponds to:

- the non-cancellable period subsequent to the valuation date; plus

- the period covered by a lessee's renewal option if such renewal is reasonably certain.

A minor portion of the Group's lease agreements have fixed terms. For those contracts, the estimated lease term corresponds to the end date of the current lease period.

For all the other leases (with either exit options or renewal options at the election of the lessee), a detailed analysis was carried out to determine the estimated lease term. This analysis was based on the lease agreements, existing plans to renew, current negotiations or other agreements.

The main criteria when assessing the reasonably certain term of a lease are (i) the specialized nature of the assets, (ii) the location of the assets and (iii) the maturity of the investments made.

For stores, in most cases, the estimated term of the lease has been defined as the maximum period during which the contract is executory (for example the end of the last triennial period in case of commercial "3/6/9" leases in accordance with guidance issued by the "*Autorité des Normes Comptables*" in February 2018).

However, in some cases, a shorter period has been retained, particularly for stores that are not profitable (excluding newly opened stores still in ramp-up period) or when a closure is already planned.

At lease end, in the case of a tacit renewal of the lease, the Group also conducted an analysis to identify when the lease could be considered as contractually renewed.

These assumptions are subject to change in accordance with the latest IFRIC positions *(See*

*Note 2.2-Significant accounting judgments, estimates and assumptions)*.

- **Discount rate**

The Group determines the discount rate applicable to each lease agreement based on the incremental borrowing rate in each location and based on maturity. Therefore the calculation of the discount rate requires estimates, especially regarding the credit spread added to the risk free rate.

The discount rates used correspond to bank rates that the Group would obtain in order to finance identical fixed assets.

- **Short-term leases and leases of low value assets**

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a term shorter than 12 months and for leases of assets valued at less than K$ 5, which mainly include IT equipment, mobile devices and car leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Impact of Change in accounting principle**

- **Leases previously classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019.

Right-of-use assets are measured at an amount equal to the lease liability (subject to certain adjustments detailed below). The Group applied this approach to all leases.

The Group used some practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. The Group:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and for leases of assets valued at less than K$ 5;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

- **Leases previously classified as finance leases under IAS 17**

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at April 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

- **Leasehold rights previously classified as intangible assets**

Leasehold rights represent specific and additional legal rights in relation to the right-of-use of the property, which materialize, if necessary, at the end of the lease. In particular, such rights include the right to renew the lease under favorable conditions (e.g. capped rents) and the right to obtain an indemnity in the event the lessor refuses to renew the lease at the end of the contract.

The duration and mode of consuming the economic benefits of leasehold rights are different from those of the rest of the right-of-use assets (which are consumed during the term of the contract).

Under IFRS 16, leasehold rights are considered initial direct costs, i.e. incremental costs incurred to obtain a lease which would not have been incurred if the contract had not been concluded (IFRS 16.A). The Group chose to recognize leasehold rights as a component of right-of-use assets and therefore they are no longer recognized as a separate intangible asset (IFRS 16.24).

Under the approach adopted by the Group, the residual value of the leasehold right corresponds to the amount initially paid. Leasehold rights are tested annually and an impairment is recognized if necessary.

- **Income tax**

Deferred tax is recognized based on the net amount of temporary taxable and deductible differences. Upon initial recognition of the right-of-use asset and lease liability, no deferred tax is recognized if the amount of the asset equals the amount of the liability.

Net temporary differences that may result from subsequent changes in the right-of-use asset and lease liability give rise to the recognition of deferred tax.

- **Impact on the Group's consolidated financial statements**

The Group has chosen to apply IFRS 16 using the simplified retrospective approach as from April 1, 2019. The Group's consolidated financial statements as of and for the year ended March 31, 2019 were not restated.

As at April 1, 2019, the amount of lease liabilities represents the present value of lease payments due over the reasonably certain term of the lease.

Applying IFRS 16 also impacts the following items in the consolidated financial statements:

- leasehold rights are now included as part of the initial measurement of the right-of-use assets. Reclassifications were made in the opening balance sheet in this respect for M€ 47.1 ;

- prepaid lease payments and lease incentives to be recognized over the lease term, which were initially shown in other assets and other liabilities, are now included in right-of-use assets;  and
- right-of-use assets have been derecognized and financial receivables recognized in respect of sub-letting arrangements granted over the residual period of the leases concerned. Recognition of these receivables had a positive impact of K€ 171 on financial assets.

The table below summarizes the impact of applying IFRS 16 on the opening balance sheet in the Group’s consolidated financial statements as of and for the twelve-month period ended March 31, 2020 :

| *(In thousand of €)* | As at March 31, 2019 | IFRS 16 first application impacts | As at April 1, 2019 |
|---|---|---|---|
| **Assets** | | | |
| Goodwill | 815 170 | | 815 170 |
| Property, plant and equipment | 217 059 | | 217 059 |
| Right-of-use Assets | | 312 985 | 312 985 |
| Other intangible assets | 841 908 | (47 143) | 794 765 |
| Investment in an associate | 11 346 | | 11 346 |
| Other non-current financial assets | 10 293 | 132 | 10 426 |
| **Total non-current assets** | **1 895 776** | **265 975** | **2 161 751** |
| | | | |
| Inventory | 86 626 | | 86 626 |
| Trade and other receivables | 50 122 | (2 993) | 47 129 |
| Income tax receivable | 9 598 | | 9 598 |
| Current financial assets | 379 | 39 | 418 |
| Cash and cash equivalents | 106 434 | | 106 434 |
| **Total current assets** | **253 159** | **(2 954)** | **250 205** |
| Assets held for sale | - | - | - |
| **Total assets** | **2 148 935** | **263 021** | **2 411 956** |
| | | | |
| **Equity and liabilities** | | | |
| Issued capital | 2 642 | | 2 642 |
| Share premium | 97 | | 97 |
| Other comprehensive income | (66) | | (66) |
| Retained earnings | 72 955 | | 72 955 |
| Net income of the period | 63 918 | | 63 918 |
| **Equity attributable to equity holders of the parent** | **139 545** | **-** | **139 545** |
| Non-controlling interests | - | - | - |
| **Total equity** | **139 545** | **-** | **139 545** |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | 1 550 828 | | 1 550 828 |
| Other non-current financial liabilities | 87 | 211 014 | 211 101 |
| Provisions | 7 028 | | 7 028 |
| Employee benefit liability | 8 326 | | 8 326 |
| Deferred tax liability | 214 859 | | 214 859 |
| **Total non-current liabilities** | **1 781 127** | **211 014** | **1 992 142** |
| **Current liabilities** | | | |
| Trade and other payables | 221 896 | (53) | 221 843 |
| Income tax payable | 1 975 | | 1 975 |
| Interest-bearing loans and borrowings | 4 392 | | 4 392 |
| Other current financial liabilities | - | 52 059 | 52 059 |
| **Total current liabilities** | **228 263** | **52 006** | **280 269** |
| **Total liabilities** | **2 009 390** | **263 021** | **2 272 410** |
| Liabilities held for sale | - | - | - |
| **Total equity and liabilities** | **2 148 935** | **263 021** | **2 411 956** |

As at April 1, 2019, right-of-use assets relate to the following asset categories:

| *(In thousand of €)* | Right of Use Asset | | |
|---|---|---|---|
| | Intangible assets | Tangible assets | Total |
| Leasehold rights | 47 143 | - | 47 143 |
| Land & Buildings | | 263 302 | 263 302 |
| Vehicles | | 2 540 | 2 540 |
| **Total** | **47 143** | **265 842** | **312 985** |

- **<u>Reconciliation of off-balance sheet commitments as at March 31, 2019 with IFRS 16 lease liabilities as at April 1, 2019</u>**

| *(In thousand of €)* | |
|---|---|
| **Operating leases commitments at March 31, 2019** | **127 170** |
| Effects related to other leases: vehicles | 2 540 |
| Other effects | 37 |
| Differences in duration determined under IFRS 16 related to termination and extension options which are reasonably certain | 150 850 |
| **Non discounted leases commitments under IFRS 16 at April 1st, 2019** | **280 597** |
| Discount impact | (14 755) |
| **Discounted leases commitments under IFRS 16 at April 1st, 2019** | **265 842** |
| **Leases commitments at April 1st, 2019** | **265 842** |
| *including leases commitments - less than 1 year* | *54 961* |
| *including leases commitments - more than 1 year* | *210 881* |

### 2.1.2 New accounting standards and interpretations with effect in future periods

No new or amended standards or interpretations were adopted for use in the European Union and available for early adoption.

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

- IFRS 17 – *Insurance Contracts* (applicable according to the IASB in annual periods beginning on or after January 1, 2021) ;
- 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);
- Amendments to IFRS 9, IAS 39 and IFRS 7 : Interest Rate Benchmark Reform (applicable according to the IASB in accounting periods beginning on or after January 1, 2020);
- Amendment to IFRS 3: Definition of a Business (applicable according to the IASB in accounting periods beginning on or after January 1, 2020); and

- 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 these standards on the Group's results and financial situation is currently being evaluated and is not expected to be material.

### 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 result of the associate is shown on the face of the income statement on the line "Share of result 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, 2019 and March 31, 2020, 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 22 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 22.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, 2020, 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. 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, 2020, the trademark recognized corresponds to the Picard brand.

*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.

### l. 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.

### m. 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.

### n. 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.

### o. 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.

### p. 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 14. 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 pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. 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 23. 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:

*In thousands of €*

| | Sensitivity to +20bps change | | Sensitivity to -20bps change | |
|---|---|---|---|---|
| **Year ended 31 March 2020** | **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. 2.2 % of the Group's interest bearing loans and borrowings mature less than one year after March 31, 2020, 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 2020** | **Less than one year** | **1 to 5 years** | **over 5 years** | **Total** |
|---|---|---|---|---|
| Fixed rate borrowings | (17 334) | (377 679) | - | (395 013) |
| Obligations under finance lease | (103) | (116) | (139) | (358) |
| Floating rate borrowings | (38 021) | (1 351 354) | - | (1 389 375) |
| Other financial liabilities | (52 969) | (147 473) | (55 910) | (256 352) |
| Trade and other payables | (255 511) | - | - | (255 511) |
| Income tax payable | (1 721) | - | - | (1 721) |
| | **(365 660)** | **(1 876 622)** | **(56 049)** | **(2 298 331)** |

## 5. Significant events of the financial year ended March 31, 2020

The financial statements for the year ended March 31, 2020 are impacted by the following significant events:

- The COVID 19 health crisis resulted in the implementation of health emergency measures in France from mid-March 2020. In this context, our Picard stores remained open and operated throughout the crisis period, being designated as essential stores. The COVID 19 crisis therefore had a positive impact on the turnover and operational results of Picard Surgelés, especially during the lockdown period which extended from March 17 to May 11, 2020 in France. A similar impact has been observed in other countries, particularly in Belgium. Finally, Picard Surgelés communicated at the end of March its decision to pay an exceptional bonus to employees.

- On January 23, 2020, ARYZTA AG advised that it had completed the disposal of a 43% shareholding in Picard to Invest Group Zouari ('IGZ').

  ARYZTA retains a 4.5% shareholding in Picard and Lion Capital remains the majority shareholder of the Group.

- A tax audit of Picard Surgelés and Lion Polaris II is currently being conducted by the French tax authorities with respect to the interest rate applicable in respect of certain intercompany loans for the years 2016, 2017 and 2018. In order to avoid the statute of limitations for the year 2016, the tax administration sent an assessment notice concerning Lion Polaris II before December 31, 2019. The Group believes it has strong arguments to support its positions and has sent an answer to the assessment notice. As the tax audit is still in progress, no provision has been recorded.

## 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 sale of our Swedish operations, Sweden, franchised and corner operations and partnerships in Italy, Netherlands, Switzerland, Scandinavia, 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, 2020 | | |
|---|---|---|---|
| *In thousand of €* | **France** | **Other** | **Total** |
| Sales | 1 474 079 | 33 357 | 1 507 436 |
| Operating profit | 165 502 | (172) | 165 330 |

| | 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 |

- France:
  The operating profit increased by M€ 5.2, from M€ 160.3 for the year ended March 31, 2019 to M€ 165.5 for the year ended March 31, 2020, mainly due to the volume impact on sales generated by COVID 19 over the last quarter.

- Other:

  The operating profit of the "Other" segment increased by M€ 4.4, from a loss of M€ 4.6 for the year ended March 31, 2019 to a loss of M€ 0.2 for year ended March 31, 2020. This increase of the operating profit is mainly due to the disposal of Picard Sweden on August 15, 2018 for the year end March 31,2019. Operating profit of the Other segment included additional charges of M€ 3.0 following the disposal of Picard Sweeden.

## 7. Other operating income/expenses

### 7.1. Other operating income

| *In thousand of €* | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Capitalized expenses | 1 136 | 1 082 |
| Other operating income | 4 060 | 7 764 |
| **Total other operating income** | **5 196** | **8 847** |

For the year ended March 31, 2020, other operating income includes income of M€ 1.0 corresponding to an indemnity received in connection with a store eviction.

For the year ended March 31, 2019, other operating income includes income of M€ 3.9 corresponding to a tax rebate obtained by the Group following a tax reassessment paid in 2014 and concerning an adjustment on a tax on fish ("*Contribution pour une pêche durable*") decided by the French tax administration and M€ 0.7 in compensation received from the sale of energy certificates.

### 7.2. Other operating expenses

| *In thousand of €* | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Royalties | (499) | (508) |
| Losses on bad debt | (1 076) | (1 069) |
| Other operating expenses | (2 176) | (3 874) |
| **Total other operating expenses** | **(3 750)** | **(5 451)** |

Other operating expenses decreased from K€ 5,451 for the year ended March 31, 2019 to K€ 3,750 for the year ended March 31, 2020. This decrease is mainly due to an expense of M€ 3.0 corresponding to the derecognition of minority interests following the sale of Picard Sweden for the year ended March 31, 2019 and comprising a M€ 0.9 impairment charge and a M€ 2.1 impact of the derecognition of minority interests.

For the twelve-month period ended March 31, 2020, the Group recorded a M€ 1.1 loss on bad debt following the commencement of bankruptcy proceedings in respect of our franchisee in Switzerland, which was operating six stores until January 2020 when such stores were closed.

### 7.3. Personnel expenses

| *In thousand of €* | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Wages and salaries | (128 387) | (119 616) |
| Social security costs | (37 364) | (35 055) |
| Pension costs | (479) | (417) |
| Employee profit sharing | (18 252) | (15 748) |
| Other employee benefits expenses | (6 841) | (6 303) |
| **Total personnel expenses** | **(191 323)** | **(177 138)** |

The French competitiveness and employment tax credit ("*Crédit d'Impôt Compétitivité Emploi" or "CICE"*) in effect in France since January 1, 2013 was repealed on December 31, 2018 and converted into a direct reduction of social security charges. This tax credit was recognized within social security charges during the year ended March 31, 2019.

As at March 31, 2020, the group recorded a premium of M€ 4.5 linked to the COVID 19 crisis.

### 7.4. Finance income and costs

| *In thousand of €* | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Interest expenses | (56 914) | (56 192) |
| Net interests related to leases commitment | (4 021) | |
| Interest costs of employee benefits | (115) | (112) |
| Foreign exchange losses | (1) | (283) |
| Other financial expenses | (394) | (964) |
| **Finance costs** | **(61 446)** | **(57 551)** |
| Income on loans and receivables | 4 | 2 |
| Income on short term investment | 47 | 49 |
| Other financial income | 93 | 85 |
| **Finance income** | **144** | **136** |

The K€ 4.021 net interest related to leases commitment represents the financial interest calculated on lease liabilities recognized in accordance with IFRS 16.

## 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, 2020 | March 31, 2019 |
|---|---|---|
| Share of the associate's statement of financial position: | | |
| Non-current assets | 6 715 | 10 616 |
| Current assets | 9 627 | 11 045 |
| Current liabilities | 7 360 | 7 600 |
| Non-current liabilities | 2 629 | 2 708 |
| **Equity** | **6 354** | **11 353** |
| Share of the associate's revenue and result: | | |
| Revenue | 28 341 | 28 246 |
| Result | (5 013) | 304 |
| **Carrying amount of the investment** | **6 333** | **11 346** |

Variations during the period were the following:

| *In thousand of €* | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Carrying value at opening** | **11 346** | **11 042** |
| Share of result in an associate | (5 013) | 304 |
| **Carrying value as of March 31** | **6 333** | **11 346** |

Primex Norway, a subsidiary of Primex International S.A., developed a fish plant in Norway in 2018 and has since faced significant start-up costs in connection with the operation of this facility. Primex International S.A. therefore partially recorded an impairment of its investment in Primex Norway to reflect these operational losses.

## 9. Income tax expense

| *In thousand of €* | For the twelve months period ended March 31, 2020 | For the twelve months period ended March 31, 2019 |
|---|---|---|
| Current tax | (42 558) | (45 621) |
| Deferred tax | (4 248) | 10 851 |
| **Total income tax expense** | **(46 807)** | **(34 770)** |
| Income tax recognized in other comprehensive income | 59 | 64 |
| **Total income tax** | **(46 748)** | **(34 706)** |

Income tax expense increased from an expense of K€ 34,706 for the financial year ended March 31, 2019 to an expense of K€ 46,748 for the financial year ended March 31, 2020.

The income tax expense for the financial year ended March 31, 2019 includes a deferred tax 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 M€ 35 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 M€ 45,0.

As at March 31, 2020, deferred tax assets relating to this non-deductible interest amounted to K€ 4 364.

A reconciliation between tax expense and accounting profit (based on France's domestic tax rate for the year ended March 31, 2020, 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, 2020** | **For the twelve months period ended March 31, 2019** |
|---|---|---|
| Income before tax | 99 015 | 98 647 |
| At French statutory income tax rate of 34.43% | (34 091) | (33 964) |
| Effect of non deductible expenses/taxable income: | (1 706) | (6 272) |
| *- Share of result in associate* | *(1 726)* | *105* |
| *- Non deductible interests* | *1 225* | *(6 515)* |
| *- Other non taxable income* | *314* | *2 168* |
| *- Other non deductible expenses* | *(1 519)* | *(2 029)* |
| Deferred tax assets on temporarily non-deductible financial interests in France | (5 891) | 10 255 |
| Unrecognised tax losses | (163) | (321) |
| Effect of CVAE expense | (4 568) | (4 589) |
| Amortization of deferred tax related to CVAE | 196 | 196 |
| Change in tax rate | (585) | (76) |
| **Total income tax expense** | **(46 807)** | **(34 770)** |

*Deferred tax*

Deferred tax relates to the following:

| *In thousand of €* | **March 31, 2020** | **March 31, 2019** | **Variation** | ***Of which, through P&L*** | ***Of which through OCI*** |
|---|---|---|---|---|---|
| Intangible assets - Picard brand | (201 474) | (201 474) | - | *-* | - |
| Other intangible assets | (2 263) | (2 299) | 36 | *36* | - |
| Right-of-use Assets | 525 | | 525 | *525* | |
| Property and Equipement | (25 298) | (25 901) | 602 | *602* | - |
| Inventories | (239) | (316) | 77 | *77* | - |
| Financial instruments | (2 075) | (2 665) | 590 | *590* | |
| Long term Employee benefits | 2 365 | 2 155 | 210 | *151* | *59* |
| Profit sharing | 4 343 | 4 850 | (507) | *(507)* | - |
| Tax rate changes | | | - | | |
| Other temporary differences | 5 068 | 10 791 | (5 724) | *(5 724)* | - |
| **Deferred Tax asset/(liability)** | **(219 048)** | **(214 859)** | **(4 189)** | **(4 248)** | **59** |
| Reflected in the statement of financial position as follows : | | | | | |
| Deferred tax assets | - | - | | | |
| Deferred tax liabilities | (219 048) | (214 859) | | | |
| **Deferred Tax asset/(liability)** | **(219 048)** | **(214 859)** | | | |

## 10. Leases

### 10.1. Breakdown of right of use recognized under IFRS 16

| *In thousand of €* | Leasehold rights | Land & Buildings | Vehicles | **Right of Use Asset** |
|---|---|---|---|---|
| **Cost:** | | | | |
| **As at 1st April 2019** | **48 126** | **263 302** | **2 540** | **313 968** |
| Additions | 448 | 50 813 | 1 483 | **52 744** |
| Disposals | (140) | (4 583) | (296) | **(5 019)** |
| **As at 31 March 2020** | **48 434** | **309 532** | **3 728** | **361 694** |
| **Depreciation and impairment:** | | | | |
| **As at 1st April 2019** | (983) | | | **(983)** |
| Additions | | (54 886) | (1 587) | **(56 473)** |
| Disposals | 255 | 136 | 186 | **578** |
| **As at 31 March 2020** | **(728)** | **(54 750)** | **(1 401)** | **(56 879)** |
| **Net book value:** | | | | |
| **As at 1st April 2019** | **47 143** | **263 302** | **2 540** | **312 985** |
| **As at 31 March 2020** | **47 706** | **254 782** | **2 327** | **304 815** |

***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.

A M€ 0,3 reversal of impairment has been recorded during the financial year ended March 31, 2020.

### 10.2. Breakdown of other purchase and external expenses

| *(In thousand of €)* | **For the twelve months period ended March 31, 2020** | **For the twelve months period ended March 31, 2019** |
|---|---|---|
| Rent expenses | (1 659) | (58 560) |
| Other purchase and external expenses (excluding Rent expenses) | (192 036) | (182 887) |
| **Total Other purchase and external expenses** | **(193 695)** | **(241 446)** |

As of March 31, 2020, rent expenses of K€ 1 659 represent leases (following the adoption of IFRS 16) that have a term shorter than 12 months and leases valued at less than K$ 5 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*). As of March 31, 2019, rent expenses were presented without IFRS 16 restatement.

### 10.3. Breakdown of depreciation and amortization

| *(In thousand of €)* | **For the twelve months period ended March 31, 2020** | **For the twelve months period ended March 31, 2019** |
|---|---|---|
| Depreciation & amortization of tangible Right of Use | (56 473) | |
| Depreciation & amortization of other fixed assets | (37 107) | (37 587) |
| **Total Depreciation & amortization** | **(93 580)** | **(37 587)** |

The M€ 56.5 of depreciation and amortization of right-of-use assets for the financial year ended March 31, 2020 relate to the depreciation of the right-of-use assets recognized in accordance with IFRS 16 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*).

## 11. Other intangible assets

| *In thousand of €* | Software | Brand | Leasehold rights | Other intangible assets | **Total intangible assets** |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| **As at 31 March 2018** | **47 952** | **780 000** | **48 505** | **2 439** | **878 896** |
| Additions | 4 242 | - | 226 | 3 547 | **8 015** |
| Disposals | (3) | - | (605) | (1 636) | **(2 244)** |
| **As at 31 March 2019** | **52 191** | **780 000** | **48 126** | **4 350** | **884 667** |
| Transfer | | | (48 126) | | **(48 126)** |
| Additions | 4 075 | | | 4 190 | **8 265** |
| Disposals | (21) | | | (972) | **(993)** |
| **As at 31 March 2020** | **56 245** | **780 000** | **-** | **7 568** | **843 813** |
| **Depreciation and impairment:** | | | | | |
| **As at 31 March 2018** | **(35 693)** | **-** | **(929)** | **-** | **(36 622)** |
| Addition | (6 083) | - | (386) | | **(6 469)** |
| Disposals | - | - | 332 | | **332** |
| **As at 31 March 2019** | **(41 776)** | **-** | **(983)** | **-** | **(42 759)** |
| Transfer | | | 983 | | **983** |
| Addition | (6 562) | | | | **(6 562)** |
| Disposals | 2 | | | | **2** |
| **As at 31 March 2020** | **(48 336)** | **-** | **-** | **-** | **(48 336)** |
| **Net book value:** | | | | | |
| **As at 31 March 2018** | **12 259** | **780 000** | **47 576** | **2 439** | **842 274** |
| **As at 31 March 2019** | **10 415** | **780 000** | **47 143** | **4 350** | **841 908** |
| **As at 31 March 2020** | **7 909** | **780 000** | **-** | **7 568** | **795 477** |

## 12. 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 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** |
| Additions | | | 21 370 | 18 044 | **39 414** |
| Disposals | | | (9 300) | (5 861) | **(15 161)** |
| **As at 31 March 2020** | **32 622** | **75 231** | **218 197** | **258 114** | **584 164** |
| **Depreciation and impairment:** | | | | | |
| **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)** |
| Additions | | (955) | (15 836) | (13 635) | **(30 426)** |
| Disposals | | | 8 859 | 4 121 | **12 980** |
| **As at 31 March 2020** | **-** | **(52 759)** | **(139 220)** | **(168 319)** | **(360 298)** |
| **Net book value:** | | | | | |
| **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** |
| **As at 31 March 2020** | **32 622** | **22 472** | **78 977** | **89 795** | **223 866** |

## 13. Financial assets and financial liabilities

### 13.1. Other financial assets

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Deposits and guarantees | 10 304 | 9 934 |
| Related party loans* | 320 | 296 |
| Other | 201 | 442 |
| **Other financial assets** | **10 825** | **10 672** |
| *Of which non-current* | 10 784 | *10 293* |
| *Of which current* | 41 | *379* |

** see Note 23 "Related party disclosures"*

### 13.2. Interest-bearing loans and borrowings

| *In thousand of €* | Coupon interest rate | Maturity | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|---|
| **Current** | | | | |
| Obligations under finance leases | | | 49 | 135 |
| Current portion of interest bearing loans and borrowings | | | 34 198 | 4 254 |
| Bank overdrafts | | On demand | 8 | 2 |
| **Total current interest bearing loans and borrowings** | | | **34 255** | **4 392** |
| | | | | |
| **Non current** | | | | |
| Obligations under finance leases | | | - | 353 |
| Senior secured notes (1250M€) | Euribor 3M + margin 3% | 2023 | 1 243 819 | 1 242 261 |
| Senior notes 2024 (310M€) | 5,50% | 2024 | 308 492 | 308 214 |
| **Total non-current interest bearing loans and borrowings** | | | **1 552 311** | **1 550 828** |
| **Total interest bearing loans and borrowings** | | | **1 586 566** | **1 555 220** |

On December 14, 2017, Picard Groupe SAS issued M€1,190 aggregate principal amount of floating rate senior secured notes due 2023 and Picard Bondco SA issued 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”.

In March 2020, the Group drew its M€ 30 revolver credit facility for a 6-month period, in the context of development of the Covid-19 pandemic in France. This debt is presented within “Current portion of interest bearing loans and borrowings.

### 13.3. Other financial liabilities

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Current** | | |
| Lease Debt | 52 969 | |
| **Total Other current financial liabilities** | **52 969** | **-** |
| | | |
| **Non current** | | |
| Lease Debt | 203 299 | |
| Others | 84 | 87 |
| **Total Other non-current financial liabilities** | **203 383** | **87** |
| **Total Other financial liabilities** | **256 352** | **87** |

In accordance with IFRS 16, the Group has recognized, as of April 1, 2019, the lease liabilities relating to the accounting of the right of use asset of M€ 263 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*). This debt amounts to M€ 256 as of March 31, 2020.

### 13.4. Hedging activities and derivatives

***Cash Flow Hedges***

As at March 31, 2020, the Group no longer has an interest rate swap.

### 13.5. 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, 2020** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2019** |
| **Financial assets** | | | | |
| Trade and other receivables | 50 160 | 50 160 | 50 122 | 50 122 |
| Income tax receivable | 2 568 | 2 568 | 9 598 | 9 598 |
| Other financial assets | 10 825 | 10 825 | 10 672 | 10 672 |
| Cash and cash equivalents | 220 707 | 220 707 | 106 434 | 106 434 |
| **Total** | **284 260** | **284 260** | **176 826** | **176 826** |
| **Financial liabilities** | | | | |
| Fixed rate borrowings | (308 492) | (275 513) | (308 214) | (289 955) |
| Obligations under finance leases | (49) | (49) | (488) | (488) |
| Floating rate borrowings | (1 243 819) | (1 165 372) | (1 242 261) | (1 219 225) |
| Lease commitments | (256 352) | (256 352) | | |
| Trade and other payables | (255 511) | (255 511) | (221 896) | (221 896) |
| Income tax payable | (1 721) | (1 721) | (1 975) | (1 975) |
| Bank overdraft | (8) | (8) | (2) | (2) |
| **Total** | **(2 065 953)** | **(1 954 526)** | **(1 774 836)** | **(1 733 541)** |

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, provision allowances are taken into account for the expected losses relating to these receivables. As at March 31, 2020, the carrying amounts of such receivables, net of provision allowances, approximated their fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.
- From time to time, 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 (Although, the Group currently have not interest rate swap agreement outstanding). The fair value of long-term debt is determined using price quotations at the reporting date (level 1).

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

As of March 31, 2020, goodwill and the brand recognized through business combinations have been fully allocated to the group of CGU composed of directly operated stores in France. As of March 31, 2020, net booked value of goodwill and other intangible with indefinite useful lives is the following :

| *In thousand of €* | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| Goodwill gross value | 815 170 | 815 170 |
| Brand gross value | 780 000 | 780 000 |
| Leasehold rights gross value | | 48 126 |
| Impairment of leasehold rights | | (983) |
| **Total** | **1 595 170** | **1 642 313** |

As of April 1, 2019, lease rights are reclassified in right of use in accordance with IFRS 16 (*see Note 2.1.1- New accounting standards and interpretations in effect starting from April 1, 2019*).

***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.

## 15. Inventory

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Packaging | 879 | 881 |
| Non packaged finished goods | 9 676 | 11 701 |
| Packaged finished goods | 76 946 | 75 294 |
| Depreciation | (1 453) | (1 250) |
| **Inventory** | **86 049** | **86 626** |

## 16. Trade and other receivables

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivables | 9 964 | 10 563 |
| Prepaid expenses | 22 188 | 22 179 |
| VAT receivables and other sales taxes | 11 225 | 10 144 |
| Other receivables | 6 783 | 7 235 |
| **Trade and other receivables** | **50 160** | **50 122** |

## 17. Cash and cash equivalents

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Cash at banks and on hand | 217 848 | 103 575 |
| Securities | 2 859 | 2 859 |
| **Cash and cash equivalents** | **220 707** | **106 434** |

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

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Cash and cash equivalents | 220 707 | 106 434 |
| Bank overdrafts | (8) | (2) |
| **Net cash position** | **220 699** | **106 432** |

## 18. Issued capital

| *In thousand of €* | Number of shares | Share Capital | Share Premium |
|---|---|---|---|
| **As at 31 March 2018** | **2 641 726** | **2 642** | **150** |
| **As at 31 March 2019** | **2 641 726** | **2 642** | **97** |
| **As at 31 March 2020** | **2 641 726** | **2 642** | **97** |

The share capital amounts to EUR 2 641 726 and is divided into 2 641 726 fully paid-up ordinary shares with a nominal value of EUR 1 per share.

*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.

## 19. Dividends paid

During the period ended March 31, 2020, the Group paid a dividend of M€ 13,1 to its shareholders.

## 20. 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, 2020 | March 31, 2019 |
|---|---|---|
| **Net income attributed to Company shareholders (in thousands of euros) ..........** | **52 208** | **63 918** |
| 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)..................................................** | **19,76** | **24,20** |
| **Net income attributed to Company shareholders (in thousands of euros) ..........** | **52 208** | **63 918** |
| 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)............................................** | **19,76** | **24,20** |

## 21. Provisions and contingent liabilities

| *In thousand of €* | Risks related to the operations | Disputes and litigations | Total |
|---|---|---|---|
| **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** |
| Allowances | 70 | 2 508 | 2 578 |
| Reversal | (44) | (447) | (491) |
| **Provision as at March 31, 2020** | **130** | **8 986** | **9 115** |

## 22. 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Current service cost | 649 | 593 |
| Interest cost | 116 | 112 |
| Benefit paid | (170) | (176) |
| **Net benefit expense** | **595** | **529** |
| recognized in operating income | 479 | 417 |
| recognized in financial income | 116 | 112 |

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

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Benefit obligation | 9 146 | 8 326 |
| Fair value of plan assets | | - |
| **Funded status** | **9 146** | **8 326** |
| Unrecognized prior service cost | | - |
| **Benefit liability** | **9 146** | **8 326** |

The Group's liability for defined benefit plans is K€ 9,146 as of March 31, 2020.

Changes in employee benefit obligations are as follows:

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Benefit obligation at April 1 | 8 326 | 7 550 |
| Current service cost | 649 | 593 |
| Interest cost | 116 | 112 |
| Actuarial (gains) and losses | 226 | 247 |
| Benefits paid | (170) | (176) |
| **Benefit obligation at March 31** | **9 146** | **8 326** |
| *of which classified in continued operations* | *9 146* | *8 326* |
| *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, 2020 | As at March 31,2019 |
|---|---|---|
| Balance at April 1 | (1 424) | (1 671) |
| Net actuarial (losses)/gains during the period | 226 | 247 |
| **Balance at March 31** | **(1 198)** | **(1 424)** |

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

| *In thousand of €* | As at March 31, 2020 | As at March 31,2019 | As at March 31,2018 |
|---|---|---|---|
| Benefit obligation at April 1 | 8 326 | 7 550 | 7 301 |
| Experience adjustments generated on the benefit obligation | | | |
| In amount | (89) | (106) | 86 |
| In percentage of the benefit obligation | -1% | -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, 2020 | As at March 31, 2019 |
|---|---|---|
| Discount rate | 1,10% | 1,30% |
| Average expected rate of salary increase | 1,50% | 1,50% |
| 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€ 469. An increase of 0.25% of the discount rate would decrease the defined benefit obligation by approximately K€ 332.

## 23. Trade and other payables

| *In thousand of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade payables | 182 289 | 159 289 |
| Payables to suppliers of fixed assets | 9 210 | 7 419 |
| Social liabilities | 59 841 | 51 415 |
| Tax payables | 3 733 | 3 364 |
| Other payables | 439 | 409 |
| **Trade and other payables** | **255 511** | **221 896** |

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.

## 24. 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, 2019** | 0 | 43 264 | 0 | 2 034 |
| **Associate:** **Primex International SA** | **As at March 31, 2020** | 0 | 45 588 | 0 | 1 223 |

The following loans have been entered with related parties:

| *In thousands of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Lion Polaris Lux Topco | 296 | 274 |
| Interests accrued | 24 | 22 |
| **Total** | **320** | **296** |

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

| *In thousands of €* | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total compensation paid to key management personnel | 1 758 | 1 868 |

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).

**Compensation of the Chairman of the Board of Directors**
Directors' fee for the Chairman of the Board of Lion Polaris II were paid for K€ 50 for the year ended March 31, 2020.

## 25. Commitments and contingencies

### 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.

## 26. Events after the reporting period

No significant event occurred after March 31, 2020.

## 27. Employees

| *Number of employees* | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| France | 5 729 | 5 271 |
| Belgium | 51 | 54 |
| Luxembourg | 4 | 4 |
| **Total employees** | **5 784** | **5 329** |

The staffing table above represents the number of employees present as at March 31, 2020.

## 28. Consolidated entities

| | | **As of March 31, 2020** | | | **As of March 31, 2019** | | |
|---|---|---|---|---|---|---|---|
| **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 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 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% |

## 29. 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, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Certification of accounts | Other services | Certification of accounts | Other services |
| PricewaterhouseCoopers | **729** | **180** | 596 | 412 |
| RSM | **37** | **7** | 16 | - |
| KPMG | **41** | **10** | 25 | 20 |
| **Total fees** | **807** | **197** | **637** | **432** |