Picard Bondco

Unaudited Interim Condensed Consolidated Financial Statements as at and for the three and nine months ended December 31, 2023

February 29, 2024

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Introduction

Highlights

The financial results of Picard Bondco and its consolidated subsidiaries (the "Group", "Picard", "Picard Group", "we", "our" or "us") for the quarter ended December 31, 2023 ("Q3 2024") include the following highlights:

- Q3 2024 sales of goods increased by 4.5% to €603.7 million, from €577.6 million in Q3 2023, mainly due to a 2.3% increase in our French like-for-like sales;

- Our gross margin increased to 42.6% in Q3 2024 from 42.4% in Q3 2023; and

- Q3 2024 EBITDA decreased by 3.0% to €112.4 million, from €115.9 million in Q3 2023, fully explained by the increase in our energy costs.

CEO Cécile Guillou commented: "In a context of continuing inflation (adding to the pressure on our customers' purchasing power) with a food market characterized by an increase in selling prices and a corresponding decline in volume of sales, our Q3 2024 sales of goods increased by 4.5% compared to Q3 2023. During the quarter, on a like-for-like basis, we experienced a 2.3% growth resulting from a higher average basket size (3.5%), partly offset by a decrease in the total number of tickets (-1.1%). High traffic during the festive period, as well as the success of both our festive season innovations and everyday products confirmed Picard's capacity to fulfill the full range of our customers' expectations. Home delivery sales increased by 2.0% during Q3 2024, compared with Q3 2023. Our digital sales as a percentage of total sales increased to 5.2% in Q3 2024 from 5.0% in Q3 2023, confirming one of the pillars of our strategy: taking advantage of evolving habits of consumers, who order increasingly online.

During the third quarter, we opened five directly operated stores in mainland France as part of our expansion strategy, which, together with other stores opened in the last twelve months, increased our French sales by €7.0 million compared with Q3 2023. We also opened six franchised stores in mainland France and one in Corsica, in line with our objective to rely on key partners in order to accompany our development in specific territories.

Our Q3 2024 gross profit increased by €12.3 million, or 5.0%, from €244.7 million in Q3 2023 to €257.0 million in Q3 2024. Our gross margin increased to 42.6% in Q3 2024 from 42.4% in Q3 2023, mainly due to a favorable comparison with the same period last year, during which we contained the increase in our selling prices so as not to impact the purchasing power of our customers at Christmas time. This effect was partly offset by the greater level of rewards earned by customers under our loyalty program, given the increased number of customers joining the program and the longer earning period (from January 2023 to December 2023 in FY24 compared to the period from May 2022 to December 2022 in FY23). Picard's unique loyalty program increasingly attracts customers and continues to be very impactful among our most valuable customer base.

Our EBITDA decreased by 3.0% from €115.9 million in Q3 2023 to €112.4 million in Q3 2024. This €3.5 million decrease was fully explained by the rise in our energy costs, which increased by €9.1 million during Q3 2024, partly offset by our higher sales and well controlled operating costs. Electricity prices borne by the Group in calendar year 2023 were secured in calendar year 2022 in the context of the international energy crisis. Most of this increase in electricity costs is non-recurring, as the Group has now hedged its calendar year 2024 electricity at prices that are significantly lower than those of calendar year 2023, even if still more expensive than those of calendar year 2022. EBITDA margin stood at 18.6%, lower than the 20.1% reported last year.

In light of the continuing uncertainties regarding the economic situation in France and international events, management remains cautious with respect to future results. Inflationary pressures could persist over the coming quarters. One of the Group's areas of focus is monitoring its gross margin and costs structure in this context.

Our strategy for the coming quarters remains focused on growth with the optimization of our like-for-like sales performance - with a particular focus on our offering, keeping both a strong pace in innovation and covering the full range of products customers need on a daily basis, retaining Picard's exclusive quality specifications at all times -, a continuing expansion of our footprint in France and abroad, and capturing market share in growing channels, notably omnichannel shopping solutions."

About Picard

Picard is the leading retailer of frozen food products in France, and the pioneer in the sector. We offer our customers approximately 1,280 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various prices. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food. As of December 31, 2023, we had 1,141 stores in France (including four franchised stores in Corsica, 12 franchised stores in La Réunion, five franchised stores in the French West Indies, three franchised stores in New Caledonia and 56 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, six franchised stores in Scandinavia and 12 franchised stores in Japan. We also sell Picard-branded products in Italy through a commercial agreement with an Italian retailer, in the United Kingdom through partnerships with Ocado and Tesco, in the Netherlands through a partnership with Albert Heijn and in Singapore through a partnership with RedMart, as well as in Hong Kong and the MENA region through partnerships with Al Futtaim Group in Marks & Spencer stores, in Taiwan through a partnership with RT Mart and in South Korea through a partnership with Kurly. 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. 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 worldwide group active in the food industry and leader in the manufacturing and distribution of bakery-related products to industrial companies, acquired a 49.5% interest in the Picard Group’s indirect parent company, Lux HoldCo, from Lion Capital.

On October 4, 2019, Aryzta announced that it had received a binding offer from Invest Group Zouari (“IGZ”) to sell a 42% stake in the Picard Group. The transaction was completed in January 2020. In January 2021, Aryzta sold its remaining stake in Picard to Lion Capital and IGZ, leaving Lion Capital and IGZ with respective stakes of 51.8% and 45.4%.

On July 7, 2021, Picard Groupe S.A.S. issued €750 million aggregate principal amount of 3.875% sustainability-linked fixed rate senior secured notes due 2026 (the “Fixed Rate Senior Secured Notes”), Lion/Polaris Lux 4 S.A. issued €650 million aggregate principal amount of sustainability-linked floating rate senior secured notes due 2026 (the “Floating Rate Senior Secured Notes” and, together with the Fixed Rate Senior Secured Notes, the “Senior Secured Notes”) and Picard Bondco issued €310 million aggregate principal amount of 5.375% sustainability-linked senior notes due 2027 (the “Senior Notes” and, together with the Senior Secured Notes, the “Notes”). The gross proceeds from the sale of the Notes were used, together with cash on hand, to (i) redeem Picard Groupe S.A.S.’s outstanding senior secured notes issued in 2017, including accrued and unpaid interest, (ii) redeem Picard Bondco’s outstanding senior notes issued in 2017, including accrued and unpaid interest and the applicable redemption premium, (iii) distribute funds to the shareholders of the Picard Group and (iv) pay fees and expenses related to the transactions. On July 1, 2021, Picard Groupe S.A.S. and other entities of the Picard Group also entered into a €60 million revolving credit facility (the “Super Senior Revolving Credit Facility”), which replaced the revolving credit facility entered into in 2017. See note 9.2 of the “Notes to the interim condensed consolidated financial statements” to the Picard Bondco December 31, 2023 financial statements.

Reporting

This report is the report as of and for the quarter ended December 31, 2023 required pursuant to Section 4.03 of each of the indenture governing the Fixed Rate Senior Secured Notes, as amended and supplemented from time to time (the “Fixed Rate Senior Secured Notes Indenture”), the indenture governing the Floating Rate Senior Secured Notes, as amended and supplemented from time to time (the “Floating Rate Senior Secured Notes Indenture” and, together with the Fixed Rate Senior Secured Notes Indenture, the “Senior Secured Notes Indentures”) 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 Indentures, the “Indentures”), as well as clause 23.1 and clause 1.1.(b) of Schedule 19 of the agreement governing the Revolving Credit Facility (the "Revolving Credit Facility Agreement").

Presentation of Financial Information

Financial Statements Presented

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

We have prepared the unaudited condensed consolidated financial statements for Picard Bondco for the period from April 1, 2023 to December 31, 2023, which are presented in this report in accordance with IFRS, including (i) the consolidated balance sheet as of December 31, 2023, (ii) the consolidated income statement and the consolidated statement of comprehensive income for the three- and nine-month periods ended December 31, 2023 and (iii) the consolidated statement of cash flows for the nine-month period ended December 31, 2023.

The accounting policies of Picard Bondco as set out in the Picard Bondco annual consolidated financial statements as of and for the year ended March 31, 2023 under IFRS have been consistently applied, except for the adoption of new standards and interpretations effective as of April 1, 2023. See note 2.2 of the "Notes to the Consolidated Financial Statements" to the Picard Bondco annual consolidated financial statements for a discussion of Picard Bondco's significant accounting policies and note 2.1.1 of the "Notes to the interim condensed consolidated financial statements" to the Picard Bondco December 31, 2023 financial statements for a discussion of the new accounting standards and interpretations in effect starting from April 1, 2023.

Other Financial Measures

The following measures are the primary non-IFRS financial measures that are presented in this report.

EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under the Indentures and the Revolving Credit Facility Agreement.

EBITDA, as presented in this report, is not a measurement of financial performance under IFRS-EU and should not be considered as an alternative to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS-EU.

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

For Further Information

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

The historical information discussed below for Picard Bondco is as of and for the three-month and nine-month periods ended December 31, 2022 and December 31, 2023 and is not necessarily representative of Picard Bondco's results of operations for any future period or our financial condition at any future date. We have prepared the unaudited interim condensed consolidated financial statements for Picard Bondco for the period from April 1, 2023 to December 31, 2023, included herein, in accordance with IFRS; such financial information has not been audited or reviewed by any auditor.

The following discussion includes "forward-looking statements" 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, 2023. 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

	Three months* ended		Nine months* ended	
in million of €	Dec. 30, 2022	Dec. 30, 2023	Dec. 30, 2022	Dec. 30, 2023
Sales	**577.6**	**603.7**	**1 290.3**	**1 356.0**
Cost of goods sold	(332.9)	(346.7)	(723.9)	(764.9)
Gross profit	**244.7**	**257.0**	**566.3**	**591.1**
Other operating income	1.6	3.0	3.5	6.1
Other purchase and external expenses	(68.7)	(80.5)	(166.9)	(201.4)
Taxes	(5.0)	(5.2)	(11.7)	(12.5)
Personnel expenses	(56.1)	(61.2)	(158.3)	(168.0)
Other operating expenses	(0.7)	(0.7)	(2.2)	(2.5)
EBITDA	**115.9**	**112.4**	**230.8**	**212.9**
Depreciation and amortization	(26.2)	(27.7)	(78.1)	(82.4)
Operating profit	**89.7**	**84.8**	**152.7**	**130.5**
Finance costs	(23.0)	(31.5)	(66.0)	(85.7)
Finance income	1.5	4.0	1.6	10.4
Share of profit in an associate	0.2	1.0	0.4	1.0
Income before tax	**68.4**	**58.3**	**88.7**	**56.3**
Income tax expense	(23.9)	(23.0)	(31.0)	(22.2)
Net income	**44.4**	**35.3**	**57.6**	**34.0**
Equity holders of the parent	44.4	35.3	57.6	34.0
Non-controlling interests	0.0	0.0	0.0	0.0

(*) Unaudited.

The following discussion and analysis summarizes EBITDA for the three-month and nine-month periods ended December 31, 2022 and December 31, 2023. EBITDA is a non-IFRS measure that represents operating profit before depreciation and amortization. This measure is derived from income statement account items calculated in accordance with IFRS-EU and is used by management as an indicator of operating performance. EBITDA differs from the definitions of "Consolidated EBITDA" under our Indentures and our Revolving Credit Facility Agreement. See "*Presentation of Financial Information*".

Results of Operations

Expansion of store network

As of December 31, 2023, we had 1,141 stores in France (including four franchised stores in Corsica, 12 franchised stores in La Réunion, five franchised stores in the French West Indies, three franchised stores in New Caledonia and 56 franchised stores in mainland France), 15 stores in Belgium, one store in Luxembourg, six franchised stores in Scandinavia and 12 franchised stores in Japan.

Sales of goods

Nine months ended December 31, 2022 and December 31, 2023

Our sales of goods increased by €65.7 million, or 5.1%, from €1,290.3 million for the nine months ended December 31, 2022 to €1,356.0 million for the nine months ended December 31, 2023.

In France, sales of goods increased by €63.1 million, or 5.0%, from €1,261.9 million for the nine months ended December 31, 2022 to €1,325.0 million for the nine months ended December 31, 2023. French like-for-like sales increased by 3.1% in the nine months ended December 31, 2023, as compared to the nine months ended

December 31, 2022, as a result of a 5.1% increase in the average basket size combined with a 1.9% decrease in the total number of tickets.

Home delivery sales increased by 2.4%, or €1.0 million, from €41.3 million for the nine months ended December 31, 2022 to €42.3 million for the nine months ended December 31, 2023. Other digital offerings (Click & Collect and Express Delivery offers) grew by €4.6 million from €15.5 million for the nine months ended December 31, 2022 to €20.1 million for the nine months ended December 31, 2023. This increase is mainly due to the full-period effect of the implementation of these offerings in a larger number of stores. As a proportion of our Group sales of goods, our digital sales increased from 4.4% for the nine months ended December 31, 2022 to 4.6% for the nine months ended December 31, 2023.

Sales in Belgium and Luxembourg increased by €1.8 million, or 12.3%, from €14.6 million for the nine months ended December 31, 2022 to €16.4 million for the nine months ended December 31, 2023.

Sales in other locations with our partners and franchisees increased by €0.8 million, or 5.8%, from €13.8 million for the nine months ended December 31, 2022 to €14.6 million for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Our sales of goods increased by €26.1 million, or 4.5%, from €577.6 million for the three months ended December 31, 2022 to €603.7 million for the three months ended December 31, 2023.

In France, sales of goods increased by €24.6 million, or 4.3%, from €565.7 million for the three months ended December 31, 2022 to €590.3 million for the three months ended December 31, 2023. French like-for-like sales increased by 2.3% in the three months ended December 31, 2023, as compared to the three months ended December 31, 2022, as a result of a higher average basket size (3.5%) while we experienced a 1.1% decline in the number of tickets.

Home delivery sales increased by 2.0%, or €0.4 million, from €19.8 million for the three months ended December 31, 2022, to €20.2 million for the three months ended December 31, 2023. Other digital offerings (Click & Collect and Express Delivery offers) grew by €2.0 million from €9.1 million for the three months ended December 31, 2022 to €11.1 million for the three months ended December 31, 2023. This increase is mainly due to the full-period effect of the implementation of these offerings in a larger number of stores. As a proportion of our Group sales of goods, our digital sales increased from 5.0% for the three months ended December 31, 2022 to 5.2% for the three months ended December 31, 2023.

Sales in Belgium and Luxembourg increased by €0.8 million, from €6.8 million for the three months ended December 31, 2022 to €7.6 million for the three months ended December 31, 2023.

Sales in other locations with our partners and franchisees increased from €5.0 million for the three months ended December 31, 2022 to €5.7 million for the three months ended December 31, 2023.

Cost of goods sold

Nine months ended December 31, 2022 and December 31, 2023

Our cost of goods sold increased by €41.0 million, or 5.7%, from €723.9 million for the nine months ended December 31, 2022 to €764.9 million for the nine months ended December 31, 2023, mainly due to higher sales and the increase in raw material prices in the context of rising inflation. Cost of goods sold as a percentage of sales increased from 56.1% for the nine months ended December 31, 2022 to 56.4% for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Our cost of goods sold increased by €13.8 million, or 4.1%, from €332.9 million for the three months ended December 31, 2022 to €346.7 million for the three months ended December 31, 2023, mainly due to higher sales and the increase in raw material prices in the context of rising inflation. Cost of goods sold as a percentage of sales decreased from 57.6% for the three months ended December 31, 2022 to 57.4% for the three months ended December 31, 2023.

Gross profit

Nine months ended December 31, 2022 and December 31, 2023

Our gross profit increased by €24.8 million, or 4.4%, from €566.3 million for the nine months ended December 31, 2022 to €591.1 million for the nine months ended December 31, 2023, mainly due to higher sales, partly offset by a decrease in our gross margin rate. Gross profit as a percentage of sales of goods decreased to 43.6% for the nine months ended December 31, 2023 from 43.9% for the nine months ended December 31, 2022. This decrease in our gross margin rate was mainly due to the greater level of rewards earned by customers under our loyalty program, given the increased number of customers joining the program and the longer earning period (from January 2023 to December 2023 in FY24 compared to the period from May 2022 to December 2022 in FY23), and the unfavorable comparison with last year's margin rate, which had benefited from a favorable mix effect and the start of the inflationary wave.

Three months ended December 31, 2022 and December 31, 2023

Our gross profit increased by €12.3 million, or 5.0%, from €244.7 million for the three months ended December 31, 2022 to €257.0 million for the three months ended December 31, 2023, mainly due to higher sales. Gross profit as a percentage of sales of goods increased to 42.6% for the three months ended December 31, 2023 from 42.4% for the three months ended December 31, 2022. This increase in our gross margin rate was mainly due to a favorable comparison with the same period last year, during which we contained the increase in our selling prices so as not to impact the purchasing power of our customers at Christmas time. This effect was partly offset by the greater level of rewards earned by customers under our loyalty program by our customers, given the increased number of customers joining the program and the longer earning period (from January 2023 to December 2023 in FY24 compared to the period from May 2022 to December 2022 in FY23).

Other operating income

Nine months ended December 31, 2022 and December 31, 2023

Other operating income increased by €2.6 million, from €3.5 million for the nine months ended December 31, 2022 to €6.1 million for the nine months ended December 31, 2023, mainly explained by financial compensation linked to eviction indemnities for two stores where we had to relocate and higher royalties received from our franchisees due to their increasing number.

Three months ended December 31, 2022 and December 31, 2023

Other operating income increased by €1.4 million, from €1.6 million for the three months ended December 31, 2022 to €3.0 million for the three months ended December 31, 2023, mainly explained by financial compensation linked to eviction indemnities for two stores where we had to relocate and higher royalties received from our franchisees due to their increasing number.

Other purchases and external expenses

Nine months ended December 31, 2022 and December 31, 2023

Our other purchases and external expenses increased by €34.5 million, or 20.7%, from €166.9 million for the nine months ended December 31, 2022 to €201.4 million for the nine months ended December 31, 2023. This increase was primarily due to higher energy costs, which increased by €29.5 million compared to the nine months ended December 31, 2022. This rise in electricity costs is explained by the fact that calendar year 2023 prices were secured in calendar year 2022, a year hit by the international energy crisis. Most of this increase in cost is non-recurring as the Group has now hedged its electricity for calendar 2024 at a price significantly lower than calendar year 2023, even if still higher than calendar year 2022. Logistics costs were well contained in a context of lower volumes. Advertising costs have shown a decrease mainly explained by a phasing effect throughout the year.

Three months ended December 31, 2022 and December 31, 2023

Our other purchases and external expenses increased by €11.8 million, or 17.2%, from €68.7 million for the three months ended December 31, 2022 to €80.5 million for the three months ended December 31, 2023. This increase was primarily due to higher energy costs, which increased by €9.1 million compared to the three months ended December 31, 2022. This rise in electricity costs is explained by the fact that calendar year 2023 prices were secured in calendar year 2022, a year hit by the international energy crisis. Most of this increase in cost is non-recurring as the Group has now hedged its electricity for calendar 2024 at a price significantly lower than calendar year 2023, even if still higher than calendar year 2022. Logistics costs were well contained in a context of lower volumes. Advertising costs have shown a decrease mainly explained by a phasing effect throughout the year.

Taxes other than on income

Nine months ended December 31, 2022 and December 31, 2023

Taxes other than on income increased by €0.8 million, from €11.7 million for the nine months ended December 31, 2022 to €12.5 million for the nine months ended December 31, 2023 due to higher sales on which certain taxes are based (notably, "*contribution sociale de solidarité des sociétés*"). Taxes other than on income as a percentage of sales of goods remained stable at 0.9% for the nine months ended December 31, 2022 and for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Taxes other than on income increased by €0.2 million, from €5.0 million for the three months ended December 31, 2022 to €5.2 million for the three months ended December 31, 2023 due to higher sales on which certain taxes are based (notably, "*contribution sociale de solidarité des sociétés*") and lower tax credits as a consequence of lower product donations to associations. Taxes other than on income as a percentage of sales of goods remained stable at 0.9% for the three months ended December 31, 2022 and for the three months ended December 31, 2023.

Personnel expenses

Nine months ended December 31, 2022 and December 31, 2023

Personnel expenses increased by €9.7 million, or 6.1%, from €158.3 million for the nine months ended December 31, 2022 to €168.0 million for the nine months ended December 31, 2023. As a proportion of sales of goods, personnel expenses slightly increased from 12.3% for the nine months ended December 31, 2022 to 12.4% for the nine months ended December 31, 2023.

Wages and salaries increased by €5.6 million, or 5.2%, from €107.8 million for the nine months ended December 31, 2022 to €113.4 million for the nine months ended December 31, 2023, as a result of (i) the annual salary increases in France and Belgium, in effect since April 2023, and (ii) the expansion of our store network. As a proportion of sales of goods, wages and salaries remained stable at 8.4% for the nine months ended December 31, 2022 and for the nine months ended December 31, 2023.

Employee profit sharing in France increased by €1.1 million, from €15.5 million for the nine months ended December 31, 2022 to €16.6 million for the nine months ended December 31, 2023, as a result of the increase in both legal and contractual profit sharing ("*participation aux bénéfices"* and *"intéressement*"), computed based on net income and increase sales in our stores in France, respectively.

Other personnel expenses, including social security costs, increased by €3.1 million, from €34.9 million for the nine months ended December 31, 2022 to €38.0 million for the nine months ended December 31, 2023, mainly driven by a €2.0 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs remained stable at 2.2% for the nine months ended December 31, 2022 and for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Personnel expenses increased by €5.1 million, or 9.1%, from €56.1 million for the three months ended December 31, 2022 to €61.2 million for the three months ended December 31, 2023. As a proportion of sales of goods, personnel expenses increased from 9.7% for the three months ended December 31, 2022 to 10.1% for the three months ended December 31, 2023.

Wages and salaries increased by €2.2 million, or 5.8%, from €37.7 million for the three months ended December 31, 2022 to €39.9 million for the three months ended December 31, 2023, as a result of (i) the annual salary increases in France and Belgium, in effect since April 2023, and (ii) the expansion of our store network. As a proportion of sales of goods, wages and salaries slightly increased from 6.5% for the three months ended December 31, 2022 to 6.6% for the three months ended December 31, 2023.

Employee profit sharing in France increased by €1.3 million, from €8.2 million for the three months ended December 31, 2022 to €9.5 million for the three months ended December 31, 2023, as a result of the increase in both legal and contractual profit sharing ("*participation aux bénéfices*" and "*intéressement*"), computed based on net income and increase in sales in our stores in France, respectively.

Other personnel expenses, including social security costs, increased by €1.6 million, from €10.2 million for the three months ended December 31, 2022 to €11.8 million for the three months ended December 31, 2023, mainly driven by a €1.0 million increase in social security costs, following the increase in salaries. As a proportion of sales of goods, social security costs slightly increased from 1.3% for the three months ended December 31, 2022 to 1.4% for the three months ended December 31, 2023.

Other operating expenses

Nine months ended December 31, 2022 and December 31, 2023

Our other operating expenses increased by €0.3 million, from €2.2 million for the nine months ended December 31, 2022 to €2.5 million for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Our other operating expenses remained stable at €0.7 million for the three months ended December 31, 2022 and for the three months ended December 31, 2023.

EBITDA

Nine months ended December 31, 2022 and December 31, 2023

EBITDA decreased by €17.9 million, or 7.8%, from €230.8 million for the nine months ended December 31, 2022 to €212.9 million for the nine months ended December 31, 2023, fully explained by the €29.5 million increase in electricity costs. Excluding that increase, which is partly non-recurring, EBITDA has remained solid with increasing sales and well-controlled operating expenses in a context of inflation. As a proportion of sales of goods, EBITDA decreased from 17.9% for the nine months ended December 31, 2022 to 15.7% for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

EBITDA decreased by €3.5 million, or 3.0%, from €115.9 million for the three months ended December 31, 2022 to €112.4 million for the three months ended December 31, 2023, fully explained by the €9.1 million increase in electricity costs. Excluding that increase, which is partly non-recurring, EBITDA has remained solid with increasing sales and well-controlled operating expenses in a context of inflation. As a proportion of sales of goods, EBITDA decreased from 20.1% for the three months ended December 31, 2022 to 18.6% for the three months ended December 31, 2023.

Depreciation and amortization

Nine months ended December 31, 2022 and December 31, 2023

Depreciation and amortization increased by €4.3 million, from €78.1 million for the nine months ended December 31, 2022 to €82.4 million for the nine months ended December 31, 2023 due to the expansion of our store network and the acceleration of our investments during the last year. As a proportion of sales of goods, depreciation and amortization remained stable at 6.1% for the nine months ended December 31, 2022 and for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Depreciation and amortization increased by €1.5 million, from €26.2 million for the three months ended December 31, 2022 to €27.7 million for the three months ended December 31, 2023 due to the expansion of our store network and the acceleration of our investments during the last year. As a proportion of sales of goods, depreciation and amortization increased from 4.5% for the three months ended December 31, 2022 to 4.6% for the three months ended December 31, 2023.

Operating profit

Nine months ended December 31, 2022 and December 31, 2023

Operating profit decreased by €22.2 million, or 14.5%, from €152.7 million for the nine months ended December 31, 2022 to €130.5 million for the nine months ended December 31, 2023, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 11.8% for the nine months ended December 31, 2022 to 9.6% for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Operating profit decreased by €4.9 million, or 5.5%, from €89.6 million for the three months ended December 31, 2022 to €84.8 million for the three months ended December 31, 2023, as a result of the factors discussed above. As a proportion of sales of goods, operating profit decreased from 15.5% for the three months ended December 31, 2022 to 14.0% for the three months ended December 31, 2023.

Finance costs

Nine months ended December 31, 2022 and December 31, 2023

Finance costs increased by €19.7 million from €66.0 million for the nine months ended December 31, 2022 to €85.7 million for the nine months ended December 31, 2023. This increase in finance costs followed the increase in EURIBOR, impacting our Floating Rate SSNs. In December 2022, we entered into a Cap Spread, a swap used to hedge our exposure to changes in future interest payment cash flows linked to the Floating Rate SSNs. Through April 2025, the Cap Spread covers an aggregate principal amount of the Floating Rate SSNs of €300 million, up to a EURIBOR of 4%. The change in fair value of this Cap Spread represented a financial expense on derivative instruments of net €2.8 million during the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Finance costs increased by €8.5 million from €23.0 million for the three months ended December 31, 2022 to €31.5 million for the three months ended December 31, 2023. This increase in finance costs followed the increase in EURIBOR, impacting our Floating Rate SSNs. In December 2022, we entered into a Cap Spread, a swap used to hedge our exposure to changes in future interest payment cash flows linked to the Floating Rate SSNs. Through April 2025, the Cap Spread covers an aggregate principal amount of the Floating Rate SSNs of €300 million, up to a EURIBOR of 4%. The change in fair value of this Cap Spread represented a financial expense on derivative instruments of €3.4 million during the three months ended December 31, 2023.

Finance income

Nine months ended December 31, 2022 and December 31, 2023

Finance income increased by €8.8 million from €1.6 million for the nine months ended December 31, 2022 to €10.4 million for the nine months ended December 31, 2023. This increase in finance income was mainly due to (i) interest on financial securities and cash on hand and (ii) the swap described above generating €3.4 million in finance income on derivative instrument, due to the interest it triggered during the nine-month period.

Three months ended December 31, 2022 and December 31, 2023

Finance income increased by €2.5 million from €1.5 million for the three months ended December 31, 2022 to €4.0 million for the three months ended December 31, 2023. This increase in finance income was mainly due to (i) interest on financial securities and cash on hand and (ii) the swap described above generating €1.4 million in finance income on derivative instrument, due to the interest it triggered during the three-month period.

Share of profit in an associate

Nine months ended December 31, 2022 and December 31, 2023

Share of profit in an associate increased by €0.6 million from €0.4 million for the nine months ended December 31, 2022 to €1.0 million for the nine months ended December 31, 2023. We have a 37.2% interest in Primex Norway, a subsidiary of Primex International, which developed a fish plant in Norway in 2018 and has since faced significant start-up costs to operate this facility.

Three months ended December 31, 2022 and December 31, 2023

Share of profit in an associate increased by €0.8 million from a profit of €0.2 million for the three months ended December 31, 2022 to a profit of €1.0 million for the three months ended December 31, 2023.

Income before tax

Nine months ended December 31, 2022 and December 31, 2023

Income before tax decreased by €32.4 million, from €88.7 million for the nine months ended December 31, 2022 to €56.3 million for the nine months ended December 31, 2023. As a proportion of sales of goods, income before tax decreased from 6.9% for the nine months ended December 31, 2022 to 4.2% for the nine months ended December 31, 2023.

Three months ended December 31, 2022 and December 31, 2023

Income before tax decreased by €10.1 million, from €68.4 million for the three months ended December 31, 2022 to €58.3 million for the three months ended December 31, 2023. As a proportion of sales of goods, income before tax decreased from 11.8% for the three months ended December 31, 2022 to 9.7% for the three months ended December 31, 2023.

Income tax expense / (benefit)

Nine months ended December 31, 2022 and December 31, 2023

Income tax expense decreased by €8.8 million, from €31.0 million for the nine months ended December 31, 2022 to €22.2 million for the nine months ended December 31, 2023. Income tax expense represented 35.0% of income before tax for the nine months ended December 31, 2022 and 39.5% for the nine months ended December 31, 2023. This increase is due to the increase in finance costs, some of which are not tax deductible.

Three months ended December 31, 2022 and December 31, 2023

Income tax expense decreased by €0.9 million, from €23.9 million for the three months ended December 31, 2022 to €23.0 million for the three months ended December 31, 2023. Income tax expense represented 35% of income before tax for the three months ended December 31, 2022 and income tax benefit represented 39.5% of loss before tax for the three months ended December 31, 2023.

Net income / (loss)

Nine months ended December 31, 2022 and December 31, 2023

Net income decreased by €23.6 million, from €57.6 million for the nine months ended December 31, 2022 to €34.0 million for the nine months ended December 31, 2023, as a result of the factors described above.

Three months ended December 31, 2022 and December 31, 2023

Net income decreased by €9.1 million, from €44.4 million for the three months ended December 31, 2022 to €35.3 million for the three months ended December 31, 2023, as a result of the factors described above.

Certain Material Differences in the Financial Condition and Results of Operations Between Picard Bondco and Lion/Polaris Lux 4 S.A.

The consolidated financial information of Picard Bondco does not reflect intercompany loans between Picard Bondco and its subsidiaries. As of December 31, 2023, no intercompany loan from Picard Bondco or Lion/Polaris Lux Midco S.à r.l. to Lion/Polaris Lux 4 S.A. or any of its subsidiaries and no intercompany loan from Lion/Polaris Lux 4 S.A. or any of its subsidiaries to Picard Bondco or Lion/Polaris Lux Midco S.à r.l. was outstanding.

In addition, Picard Groupe S.A.S. is the issuer of the Fixed Rate Senior Secured Notes and Lion/Polaris Lux 4 S.A. is the issuer of the Floating Rate Senior Secured Notes. The Fixed Rate Senior Secured Notes and the Floating Rate Senior Secured Notes are guaranteed on a senior basis by Picard Bondco, Lion/Polaris Lux Midco S.à r.l., (in the case of the Fixed Rate Senior Secured Notes) Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and (in the case of the Floating Rate Senior Secured Notes) Picard Groupe S.A.S. Picard Bondco 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.

The results of operations of Picard Bondco and its subsidiaries do not differ materially from those of Lion/Polaris Lux 4 S.A. and its subsidiaries. The difference in EBITDA is primarily due to the holding company expenses of Picard Bondco and Lion/Polaris Lux Midco S.à r.l.

Unaudited Interim Condensed Consolidated Financial Statements of Picard Bondco

Picard Bondco

Unaudited interim condensed consolidated financial statements

December 31, 2023

7, rue Lou Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg
RCS Luxembourg: B 154899
Subscribed capital: EUR 2,641,726

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(In thousands of €)	Notes	For the three-month period ended December 31, 2023	For the three-month period ended December 31, 2022	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Sales of goods	*4*	603 683	577 588	1 356 027	1 290 253
Cost of goods sold		(346 729)	(332 850)	(764 880)	(723 910)
Gross profit		**256 955**	**244 738**	**591 147**	**566 343**
Other operating income	*5.1*	3 022	1 601	6 122	3 547
Other purchase and external expenses		(80 468)	(68 728)	(201 376)	(166 909)
Taxes		(5 234)	(4 956)	(12 460)	(11 701)
Personnel expenses	*5.2*	(61 164)	(56 092)	(168 048)	(158 303)
Depreciation & amortization		(27 667)	(26 209)	(82 388)	(78 086)
Other operating expenses	*5.3*	(671)	(707)	(2 469)	(2 192)
Operating profit		**84 772**	**89 648**	**130 529**	**152 700**
Finance costs	*5.4*	(31 488)	(22 981)	(85 670)	(65 967)
Finance income	*5.4*	3 996	1 522	10 437	1 554
Share of profit in an associate	*6*	1 032	169	985	373
Income before tax		**58 312**	**68 358**	**56 281**	**88 660**
Income tax expense	*7*	(23 033)	(23 925)	(22 231)	(31 031)
Net income		**35 279**	**44 432**	**34 050**	**57 629**
Attributable to:					
Equity holders of the parent		35 279	44 432	34 050	57 629
Non-controlling interests		-	-	-	-
Earnings per share:					
Basic earnings per share (in euros)		13,35	16,82	12,89	21,81
Fully diluted earnings per share (in euros)		13,35	16,82	12,89	21,81

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousand sof €)	Notes	For the three-month period ended December 31, 2023	For the three-month period ended December 31, 2022	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Net income		**35 279**	**44 432**	**34 050**	**57 629**
Net gain / (loss) on cash flow hedges	***9.4***	-	-		
Income tax		-	-	-	-
		-	-	-	-
Items not to be reclassified to profit and loss:					
Actuarial gains of the period		-	-	-	1 989
Income tax		-	-	-	(514)
		-		-	1 475
Foreign currency translation		-	-	-	-
Other comprehensive income for the period, net of tax		-		-	*1 475*
Comprehensive income		**35 279**	**44 432**	**34 050**	**59 104**
Attributable to:					
Equity holders of the parent		35 279	44 432	34 050	59 104
Non-controlling interests		-	-	-	-

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

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(In thousands of €)	Notes	As at December 31, 2023	As at March 31, 2023
Assets			
Goodwill		815 170	815 170
Property, plant and equipment		241 071	238 841
Right-of-use assets	*8.1*	431 763	451 809
Other intangible assets		804 560	802 943
Investment in an associate		5 929	4 944
Other non-current financial assets	*9.1*	17 829	18 125
Total non-current assets		**2 316 321**	**2 331 832**
Inventory		120 463	117 412
Trade and other receivables		60 683	57 807
Income tax receivable		6 227	2 724
Current financial assets	*9.1*	84	80
Cash and cash equivalents	*10*	368 642	281 485
Total current assets		**556 100**	**459 508**
Total assets		**2 872 421**	**2 791 340**
Equity and liabilities			
Issued capital		2 642	2 642
Share premium		97	97
Other comprehensive income		2 178	2 178
Retained earnings		101 924	34 987
Net income of the period		34 050	66 936
Equity attributable to equity holders of the parent		**140 891**	**106 841**
Non-controlling interests		-	-
Total equity		**140 891**	**106 841**
Non-current liabilities			
Interest-bearing loans and borrowings	*9.2*	1 697 631	1 694 500
Other non-current financial liabilities	*9.3*	333 605	353 802
Provisions		11 106	9 297
Employee benefit liability		10 009	9 184
Deferred tax liability		220 191	220 415
Total non-current liabilities		**2 272 542**	**2 287 198**
Current liabilities			
Trade and other payables		394 011	322 971
Income tax payable		-	541
Interest-bearing loans and borrowings	*9.2*	4 367	15 493
Other current financial liabilities	*9.3*	60 611	58 297
Total current liabilities		**458 989**	**397 301**
Total liabilities		**2 731 531**	**2 684 500**
Total equity and liabilities		**2 872 421**	**2 791 340**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

(In thousands of €)	Issued capital	Share premium	Actuarial gain / (losses)	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, 2022	**2 642**	**97**	**578**	**578**	**(29 953)**	**64 939**	**38 303**	**-**	**38 303**
Net income attribution	-	-	-	-	64 939	(64 939)	-	-	-
Net income for the period	-	-	1 475	1 475		57 629	**59 105**	-	**59 105**
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**1 475**	**1 475**	**-**	**57 629**	**59 105**	**-**	**59 105**
Dividend paid	-		-	-		-	-		-
As at December 31, 2022	**2 642**	**97**	**2 053**	**2 053**	**34 987**	**57 629**	**97 409**	**-**	**97 409**
As at March 31, 2023	**2 642**	**97**	**2 178**	**2 178**	**34 987**	**66 936**	**106 841**	**-**	**106 841**
Net income attribution	-	-	-	-	66 936	(66 936)	-	-	-
Net income for the period	-	-		-		34 050	**34 050**	-	**34 050**
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**34 050**	**34 050**	**-**	**34 050**
As at December 31, 2023	2 642	97	2 178	**2 178**	**101 924**	**34 050**	**140 891**	**-**	**140 891**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In thousands of €)	Notes	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Operating activities			
Operating profit		130 529	152 700
Depreciation and impairment of property, plant and equipment		74 658	70 627
Amortisation and impairment of intangible assets		7 730	7 459
Other non-cash operating items		642	(686)
Income tax paid		(25 056)	(27 782)
Operating cash flows before change in working capital requirements		*188 502*	*202 317*
Change in inventories		(3 052)	(4 321)
Change in trade and other receivables and prepayments		(2 876)	(9 455)
Change in trade and other payables		89 366	105 269
Net cash flows from operating activities		**271 941**	**293 811**
Investing activities			
Proceeds from sale of property, plant and equipment		718	97
Purchase of property, plant and equipment		(39 444)	(26 548)
Purchase of intangible assets		(10 437)	(6 585)
Purchase of financial instruments		(2 742)	(456)
Proceeds from sale of financial instruments		217	1 267
Net cash used in investing activities		**(51 687)**	**(32 226)**
Financing activities			
Net interest paid		(79 370)	(74 818)
Interests paid related to lease contracts *		(6 326)	(5 165)
Payment related to leases contracts *		(47 425)	(44 940)
Net cash flows from/(used in) financing activities		**(133 121)**	**(124 923)**
Net increase / (decrease) in cash and cash equivalents		87 133	136 662
Cash and cash equivalents at the beginning of the period	10	281 431	206 538
Cash and cash equivalents at the end of the period	**10**	**368 564**	**343 200**

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Picard Bondco (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 "Company"). The registered office of the Company is at 7 rue Lou-Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg. The Company is an affiliate (fully controlled) of Lion/Polaris Lux Topco S.à r.l.

The Company 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.

The Company and its subsidiaries (together the "Group") operate in the frozen food production and distribution business, mainly in France. The Group's financial year ends on March 31.

The present unaudited interim condensed consolidated financial statements cover the period from April 1, 2023 to December 31, 2023.

2. Basis of preparation and accounting principles

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements as at and for the nine-month period ended December 31, 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated annual financial statements and should be read in conjunction with the Group's audited consolidated annual financial statements as at and for the year ended March 31, 2023.

The unaudited interim condensed consolidated financial statements are presented in thousands of euros, the Group's functional and presentation currency. The figures in the tables have been individually rounded to the nearest thousand euros. Consequently, the totals and sub-totals may not correspond exactly to the sum of the reported amounts.

2.1.1 New accounting standards and interpretations in effect starting from April 1, 2023

Since April 1, 2023, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union:

- IFRS 17 Insurance contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IFRS 17 Insurance contracts (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates and Errors (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable according to the IASB in accounting periods beginning on or after January 1, 2023);
- Amendment to IFRS 17 Initial Application of IFRS 17 and IFRS 9 - Comparative Information (applicable according to the IASB in accounting periods beginning on or after January 1, 2023); and
- Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules (applicable according to the IASB in accounting periods beginning on or after January 1, 2023)

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

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:

- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements (applicable according to the IASB in accounting periods beginning on or after January 1, 2024);
- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback (applicable according to the IASB in accounting periods beginning on or after January 1, 2024);

- Amendments to IAS 1 Non-current Liabilities with Covenants (applicable according to the IASB in accounting periods beginning on or after January 1, 2024);
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current (applicable according to the IASB in accounting periods beginning on or after January 1, 2024); and
- Amendments to IAS 21 Lack of Exchangeability (applicable according to the IASB in accounting periods beginning on or after January 1, 2025)

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 Significant accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting periods are disclosed in the audited consolidated financial statements of the Group as at and for the year ended March 31, 2023.

As at December 31, 2023, the following estimates should be noted:

Valuation of tangible and intangible assets

There was no indication of impairment of tangible and intangible assets as at December 31, 2023. As a result, no impairment test was performed at this date.

Valuation of financial assets

The Group measured its investment in associates on the basis of available estimates and interim financial statements as of December 31, 2023. This measurement is based on the losses and impairments recorded in the financial statements of the associate, which reflect the best estimate of the associate's management.

The estimate of financial assets might be reassessed by the Group, if the existing assumptions are revised prior to the year ending March 31, 2024.

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. As of December 31, 2023, assumptions remain unchanged compared to March 31, 2023.

Loyalty program

Since May 30, 2022, the Group has operated a new loyalty program that enables customers to obtain discounts or award credits on their future purchases. Award credits granted to customers under the loyalty program represent a performance obligation that is separately identifiable from the initial sales transaction. This performance obligation gives rise to the recognition of a contract liability included in Trade and other payables. The corresponding revenue is deferred until the award credits are used by the customer.

Provisions and Contingent Liabilities

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provisions are recognized when:

- The Group has a present obligation (legal or constructive) as a result of a past event.
- A reliable estimate can be made of the amount of the obligation.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Amounts are discounted when the effect of time is significant.

Contingent liabilities are not recognized and consist of:

- Potential liabilities arising from past events, the existence of which will only be confirmed by the occurrence of uncertain future events that are not completely within the Group's control; or
- Obligations arising from past events, but which are not recognized because it is not likely that an outflow of resources embodying economic benefits will be necessary to extinguish the obligation or because the amount of the obligation cannot be reliably assessed.

As at December 31, 2023, the Group was exposed to an unfair competition litigation risk for which it considers a cash outflow to be unlikely. The amount claimed represents a total exposure of M€ 13 as at December 31, 2023. The plaintiff was dismissed in the first instance and is appealing the court's decision. No provision has been booked by Picard.

3. Significant events and seasonality of operations

3.1 Significant events of the period

There has been no significant event during the period.

3.2 Seasonality of operations

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

4. Operating segment information

For management purposes, the Group is organized into business units based on distribution networks. Following the development of the activity of the Group 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 franchised and corner operations and partnerships in Italy, the Netherlands, Scandinavia, Japan, Singapore, the United Kingdom, Hong Kong, South Korea, Taiwan and the MENA region, as well as our holding company operations (other than Group financing and income taxes) in Luxembourg.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

(In thousands of €)	For the three-month period ended December 31, 2023			For the nine-month period ended December 31, 2023		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	**590 326**	**13 357**	603 683	**1 324 975**	**31 052**	1 356 027
Other operating income	**2 960**	**61**	3 022	**5 959**	**163**	6 122
Other operating expenses	**(667)**	**(4)**	(671)	**(1 801)**	**(668)**	(2 469)
Operating profit before amortization	**110 460**	**1 979**	**112 439**	**209 403**	**3 513**	**212 917**
Amortization of the year	(27 234)	(433)	**(27 667)**	(81 103)	(1 284)	**(82 388)**
Operating profit	**83 225**	**1 546**	**84 772**	**128 300**	**2 229**	**130 529**

(In thousands of €)	For the three-month period ended December 31, 2022			For the nine-month period ended December 31, 2022		
	France	**Other**	**Total**	**France**	**Other**	**Total**
Sales	565 697	11 891	577 588	1 261 851	28 402	1 290 253
Other operating income	1 528	73	1 601	3 284	262	3 547
Other operating expenses	(699)	(7)	(707)	(2 139)	(53)	(2 192)
Operating profit before amortization	**114 180**	**1 677**	**115 856**	**226 978**	**3 807**	**230 785**
Amortization of the year	(25 807)	(402)	(26 209)	(76 876)	(1 210)	(78 086)
Operating profit	**88 373**	**1 275**	**89 648**	**150 103**	**2 597**	**152 700**

Total operating profit decreased by M€ 22.2, from M€ 152.7 for the nine-month period ended December 31, 2022 to M€ 130.5 for the nine-month period ended December 31, 2023.

5. Other operating income/expenses

5.1 Other operating income

(In thousands of €)	For the three-month period ended December 31, 2023	For the three-month period ended December 31, 2022	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Home Services shipping fees	568	485	1 144	994
Store rentals	281	191	765	550
Franchises	963	497	1 990	1 124
Other operating income	1 210	428	2 223	879
Total other operating income	**3 022**	**1 601**	**6 122**	**3 547**

5.2 Personnel expenses

(In thousands of €)	For the three-month period ended December 31, 2023	For the three-month period ended December 31, 2022	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Wages and salaries	(39 886)	(37 677)	(113 398)	(107 845)
Social security costs	(8 428)	(7 399)	(29 762)	(27 746)
Pension costs	(182)	(448)	(483)	(745)
Employee profit sharing	(9 500)	(8 216)	(16 624)	(15 549)
Other employee benefits expenses	(3 167)	(2 352)	(7 780)	(6 418)
Total personnel expenses	**(61 164)**	**(56 092)**	**(168 048)**	**(158 303)**

Total personnel expenses increased by M€ 9.8, from M€ 158.3 for the nine-month period ended December 31, 2022 to M€ 168 for the nine-month period ended December 31, 2023.

5.3 Other operating expenses

(In thousands of €)	For the three-month period ended December 31, 2023	For the three-month period ended December 31, 2022	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Royalties	(136)	(134)	(425)	(391)
Losses on bad debt	(224)	(221)	(607)	(736)
Other operating expenses	(311)	(352)	(1 437)	(1 065)
Total other operating expenses	**(671)**	**(707)**	**(2 469)**	**(2 192)**

5.4 Finance income and costs

(In thousands of €)	For the three-month period ended December 31, 2023	For the three-month period ended December 31, 2022	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Interest expenses	(25 439)	(21 081)	(74 665)	(60 358)
Net interest related to lease commitments	(2 486)	(1 756)	(6 985)	(5 193)
Interest costs of employee benefits	(93)	(30)	(342)	(90)
Foreign exchange losses	(1)	(0)	(4)	(1)
Financial expense on derivative instrument - Fair value	(3 367)	-	(3 367)	-
Other financial expense	(102)	(114)	(308)	(325)
Finance costs	**(31 488)**	**(22 981)**	**(85 670)**	**(65 967)**
Income on loans and receivables	19	0	24	1
Income on short-term investment	2 545	39	6 435	46
Financial income on derivative instrument - Fair value	-	1 479	529	1 479
Other financial income on derivative instrument	1 425	-	3 432	-
Other financial income	8	4	18	28
Finance income	**3 996**	**1 522**	**10 437**	**1 554**

The K€ 6,985 net interest related to lease commitments in the nine months ended December 31, 2023 represents the financial interest calculated on lease liabilities recognized in accordance with IFRS 16.

The K€ 3,367 financial expense on derivative instrument and the K€ 529 financial income on derivative instrument in the nine months ended December 31, 2023 represent the change in fair value of the Cap Spread entered into by the Group in December 2022 to hedge the Group's exposure to changes in future interest payment cash flows linked to the M€ 650 of floating rate senior secured notes due 2026 (see note *9.4 Hedging activities and derivatives*). The Cap Spread covers an amount of up to M€ 300.

6. Investment in an associate

The Group has a 37.21% interest in Primex International S.A., which is involved in the 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 thousands of €)	**As at December 31, 2023**	**As at March 31, 2023**
Share of the associate's statement of financial position:		
Non-current assets	6 054	6 140
Current assets	8 860	11 238
Current liabilities	4 817	9 813
Non-current liabilities	1 618	2 279
Equity	**8 478**	**5 286**
Share of the associate's revenue and profit:		
Revenue	17 815	27 140
Profits	985	306
Carrying amount of the investment	**5 929**	**4 943**

(In thousands of €)	**As at December 31, 2023**	**As at March 31, 2023**
Carrying value at opening	**4 943**	**4 637**
Share of profit in an associate	985	306
Carrying value at closing	**5 929**	**4 943**

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. recorded on March 31, 2020 a non-cash impairment of its investment in Primex Norway to reflect these operational losses. The activity of this plant has now improved but remains below expectations. As a result, based on the activity of the plant, the Group recorded two additional depreciations in September 2020 and in December 2023. The valuation of Primex International will continue to be closely monitored by the Group.

7. Income tax expense

The Group calculates income tax expense using an estimated tax rate that would be applicable to the expected total annual earnings (projected pre-tax income at year-end). The estimated average annual tax rate used is 39.5%, including Business Contribution on Value Added ("CVAE"), which is accounted for as an income tax in line with IAS 12. The projected annual tax rate amounted to 35% in previous periods. The increase in the average annual tax rate is mainly explained by the increase in finance costs, some of which are not tax deductible.

8. Leases

8.1 Breakdown of Right of Use recognized under IFRS 16

(In thousands of €)	Leasehold rights	Land & Buildings	Vehicles	**Right of Use Asset**
Cost:				
As at April 1, 2023	**48 318**	**618 565**	**8 310**	**675 194**
Additions		27 913	1 068	28 980
Disposals	(387)	(4 097)	(1 415)	(5 899)
As at December 31, 2023	**47 932**	**642 381**	**7 963**	**698 275**
Depreciation and impairment:				
As at April 1, 2023	**(561)**	**(217 696)**	**(5 127)**	**(223 384)**
Additions		(44 435)	(1 475)	**(45 910)**
Disposals	374	998	1 410	**2 782**
As at December 31, 2023	**(187)**	**(261 133)**	**(5 192)**	**(266 512)**
Net book value:				
As at April 1, 2023	**47 757**	**400 869**	**3 183**	**451 810**
As at December 31, 2023	**47 745**	**381 248**	**2 771**	**431 763**

8.2 Breakdown of Other purchase and external expenses

(In thousands of €)	**For the nine-month period ended December 31, 2023**	**For the nine-month period ended December 31, 2022**
Rent expenses	(4 397)	(3 745)
Other purchase and external expenses (excluding Rent expenses)	(196 980)	(163 164)
Total Other purchase and external expenses	**(201 376)**	**(166 909)**

Rent expenses represent leases (following the adoption of IFRS 16) that have a term shorter than 12 months and leases valued at less than K$ 5.

Other purchase and external expenses (excluding Rent expenses) increased by M€ 33.8 from M€ 163.2 for the nine-month period ended December 31, 2022 to M€ 197 for the nine-month period ended December 31, 2023.

This increase is mainly related to the current increase of electricity costs.

8.3 Breakdown of Depreciation & amortization

(In thousands of €)	For the nine-month period ended December 31, 2023	For the nine-month period ended December 31, 2022
Depreciation & amortization of tangible Right of Use	(45 910)	(43 719)
Depreciation & amortization of other fixed assets	(36 477)	(34 367)
Total Depreciation & amortization	**(82 388)**	**(78 086)**

Depreciation and amortization of right-of-use assets relate to the depreciation of the right-of-use assets recognized in accordance with IFRS 16.

9. Financial assets and financial liabilities

9.1 Other current and non-current financial assets

(In thousands of €)	As at December 31, 2023	As at March 31, 2023
Deposits and guarantees	10 198	9 877
Related party loans	2 277	12
Other financial assets on derivative instruments	4 833	7 671
Other	605	644
Other financial assets	**17 913**	**18 204**
of which non-current	*17 829*	*18 125*
of which current	*84*	*80*

Other financial assets on derivative instrument of K€ 4,833 represents the fair value of the Cap Spread entered into by the Group in December 2022 to hedge the Group's exposure to changes in future interest payment cash flows linked to the M€ 650 of floating rate senior secured notes due 2026 (see note *9.4 Hedging activities and derivatives*). The Cap Spread covers an amount of up to M€ 300.

Other financial assets of K€ 605 represents the amount of financial receivables recognized in respect of sub-letting arrangements granted over the residual period of the leases concerned in accordance with IFRS16 (K€ 84 of which was recorded as current as at December 31, 2023).

9.2 Interest-bearing loans and borrowings

(In thousands of €)	Coupon interest rate	Maturity	As at December 31, 2023	As at March 31, 2023
Current				
Current portion of interest payable on loans and borrowings			4 288	15 439
Bank overdrafts		On demand	79	54
Total current interest bearing loans and borrowings			**4 367**	**15 493**
Non-current				
Senior secured notes 2026 (750M€)	3.875%	2026	744 269	742 780
Senior secured notes 2026 (650M€)	Euribor 3M + margin 4%	2026	645 790	644 610
Senior notes 2027 (310M€)	5.375%	2027	307 573	307 110
Total non-current interest bearing loans and borrowings			**1 697 631**	**1 694 500**
Total interest bearing loans and borrowings			**1 701 998**	**1 709 993**

On July 7, 2021, the Group successfully refinanced its existing debt. Picard Groupe S.A.S. issued M€ 750 aggregate principal amount of sustainability-linked fixed rate senior secured notes due 2026, Lion Polaris Lux 4 S.A. issued M€ 650 aggregate principal amount of sustainability-linked floating rate senior secured notes due 2026 and Picard Bondco issued M€ 310 aggregate principal amount of sustainability-linked senior notes due 2027. The gross proceeds from the sale of the Notes, together with cash on hand, were used to (i) redeem Picard Bondco's outstanding principal amount of senior notes due 2024 issued on December 14, 2017 including accrued and unpaid interest and the applicable redemption premium, (ii) redeem Picard Groupe S.A.S.'s outstanding principal amount of senior secured notes due 2023 issued on December 14, 2017 and May 14, 2018, including accrued and unpaid interest, (iii) fund distributions to the shareholders of the Group, and (iv) pay fees and expenses related to these transactions.

The Notes issued have the following characteristics:

- Picard Groupe S.A.S., a subsidiary of the Company, issued M€ 750 of fixed rate senior secured notes due 2026 in July 2021. These fixed rate senior secured notes are payable after five years on July 1, 2026. Interest is paid twice a year at a fixed interest rate of 3.875% per annum. The senior secured notes are refundable "in fine".
- Lion Polaris Lux 4 S.A., a subsidiary of the Company, issued M€ 650 of floating rate senior secured notes due 2026 in July 2021. These floating rate senior secured notes are payable after five years on July 1, 2026. Interest is paid quarterly based on a variable interest rate fixed in reference to a market rate (three-month EURIBOR, subject to a 0% floor) increased by a margin of 4% per annum. The floating rate senior secured notes are refundable "in fine".

- The Company issued M€310 of fixed rate senior notes due 2027 in July 2021. These senior notes are payable after six years on July 1, 2027, and interest is paid twice a year based on a fixed interest rate of 5.375% per annum. The senior notes are refundable "in fine".

9.3 Other financial liabilities

In thousand of €	**As at December 31, 2023**	**As at March 31, 2023**
Current		
Lease debt	60 611	58 297
Total other current financial liabilities	**60 611**	**58 297**
Non current		
Lease debt	333 523	353 724
Others	82	78
Total other non-current financial liabilities	**333 605**	**353 802**
Total other financial liabilities	**394 216**	**412 098**

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. This debt amounts to M€ 394 as of December 31, 2023.

9.4 Hedging activities and derivatives

Cash Flow Hedges

On December 2, 2022, the Group entered into a Cap Spread, a swap used to hedge the Group's exposure to changes in future interest payment cash flows linked to the M€ 650 of floating rate senior secured notes due 2026 (see note 9.2 *Interest-bearing loans and borrowings*). The changes in fair value of this contract are recorded in the income statement.
The Group does not apply the hedge accounting method.

	Notional (K€)	Premium paid (K€)	Faire value as at December 31, 2023 (K€)	Value date	Maturity date	Underlying index	Strike purchase	Strike sale
CAP Spread	300 000	6 010	4 833	15/12/2022	15/06/2025	EUR3M	2%	4%

During the nine-month period ended December 31, 2023, the interest received on this derivative instrument represented a financial income of M€ 3.4 and the change in the fair value of the instrument represented a financial expense of M€ 2.8.

9.5 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 unaudited interim condensed consolidated financial statements.

(In thousands euros)	Carrying amount December 31, 2023	Fair value December 31, 2023	Carrying amount March 31, 2023	Fair value March 31, 2023
Financial assets				
Trade and other receivables	38 604	38 604	57 807	57 807
Income tax receivable	6 227	6 227	2 724	2 724
Other financial assets	17 913	17 913	18 205	18 205
Cash and cash equivalents	368 642	368 642	281 485	281 485
Total	**431 386**	**431 386**	**360 221**	**360 221**
Financial liabilities				
Fixed rate borrowings	(1 051 841)	(1 017 866)	(1 049 890)	(927 666)
Obligations under finance leases	(47)	(47)	(46)	(46)
Floating rate borrowings	(645 790)	(647 862)	(644 610)	(626 639)
Lease commitments	(394 216)	(394 216)	(412 098)	(412 098)
Trade and other payables	(393 450)	(393 450)	(322 341)	(322 341)
Bank overdraft	(79)	(79)	(54)	(54)
Total	**(2 485 423)**	**(2 453 519)**	**(2 429 038)**	**(2 288 844)**

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 December 31, 2023, the carrying amounts of such receivables, net of provision allowances, approximated their fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to

the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.

Fair value hierarchy

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

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

The fair value of all interest rate derivatives is determined through level 2 valuation techniques, although the Group currently has no interest rate swap agreement outstanding. The fair value of long-term debt is determined using price quotations, when available, at the reporting date (level 1).

10. Cash and cash equivalents

(In thousands of €)	December 31, 2023	March 31, 2023	December 31, 2022	March 31, 2022
Cash at banks and on hand	195 783	98 626	160 408	203 684
Securities	172 859	182 859	182 859	2 859
Cash and cash equivalents	**368 642**	**281 485**	**343 267**	**206 542**

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

(In thousands of €)	December 31, 2023	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalents	368 642	281 485	343 267	206 542
Bank overdrafts	(79)	(54)	(67)	(5)
Cash and cash equivalents position	**368 563**	**281 431**	**343 200**	**206 538**

11. Events after the reporting period

There has been no significant event since December 31, 2023.