Bel

French corporation *(société anonyme)* with a share capital of €10,308,502.50
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FIRST-HALF 2022 FINANCIAL REPORT

Should there be any difference between the French and the English version of this Bel Group First-half 2022 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 €3.38 billion in 2021.. Almost 11,800 employees in nearly 40 subsidiaries around the world contribute to strengthen Bel's mission as a major player in the global healthy snack market . Bel products are prepared at more than 29 production sites and distributed in over 120 countries.
www.groupe-bel.com

First-Half 2022 Business Report

1. Review of operations and earnings

(in millions of euros)	First-half 2022	First-half 2021	% Change
Sales	1 682,8	1 690,6	(0,5%)
Operating income	68,6	108,6	(36,9%)
Consolidated net profit - Group share	**34,0**	**66,8**	**(49,2%)**

In the first half of 2022, Bel generated consolidated sales totaling €1,683 million, versus €1,691 million in the first half of 2021, a relatively steady performance despite the uncertain environment and a negative €245-million impact on changes in the scope of consolidation arising from the sale of the Leerdammer brand and the Bel Shostka Ukraine subsidiary to Lactalis. Excluding the negative impact from the change in the scope of consolidation and the positive 5.2% (+€75.2 million) foreign-exchange impact, which stemmed notably from the appreciation of the U.S. dollar against the euro, sales grew organically 11.1%. The robust organic sales performance, which attests to strong consumer appeal of Bel's core brands, was fuelled by continued growth in the fruit-based foods business in all company territories, the strong sales momentum in North America and China, and the positive impact from the price-mix effect.

Mini Babybel® and Boursin® posted strong growth in North America and the United Kingdom. Kiri® confirmed its solid growth momentum in China. The Laughing Cow® had a mixed performance depending on the territory, with very positive sales momentum in North America. Bel's first international, 100% plant-based food brand, Nurishh®, as well as Boursin® Vegetal and the recently launched Mini Babybel® Vegetal achieved encouraging results during the period, confirming Bel's strategy to develop its plant-based food offering alongside its dairy and fruit-based food products. Lastly, the e-commerce and Out of Home (OOH) distribution channels continued to develop at a strong clip.

The sales breakdown by market segment is as follows:

	First half			
(in millions of euros)	2 022	2021	% Change	Including organic growth
Global markets	1 246	1 376,7	(0,1)	5,4%
New territories*	436	313,9	0,4	31,5%
Group total	**1 683**	**1 690,6**	**(0,0)**	**11,1%**

** 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

In North America, sales trended up significantly with excellent performances reported by the Mini Babybel®, The Laughing Cow® and Boursin® brands, in step with Bel's aim to accelerate growth in this geographical region. The situation in the Near and Middle East and North Africa stabilized in H1 2022, compared to the prior year period. Sales volumes remained resilient in Europe. The region posted organic sales growth, with stable volumes overall during the period.

New Territories*

The New Territories* continued its solid growth path, buoyed once again by sales in the fruit-based food business, which reported particularly robust momentum in all markets. Further, sales in China accelerated very strongly on the back of Kiri®, confirming the brand's growth potential for the years ahead.

Results

In the first half of 2022, consolidated operating income totaled €69 million, down 36.9% versus the first half of 2021.

Operating income by segment is as follows:

(in millions of euros)	First-half 2022	Fisrt-half 2021	% Change
Global markets	19,4	64,2	(69,7%)
New territories*	49,1	44,4	10,6%
Group total	**68,6**	**108,6**	**(36,9%)**

**New territories encompass the business activities of MOM (Mont-Balnc, Materne), as well as markets in Sub-Saharan Africa*

Operating margin declined 235 basis points as a result of strong inflationary pressure on all Bel's purchasing line items. In H1 2022, Bel was unable to fully offset the unprecedented inflation impact by accelerating productivity efforts or raising selling prices, the effects of which will continue to be felt in the coming months. The company remains steadfast in its efforts to continuously adapt its product offering and, in this environment, strike the best possible balance between the value of its products and their accessibility to most consumers.

After taking into account net financial result and income tax expense, consolidated net profit, Group share, totaled €34 million, compared with €67 million at June 30, 2021

2. Financial situation

The Group's balance sheet remained strong at June 30, 2022, with net financial debt amounting to €813.5 million, versus €645 million at December 31, 2021. The increase reflects the purchase of outstanding ordinary shares not already owned in the MOM Group. The 17.44% interest was acquired for €208 million on April 29, 2022. Following the completion of that transaction, Bel now owns 100% of MOM's ordinary shares. At June 30, 2022, the Bel Group's equity stood at €1,555.6 million, compared with €1,681.6 million at December 31, 2021.

Bel continues to enjoy strong liquidity both in terms of cash and untapped credit lines. At June 30, 2022, Bel had €456 million in surplus cash and cash equivalents and €520 million in untapped credit lines maturing in 2024.

3. Outlook for 2022

Confronted with persistent and increasing macro-economic uncertainties, the Bel Group demonstrated its resilience in the first half of 2022, confirming the relevance of its strategic development choices and underscoring the appeal of its brands through the continued loyalty of its consumers and retail partners. Bel remains vigilant in the face of inflation, which remains very high and will severely impact the second half of the year, requiring the company to continue efforts to restore margins. Bel is endeavoring to minimize the market's environmental impact, while continuing to strengthen its position in the global healthy snack market.

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

Announcement of the signing of an agreement to sell Bel's stake in Safilait, as well as the Tarmast farm that supplies Safilait.

Groupe Bel and Polmlek announced on July 13, 2022 that they have signed an agreement to sell Bel's stake in Safilait, as well as the Tarmast farm that supplies Safilait. The transaction will be effective after regulatory and competition approval. It is expected to be completed in the second half of 2022.

SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

(in millions of euros)	Notes	June 2022	June 2021	December 2021
Sales	**4.1**	**1 682,8**	**1 690,6**	**3 379,0**
Cost of goods and services sold		(1 265,3)	(1 208,7)	(2 458,5)
Gross margin		**417,5**	**481,9**	**920,6**
Sales and marketing expense		(190,7)	(206,5)	(411,9)
Research and development expense		(13,6)	(14,4)	(29,0)
Administrative and general overhead expense		(135,6)	(128,9)	(262,0)
Other operating income and expense		1,4	1,2	5,3
Recurring operating income		**79,0**	**133,4**	**222,9**
Other non-recurring income and expense	4.2	(10,4)	(24,8)	406,4
Operating income	**4.1**	**68,6**	**108,6**	**629,3**
Income from cash and cash equivalents	4.3	0,6	0,8	1,2
Cost of gross financial indebtedness	4.3	(11,0)	(12,6)	(23,4)
Cost of net financial indebtedness	**4.3**	**(10,4)**	**(11,8)**	**(22,2)**
Other financial income and expense	4.3	(3,2)	(2,0)	(11,9)
Pre-tax profit		**55,0**	**94,8**	**595,2**
Income tax expense	4.4	(20,2)	(27,2)	(65,1)
Net profit of the consolidated group		**34,7**	**67,7**	**530,1**
Non-controlling interests		(0,8)	(0,8)	(5,6)
Consolidated net profit - Group share		**34,0**	**66,8**	**524,5**

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

Statement of Comprehensive Income

(in millions of euros)	Notes	June 2022	June 2021	December 2021
Net profit /(loss) for the period		**34,7**	**67,7**	**530,1**
Other items of comprehensive income				**-**
Non-reclassifiable items	5.1			-
Actuarial gains and losses arising from retirement obligations		7,7	4,6	1,9
Income tax impact		(2,0)	(1,2)	(0,5)
Actuarial gains and losses arising on financial assets		8,8	54,0	79,5
Income tax impact		(5,2)	(14,0)	(17,6)
Reclassifiable items		-	-	-
Translation difference		37,7	35,0	70,7
Hyperinflation revaluation		18,9	-	17,0
Gains and losses on cash flow hedging		-	-	-
Amounts recognized in equity		6,9	(10,6)	(16,4)
Income tax impact		(1,7)	2,8	4,2
TOTAL RECOGNIZED TO EQUITY		**71,1**	**70,6**	**138,9**
Total comprehensive income for the period		**105,8**	**138,2**	**669,0**
Group share		105,1	135,5	660,2
Non- controlling interests		0,7	2,8	8,8

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, 2022	December 31, 2021
NON-CURRENT ASSETS			
Goodwill	5.2	826,4	818,1
Other intangible assets	5.2	561,0	548,5
Property, plant and equipment	5.2	911,4	885,2
Property, plant and equipment - right of use	5.2	74,9	92,3
Financial investments	5.3	237,4	227,6
Other financial assets		1,6	7,3
Loans and advances		12,2	12,4
Trade and other receivables		3,0	1,0
Deferred tax assets		11,4	10,3
TOTAL		**2 639,4**	**2 602,7**
CURRENT ASSETS		-	
Inventories and work-in-progress		425,7	337,9
Trade and other receivables		335,6	395,4
Other financial assets		33,9	10,2
Loans and advances		0,7	1,0
Current tax assets		25,4	35,6
Cash and cash equivalents	5.6	456,4	494,6
TOTAL		**1 277,7**	**1 274,6**
Assets held for sale	5.8	55,0	-
TOTAL ASSETS		**3 972,1**	**3 877,3**

EQUITY AND LIABILITIES (in millions of euros)	Notes	June 30, 2022	December 31, 2021
Share capital		10,3	10,3
Additional paid-in capital		22,0	22,0
Reserves		2 219,4	2 310,9
Treasury shares		(718,9)	(719,9)
EQUITY GROUP SHARE		**1 532,7**	**1 623,3**
NON-CONTROLLING INTERESTS		**22,9**	**58,3**
EQUITY		**1 555,6**	**1 681,6**
NON-CURRENT LIABILITIES		-	-
Provisions	5.5	4,3	4,6
Employee benefits	5.5	35,9	43,1
Deferred tax liabilities		300,6	281,3
Liabilities related to assets held under finance lease -ove	5.6	61,2	75,6
Long-term borrowings and financial liabilities		867,1	877,7
Other liabilities		68,9	68,0
TOTAL		**1 338,0**	**1 350,3**
CURRENT LIABILITIES		-	-
Provisions	5.5	3,5	5,1
Employee benefits	5.5	1,8	2,4
Liabilities related to assets held under finance lease - les	5.6	18,9	22,2
Short-term borrowings and financial liabilities	5.6	280,5	162,7
Other financial liabilities	5.6	47,1	13,6
Trade and other payables		626,4	603,2
Income tax liabilities		34,7	32,1
Current bank facilities and other borrowings	5.6	20,2	4,2
TOTAL		**1 033,0**	**845,4**
Liabilities held for sale	5.8	45,5	-
TOTAL EQUITY AND LIABILITIES		**3 972,1**	**3 877,3**

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, 2020	**6 788 542**	**10,3**	**22,0**	**(199,3)**	**(23,3)**	**143,8**	**1 820,3**	**1 773,7**	**90,8**	**1 864,5**
Appropriation of prior year net income						(143,8)	143,8			-
Dividends paid							-	-	(2,5)	(2,5)
Profit (loss) for the period						524,5	-	524,5	5,6	530,1
Other items of comprehensive income				67,6			68,1	135,7	3,2	138,9
Other changes in value directly recognized in equity							(114,0)	(114,0)	(38,8)	(152,8)
Purchase of treasury shares	(1 591 690)				(697,1)			(697,1)		(697,1)
Treasury shares distributed	3 391				0,6			0,6		0,6
Balance at December 31, 2021	**5 200 243**	**10,3**	**22,0**	**(131,7)**	**(719,9)**	**524,5**	**1 918,1**	**1 623,3**	**58,3**	**1 681,6**
Appropriation of prior year net income						(524,5)	524,5			-
Dividends paid										(26,5)
Profit (loss) for the period						34,0		34,0	0,8	34,7
Other items of comprehensive income				37,8			33,4	71,1	(0,1)	71,1
Other changes in value directly recognized in equity							(170,1)	(170,1)	(36,1)	(206,3)
Purchase of treasury shares	-				-			-		-
Treasury shares distributed	5 206				1,0			1,0		1,0
Balance at June 30, 2022	**5 205 449**	**10,3**	**22,0**	**(93,9)**	**(718,9)**	**34,0**	**2 279,3**	**1 532,7**	**22,9**	**1 555,6**

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

Cash flow statement

(in millions of euros)	Notes	June 2022	June 2021*	December 2021*
Cash flow from (used in) operating activities				
Pre-tax profit		55,0	94,8	595,2
Adjustments for:				
Depreciation and write-downs		45,7	65,5	150,9
Depreciation on right of use		11,2	11,4	24,4
Capital gains (losses) on disposals		8,5	(0,7)	0,3
Reclassification of financial income		11,9	11,8	30,2
Reclassification of financial expense right-of-use		1,7	2,0	3,9
Other non-cash items in the income statement		9,6	11,7	(461,9)
Cash flow before changes in WCR		**143,6**	**196,6**	**343,0**
(Increase) decrease in inventories, current receivables and payables		1,8	(60,5)	(8,2)
(Increase) decrease in non-current receivables and payables		(4,6)	(2,8)	1,1
Income taxes paid		(6,7)	(27,4)	(51,6)
Net cash flow from (used in) operating activities	**(1)**	**134,1**	**105,8**	**284,3**
Cash flow from (used in) investing activities				
Acquisition of activities		(203,9)	(158,6)	(185,1)
Disposal of activities		(1,0)	1,1	17,4
Acquisitions of tangible and intangible assets		(56,7)	(60,2)	(118,2)
Disposals of tangible and intangible assets		0,4	2,0	2,6
Investment grants received		0,4	0,5	3,1
Acquisitions of financial assets		(3,3)	(2,2)	(17,8)
Disposals of financial assets		1,7	2,3	4,2
Dividends received		1,9	2,3	3,1
Net cash flow from (used in) investing activities	**(2)**	**(260,4)**	**(212,8)**	**(290,6)**
Cash flow from (used in) financing activities				
Dividends paid		(26,5)	0,0	(2,5)
Interests paid		(8,8)	(9,8)	(18,3)
Financial interests - right of use		(1,7)	(2,0)	(3,9)
Change in debt resulting from finance lease contracts		1,7	2,0	3,9
Repayments of debt resulting from finance lease contracts		(13,4)	(16,6)	(29,5)
Increase (decrease) in current accounts with entities outside the sco|		(6,1)	(31,3)	(79,0)
(Purchase)/ sale of treasury shares		0,0	(0,1)	(0,1)
Borrowings and financial liabilities issued		275,6	144,2	352,8
Repayments of borrowings and financial liabilities		(146,8)	(120,8)	(311,7)
Net cash flow from (used in) financing activities	**(3)**	**74,0**	**(34,3)**	**(88,3)**
Net increase (decrease) in cash and cash equivalents	**(1) +(2)+ (3)**	**(52,4)**	**(141,3)**	**(94,7)**
Net cash and cash equivalents at the beginning of the period		**490,4**	**580,1**	**580,1**
Effect of foreign exchange rate fluctuations		(2,0)	3,2	4,9
Net cash and cash equivalent at closing	**5.6**	**436,1**	**442,1**	**490,4**
At the closing date, net cash and cash equivalents comprised the following:				
Marketable securities and money market instruments	5.6	115,0	119,1	122,6
Cash on hand and balances with banks	5.6	342,4	325,5	372,0
Current used bank facilities including overdrafts and accrued interest	5.6	(21,3)	(2,6)	(4,2)
TOTAL		**436,1**	**442,1**	**490,4**

** The presentation of the impacts of the IFRS16 standard on the cash flow statement has changed in 2022. As a result, the comparative information presented for 2021 has been restated*

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 28, 2022.

The consolidated financial statements at June 30, 2022 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, 2021 (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, 2022.

Standards, amendments and interpretations required as of the financial year opening January 1, 2022

The amendments or interpretations published and effective as of January 1, 2022 have no impact on the Group's consolidated financial statements.

Standards, amendments and interpretations not required but which may be early adopted as of the financial year opening January 1, 2022

The Group does not apply by anticipation any standard or interpretation that is not mandatory from January 1st, 2022.

IFRS 5 – IFRS 5 Assets held for sale

In the context of an agreement with Polmlek group to sell Bel’s stake in Safilait, part of Bel’s activities in Morocco, all the conditions are met from an IFRS point of view to qualify the assets as held for sale, the highly probable character of the sale as of June 30, 2022 and the fact that this asset does not constitute a principal activity are met

Since June 30, 2022, 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.

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 2021. However, the discount rates for the Euro zone and Morocco have been revised and stand respectively at 3.00% (against 1.10% as of December 31, 2021) and 2.55% (against 2.30% as of December 31, 2021).

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.

Hyperinflation

In 2022, a consensus was reached to estimate that the conditions were met to consider Turkey as a hyperinflationary economy under the definition of IAS 29. These conditions notably include the cumulative inflation rate over three years, which exceeded the 100% threshold during the first half of 2022.

Bel’s subsidiary in Turkey has applied IAS 29 since January 1, 2022 and in Iran has applied IAS 29 since January 1, 2021.

Accordingly, the subsidiary’s non-cash assets and liabilities, as well as its income statement, have been restated to reflect changes in the general purchasing power of its functional currency, resulting in a gain or loss that is recorded under financial result. In addition, the financial statements of that country are translated at the closing rate for the period, as required by the standard.

At the beginning of the 2022 financial year, the application of the standard resulted in an increase in property, plant and equipment and intangible assets of €3.2 million (see Notes 5.2) and non-monetary liabilities for €0.6 million, being recognized as a counter-entry to other items of comprehensive income.

2. CHANGES IN THE SCOPE OF CONSOLIDATION

During the first half of 2022, Bel India was fully consolidated for the first time.

In addition, Bel acquired 17.44% of MOM's common shares. Bel now holds all the capital and voting rights of the Group MOM.

3. CONFLICT BETWEEN RUSSIA AND UKRAINE

The military conflict following the invasion of Ukraine by Russia since February 24, 2022 exposes the BEL Group to new economic uncertainties, as do all companies.

However, as the BEL group has no establishment in these countries, none of its employees are exposed, nor are any of its assets.
Nevertheless, the group remains attentive to the evolution of the situation and the consequences of this conflict.

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 2022		Fisrt-half 2021		% Change	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Global markets	1 246,3	19,4	1 376,7	64,2	(9,5%)	(69,7%)
New territories	436,5	49,1	313,9	44,4	39,1%	10,6%
Group total	**1 682,8**	**68,6**	**1 690,6**	**108,6**	**(0,5%)**	**(36,9%)**

4.2. Other non-recurring income and expense

Non – recurring income and expense are detailed below:

(In millions of euros)	First half 2022	First half 2021	December 2021
Impairment and gain or loss from disposal of fixed assets	(1,1)	(9,5)	(35,5)
Gain or loss on disposal of fully consolidated entity	(5,6)	(8,1)	458,2
Restructuring costs	0,6	(0,0)	(0,9)
Other non-recurring income and expense	(4,3)	(7,2)	(15,4)
Total other non-recurring income and expense	**(10,4)**	**(24,8)**	**406,4**

Depreciation and gains and losses arising from disposal of assets mainly comprise the amortization of brands acquired, and which have limited useful life. As a reminder, in 2021, impairment tests have led to a goodwill impairment of €(33.6) million recorded on the Moroccan company Safilait. In June 2021 the partial depreciation of intangible and tangible assets of Safilait was €(8.5) million.

The result of the disposal includes the estimated capital loss on the disposal of the Safilait entity. In June 2021, the capital loss on disposal of the Bel Syrie entity was €(8.1) million. In December 2021, this amount corresponded to the capital gain on the disposal of the entities Royal Bel Leerdammer NL, Bel Italia, Bel Deutschland and Bel Shostka Ukraine for 466.1 million euros.

Other non-current income and expenses mainly include costs related to acquisitions and disposals.

4.3. Financial income and expense

(in millions of euros)	First half 2022	First half 2021	December 2021
Income from cash and cash equivalents	0,6	0,8	1,2
Cost of gross financial debt	(11,0)	(12,6)	(23,4)
Cost of net financial debt	**(10,4)**	**(11,8)**	**(22,2)**
Net cost of discounting	(0,3)	(0,2)	(0,6)
Foreign currency gains (losses)	5,7	(4,6)	(6,9)
Hyperinflation revaluation	(9,0)	-	(3,3)
Other	0,5	2,8	(1,1)
Other financial income and expense	**(3,2)**	**(2,0)**	**(11,9)**
Total net financial expense	**(13,6)**	**(13,8)**	**(34,1)**

At June 30, 2022, the "cost of net financial debt" includes the impact of the application of IFRS 16 for € (1.7) million. At June 30, 2021 the impact of IFRS16 was € (2.0) million.

The foreign currency gains is mainly due to the devaluation of the dollar and the Egyptian pound. In 2021, this line included the impact of hedging instruments.

The line item "Hyperinflation" includes the effects of the revaluation of the non-cash assets and liabilities of the Iranian and Turkish entities, as well as all other income statement items, in accordance with IAS 29.

Other financial income and expenses include the gain or loss on the disposal of the Tarmast shares, which were reclassified as assets held for sale.

4.4. Taxes

(in millions of euros)	First-half 2022	First-half 2021	December 2021
Pre-tax profit	55,0	94,8	595,2
Total income tax expense recognized on the income statement	(20,2)	(27,2)	(65,1)
Net profit	34,7	67,7	530,1
Effective income tax rate	**36,8%**	**28,7%**	**10,9%**

At June 30, 2022, the Group estimated its average effective income tax rate at 36.8%, versus 28.7% at June 30, 2021. The increase in the effective income tax rate stems principally from the increase of the current and deferred tax rates in the U.S., and in tax credits and withholding taxes that cannot be used in 2022

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.

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 €204.2 million on June 30th, 2022.

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, 2021					
Gross value	891,0	759,4	2 150,0	164,1	3 964,5
Accumulated depreciation and write -downs	(72,9)	(210,9)	(1 264,8)	(71,8)	(1 620,3)
Net carrying amount	**818,1**	**548,5**	**885,2**	**92,3**	**2 344,1**
Variation for the period					
Acquisitions	-	6,5	52,3	9,7	68,5
Impact of changes in consolidation scope	-	-	0,0	-	0,0
Disposals and write -downs	-	-	(0,3)	(1,6)	(1,9)
Hyperinflation revaluation	-	0,2	10,7	0,1	11,0
Translation differences	8,3	20,4	26,7	1,3	56,7
Depreciation and write-downs	-	(6,6)	(52,7)	(11,2)	(70,5)
Reclassfications	-	(0,0)	(0,0)	-	(0,1)
IFRS 5 Reclassifications	(0,0)	(8,0)	(10,5)	(15,6)	(34,1)
Net carrying amount at June 30, 2022	**826,4**	**561,0**	**911,4**	**74,9**	**2 373,7**
At June 30, 2022					
Gross value	874,7	774,5	2 176,8	142,8	3 968,8
Accumulated depreciation and	(48,3)	(213,4)	(1 265,4)	(67,9)	(1 595,1)
Net carrying amount	**826,4**	**561,0**	**911,4**	**74,9**	**2 373,7**

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.

In absence of indications of loss in value, Group assets, particularly goodwill and brands, were not tested for impairment at June 30th, 2022.

5.3. Financial investments

The change of €9.8 million in financial investments, during the first half of 2022, is mainly explained by the revaluation of Unibel shares held by Sofico for an amount of €8.8 million.

5.4. Stock options plans

The 2020/2023 bonus-share plan is under way at this writing. Two new bonus-share plans 2022A and 2022B were implemented in 2022 with maturities of 2024 and 2025 respectively.

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 2019/2022	Plan 2020/2023	Plan 2022A/2024	Plan 2022B/2025	TOTAL
Number of shares granted at the award date	11 511	14 748	15 324	18 430	
Number of shares granted at June 30, 2022	5 203	12 346	15 324	18 430	
Faire value of share award (in €)	300	256	408	408	
Award criteria : percentage provisioned	61%	100%	100%	100%	
Acquisition period	3 years	3 years	2 years	3 years	
Amount expense at June 30, 2022	**59**	**(490)**	**(411)**	**(329)**	**(1 171)**

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, 2021		
Non-current	43,1	4,6
Current	2,4	5,1
Net carrying value	**45,5**	**9,7**
Variation for the period	-	-
Increase (charges)	1,8	0,7
Reversals- offset against expenses	(1,9)	(1,6)
Reversals- cancelled provisions	(0,1)	(0,7)
Changes in the scope of consolidation	-	-
Actuarial gains and losses	(7,7)	
Effects from discounting	0,2	-
Reclassifications	(0,2)	-
Translation differences	(0,0)	0,1
IFRS 5 Reclassifications	-	(0,4)
Net carrying value at june 30, 2022	**37,7**	**7,8**
of which:		
Non-current	*35,9*	*4,3*
Current	*1,8*	*3,5*

Employee benefits concern primarily France, which represents €32.5 million. The discount rates for Euro Zone as well as for Morocco have been revised and stand respectively at 3.00% (against 1.10% as of December 31, 2021) and 2.55% (against 2.30% as of December 31, 2021).
The rates for the other zones are similar to those at December 31st, 2021.

5.6. Net financial debt

Breakdown of net financial debt

(in millions of euros)	June 30, 2022	December 31, 2021
Bonds (1)	773,8	755,8
NEU MTN (2)	75,0	60,0
Banks borrowing	13,2	31,6
Employee profit-sharing	1,9	2,8
Minority shareholders' put options	27,5	27,5
Deposits and guarantee deposits	-	-
Borrowings and financial liabilities	**891,5**	**877,7**
Total long-term liabilities	**891,5**	**877,7**
Bonds	3,2	6,0
NEU MTN (2)		10,0
Bank borrowings	19,2	0,3
Employee profit-sharing	0,8	1,3
NEU CP (3)	209,0	110,0
Minority shareholders' put options	(0,0)	(0,0)
Sundry loans and financial liabilities	8,1	8,8
Current account liabilities	20,1	26,3
Borrowings and financial liabilities	**280,5**	**162,7**
Total short-term debt	**280,5**	**162,7**
Gross financial debt - excluding finance lease	**1 171,9**	**1 040,4**
Lease liability - Long term	61,2	75,6
Lease liability - Short-term	18,9	22,2
Lease liability	**80,1**	**97,8**
Gross financial debt	**1 252,1**	**1 138,3**
Current used bank facilities including overdrafts and accrued interest	20,2	4,2
Cash and cash equivalents	(456,4)	(494,6)
Net cash and cash equivalents	**(436,1)**	**(490,4)**
Current account assets	(2,4)	(2,5)
Total net debt	**813,5**	**645,4**

(1) Including interest rate hedging instruments for €24.4m presented in other financial liabilities in the balance sheet
(2) Negotiable European Medium Term Notes
(3) Negotiable European Commercial Paper

As at 30 June 2022, the Group launched a securitization program based on the non-recourse sale of a portion of trade receivables in Europe, the United States and Canada for an amount of €144.7 million compared to €48.3 million of factoring at 31 December 2021. These receivables are deconsolidated as at 31 December 2021.

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 €18.1 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, 2022:

(in millions of euros)	Total	2022	2023	2024	2025	2026	2027 and beyond
Financial debt right of use - short term	18,9	18,9	-	-	-	-	-
Financial debt right of use - long term	61,2	-	16,1	13,2	10,5	9,1	12,3
Total financial debt - right of use	**80,1**	**18,9**	**16,1**	**13,2**	**10,5**	**9,1**	**12,3**

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, 2022, the Group had a negative net financial position, excluding IFRS5, of €814 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 € 734 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, 2022, the Group had significant liquidity level and diversified financing sources, including:

- one confirmed syndicated credit lines of €520 million, maturing in 2024. This line have not been drawn.
- a €500 million NEU commercial paper program, of which €209 million has been used;
- a €200 million NEU MTN program, of which €95 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, 2022, the Group also has substantial net cash and cash equivalents totaling, excluding IFRS5, €436 million, of which €375 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.Failure to meet the ratio could trigger the repayment of a significant part of the debt. On June 30, 2022, the ratio stood at 2.84 versus 2.03 on December 31, 2021.

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 €51 million on June 30, 2022, 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 documented as a Net Investment Hedge, and also the foreign exchange risk related to financing 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 months. On June 30, 2022, the maturity of the derivatives portfolio did not go beyond December 31, 2023. Cash flow from the budgeted 2021 and 2022 hedges is expected in 2022 and 2023 and will thus impact income in 2022 and 2023.

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.

<u>Hedging positions for foreign exchange, interest rate and raw materials risks</u>
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, 2022				At December 31, 2021			
Category of transactions	Equity	Oper-ating income	Financial income	Market value	Equity	Oper-ating income	Financial income	Market value
Portfolio related to foreign exchange risk								
Forward on operationnal transactions	(5,2)	(1,9)	-	(7,0)	(3,7)	(0,1)	-	(3,8)
Options on operationnal transactions	1,3	(0,9)	-	0,4	(0,9)	(0,1)	-	(1,0)
Forward on dividends and investments	0,7	-	-	0,7	(0,3)	-	-	(0,3)
Transactions on financing	-	-	1,4	1,4	-	-	(0,1)	(0,1)
Other operations	-	-	(0,0)	(0,0)	-	-	(0,0)	(0,0)
Total portfolio related to foreign exchange	**(3,1)**	**(2,7)**	**1,4**	**(4,5)**	**(4,9)**	**(0,2)**	**(0,1)**	**(5,2)**
Total portfolio related to interest rate	**6,1**	**-**	**(24,4)**	**(18,3)**	**(0,2)**	**-**	**(6,0)**	**(6,3)**
Total portfolio of BEL compagny	**3,0**	**(2,7)**	**(23,0)**	**(22,7)**	**(5,1)**	**(0,2)**	**(6,1)**	**(11,4)**
Portfolio related to risk of variation in US raw material prices	4,6	0,4	-	4,9	4	0	-	4
Total Bel Group	**7,5**	**(2,3)**	**(23,0)**	**(17,8)**	**-**	**-**	**-**	**(7,3)**

**The cumulated impact of €(2.7)m recognized in operating income is related to the recycling of OCI when the invoices in hedged currencies are issued*

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, 2022, the Group had secured the following hedges:

The transactions are expressed according to the direction of the cross-currency Example : .
- *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.*

NIH : Strategy documented as hedge of net investment
CFH : Strategy documented as hedge of highly probable trasnsaction in Foreign Currency

	(in millions of euros)		At June 30, 2022					At December 31, 2021				
	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											
CFH	Forward purchase	EUR GBP	40,2	0,3	(0,0)	-	0,3	37,6	(0,7)	(0,2)	-	(0,8)
CFH	Forward sell	EUR PLN	31,5	(0,5)	(0,0)	-	(0,6)	32,5	(0,4)	(0,1)	-	(0,4)
CFH	Forward purchase	EUR PLN	3,0	(0,0)	-	-	(0,0)	-	-	-	-	-
CFH	Forward purchase	EUR USD	117,0	(5,9)	(1,8)	-	(7,7)	115,3	(2,5)	0,0	-	(2,5)
CFH	Forward sell	EUR USD	4,2	0,6	-	-	0,6	3,4	0,2	-	-	0,2
CFH	Forward purchase	Others	44,3	0,2	(0,0)	-	0,2	63,2	(0,5)	0,1	-	(0,4)
CFH	Forward sell	Others	7,4	0,2	-	-	0,2	0,9	0,2	-	-	0,2
	Forward on operationnal transactions			**(5,2)**	**(1,9)**	**-**	**(7,0)**	**-**	**(3,7)**	**(0,1)**	**-**	**(3,8)**
	2 - Currency options backed by trade receivables, trade payables or futures transactions											
CFH	Call purchase	EUR GBP	71,0	1,3	0,0	-	1,3	51,5	0,3	0,0	-	0,3
CFH	Put sale	EUR GBP	35,1	(0,3)	(0,0)	-	(0,3)	25,6	(0,2)	(0,0)	-	(0,3)
CFH	Put purchase	EUR PLN	53,0	0,5	0,0	-	0,5	30,0	0,2	-	-	0,2
CFH	Call sale	EUR PLN	19,6	(0,5)	(0,0)	-	(0,5)	11,3	(0,2)	-	-	(0,2)
CFH	Call purchase	EUR USD	180,3	2,5	0,0	-	2,5	93,2	0,1	0,0	-	0,1
CFH	Put sale	EUR USD	96,0	(3,7)	(1,0)	-	(4,7)	42,7	(1,2)	(0,1)	-	(1,3)
CFH	Call purchase	Others	70,0	2,2	0,2	-	2,3	56,0	0,5	0,0	-	0,5
CFH	Put sale	Others	32,7	(0,7)	(0,0)	-	(0,8)	25,0	(0,3)	(0,0)	-	(0,3)
	Options on operationnal transactions			**1,3**	**(0,9)**	**-**	**0,4**	**-**	**(0,9)**	**(0,1)**	**-**	**(1,0)**
	3- Currency forward to hedge future dividend or share tansactions flows											
NIH	Forward purchase	EUR GBP	13,0	-	-	-	-	-	-	-	-	-
NIH	Forward sell	EUR USD	13,0	-	-	-	-	12,9	(0,3)	-	-	(0,3)
NIH	Forward purchase	Others	35,2	0,7	-	-	0,7	-	-	-	-	-
	Forward o dividends and investments			**0,7**	**-**	**-**	**0,7**	**-**	**(0,3)**	**-**	**-**	**(0,3)**
	4-Transactions to hedge financing flows											
Not assigned	Swap sale	EUR GBP	23,2	-	-	0,1	0,1	22,9	-	-	0,0	0,0
Not assigned	Swap sale	EUR PLN	3,5	-	-	0,0	0,0	3,0	-	-	(0,0)	(0,0)
Not assigned	Swap sale	EUR USD	89,5	-	-	1,2	1,2	84,4	-	-	(0,1)	(0,1)
Not assigned	Swap sale	Others	18,5	-	-	(0,0)	(0,0)	18,2	-	-	(0,0)	(0,0)
Not assigned	Swap purchase	Others	2,1	-	-	0,2	0,2	10,5	-	-	(0,0)	(0,0)
	Transactions on financing			**-**	**-**	**1,4**	**1,4**	**-**	**-**	**-**	**(0,1)**	**(0,1)**
	5-Others transactions outside the hedging transactions category											
	Call sale	Others	2,0	-	-	(0,0)	(0,0)	2,0	-	-	(0,0)	(0,0)
	Other operations			**-**	**-**	**(0,0)**	**(0,0)**	**-**	**-**	**-**	**(0,0)**	**(0,0)**
	Total portfolio related to foreing exchange		**-**	**(3,1)**	**(2,7)**	**1,4**	**(4,5)**	**-**	**(4,9)**	**(0,2)**	**(0,1)**	**(5,2)**

At June 30, 2022, the market value of derivatives hedging highly probable future transactions and recognized in equity was negative at €4.5 million compared with a negative €5.2 million at year-end 2021.

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 €2,5 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 €0.8 million, on an annual basis.

On June 30, 2022, 2022 budget net exposure (realized and to come) relative to the main currencies was hedged at a ratio between 82% 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.

The group is also exposed to the risk of rise in interest rates for its future refinancing, which could lead to higher financing costs. Thus, the group may enter into firm or optional hedging transactions designated either as fair value hedges or as cash flow hedges, which also includes hedges of highly probable future financing.

On June 30, 2022 the Group hedged interest rate risk through interest rate swaps:

(in millions of euros)			At June 30, 2022				At December 31, 2021			
	Category of transactions	Curr-ency	Commit ment	Equity	Financial income	Market value	Commit ment	Equity	Financial income	Market value
	Potfolio related to interest rate									
CFH	Fixed-rate borrower swaps	EUR	50,0	0,0	-	0,0	35,0	(0,2)	-	(0,2)
FVH	Fixed-rate receiver swaps	EUR	72,5	-	(7,5)	(7,5)	72,5	-	(0,9)	(0,9)
FVH	Fixed-rate receiver swaps	USD	72,2	-	(16,9)	(16,9)	66,2	-	(4,9)	(4,9)
	Fixed-rate borrower cross currency swaps	EUR CAD	-	-	-	-	5,2	-	(0,2)	(0,2)
CFH	Fixed-rate payer swaptions - purchase	EUR	125,0	6,6	-	6,6	-	-	-	-
CFH	Fixed-rate receiver swaptions -Sell	EUR	125,0	(0,5)	-	(0,5)	-	-	-	-
	Total portfolio related to interest rate		**444,7**	**6,1**	**(24,4)**	**(18,3)**	**-**	**(0,2)**	**(6,0)**	**(6,3)**

EuroPP and USPP fixed rate bonds are hedged at 50% with fixed rate receiving interest rate swaps.
The related impact of €(24.4)m is then partly offset by financial product as fair value hedge account is applied since 2022, January 1st

On an annualized basis, a 1% rise across the entire rates curve would have:
- no significant impact on the Group's equity;
- a positive impact of €1.3 million on the Group's financial result.

On an annualized basis, a 1% fall across the entire rates curve would have:
- no significant impact on the Group's equity;
- a negative impact of €1.4 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, 2022

(in millions of currencies)	Curr-ency	2021	2022	2023	2024	2025	2026	2027	2028	2029 > 2035
Interest-rate swaps	EUR	97,5	62,5	62,5	62,5	62,5	31,3	31,3	-	-
Interest-rate swaps	USD	75,0	75,0	75,0	75,0	75,0	75,0	75,0	75,0	75,0

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

At June 30, 2022	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									
2022	(13,9)	(247,0)	(260,9)	-	-	-	(13,9)	(247,0)	(260,9)
2023	(32,2)	(29,9)	(62,2)	(40,0)	40,0	-	(72,2)	10,1	(62,2)
2024	(502,2)	(0,8)	(503,0)	-	-	-	(502,2)	(0,8)	(503,0)
2025	(30,0)	(11,2)	(41,2)	-	-	-	(30,0)	(11,2)	(41,2)
2026	(2,7)	-	(2,7)	-	-	-	(2,7)	-	(2,7)
>=2027	(296,6)	(5,8)	(302,4)	134,7	(134,7)	-	(161,9)	(140,5)	(302,4)
TOTAL	**(877,7)**	**(294,7)**	**(1 172,4)**	**94,7**	**(94,7)**	**-**	**(783,0)**	**(389,4)**	**(1 172,4)**

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 not material at June 30, 2022.

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, 2022 Bel and Bel Brands have the following positions:

	Category of transactions	At June 30, 2022 Number of contracts	At June 30, 2022 Market value (in millions euros)	At Decemeber 31, 2021 Number of contracts	At Decemeber 31, 2021 Market value (in millions euros)
	CME Class III Milk				
CFH	Achat de Forward	216,0	2,1	487,0	2,0
CFH	Achat de Call	402,0	0,9	415,5	1,1
CFH	Vente de Put	354,0	(0,0)	207,0	(0,0)
	Total CME Class III Milk		**2,9**		**3,1**
	CME Cash Settled Cheese		**-**		
CFH	Achat de Forward		2,0	10,0	(0,0)
CFH	Achat de Call			53,0	0,1
CFH	Vente de Call			33,0	(0,0)
CFH	Achat de Future			404,0	0,9
CFH	Vente de Future			33,0	0,1
CFH	Vente de Put			43,0	(0,0)
	Total CME Cash Settled Cheese		**2,0**		**1,0**
	CME Cash Settled Butter				
CFH	Achat de Forward		0,0	7,0	0,0
	Total CME Cash Settled Butter		**0,0**		**0,0**
	TOTAL U.S.		**4,9**		**4,2**
	Total Groupe BEL		**4,9**		**4,2**

At June 30, 2021, the market value of derivatives allocated to hedge highly probable future transactions and recognized in equity was a positive €4,9 million compared to a positive €4.2 million at December 31, 2021.

5.7.7 Fair value hierarchy disclosures based on IFRS 7

(in millions of euros)	At June 30, 2022 Level 1	Level 2	Level 3	Total	At December 31, 2021 Level 1	Level 2	Level 3	Total
Foreign exchange derivatives	-	(4,5)	-	(4,5)	-	(5,2)	-	(5,2)
Interest rate derivatives	-	(18,3)	-	(18,3)	-	(6,3)	-	(6,3)
Raw materials derivatives	-	4,9	-	4,9	4,2	-	-	4,2
Total	**-**	**(17,8)**	**-**	**(17,8)**	**4,2**	**(11,4)**	**-**	**(7,3)**
Mutual funds	115,0	-	-	115,0	122,6	-	-	122,6
Total	**115,0**	**(17,8)**	**-**	**97,2**	**126,8**	**(11,4)**	**-**	**115,3**

5.8. Assets and liabilities held for sale

In the context of an agreement with Polmlek group to sell Bel's stake in Safilait, part of Bel's activities in Morocco, 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 as of June 30, 2022 and the fact that this asset does not constitute a principal activity are met.

Since June 30, 2022, 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 2022, assets held for sale and Liabilities held for sale are as follows:

(en milliers d' euros)

ASSETS	IFRS 5	EQUITY AND LIABILITIES	IFRS 5
NON-CURRENT ASSETS		**NON-CURRENT LIABILITIES**	
Goodwill	0,0	Equity statements	-
Other intangible assets	(8,0)	Reserves	8,6
Property, plant and equipment	(10,5)		-
Property, plant and equipment - right of use	(15,6)	Provisions	-
Financial investments	-	Employee benefits	-
Other financial assets	(2,4)	Deferred tax liabilities	0,0
Loans and advances	(0,1)	Liabilities related to assets held under finance lease - over one year	(12,7)
Trade and other receivables	-	Long-term borrowings and financial liabilities	-
Deferred tax assets	0,5	Other liabilities	-
TOTAL	**(36,0)**	**TOTAL**	**(12,7)**
CURRENT ASSETS		**CURRENT LIABILITIES**	
		Provisions	(0,4)
Inventories and work-in-progress	(10,7)	Employee benefits	-
Trade and other receivables	(1,7)	Liabilities related to assets held under finance lease - less than one year	(2,6)
Other financial assets	0,0	Short-term borrowings and financial liabilities	(0,4)
Loans and advances	(0,2)	Other financial liabilities	-
		Trade and other payables	(13,4)
Current tax assets	(0,3)	Income tax liabilities	(1,2)
Cash and cash equivalents	(1,0)	Current bank facilities and other borrowings	(1,1)
TOTAL	**(13,9)**	**TOTAL**	**(19,1)**
ASSETS HELD FOR SALE	**55,0**	**LIABILITIES HELD FOR SALE**	**45,5**

6. FINANCIAL COMMITMENTS

In June 2020, the Group finalized a deal to buy the 20% remaining shares of the minority shareholders of All In Foods which can be realized at the latest on January, 15th 2025. This commitment is recorded in Long-term borrowings and financial liabilities.
No material variation in financial commitments is to be reported for this first half 2022.

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, 2022.

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 2022, 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, 2022	June 30, 2021	December 31, 2021
Amount of transactions	5,2	6,5	13,1
of which Unibel	1,7	2,8	5,7
of which other non-consolidated companies	3,5	3,7	7,4
Associated receivables	2,4	2,4	0,2
Associated payable and current accounts	20,6	35,5	27,9
of which Unibel	17,9	33,1	25,2
of which other non-consolidated companies	2,7	2,4	2,7
Unibel shares	204,2	169,8	195,4

At June 30, 2022, transaction amounts with related parties included the Unibel holding company for €1.7 million, of which €1.6 million in personnel expense billed back to Bel and 3.5 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 €18.1 million current account, versus €25.2 million at December 31, 2021 (see note 5.6).

The Unibel shares held by Sofico were measured at €204.2 million, based on the closing share price at June 30, 2022.

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

9. SIGNIFICANT SUBSEQUENT EVENTS

Announcement of the signing of an agreement to sell Bel's stake in Safilait, as well as the Tarmast farm that supplies Safilait.

Groupe Bel and Polmlek announced on July 13, 2022 that they have signed an agreement to sell Bel's stake in Safilait, as well as the Tarmast farm that supplies Safilait. The transaction will be effective after regulatory and competition approval. It is expected to be completed in the second half of 2022.

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
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