Bel

French corporation *(société anonyme)* with a share capital of €10,308,502.50
Head Offices: 2 allée de Longchamp - 92 150 Suresnes
SIREN 542 088 067 - RCS Nanterre

FIRST-HALF 2021 FINANCIAL REPORT

Should there be any difference between the French and the English version of this Bel Group First-half 2021 Financial Report, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Bel.

The Bel Group

The Bel Group is a world leader in branded cheese and a major global player in the healthy snacks segment. Its portfolio of differentiated and internationally recognized brands, including such products as The Laughing Cow®, Kiri®, Mini Babybel®, Leerdammer®, and Boursin®, as well as some 20 local brands, enabled the Group to generate sales of €3.5 billion in 2020. The acquisition of the MOM Group in 2016 complements a portfolio of strong brands with the integration of the Pom'Potes and GogosqueeZ brands. Almost 12,510 employees in nearly 40 subsidiaries around the world contribute to the Group's success. Bel products are prepared at more than 33 production sites and distributed in over 120 countries.
www.groupe-bel.com

FIRST-HALF 2021 BUSINESS REPORT

1. REVIEW OF OPERATIONS AND EARNINGS

(in millions of euros)	First-half 2021	First-half 2020	% Change
Sales	**1 690,6**	1 736,9	-2,7%
Operating income	**108,6**	175,0	-38,0%
Consolidated net profit - Group share	**66,8**	105,4	-36,6%

In the first half of 2021, Bel reported consolidated sales of €1,691 million, down 2.7% on a published basis, versus €1,737 million in the prior-year period. Unfavorable foreign exchange fluctuations negatively impacted sales by 3.9%, or €67.4 million, primarily due to the euro's rise against the U.S. dollar. Sales grew 0.7% organically for the period, after adjusting for hyperinflation in Iran[1].

After an unfavorable comparison base significantly weighed down the sales performance in Q1 2021, with growth in the year-earlier quarter atypically boosted by pandemic-related panic buying, sales picked up in Q2 2021, despite weaker than expected sales during the Ramadan season. Q2 2021 sales advanced 2.7% to €850 million, supported by particularly strong organic sales growth of 5.5% (1.2% after adjusting for the 2020 Covid impact), underscoring consumer trust in Bel's core brands. In particular, the growth trajectory of the Boursin® brand was confirmed in France, the United Kingdom and North America, where its spreadable version outperformed the market average. After a tough year marked by the Covid-19 pandemic, which penalized snack food brands, Mini Babybel® resumed growth notably in North America, and benefited from its successful "Join the Goodness" campaign and beefed-up promotional activity. Lastly, The Laughing Cow® once again reported very strong growth in the United States and Canada.

The sales breakdown by market segment is as follows:

(in millions of euros)	Second quarter				First half			
	2021 3 months	2020 3 months	% Change	Organic growth**	2021 6 months	2020 6 months	% Change	Organic growth**
Global markets	**686,7**	687,5	-0,1%	2,4%	**1 376,7**	1 434,2	-4,0%	-0,8%
New territories*	**163,7**	140,6	16,4%	21,1%	**313,9**	302,7	3,7%	8,2%
Group total	**850,4**	**828,1**	**2,7%**	**5,5%**	**1 690,6**	**1 736,9**	**-2,7%**	**0,7%**

** New Territories encompass the business activities of MOM (Mont-Blanc, Materne), as well as markets in Sub-Saharan Africa and China.*
*** Including adjustments for hyperinflation in Iran and excluding AIF (All in Foods).*

Global Markets

Sales remained buoyant in most European countries. In Germany, momentum was particularly strong as result of a favorable comparison base and the performance of Mini Babybel®, whose popularity among consumers was supported by promotions and in-store promotional campaigns. In France, steady sales growth was reported by all traditional brands until mid-May, when the ending of pandemic lockdown measures sparked a switch in consumer buying behavior toward non-food purchases. Volume performances in the countries of the Middle East and North Africa region were more contrasted, as economic conditions eroded and lower than expected sales were reported during the usually robust Ramadan season. Algeria in particular suffered from significantly weakened economic conditions since the second half of 2020, leading to highly inflated prices for basic food products and adversely impacting consumer purchasing power. Countries in the Levant also reported deteriorated economic conditions and major local currency devaluations in Lebanon and Iraq. Particularly in

[1] *Organic growth corresponds to reported sales growth, excluding impacts from foreign exchange fluctuations and changes in the scope of consolidation, i.e. on a constant structure and exchange rate basis, and excluding inflation in Iran. ∞Since 2020, Iran's economy is deemed to be a hyperinflation economy. Accordingly, inflation impacts, based on the Consumer Price Index (CPI), were excluded when determining organic growth.*

Lebanon the sharp decline of the Lebanese pound triggered high inflation which significantly impacted consumer offtake.

In North America, the underlying trend remained very positive. Core brands Mini Babybel®, The Laughing Cow® and Boursin® all reported excellent performances, while promotional efforts were sustained and advertising outlay was increased, confirming the relevance of Bel's strategy and its aims to accelerate growth in this geographical area.

New Territories

New Territories[2] continued along a path of solid growth, once again driven by MOM's double-digit sales performance. Particularly strong momentum was reported in France and the United States as a result of beefed up promotional activity in all retail channels. China also reported sharply stepped-up growth.

Results

In the first half of 2021, consolidated operating income totaled €109 million, down 38.0% over the first half of 2020.

Operating income by segment is as follows:

(in millions of euros)	**2021 6 months**	**2020 6 months**	**% Change**
Global markets	**64,2**	122,2	-47,5%
New territories*	**44,4**	52,8	-15,8%
Group total	**108,6**	**175,0**	**-38,0%**

** New Territories encompass the business activities of MOM (Mont-Blanc, Materne), as well as markets in Sub-Saharan Africa and China.*

Operating margin fell 380 basis points during the period. The decline stemmed primarily from the published decrease in sales, higher raw material prices, high volatility of foreign currencies, and increased promotional spending in some markets. Productivity efforts implemented by Bel and savings on administrative and general overhead expenses nevertheless helped to limit the adverse impacts of those factors. The decline also includes expenses arising from the project to dispose of the Royal Bel Leerdammer NL, Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, as well as the Bel Shostka Ukraine company.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €67million, compared with €105 million at June 30, 2020.

2. FINANCIAL SITUATION

Bel's balance sheet remained healthy and strong at June 30, 2021, with net financial debt amounting to €718.8 million (including €101.3 million in right-of-use liabilities under IFRS 16), versus €584.1 million (including €111.1 million in right-of-use liabilities) at December 31, 2020. The increase resulted chiefly from the acquisition of an additional 17.56% interest in MOM in April 2021 for €152 million, in accordance with the call option granted by MOM's minority shareholders in 2016. Following this transaction, Bel holds 82,5% of the ordinary shares of the MOM Group. At June 30, 2021, the Group's equity stood at €1,844.8 million, compared with €1,858.7 million at December 31, 2020.

[2] *New Territories encompass the business activities of MOM (Mont-Blanc, Materne), as well as markets in Sub-Saharan Africa and China.*

Bel continues to enjoy strong liquidity both in terms of cash and untapped credit lines. At June 30, 2021, Bel had €441 million in surplus cash and cash equivalents and €820 million in untapped credit lines maturing in 2023 and 2024.

As a reminder, to optimize its financial structure and take advantage of favorable financing conditions, Bel successfully issued a $150-million US Private Placement (USPP) bond under French law to institutional investors in June 2020. The 15-year bond matures in November 2035.

3. OUTLOOK FOR 2021

In the second half of 2021, Bel expects to see a tough economic and financial environment, marked once again by currency volatility, unfavorable raw material prices and an unstable economic and geopolitical context in the Middle East and North Africa region. Further, because the evolving Covid-19 pandemic carries a number of uncertainties and clouds visibility for the months ahead, Bel reiterates its cautious stance going forward.

Against this backdrop, Bel nevertheless expects to benefit from the ongoing, underlying positive trend observed in key territories like the United States, Canada and China, as well as from MOM's very positive momentum. These growth drivers, which are expected to underpin the company's performance in the coming months, are perfectly in tune with the strategic choices made in recent years to strengthen Bel's leadership in the healthy snack market, while developing its product offering in the three complementary markets of dairy, fruit and plant-based foods. At the same time, Bel is renewing its commitment to help fight against climate change and to contribute to a new and positive food industry business model. In particular, the company reiterates its aim to achieve its carbon-cutting goals under Scope 1 and Scope 2 by the end of the year[3].

After entering into a unilateral sales agreement on March 18, 2021, and obtaining a unanimously favorable opinion from labor representation bodies, Bel on July 13, 2021 signed an agreement to sell the Royal Bel Leerdammer NL, Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and the Bel Shostka Ukraine company to Lactalis, in exchange for Lactalis' 23.16% interest in Bel (1,591,472 Bel shares). The transaction is in line with Bel's strategy to expand the company's activities beyond cheese products and strengthen its position as a major player in the healthy snack market. The transaction, which is subject to approval by the European Commission under merger control regulations, is expected to be completed by the end of Q3 2021.

4. MAIN RELATED-PARTY RELATIONSHIPS

Main related-party relationships are disclosed in note 8 of the summary consolidated financial statements for the half-year.

5. SIGNIFICANT SUBSEQUENT EVENTS

No significant subsequent event is to be reported.

[3] *Scope 1 covers direct factors of greenhouse gas emissions generated by an organization or a territory. Scope 2 covers indirect factors of greenhouse gas emissions associated with electricity and heat usage.*

SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

(in millions of euros)	Notes	June 2021	June 2020	December 2020
Sales	4.1	**1 690,6**	**1 736,9**	**3 455,8**
Cost of goods and services sold		(1 208,7)	(1 219,5)	(2 448,2)
Gross margin		**481,9**	**517,4**	**1 007,6**
Sales and marketing expense		(206,5)	(187,3)	(432,3)
Research and development expense		(14,4)	(13,6)	(30,5)
Administrative and general overhead expense		(128,9)	(139,4)	(281,3)
Other operating income and expense		1,2	(0,0)	(0,4)
Recurring operating income		**133,4**	**177,0**	**263,1**
Other non-recurring income and expense	4.2	(24,8)	(2,0)	(18,4)
Operating income	4.1	**108,6**	**175,0**	**244,7**
Income from cash and cash equivalents	4.3	0,8	0,2	1,0
Cost of gross financial indebtedness	4.3	(12,6)	(16,4)	(26,6)
Cost of net financial indebtedness	4.3	**(11,8)**	**(16,1)**	**(25,6)**
Other financial income and expense	4.3	(2,0)	5,4	(1,7)
Pre-tax profit		**94,8**	**164,3**	**217,4**
Income tax expense	4.4	(27,2)	(52,8)	(64,5)
Net profit of the consolidated group		**67,7**	**111,5**	**152,9**
Non-controlling interests		***(0,8)***	***(6,1)***	***(9,2)***
Consolidated net profit - Group share		**66,8**	**105,4**	**143,8**
Earnings per share	4.5	9,84	15,52	21,18
Diluted earnings per share	4.5	9,84	15,48	21,18

The notes to the financial statements form an integral part of the consolidated financial statements

Statement of Comprehensive Income

(in millions of euros)		June 2021	June 2020	December 2020
Net profit for the period	Notes	**67,7**	**111,5**	**152,9**
Other items of comprehensive income				
Non-reclassifiable items	**5.1**			
Actuarial gains and losses arising on retirement obligations		4,6	0,0	(1,7)
Income tax impact		(1,2)	0,1	(0,4)
Gains and losses on financial assets		54,0	3,9	2,0
Income tax impact		(14,0)	(1,0)	(1,4)
Reclassifiable items				
Translation differences		35,0	(23,7)	(83,2)
Cash flow hedging				
Amounts recognized in equity		(10,6)	8,4	16,2
Income tax impact		2,8	(2,6)	(4,4)
Total recognized to equity		**70,6**	**(14,9)**	**(72,9)**
Total comprehensive income for the period		**138,2**	**96,6**	**80,0**
Group share		*135,5*	*90,9*	*76,6*
Non- controlling interests		*2,8*	*5,7*	*3,4*

The notes to the financial statements form an integral part of the consolidated financial statements

Consolidated Balance Sheet

ASSETS (in millions of euros)	Notes	June 30, 2021	December 31, 2020
NON-CURRENT ASSETS			
Goodwill	5.2	814,0	848,2
Other intangible assets	5.2	542,9	627,7
Property, plant and equipment	5.2	879,4	949,4
Property, plant and equipment - right of use	5.2	95,6	105,3
Financial investments	5.3	183,2	128,4
Other financial assets		12,9	6,3
Loans and advances		12,4	12,8
Trade and other receivables		1,4	1,2
Deferred tax assets		8,7	15,7
TOTAL		**2 550,4**	**2 694,9**
CURRENT ASSETS			
Inventories and work-in-progress		353,1	371,2
Trade and other receivables		388,8	434,2
Other financial assets		13,9	21,5
Loans and advances		1,0	1,1
Current tax assets		25,6	39,6
Cash and cash equivalents	5.6	441,3	590,3
TOTAL		**1 223,7**	**1 458,0**
Assets held for sale	**5.8**	**345,9**	
TOTAL ASSETS		**4 120,0**	**4 152,9**

EQUITY AND LIABILITIES (in millions of euros)	Notes	June 30, 2021	December 31, 2020
Share capital		10,3	10,3
Additional paid-in capital		22,0	22,0
Reserves		1 771,7	1 758,9
Treasury shares		(22,8)	(23,3)
EQUITY GROUP SHARE		**1 781,2**	**1 767,9**
NON-CONTROLLING INTERESTS		**63,7**	**90,8**
EQUITY		**1 844,8**	**1 858,7**
NON-CURRENT LIABILITIES			
Provisions	5.5	5,1	6,1
Employee benefits	5.5	48,9	79,6
Deferred tax liabilities		258,4	275,9
Liabilities related to assets held under finance lease -over one year	5.6	79,5	87,9
Long-term borrowings and financial liabilities	5.6	852,9	850,3
Other liabilities		59,2	63,1
TOTAL		**1 304,0**	**1 362,9**
CURRENT LIABILITIES			
Provisions	5.5	5,6	5,2
Employee benefits	5.5	1,5	6,0
Liabilities related to assets held under finance lease - less than one year	5.6	21,9	23,1
Short-term borrowings and financial liabilities	5.6	205,6	204,9
Other financial liabilities		8,4	0,0
Trade and other payables		566,5	653,0
Income tax liabilities		19,9	28,9
Current bank facilities and other borrowings	5.6	2,6	10,2
TOTAL		**831,9**	**931,4**
Liabilities held for sale	**5.8**	**139,3**	
TOTAL EQUITY AND LIABILITIES		**4 120,0**	**4 152,9**

The notes to the financial statements form an integral part of the consolidated financial statements

Consolidated statement of change in equity

(in millions of euros)	Number of shares outstanding	Share capital	Additional paid-in capital	Translation differences	Treasury shares	Consolidated net income	Consolidated reserves	Equity-Group share	Non-controlling interests	Total consolidated equity
Balance at December 31, 2019	**6 788 335**	**10,3**	**22,0**	**(121,8)**	**(23,3)**	**121,4**	**1 707,8**	**1 716,4**	**93,7**	**1 810,1**
Appropriation of prior year net income						(121,4)	121,4			0,0
Dividends paid							(23,8)	(23,8)	(2,5)	(26,3)
Profit (loss) for the period						143,8	0,0	143,8	9,2	152,9
Other items of comprehensive income				(77,5)			10,4	(67,1)	(5,8)	(72,9)
Other changes in value directly recognized in equity							(1,3)	(1,3)	(3,8)	(5,2)
Purchase of treasury shares	(453)				(0,1)			(0,1)		(0,1)
Treasury shares distributed	660				0,1			0,1		0,1
Balance at December 31, 2020	**6 788 542**	**10,3**	**22,0**	**(199,3)**	**(23,3)**	**143,8**	**1 814,5**	**1 767,9**	**90,8**	**1 858,7**
Appropriation of prior year net income						(143,8)	143,8			0,0
Dividends paid										0,0
Profit (loss) for the period						66,8		66,8	0,8	67,7
Other items of comprehensive income				33,1			35,6	68,6	1,9	70,6
Other changes in value directly recognized in equity							(122,7)	(122,7)	(29,9)	(152,6)
Purchase of treasury shares	(218)				(0,1)			(0,1)		(0,1)
Treasury shares distributed	3 391				0,6			0,6		0,6
Balance at June 30, 2021	**6 791 715**	**10,3**	**22,0**	**(166,2)**	**(22,8)**	**66,8**	**1 871,1**	**1 781,2**	**63,7**	**1 844,8**

The notes to the financial statements form an integral part of the consolidated financial statements

Cash flow statement

Cash flow from(used in) operating activities *(in millions of euros)*	Notes	June 2021	June 2020	December 2020
Pre-tax profit		**94,8**	**164,3**	**217,4**
Adjustments for:				
Depreciation and write-downs		65,5	57,8	136,6
Depreciation on right of use		8,2	12,2	21,6
Capital gains (losses) on disposals		(0,7)	0,4	1,1
Reclassification of financial income		11,8	4,0	21,4
Reclassification of financial expense right-of-use		2,0	3,6	5,9
Other non-cash items in the income statement		9,0	(1,6)	(4,5)
Cash flow before changes in WCR		**190,7**	**240,8**	399,6
(Increase) decrease in inventories, current receivables and payables		(60,5)	(45,1)	32,8
(Increase) decrease in non-current receivables and payables		(2,8)	(3,1)	(0,9)
Income taxes paid		(27,4)	(23,3)	(45,3)
Net cash flow from (used in) operating activities	(1)	***99,9***	***169,2***	***386,2***
Cash flow from (used in) investing activities				
Acquisition of activities		(158,6)	(55,9)	(61,5)
Disposal of activities		1,1	0,0	0,0
Acquisitions of tangible and intangible assets	5.2	(60,2)	(57,2)	(120,6)
Disposals of tangible and intangible assets	5.2	2,0	0,2	0,9
Investment grants received		0,5	2,9	5,4
Acquisitions of financial assets		(2,2)	(1,2)	(6,1)
Disposals of financial assets		2,3	0,3	1,6
Dividends received		2,3	1,8	2,2
Net cash flow from (used in) investing activities	(2)	***(212,8)***	***(109,2)***	***(178,1)***
Cash flow from (used in) financing activities				
Dividends paid		0,0	(23,8)	(26,3)
Interests paid		(9,8)	(12,5)	(19,7)
Financial interests - right of use		(2,0)	(3,6)	(5,9)
Change in debt resulting from finance lease contracts		(8,7)	(9,4)	(18,1)
Increase (decrease) in current accounts with entities outside the scope of consolidation		(31,3)	(4,8)	(12,8)
(Purchase)/ sale of treasury shares		(0,1)	0,0	(0,1)
Borrowings and financial liabilities issued		144,2	67,6	293,2
Repayments of borrowings and financial liabilities		(120,8)	(159,2)	(231,6)
Net cash flow from (used in) financing activities	(3)	***(28,4)***	***(145,7)***	***(21,5)***
Net increase (decrease) in cash and cash equivalents	(1)+(2)+(3)	***(141,3)***	***(85,7)***	***186,6***
Net cash and cash equivalents at the beginning of the period		580,1	403,4	403,4
Effect of foreign exchange rate fluctuations		3,2	(0,9)	(9,9)
Net cash and cash equivalent at closing	**5.5**	**442,1**	**316,8**	**580,1**
At the closing date, net cash and cash equivalents comprised the following:				
Marketable securities and money market instruments	5.5	119,1	90,9	91,0
Cash on hand and balances with banks	5.5	325,5	231,3	499,3
Current used bank facilities including overdrafts and accrued interest	5.5	(2,6)	(5,5)	(10,2)
TOTAL		**442,1**	**316,8**	**580,1**

The notes to the financial statements form an integral part of the consolidated financial statements

Table of contents for the notes to the summary interim consolidated financial statements

1. ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and accounting standards

In application of Regulation (EC) No. 297/2008 of March 11, 2008 amending Regulation (EC) No. 1606/2002 of July 19, 2002, Bel's consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union and published by the International Accounting Standards Board (IASB), at the date the financial statements were prepared.

The Group published summary interim consolidated financial statements approved by the Board of Directors on July 29, 2021.

The consolidated financial statements at June 30, 2021 were prepared in accordance with IAS 34 "Interim Financial Reporting" principles. Further, the same accounting methods and practices used to prepare the consolidated financial statements at December 31, 2020 (and noted in the registration document filed with the AMF under number D. 21.0258) were applied, with the exception of standards, amendments and interpretations issued and effective as of January 1, 2021.

Standards, amendments and interpretations required as of the financial year opening January 1, 2021

Amendment to IAS 19 relating to the recognition of service periods

The Group is currently working on impacts estimation. Other published amendments or interpretations applicable on January 1, 2021 are without reference to the Group's consolidated accounts.

Standards, amendments and interpretations not required but which may be early adopted as of the financial year opening January 1, 2021

The Group does not apply by anticipation any standard or interpretation that is not mandatory from January 1st, 2021.

I**FRS 5 – IFRS 5 Assets held for sale**

Since Bel and Lactalis begun exclusive negotiations having signed an Unilateral Promise to Purchase a business, on March 18, 2021, including Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, Leerdammer and all related rights, and Bel Shostka Ukraine, all the conditions are met from an IFRS point of view to qualify the assets as held for sale, mainly regarding the highly probable character of the sale. Since March 18, 2021, applying IFRS 5, the corresponding assets and liabilities have been isolated in dedicated lines. These assets have been presented separately on a line “assets held for sale” in the consolidated balance sheet and are valued at the lower of its carrying amount and fair value less costs to sell. The corresponding liabilities have been presented on a line “liabilities held for sale” in the consolidated balance sheet. Assets and liabilities as held for sale are presented without any restatement from prior year. The net income, other comprehension income and related cash flows items are not presented separately in the statement of financial position for all prior periods presented in the financial statements. Indeed, entities to be sold entities include the revenue of Bel products (not Leerdammer) which are not part of the deal. These revenues will remain in the scope of Bel after the closing. Therefore, it is impossible to clearly identify the cash flows related to Leerdammer products within the cash flow statement.

Disclosures specific to the preparation of the interim financial statements

Seasonal nature of the business

The Group observes that seasonal variations in its business activities can impact its sales and product mix from one interim period to another. Accordingly, its interim performance may not necessarily be indicative of the full-year performance.

Employee benefits

Actuarial calculations for retirement and other employee benefits were made during budget preparation. As a result, the amounts of related provisions and expense for the interim period were based on estimates made in the preceding year, with the main actuarial and demographic assumptions remaining unchanged from December 2020. However, the discount rates for the Euro zone and Morocco have been revised and stand respectively at 1.10% (against 0.70% as of December 31, 2020) and 2.3% (against 2.7% as of December 31, 2020).

Income tax

At June 30, income tax expense was assessed according to the best estimate of the annual average rate expected for the full year.

2. CHANGES IN THE SCOPE OF CONSOLIDATION

During the first half of 2021, Bel Senegal was fully consolidated for the first time.

In addition, Bel acquired 17.56% of MOM's common shares. Bel now holds 82.5% of the Group MOM.

The Entity Bel Syria was sold during the semester.

Finally, at the end of June 2021, Bel Cheese Mexico was absorbed by Quesos Bel Mexico.

3. SIGNIFICANT EVENTS OF THE PERIOD AND COVID-19

Bel and lactalis enter exclusive talks to sell leerdammer® and related rights.

In March 2021, Bel Group and Lactalis Group today announced they have begun exclusive negotiations having signed a unilateral promise to purchase a business, including Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, the Leerdammer brand and all related rights plus Bel Shostka Ukraine, from Lactalis.

Sicopa, a wholly-owned Bel subsidiary, will transfer said assets to Lactalis in return for 1,591,472 Bel shares (23.16% equity stake) held by Lactalis. Following the transaction, Lactalis will hold a 0.90% stake in Bel

COVID-19 Pandemic

Over the past 18 months, the international community has been facing an unprecedented pandemic of which the uncertain evolution and duration does not enable the Group to evaluate precisely the financial impact of this crisis. On June 30, 2021, the effects of the pandemic are limited and did not generate evidence of impairment only for Safilait (Cf. Note 5.2).

The absolute priority of the Group is to assure the safety and health of its staff. The Group continues to follow closely the situation to adapt its measures according to the evolution of the pandemic. As a significant player of the food industry, the Group bears its responsibility by doing everything in its power to ensure the continuity of its business.

4. INCOME STATEMENT

4.1. Business segment information

First-half sales and operating income by markets are presented in the following table.

(in millions of euros)	First-half 2021		First-half 2020		% Change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Global markets	1 376,7	64,2	1 434,2	122,2	-4,0%	-47,5%
New territories	313,9	44,4	302,7	52,8	3,7%	-15,8%
Group total	**1 690,6**	**108,6**	**1 736,9**	**175,0**	**-2,7%**	**-38,0%**

(en millions d'euros)	June 2021		June 2020	December 2020
	Sales by destination	Intagible and tangible assets by origin	Sales by destination	Intagible and tangible assets by origin
Europe	941,5	1 513,2	915,9	1 733,7
Middle East - Greater Africa	298,3	173,2	367,0	181,9
Americas - Asia Pacific	450,8	645,5	454,0	615,0
Group total	**1 690,6**	**2 331,9**	**1 736,9**	**2 530,6**

4.2. Other non-recurring income and expense

Non – recurring income and expense are detailed below:

(In millions of euros)	First half 2021	First half 2020	2020
Depreciation and gains (losses) on disposals of fixed assets	**(9,5)**	(1,0)	(14,5)
Restructuring costs	**(0,0)**	(1,2)	(3,8)
Other non-recurring income and expense	**(7,2)**	0,2	(0,1)
Results on disposals	**(8,1)**	-	-
Total other non-recurring income and expense	**(24,8)**	**(2,0)**	**(18,4)**

Depreciation and gains and losses arising from disposal of assets mainly comprise the amortization of brands acquired, and which have limited useful life, as well as the partial depreciation of intangible and tangible assets of Safilait for (8.5) m€ (see note 5.2). As a reminder, in 2020, impairment tests have led to a goodwill impairment of (12.7) m€ recorded on the Moroccan company Safilait, on the line “Depreciation and gains (losses) on disposals of fixed assets”.
Other non-recurring income and expense relate mainly to the disposal operations in progress.
Results on disposals of (8.1) m€ refers to the disposal of Bel Syria.

4.3. Financial income and expense

(in millions of euros)	First half 2021	First half 2020	2020
Income from cash and cash equivalents	0,8	0,2	1,0
Cost of gross financial debt	(12,6)	(16,4)	(26,6)
Cost of net financial debt	**(11,8)**	**(16,1)**	**(25,7)**
			-
Net cost of discounting	(0,2)	(0,3)	(1,1)
Foreign currency gains (losses)	(4,6)	4,2	1,7
Other	2,8	1,5	(2,3)
Other financial income and expense	**(2,0)**	**5,4**	**(1,7)**
Total net financial expense	**(13,8)**	**(10,8)**	**(27,3)**

At June 30, 2021, the "cost of net financial debt" includes the impact of the application of IFRS 16 for € (2.0) millions. At June 30, 2020 the impact of IFRS16 was € (3.6) millions.

4.4. Taxes

(in millions of euros)	First-half 2021	First-half 2020	2020
Pre-tax profit	94,8	164,3	217,4
Total income tax expense recognized on the income statement	(27,2)	(52,8)	(64,5)
Net profit	67,7	111,5	152,9
EFFECTIVE INCOME TAX RATE	**28,7%**	**32,1%**	**29,7%**

At June 30, 2021, the Group estimated its average effective income tax rate at 28.7%, versus 32.1% at June 30, 2020. The decrease in the effective income tax rate stems principally from the change in the statutory tax rate in France decreasing from 32.02% last year to 28.41% in 2021.

The difference with the 28.41% standard rate of the Bel parent company stemmed primarily from the share of earnings generated by subsidiaries located in countries applying tax rates lower than in France and is offset by permanent differences.

The companies included in the Group are periodically subject to tax audits in the countries where they are based.
Tax arrears and penalties are booked for accepted tax adjustments and provisioned if the amounts in question were not definitively known. Contested tax adjustments were carefully reviewed and generally provisioned, unless it was clear that the company would be able to assert the validity of its position in the course of the dispute.

4.5. Earnings per share

Earnings per share were calculated by dividing net consolidated profit, Group share, by the weighted average number of ordinary shares (6,872,335 at June 30, 2021), less the weighted average number of own shares (83,152 at June 30, 2021).

The dilutive earnings per share is equal to the basic earnings per share because the restricted shares granted are anti-dilutive instrument.

5. BALANCE SHEET

5.1. Note to Other Comprehensive Income

Non-reclassifiable items

Non reclassifiable items in Other Comprehensive Income include fair value of participating interests that are not held for trading purposes, in accordance with IFRS9. These amounts are added up with actuarial gains and losses arising from the application of the standard IAS 19.

The Unibel shares held by the subsidiary SOFICO are measured at fair value at closing date for an amount of €169.8 million on June 30th, 2021.

5.2. Fixed assets

(in millions of euros)	Goodwill	Other intangible assets	Property, plant and equipment	Property, plant and equipment - Rights of use	Total
At December 31, 2020					
Gross value	923,5	835,4	2 239,1	163,0	4 161,1
Accumulated depreciation and write -downs	(75,4)	(207,7)	(1 289,7)	(57,7)	(1 630,5)
Net carrying amount	**848,2**	**627,7**	**949,4**	**105,3**	**2 530,6**
Variation for the period					
Acquisitions	-	5,8	50,0	11,3	67,2
Impact of changes in consolidation scope	0,0	-	1,8	0,2	2,0
Disposals and write -downs	-	(0,0)	(1,3)	(3,7)	(5,0)
Translation differences	3,1	7,6	16,4	1,4	28,5
Depreciation and write-downs	-	(8,8)	(62,8)	(12,4)	(84,0)
Reclassfications	-	(0,1)	(0,3)	-	(0,4)
IFRS 5 Reclassifications	(37,3)	(89,4)	(73,8)	(6,5)	(207,0)
Net carrying amount at June 30, 2021	**814,0**	**542,9**	**879,4**	**95,6**	**2 331,9**
At June 30, 2021					
Gross value	886,9	740,3	2 064,9	157,3	3 849,3
Accumulated depreciation and write -downs	(72,9)	(197,4)	(1 185,5)	(61,7)	(1 517,4)
Net carrying amount	**814,0**	**542,9**	**879,4**	**95,6**	**2 331,9**

The main acquisitions of property, plant and equipment during the first half of the year were made in France, in Canada and in the USA.
During the first half of the year, an indication of impairment loss has been identified in Safilait : the impairment test carried out on June 30 led to recognize a partial impairment of intangible and tangible assets of the entity for €(8.5) million.

In absence of indications of loss in value, Group assets, particularly goodwill and brands, were not tested for impairment at June 30th, 2021.

5.3. Financial investments

The change of €54.8 million in financial investments, during the first half of 2021, is mainly explained by the revaluation of Unibel shares held by Sofico for an amount of €54.0 million.

5.4. Stock options plans

The 2019/2022, and the 2020/2023 bonus-share plans are under way at this writing.

In accordance with IFRS 2, the personnel expense arising from share awards are recognized incrementally over the vesting period, with the corresponding increase recognized in equity.

A summary of the bonus share plans during the period is presented in the following table:

(in thousands of euros)	Plan 2018/2021	Plan 2019/2022	Plan 2020/2023	TOTAL
Number of shares granted at the aw ard date	8 809	11 511	14 748	
Number of shares granted at June 30, 2021	3 391	6 497	13 425	
Faire value of share aw ard (in €)	472	300	256	
Aw ard criteria : percentage provisioned	82%	100%	100%	
Acquisition period	3 years	3 years	3 years	
Amount expense at June 30, 2021	(183)	(224)	(551)	(958)

5.5. Provisions

During the first half of the year, current and non- current provisions changed as developed in the table:

(in millions of euros)	Employees benefits	Provisions for contingencies and losses
At December 31, 2020		
Non-current	79,6	6,1
Current	6,0	5,2
Net carrying value	**85,6**	**11,3**
	-	-
Variation for the period	-	-
Increase (charges)	2,6	1,8
Reversals- offset against expenses	(4,9)	(1,0)
Reversals- cancelled provisions	(0,0)	(1,2)
Changes in the scope of consolidation	0,0	-
Actuarial gains and losses	(4,6)	
Effects from discounting	0,4	-
Reclassifications	0,3	-
Translation differences	0,1	0,1
IFRS 5 Reclassifications	(29,0)	(0,3)
Net carrying value at june 30, 2021	**50,4**	**10,7**
of which:		
Non-current	48,9	5,1
Current	1,5	5,6

Employee benefits concern primarily France, which represents €45.2 million. As of June 30, 2021, the Netherlands, Germany and Italy contributions have been downgraded to liabilities held for sales (see note 5.8). The discount rates for Euro Zone as well as for Morocco have been revised and stand respectively at 1.1% (against 0.7% as of December 31, 2020) and 2.3% (against 2.7% as of December 21, 2020).
The rates for the other zones are similar to those at December 31st, 2020.

5.6. Net financial debt

Breakdown of net financial debt

(in millions of euros)	June 30, 2021	December 31, 2020
Bonds	749,3	745,2
NEU MTN (1)	40,0	40,0
Banks borrowing	33,2	33,4
Employee profit-sharing	2,8	4,3
Minority shareholders' put options	27,5	27,5
Deposits and guarantee deposits	-	-
Borrowings and financial liabilities	**852,9**	**850,3**
Total long-term liabilities	**852,9**	**850,3**
		-
Bonds	3,2	5,9
NEU MTN		-
Bank borrowings	1,7	8,1
Employee profit-sharing	1,3	2,6
NEU CP (2)	110,0	70,0
Minority shareholders' put options	25,7	24,5
Sundry loans and financial liabilities	9,3	28,2
Current account liabilities	34,4	65,6
Borrowings and financial liabilities	**205,5**	**204,9**
Total short-term debt	**205,5**	**204,9**
		-
Gross financial debt - excluding finance lease	**1 058,4**	**1 055,2**
		-
Lease liability - Long term	79,5	87,9
Lease liability - Short-term	21,8	23,1
Lease liability	**101,3**	**111,1**
Gross financial debt	**1 159,7**	**1 166,3**
		-
Current used bank facilities including overdrafts and accrued interest	2,6	10,2
Cash and cash equivalents	(441,3)	(590,3)
		-
Net cash and cash equivalents	**(438,7)**	**(580,1)**
		-
Current account assets	(2,2)	(2,0)
	-	-
Total net debt	**718,8**	**584,1**

(1) Negotiable European Medium Term Notes
(2) Negotiable European Commercial Paper

As at 30 June 2021, the Group used receivables factoring for an amount of €48.3 million compared to €48.2 million at 31 December 2020. These claims are deconsolidated as at 31 December 2020.

Amounts related to assets held under finance lease in long term and short- term debt result from the application of IFRS 16 starting January 1st, 2018. The balance entry is to be found in assets right-of-use (see note 5.2).

The Unibel parent company accounted for €32.8 million in current account liabilities (see note 8.2).

Ageing of long-term debt excluding finance lease liabilities are detailed in Note 5.7.4 Interest rate risk management.

Ageing balance of finance lease liabilities at June 30, 2021:

(in millions of euros)	Total	2021	2022	2023	2024	2025	2026 and beyond
Financial debt right of use - short term	**21,8**	**21,8**	-	-	-	-	-
Financial debt right of use - long term	**79,5**	-	17,9	15,4	13,5	11,3	21,4
Total financial debt - right of use	**101,3**	**21,8**	**17,9**	**15,4**	**13,5**	**11,3**	**21,4**

5.7. Financial instruments

5.7.1 Market risk management

The Group Treasury Department, which is attached to the Group Corporate Finance Department, has the requisite skills and tools to manage market risk management. The Department reports to Management on a monthly basis and makes regular presentations to the Audit Committee.

5.7.2 Financial and liquidity risk management

At June 30, 2021, the Group had a negative net financial position, excluding IFRS5, of €721.6 million, including the liabilities for assets under finance lease due to the application of IFRS 16. Excluding these liabilities for leases, net debt was worth €614.1 million.
The Group implemented policies aimed at limiting liquidity risk. In line with those policies, a significant share of the Group's financial resources is medium-term. The Group has confirmed credit lines and medium-term financing from its banks and from investors.

At June 30, 2021, the Group had significant liquidity level and diversified financing sources, including:

- two confirmed syndicated credit lines of €300 million and €520 million, maturing in 2023 and 2024 respectively. These lines have not been drawn.
- a €500 million NEU commercial paper program, of which €110 million has been used;
- a €200 million NEU MTN program, of which €60 million has been used;
- a €125 million Euro PP bond, maturing in 2027 and 2029, contracted with private investors;
- a €500 million bond issue maturing in April 2024;
- financing on the Schuldschein market, for €20 million, maturating in 2023;
- a US Private Placement under French law of $150 million maturing in November 2035.

At June 30, 2021, the Group also has substantial net cash and cash equivalents totaling, excluding IFRS5, €441.3 million, of which €383.3 million in Bel.

In its syndicated credit lines, its private placements (Euro PP and USPP) and the *Schuldschein*, Bel has committed to keeping its financial leverage ratio below 3.75 over the entire life of the medium and long-term financing mentioned above. The ratio's calculation method was changed in 2020 to reflect the integration of the IFRS 16 accounting standard. The financial leverage ratio now designates the amount of consolidated net debt, including lease liabilities divided by EBITDA on the basis of current operating income, including depreciation and amortization and financial reclassification for the Group's consolidated right of use. Failure to meet the ratio could trigger the repayment of a significant part of the debt. On June 30, 2021, the ratio stood at 2.03 versus 1.45 on December 31, 2020.

The Group implemented a policy of pooling liquidity at the Bel level for all countries where the local currency is freely convertible and where there are no legal or fiscal limits on pooling local surpluses or liquidity needs. Internal current accounts and intragroup compensation payment systems are managed by the Group Treasury Department.

In countries where the pooling of surpluses and liquidity needs is not allowed, subsidiaries invest their surpluses in money-market funds denominated in their local currency and, if needed, finance themselves mainly in local currency. The policy of systematic dividend payment also aims to limit recurring surpluses at subsidiaries level.

For information, available cash in North African and the Middle Eastern countries amounted to €36 million on June 30, 2021, representing the majority of the non-centralizable cash available.

However, some subsidiaries may have no alternatives to local currency financing. In this case, if the local currency is devalued, the subsidiaries recognize the related financial loss.

Surplus liquidity is invested in money-market mutual funds, term deposit accounts or short-term certificates of deposit.

5.7.3 Foreign exchange risk management

The Group is subject to foreign exchange rate fluctuations as a result of its international operations and presence.

Group entities are exposed to foreign exchange risk on sales recognized on the balance sheet as well as foreign exchange risk on highly probable future transactions when such business is transacted in currencies other than their functional currency, e.g. imports, exports and financial transactions.

Hedging policy for foreign exchange exposure

The management policy is to hedge risk on transactions denominated in foreign currency through the use of derivative financial instruments. The Group implements a central exchange rate policy that aims to hedge the annual budgetary risk on currency purchases and sales for deliverable currencies. The Group Treasury Department provides these entities with the necessary currency hedges. Hedging is not intended to generate profit.

The Group also hedges exchange rate exposure arising from the payment of intragroup dividends denominated in foreign currency.
In contrast, the Group does not hedge its exposure to translation differences arising from consolidating its foreign subsidiaries.
For subsidiaries in countries where there are no financial hedging instruments, the policy is to maximize natural hedging as much as possible, for example through billing currencies. However, local currency devaluations can have a significant impact on the profitability of the concerned entity.

When the budget is prepared, budgeted currency prices are set according to market conditions for use as benchmarks to set up hedges. The management period for budgeted hedges does not exceed 18 month. On June 30, 2021, the maturity of the derivatives portfolio did not go beyond December 31, 2022. Cash flow from the budgeted 2021 and 2022 hedges is expected in 2021 and 2022 and will thus impact income in 2021 and 2022.

Hedging for foreign exchange rate fluctuations on imports, exports and financial transactions

Group entities recalculate their net foreign exchange exposures periodically during each budgetary review. To manage its exposure, the Group mainly uses forward contracts, currency options and cross-currency swaps.

Hedging positions for foreign exchange, interest rate and raw materials risks

Value of hedges secured by the Group shown below are in compliance with IFRS 9:

Hedging positions for foreign exchange, interest rate and raw material risk versus the previous year:

(in millions of euros)	At June 30, 2021				At December 31, 2020			
Category of transactions	**Equity**	**Operating income**	**Financial income**	**Market value**	**Equity**	**Operating income**	**Financial income**	**Market value**
Portfolio related to foreign exchange risk								
Forward on operationnal transactions	2,7	(0,0)	-	2,7	4,9	1,6	-	6,4
Options on operational transactions	1,7	0,5	-	2,3	8,7	0,5	-	9,3
Forward on dividends and investments	-	-	-	-	0,4	-	-	0,4
Transactions on financing	-	-	0,1	0,1	-	-	(0,5)	(0,5)
Other operations	-	-	(0,0)	(0,0)	-	-	(0,1)	(0,1)
Total portfolio related to foreign exchange	**4,4**	**0,5**	**0,1**	**5,0**	**14,0**	**2,1**	**(0,6)**	**15,5**
Total portfolio related to interest rate	**(0,3)**	**-**	**(4,5)**	**(4,9)**	**(0,5)**	**-**	**1,3**	**0,8**
Total portfolio of BEL compagny	**4,0**	**0,5**	**(4,4)**	**0,1**	**13,5**	**2,1**	**0,7**	**16,3**
Portfolio related to risk of variation in US raw material prices	1,0	0,0	(0,0)	**1,0**	2,3	-	-	**2,3**
Total Bel Group	**-**	**-**	**-**	**1,1**	**-**	**-**	**-**	**18,5**

The valuation of hedges implemented by the Group are booked to the lines “Other financial assets” and “Other financial liabilities” in the balance sheet.

On June 30, 2021, the Group had secured the following hedges:

(in millions of euros)		At June 30, 2021					At December 31, 2020				
Category of transactions	**Cross**	**Commitment**	**Equity**	**Operating income**	**Financial income**	**Market value**	**Commitment**	**Equity**	**Operating income**	**Financial income**	**Market value**
Portfolio related to foreign exchange risk											
1 - Currency forward contracts backed by trade receivables, trade payables or futures transactions											
Forward purchase	EUR GBP	37,8	(0,3)	(0,1)	-	(0,4)	25,8	0,1	-	-	0,1
Forward sell	EUR PLN	28,8	0,1	(0,0)	-	0,0	22,7	(0,3)	-	-	(0,3)
Forward purchase	EUR PLN	-	-	-	-	-	2,4	0,1	-	-	0,1
Forward purchase	EUR USD	105,3	3,3	0,0	-	3,4	80,5	5,8	1,3	-	7,1
Forward sell	EUR USD	-	-	-	-	-	9,2	(0,7)	-	-	(0,7)
Forward purchase	Others	74,8	(0,4)	0,1	-	(0,4)	61,8	(0,1)	0,3	-	0,2
Forward sell	Others	1,0	0,0	-	-	0,0	0,5	-	-	-	-
Forward on operationnal transactions			**2,7**	**(0,0)**	**-**	**2,7**	**-**	**4,9**	**1,6**	**-**	**6,4**
2 - Currency options backed by trade receivables, trade payables or futures transactions											
Call purchase	EUR GBP	71,2	0,4	-	-	0,4	66,2	0,7	-	-	0,7
Put sale	EUR GBP	41,1	(0,6)	(0,1)	-	(0,6)	36,0	(0,2)	-	-	(0,2)
Put purchase	EUR PLN	32,8	0,4	-	-	0,4	32,0	0,2	-	-	0,2
Call sale	EUR PLN	13,2	(0,1)	-	-	(0,1)	11,2	(0,2)	-	-	(0,2)
Call purchase	EUR USD	131,4	1,5	0,4	-	1,9	119,3	7,5	0,5	-	8,0
Put sale	EUR USD	71,2	(0,6)	-	-	(0,6)	61,8	(0,1)	-	-	(0,1)
Call purchase	Others	64,5	1,0	0,2	-	1,2	43,4	1,0	-	-	1,0
Put sale	Others	28,9	(0,3)	(0,0)	-	(0,3)	17,1	**(0,1)**	**-**	**-**	**(0,1)**
Options on operationnal transactions			**1,7**	**0,5**	**-**	**2,3**	**-**	**8,7**	**0,5**	**-**	**9,3**
3- Currency forward to hedge future dividend or share tansactions flows											
Forward purchase	EUR GBP	0,3	(0,0)	**-**	**-**	-	2,0	-	-	-	-
Forward sell	EUR USD	0,3	0,0	-	-	-	5,3	0,4	-	-	0,4
Forward purchase	Others	-	-	-	-	-	1,1	**-**	**-**	**-**	**-**
Forward o dividends and investments			**-**	**-**	**-**	**-**	**-**	**0,4**	**-**	**-**	**0,4**
4-Transactions to hedge financing flows											
Swap sale	EUR GBP	22,5	-	-	(0,0)	(0,0)	20,0	**-**	**-**	0,1	0,1
Swap sale	EUR PLN	1,4	-	-	(0,0)	(0,0)	-	-	-	-	-
Swap sale	EUR PLN	3,9	-	-	(0,0)	(0,0)	6,5	-	-	(0,1)	(0,1)
Swap sale	EUR USD	82,2	-	-	0,2	0,2	73,6	-	-	(0,5)	(0,5)
Swap sale	Others	10,2	-	-	0,0	0,0	11,2	-	-	-	-
Swap purchase	Others	13,0	-	-	(0,0)	(0,0)	10,1	-	-	-	-
Transactions on financing			**-**	**-**	**0,1**	**0,1**	**-**	**-**	**-**	**(0,5)**	**(0,5)**
5-Others transactions outside the hedging transactions category											
Call purchase	EUR GBP	4,5	-	-	0,0	0,0	-	-	-	-	-
Call sale	EUR GBP	4,5	-	-	(0,0)	(0,0)	4,5	-	-	-	-
Call sale	EUR USD	9,7	-	-	0,0	0,0	-	-	-	-	-
Call sale	EUR USD	9,7	-	-	(0,0)	(0,0)	5,9	-	-	(0,1)	(0,1)
Call sale	Others	2,2	-	-	(0,0)	(0,0)	0,1	-	-	-	-
Other operations			**-**	**-**	**(0,0)**	**(0,0)**	**-**	**-**	**-**	**(0,1)**	**(0,1)**
Total portfolio related to foreing exchange		**-**	**4,4**	**0,5**	**0,1**	**5,0**	**-**	**14,0**	**2,1**	**(0,6)**	**15,5**

The transactions are expressed according to the direction of the cross-currency.
Forward purchase EUR USD means that the Group is buying EUR and selling USD.
Call purchase EUR GBP means that the Group buys a EUR call/GBP put option.
Swap on futures sale EUR GBP means that the Group borrows EUR so is selling futures on EUR, lends GBP so is purchasing futures on GBP.

At June 30, 2021, the market value of derivatives hedging highly probable future transactions and recognized in equity was positive at €4.4 million compared with a positive €14 million at year-end 2020.

The Group's main currency exposure is the US dollar, the Pound Sterling and the Polish Zloty. The valuations shown exclude the impact of deferred taxes.

A 1% increase in the EUR/USD rate before hedging, would negatively impact operating income by €1,8 million, on an annual basis.
A 1% increase in the EUR/GBP rate before hedging, would negatively impact operating income by €1 million, on an annual basis.

A 1% decrease in the EUR/PLN rate before hedging, would negatively impact operating income by €0.5 million, on an annual basis.

On June 30, 2021, 2021 budget net exposure (realized and to come) relative to the main currencies was hedged at a ratio between 83% and 100%, depending on the currency managed. Currency fluctuations gains and losses arising from recognition of sales and purchasing transactions of Group entities can thus be offset up to the hedge amount by gains and losses from the hedges.
Hedge measurements comply with market practices in terms of data for yield curves, foreign exchange rates and volatility curves, as well as valuation models. The Treasury department has the requisite in-house means for calculating the valuations. However, the Bel Group uses an external provider to determine the valuations.

5.7.4 Interest rate risk management

Most of the Group's financing is arranged by Bel, which also handles interest rate risk management centrally. The policy governing interest rate derivatives is designed to protect against an unfavorable rise in interest rates while partially taking advantage of any interest rate declines.

		At June 30, 2021					At December 31, 2020			
(in millions of euros) Category of transactions	Currency	Commitment	Equity	Operating income	Financial income	Market value	Commitment	Equity	Financial income	Market value
Potfolio related to interest rate										
Fixed-rate borrower swaps	EUR	42,5	(0,3)	-	-	(0,3)	42,5	(0,5)	-	(0,5)
Fixed-rate receiver swaps	EUR	72,5	-	-	0,0	0,0	72,5	-	1,5	1,5
Fixed-rate receiver swaps	USD	63,1	-	-	(4,3)	(4,3)	48,9	-	(1,0)	(1,0)
Fixed-rate borrower cross curr	EUR/CAD	15,3	-	-	(0,3)	(0,3)	19,2	-	0,8	0,8
Total portfolio related to interest rate		**-**	**(0,3)**	**-**	**(4,5)**	**(4,9)**	**-**	**(0,5)**	**1,3**	**0,8**

On June 30, 2021 the Group hedged interest rate risk through interest rate swaps:

On an annualized basis, a 1% rise across the entire rates curve would have:

- no significant impact on the Group's equity;
- a negative impact of €15.7 million on the Group's financial result.

On an annualized basis, a 1% fall across the entire rates curve would have:

- a negative impact of €0.3 million on the Group equity,
- a positive impact of €8.8 million on the Group's Financial result.

The following hedging balance corresponds to hedges of Group's floating rate loans.

Change in the interest rate hedging portfolio on June 30, 2021

(in millions of currencies)		2021	2022	2023	2024	2025	2026	2027	2028	2029 > 2035
Interest-rate swaps	EUR	107,5	97,5	62,5	62,5	62,5	62,5	31,25	31,25	-
Interest-rate swaps	USD	75	75	75	75	75	75	75	75	75
Interest-rate swaps	EUR/CAD	7,5	-	-	-	-	-	-	-	-

Breakdown of gross debt (excluding finance lease) by type, maturity and interest rate type

At June 30, 2021	Net financial debt			Impact of derivative instruments			Financial debt after impact of derivative instruments		
(in millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Maturity									
2021	(32,3)	(173,2)	(205,5)	(17,7)	17,7	-	(50,0)	(155,5)	(205,5)
2022	(2,3)	(20,8)	(23,1)	(15,1)	15,1	-	(17,4)	(5,7)	(23,1)
2023	(42,5)	(0,8)	(43,3)	(15,0)	15,0	-	(57,5)	14,2	(43,3)
2024	(529,0)	(1,3)	(530,3)	-	-	-	(529,0)	(1,3)	(530,3)
2025	(2,5)	-	(2,5)	-	-	-	(2,5)	-	(2,5)
>=2026	(253,7)	-	(253,7)	125,6	(125,6)	-	(128,1)	(125,6)	(253,7)
TOTAL	**(862,4)**	**(196,1)**	**(1 058,4)**	**77,8**	**(77,8)**	**-**	**(784,5)**	**(273,9)**	**(1 058,4)**

Treasury billed are issued at a fixed rate, but are considered in this table as variable rate due to short maturities and early renewals.

5.7.5 Counterparty risk management

All short-term cash investments and financial instruments are arranged with major counterparties in accordance with both safety and liquidity rules. “Major counterparties” are mainly French banks from the banking pool. Money-market mutual funds offering daily liquidity or certificates of deposit account for most of the short-term cash investments.

The DVA (Debt Value Adjustments) and CVA (Credit Value Adjustments) of the Group’s foreign exchange and interest rate hedges were immaterial at June 30, 2021.

5.7.6 Raw material risk management

The Group is exposed to price increases of raw materials, particularly for milk, cheese, milk powder and butter. So far, the Group has not been able to implement a global systematic policy to hedge raw materials prices. The US units have a raw materials hedging policy using forward markets in Chicago.

On June 30, 2021 Bel and Bel Brands have the following positions:

	At June 30, 2021		At Decemeber 31, 2020	
Category of transactions	Number of contracts	Market value (in millions euros)	Number of contracts	Market value (in millions euros)
CME Class III Milk				
Achat de Forward	733	0,6	716	0,8
Achat de Call	336	0,4	636	1,0
Vente de Put	168	(0,0)	318	(0,1)
Total CME Class III Milk		1,1		1,7
CME Cash Settled Cheese				
Achat de Forward	208	(0,2)	311	0,2
Achat de Call	140	0,1	252	0,4
Vente de Put	50	(0,0)	126	(0,1)
Total CME Cash Settled Cheese		(0,0)		0,5
CME Cash Settled Butter				
Achat de Forward	43	(0,0)	-	-
Total CME Cash Settled Butter		(0,0)		-
TOTAL U.S.		**1,0**		**2,3**
Total Groupe BEL		**1,0**		**2,3**

At June 30, 2021, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity was a positive €1 million compared to a positive €2.3 million at December 31, 2020.

5.7.7 Fair value hierarchy disclosures based on IFRS 7

	At June 30, 2021				At December 31, 2020			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Foreign exchange derivatives	-	5,0	-	5,0	-	15,5	-	15,5
Interest rate derivatives	-	(4,9)	-	(4,9)	-	0,8	-	0,8
Raw materials derivatives	1,0	-	-	1,0	2,3	-	-	2,3
Total	**1,0**	**0,1**	**-**	**1,1**	**2,3**	**16,3**	**-**	**18,5**
Mutual funds	115,4	-	-	115,4	91,0	-	-	91,0
Total	**116,4**	**0,1**	**-**	**116,5**	**93,3**	**16,3**	**-**	**109,6**

5.8. Assets and liabilities held for sale

Since Bel and Lactalis begun exclusive negotiations having signed an Unilateral Promise to Purchase a business, on March 18, 2021, including Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland, Leerdammer and all related rights, and Bel Shostka Ukraine, and applying IFRS 5, the corresponding assets and liabilities have been isolated in dedicated lines.

A fixed asset, or a group of assets and liabilities, is held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. These assets (or disposal groups) are presented separately on a line "assets held for sale" in the consolidated balance sheet. The asset (or disposal group) is being measured on initial recognition at the lower of its carrying amount and fair value less costs to sell. The liabilities of a disposal group classified as held for sale are presented separately on a line "liabilities held for sale" in the consolidated balance sheet.

As of June 2021, assets held for sale and Liabilities held for sale are as follows:

(en milliers d' euros)

ASSETS	IFRS 5
NON-CURRENT ASSETS	
Goodwill	37,3
Other intangible assets	89,4
Property, plant and equipment	73,8
Property, plant and equipment - right of use	6,5
Financial investments	0,1
Other financial assets	(0,0)
Loans and advances	0,0
Trade and other receivables	0,0
Deferred tax assets	1,8
TOTAL	**208,9**
CURRENT ASSETS	
Inventories and work-in-progress	53,1
Trade and other receivables	80,1
Other financial assets	0,0
Loans and advances	0,0
Current tax assets	0,5
Cash and cash equivalents	3,3
TOTAL	**137,0**
ASSETS HELD FOR SALE	**345,9**

EQUITY AND LIABILITIES	IFRS 5
NON-CURRENT LIABILITIES	
Provisions	0,0
Employee benefits	26,6
Deferred tax liabilities	22,8
Liabilities related to assets held under finance lease -	4,4
Long-term borrowings and financial liabilities	0,0
Other liabilities	0,5
TOTAL	**54,3**
CURRENT LIABILITIES	
Provisions	0,3
Employee benefits	2,4
Liabilities related to assets held under finance lease -	1,8
Short-term borrowings and financial liabilities	0,0
Other financial liabilities	0,0
Trade and other payables	79,9
Income tax liabilities	0,6
Current bank facilities and other borrowings	0,0
TOTAL	**85,0**
LIABILITIES HELD FOR SALE	**139,3**

6. FINANCIAL COMMITMENTS

As a reminder, the Group received from the MOM group managers the promise to sell *(call)* their shares to Bel upon request of Bel on April 30, 2022 the latest, part of which was exercised during the semester (see note 2).

In June 2020, the Group finalized a deal to buy the 20% remaining shares of the minority shareholders of All In Foods. This commitment is recorded in Long-term borrowings and financial liabilities.

As mentioned in Note 5.7.2, the Group realized its first private bond issue (USPP in French law) for $150 million which matures on November 2035. The issue date is scheduled November 30th, 2020.

No material variation in financial commitments is to be reported for this first half 2021.

7. DISPUTES AND LITIGATION

The Group was engaged in a certain number of lawsuits and disputes in the normal course of its business. Provisions were recognized for any probable and measurable costs that might arise from those lawsuits and disputes. Management knows of no dispute carrying significant risk that could adversely impact the Group's earnings or financial position that was not provisioned for at June 30, 2021.

8. RELATED PARTIES

8.1. Management benefits

Management in this note refers to Board of Directors and Management Committee members. During the first half of 2021, no notable changes were made to the principles used to determine management remuneration and similar benefits.

8.2. Related party relationships

(in millions of euros)	**June 30,2021**	**June 30, 2020**	**December 31, 2020**
Amount of transactions	6,5	6,7	14,0
of which Unibel	2,8	2,7	5,4
of which other non-consolidated companies	3,7	4,0	8,6
Associated receivables	2,4	0,1	0,1
Associated payable and current accounts	35,5	73,6	66,4
of which Unibel	33,1	71,2	63,8
of which other non-consolidated companies	2,4	2,4	2,5
Unibel shares	169,8	117,8	115,8

At June 30, 2020, transaction amounts with related parties included the Unibel holding company for € 2.8 million, of which € 2.7 million in personnel expense billed back to Bel and 4.0 million of operating expenses charged back to Bel by non-consolidated companies (Bel Proche et Moyen-Orient, Bel Beyrouth, Bel Middle East).

Related parties associated payables and current accounts mainly concerned the Unibel holding company, with a €32.8 million current account, versus €63.8 million at December 31, 2020 (see note 5.5).

The Unibel shares held by Sofico were measured at €169.8 million, based on the closing share price at June 30, 2021.

The Group has no significant off-balance sheet commitments with related parties.

9. SIGNIFICANT SUBSEQUENT EVENTS

No significant subsequent event is to be reported.

This is a free translation into English of the statutory auditors' review report on the interim financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's first-half 2021 management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Statutory Auditor's Report on the Interim Consolidated Financial Statements

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Grant Thornton
29, rue du Pont
92200 Neuilly-sur-Seine

Deloitte & Associés
6, place de la Pyramide
92908 Paris La Défense Cedex

BEL

French corporation *(Société Anonyme)*

2 allée de Longchamp
92150 Suresnes

Statutory Auditor's report on the 2021 interim consolidated financial statements

Period from January 1, 2021 to June 30, 2021

To the Shareholders,

In compliance with the assignment entrusted to us by general meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of BEL S.A., for the period from January 1st, 2021 to June 30, 2021,
- the verification of the information presented in the first-half 2021 management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements have been prepared and review under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.
These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the first-half 2021 management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris- La Défense, July 29, 2021

The Statutory auditors

French original signed by:

PricewaterhouseCoopers Audit		Grant Thornton	Deloitte & Associés
Xavier Belet	Thierry Leroux	Virginie Palethorpe	Jean-Pierre Agazzi

Statement of the company officer responsible for the interim financial report

The undersigned hereby declares that, to the best of his knowledge, the summary consolidated financial statements for the first half of 2020 have been prepared in accordance with applicable accounting standards and present a fair and reliable picture of the assets, financial position and earnings of the Bel company and all its entities included in the scope of consolidation. Further, the undersigned hereby declares that, to the best of his knowledge, the business report above presents a fair and reliable picture of significant events taking place in the first six months of the year, their impact on the financial statements and main related-party relationships, and describes the main risks and uncertainties for the remaining six months of the financial year.

Suresnes - July 29, 2021

Chairman and Chief Executive Officer

Antoine Fiévet

The present interim report is available at Bel's website http://www.groupe-bel.com
Copies may also be obtained free of charge at the company's head office.

French corporation *(société anonyme)* with a share capital of €10,308,502.50
2 allée de Longchamp - 92150 Suresnes
Siren 542 088 067 - RCS Nanterre