



Press release

Suresnes – March 15, 2023, at 6 p.m.

Bel – Annual Financial Information 2022 Results

A year of expansion and acceleration Resilient financial performance in a high-inflation environment

- **Resilient financial performance in an environment shaped by across-the-board inflation:**
 - Solid organic growth of 13.2%¹, supported by strategic decisions and another year of volume gains, together with the responsible management of price increases.
 - Recurring operating income of €187 million, up slightly from 2021 when adjusted for the portfolio consisting primarily of the Leerdammer brand sold at the end of September², reflecting the resilience of Bel's business model.
 - Free cash flow of €214 million.
- **Expansion into new territories to accelerate the implementation of Bel's strategic roadmap:**
 - Acquisition of the remaining share capital and voting rights of Mont Blanc-Materne (MOM).
 - Major external growth transactions in China and India with the acquisition of a 70% stake in Shandong Junjun Cheese and the creation of a joint venture with Indian food industry leader Britannia Industries Ltd.
- **Implementation of a financing strategy aligned with Bel's sustainable development objectives:**
 - Adoption of a Sustainability-Linked Financing Framework³, validated by Moody's ESG Solutions.
 - Successful refinancing of the credit facility for €550 million.
 - Completion of a €315 million Schuldschein loan.
- **Strengthening of CSR commitments to build tomorrow's food model while having a positive impact on the environment:**
 - More ambitious carbon reduction target to help limit global warming to below +1.5°C.
 - Achievement of Scope 1 and 2 greenhouse gas emissions reduction objectives and deployment of a carbon tracking tool that includes Scope 3 emissions: the Bel Carbon Impact Tool.
 - 10th anniversary of Bel's partnership with WWF France, aimed at fostering a more sustainable food model, and renewal of its partnership agreement with dairy producers association APBO for the sixth consecutive year to ensure fair milk prices and more sustainable farming practices.
 - Acceleration in the development of products containing alternative proteins (Superbrewed Food, Standing Ovation) and launch on the U.S. market of the first range of products containing dairy proteins not sourced from milk.

Amounts are expressed in millions of euros and rounded off to the nearest million. Ratios and variances are calculated based on underlying amounts, not rounded-off amounts.

The Bel Group's Board of Directors approved the consolidated financial statements for the year ended December 31, 2022 at its March 15, 2023 meeting under the chairmanship of Antoine Fievet.

¹ This amount is adjusted from currency effects, changes in the scope of consolidation and hyperinflation in Iran and Turkey. Changes in the scope of consolidation relate to the sale of a portfolio comprising Royal Bel Leerdammer B.V., Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, plus Bel Shostka Ukraine, as well as the sale to Polmlek of Bel's stake in Moroccan company Safilait and to the acquisition of a majority stake in Shandong JunJun Cheese.

² Portfolio comprising the Royal Bel Leerdammer B.V., Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, plus Bel Shostka Ukraine.

³ For further information, the full report is available via the following link: [Sustainability – Linked Financing Framework | July 2022](#)



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Cécile Béliot, Chief Executive Officer of the Bel Group, commented: “In 2022, we have significantly accelerated our transformation and diversification strategy to give even more consumers access to portions of healthy food in our three complementary segments – dairy, fruit and plant-based products. In a complex and highly volatile market environment, Bel’s performance attests to the resilience of our legacy activities and the relevance of our strategic growth areas. Our responsible management of price increases also contributed to these very solid results, which reflect consumer attachment to our iconic brands and the confidence of our distributor partners despite the current economic environment. During the year, we also ramped up our international expansion by carrying out major transactions in China and India and signing strategic partnerships with several start-ups to accelerate the development of products containing alternative proteins. At the same time, we pursued our investment strategy and the deployment of our CSR commitments in order to build – alongside our partners – the food system of the future. This is both the key to our resilience and the foundation of our performance over the long term. Encouraged by these annual results, we look to the future with confidence while remaining attentive to the potential impact of ongoing inflation on sales volumes and consumer price sensitivity. We fully intend to capitalize on the quality of our teams, the strength of our brands and Bel’s financial solidity to pursue our growth objectives, while remaining true to our mission of championing healthier and responsible food for all.”

Frédéric Médard, Chief Impact Officer of the Bel Group, said: “With a strong organic growth, boosted by a positive price effect but also higher sales volumes, Bel ended the year with resilient financial performance. Thanks to the commitment of our teams and the quality of the various measures implemented, particularly in productivity, we succeeded in maintaining our financial equilibrium in 2022, despite the high-inflation environment that increased costs in all areas of expenditure, from raw materials and energy to transportation and labor. In line with our responsible model, we’ve successfully completed financing transactions linked to the achievement of our sustainable development objectives. The refinancing of our impact-linked credit facility and the signature of a Schuldschein loan agreement offer further proof of lenders’ confidence in Bel and our determination to manage the company’s growth and performance based on both financial and ESG criteria.”



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Key figures

<i>millions of euros</i>	2022	2021	Change as reported	Change at comparable structure ⁴	Organic change
Sales	3,595	3,379	+6.4 %	+18.8 %	+13.2 %
Recurring operating income	187	223	(€36m)	€12m	
<i>Recurring operating margin</i>	5.2%	6.6%	-140 pbs	-60 pbs	
Operating income ⁵	164	629	(€465m)	€49m	
Net financial result	-24	-34	€10m		
Consolidated net profit, Group share	96	524	(€428m)		
Free cash flow	214	113	€101m		

Expansion into new territories to accelerate the implementation of Bel's strategic roadmap

Bel made further progress on the transformation of its business model in 2022. In May, it completed a major strategic deal initiated in 2016 by acquiring the remaining shares in MOM, becoming the sole owner of all its share capital and voting rights. In December, Bel finalized the sale to Polmlek of its stake in Moroccan company Safilait.

Bel also continued to implement its international expansion strategy in 2022. In August, Bel acquired a 70% stake in Shandong Junjun Cheese to support its growth ambitions in China with manufacturing and innovation capabilities. In November, Bel signed an agreement with Indian food industry leader Britannia Industries Ltd. (BIL) to create a joint venture aimed at offering consumers in India a world-class range of delicious, nutritious and accessible cheese products. Alongside the Bel brand and its knowledge of cheese products, the joint venture will benefit from Britannia's unequaled distribution network. The deal included the acquisition by Bel of a 49% stake in Britannia's wholly owned subsidiary Britannia Dairy Private Limited (BDPL).

Increased commitment to CSR and unwavering support for the dairy industry

Bel joined the Science Based Target initiative (SBTi) back in 2017 to actively contribute to achieving the Paris Agreement objective of keeping global warming below +2°C. In first-half 2022, Bel strengthened its commitment to carbon reduction in order to help limit global warming to below +1.5°C. The new, more ambitious objective involves a 25% net reduction in greenhouse gas emissions across the entire value chain by 2035⁶ and the integration of carbon reduction as a management tool.

Bel achieved its Scope 1 and 2 greenhouse gas emissions reduction objective in 2022. It also introduced a new tool for measuring its products' carbon impact, the "Bel Carbon Impact Tool". The aim is to provide accurate and regular updates on its carbon footprint to all employees, departments, markets and brands so

⁴ Adjusted for the estimated impact of changes in the scope of consolidation (primarily the sale on September 30, 2021 of a portfolio comprising the Royal Bel Leerdammer B.V., Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, plus Bel Shostka Ukraine.

⁵ The change in operating income at comparable scope of consolidation includes an adjustment for the €466 million capital gain recognized in 2021 on the sale of an asset portfolio consisting primarily of the Leerdammer brand.

⁶ Vs 2017, considering group growth



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that each can contribute actively to the company's carbon strategy. The new tool helps teams make the right decisions by enabling them to estimate their projects' carbon impact. It was designated "2022 Project of the Year" at the Digital Finance Awards organized by Future of Finance and won the top award in the "Environmental Responsibility Development – Distributors" category at the Trophées LSA.

In October, Bel and WWF France celebrated the 10th anniversary of their partnership initiated in 2012, aimed at building a more sustainable food model. They also renewed their alliance to continue combating climate change and protecting biodiversity, strengthening their initiatives in four ambitious focus areas:

- Sustainable and regenerative agriculture, based on a framework of concrete and quantified farming practices that shrink the environmental footprint and place "living soil" at the center of the ecosystem, notably by promoting biodiversity, carbon capture, farm resilience and the production of quality ingredients.
- Preservation of biodiversity via ongoing work on impact measurement, in line with the collective initiatives carried out by Bel through the Science Based Targets Network (SBTN) and WWF France's Natural Capital Lab.
- Protection of forests and natural ecosystems through Bel's commitment to onsite preservation and conservation and its support for WWF France's carbon sequestration strategy.
- Engagement with consumers so that they become agents of change by choosing to support a more sustainable food system.

After defining these strategic areas, Bel finalized its adoption of a Sustainability-Linked Financing Framework⁷, validated by Moody's ESG Solutions.

Lastly, in November, Bel and dairy producers association APBO renewed their partnership for the sixth consecutive year, agreeing on a higher milk price and more sustainable farming practices for the whole of 2023, for all volumes collected. This long-term visibility over prices and volumes bolsters the economic viability of 700 dairy farms and encourages the development of more sustainable practices, including grazing, GMO-free feed, carbon footprint reduction measures and pilot farms for innovative projects. With the economic crisis significantly increasing pressure on the entire food value chain, Bel carried out two price adjustments in 2022 to help dairy farmers deal with higher production costs.

Strong R&D dynamic with a view to developing the food of the future

Bel entered into several research partnerships in 2022, as part of its strategy of innovating to create the food of the future – healthy, responsible and accessible to all.

In July, Bel and Superbrewed Food initiated a strategic collaboration to develop a range of cheese products containing proteins made from biomass fermentation.

In November, Bel announced the signing of an exclusive partnership for cheese applications with French start-up Standing Ovation, which has developed an innovative precision fermentation process that produces caseins of non-animal origin. These proteins are identical to those naturally present in milk and provide all the nutritional qualities, functionality and traditional good taste of cheese. They also pave the way for products with a lower environmental impact and greater accessibility.

And in December, Bel launched its first range of cheese alternatives containing dairy proteins not sourced from milk, in partnership with start-up Perfect Day.

⁷ Sustainability-Linked Financing Framework



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Resilient financial performance confirming the validity of Bel's strategic decisions

The Bel Group recorded consolidated sales of €3,595.3 million in 2022, representing organic growth of 13.2%¹. On a reported basis, sales were up 6.4% over the prior year, reflecting changes in the scope of consolidation, primarily related to the sale of an assets portfolio consisting primarily of the Leerdammer brand,⁸ and a positive foreign exchange impact of 5.6%, resulting notably from the U.S. dollar's appreciation against the euro.

This robust performance is attributable to strong growth in volumes in new territories, particularly the fruit segment in all geographies, very strong double-digit growth in China for the third year in a row, positive sales momentum in North America and the responsible management of price increases. Organic growth in annual sales was driven by increased sales of GoGo squeeZ® and Pom'Potes® products, as well as by Bel's core brands, particularly Babybel® and Boursin®. Overall, annual sales increased across all brands and all regions in 2022.

Nurishh, Bel's first global brand to be 100% plant-based, continued its development initiated in 2021 in line with consumer demand for alternatives to cheese. Positive momentum was also maintained by the new plant-based ranges rolled out by the core brands, with very good results for these varieties of Babybel® and Boursin®. Lastly, in terms of distribution channels, Bel's e-commerce and out-of-home (OOH) segments posted double-digit sales growth for the third year in a row. The e-commerce segment continued to perform well, notably in China, the United States, the United Kingdom and Ireland. Positive trends were also recorded in the OOH segment, particularly in France, China and the United States.

<i>millions of euros</i>	2022		2021	
	Sales	Operating income	Sales	Operating income
Mature markets	2,654	54	2,713	527
New territories*	941	111	666	102
Total	3,595	164	3,379	629

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

After a first-half 2022 negatively impacted by the time lag between the additional costs generated by inflationary pressure on expenditure items and the implementation of selling price increases to offset those additional costs, Bel benefited in the second half of the year from the combined effect of price increases, trade-offs on investment projects to preserve profitability and the accelerated deployment of productivity improvement measures initiated several years ago. Recurring operating income totaled €187 million, up slightly from the previous year on a comparable structure basis (notably adjusted for the impact of the sale in 2021 of an assets portfolio consisting primarily of the Leerdammer brand). The recurring operating margin held firm at 5.2%.

Net financial expense amounted to a negative €24 million, a €10 million improvement over the previous year due notably to a favorable foreign exchange effect related to the devaluation of the Egyptian pound. Consolidated net profit, Group share came to €96 million versus €524 million in 2021. The sharp decline is attributable to the €466 million capital gain recorded in 2021 following the sale to Lactalis of an asset portfolio consisting primarily of the Leerdammer brand. Excluding this capital gain, consolidated net profit was up €38 million.

Free cash flow stood at €214 million despite the impact of inflation on working capital requirement and the investments made to support the fruit segment's future development. This solid performance reflects the dynamic management of the company's working capital, a positive calendar effect and the implementation

⁸ Portfolio comprising the Royal Bel Leerdammer B.V., Bel Italia and Bel Deutschland subsidiaries, the Leerdammer brand and all related rights, plus Bel Shostka Ukraine.



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of an off-balance sheet securitization program, which had an €132 million impact on free cash flow generation in 2022.

Solid financial structure linked to ambitious CSR objectives

At December 31, 2022, Bel's balance sheet reflected a sound and solid financial structure. Total equity came to €1,592 million versus €1,682 million at December 31, 2021. Net financial debt, including right-of-use lease liabilities in application of IFRS 16, totaled €778 million compared to €645 million in 2021. This increase is primarily due to the acquisition on April 29, 2022 of the balance of capital in MOM, i.e. the remaining 17.44% of ordinary shares, for €208 million and to the external growth operations in China and India.

On December 31, 2022, Bel had €596 million in cash and cash equivalents and €550 million in credit facilities maturing in 2027 (2028 and 2029 if extended), representing a high level of liquidity.

During the year, Bel successfully carried out a major debt refinancing campaign aimed at securing funds over the long term and further diversifying its sources. The refinancing of its multi-currency revolving credit agreement was completed in September for €550 million. Provided by a syndicate of 11 banks or groups of banks and granted to Bel for a period of five years, with two one-year extension options, this credit facility is based on the achievement of three sustainable development objectives, in line with Bel's Sustainability-Linked Financing Framework, put in place in July, 2022.

In December 2022, Bel successfully completed a €315 million Schuldschein issue, linked to the company's sustainable development performance, for the purpose of pursuing its growth dynamic. The sustainability-linked issue was largely oversubscribed at attractive financial terms, attesting to lenders' confidence in Bel's ability to deliver on its financial and non-financial commitments.

2023 outlook

In a complex economic and financial environment, Bel demonstrated its resilience once again in 2022, recording another year of organic growth and protecting its margins thanks to its agility, its ability to adapt and its solid approach to both operational and financial management.

In line with the previous year, the beginning of 2023 was shaped by high across-the-board inflation, which notably resulted in soaring energy prices and increased labor costs. This inflationary trend seems to have taken hold in all regions of the world, making consumers more sensitive to product prices. Nevertheless, consumer confidence in Bel's iconic brands, strong volume growth in the fruit segment and sustained momentum in China all confirm the validity of the strategic development areas chosen by Bel. In addition, the joint venture created with India's Britannia Industries and the acquisition of a majority stake in China's Shandong Junjun Cheese will enable Bel to pursue its growth strategy, expand its product portfolio and further strengthen its industrial footprint in Asia.

Against this backdrop, Bel intends to pursue the development of its three strategically-related business segments – dairy, fruit and plant-based products.



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Bel's financial performance indicators

The Group uses non-IFRS financial performance indicators internally and for its external communication. These non-IFRS indicators are defined below:

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 and Turkey. Since 2020, Iran's economy is deemed to be a hyperinflation economy, so as Turkey since 2022. Accordingly, inflation impacts, based on the Consumer Price Index (CPI), were excluded when determining organic growth. The **organic growth rate** is calculated by applying the exchange rate for the prior year period to the current year period.

Operating margin corresponds to operating income.

Operating cash flow is composed of:

- (i) **cash flow from operations**, corresponding to profit before tax adjusted for the following items: depreciation and provisions, depreciation on rights of use, capital gains and losses on disposals, financial income and expenses, financial income and expenses on rights of use, income from companies accounted for by the equity method and other non-monetary items of income,
- (ii) plus changes **in inventories, current receivables and payables, income taxes paid, acquisitions of property, plant and equipment and intangible assets, net investments in rights-of-use, disposals of property, disposals of plant and equipment and intangible assets, investment grants received, interest paid, and interest expense on rights-of-use.**

Net financial debt is described in note 4.14 to the summary consolidated financial statements. It consists of long and short-term borrowings, long- and short-term right-of-use liabilities, and current used banking facilities, less cash and cash equivalents.

This press release may contain forward-looking statements. Such trend and/or target information should in no way be regarded as earnings forecast data or performance indicators of any kind. This information is by nature subject to risks and uncertainties that may be beyond the Company's control. A detailed description of these risks and uncertainties is provided in the Company's Universal Registration Document, available at (www.groupe-bel.com). More comprehensive information about the Bel Group can be found in the "Regulatory Information" section of the www.groupe-bel.com website

About Bel

The Bel Group is a major player in the food industry through portions of dairy, fruit and plant-based products, and one of the world leaders in branded cheeses. Its portfolio of differentiated and internationally recognized brands includes The Laughing Cow®, Kiri®, Babybel®, Boursin®, Nurishh®, Pom'Potes®, and GoGo squeeZ®, as well as some 30 local brands. Together, these brands helped the Group generate sales of €3.6 billion in 2022.

Some 10,800 employees in some 60 subsidiaries around the world contribute to the deployment of the Group's mission to champion healthier and responsible food for all. Bel products are prepared at 29 production sites and distributed in more than 120 countries.

www.groupe-bel.com

Media Relations

Havas Paris – Mael Evin

mael.evin@havas.com +33 (0)6 44 12 14 91

Havas Paris – Louis Tilquin

louis.tilquin@havas.com +33 (0)6 02 15 67 69