CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of June 30, 2021

SUMMARY

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ANNUAL REPORT AT 30 JUNE 2021

ACTIVITY OF THE COMPANY AND ITS CONTROLLED SUBSIDIARIES AND COMPANIES

In 2020, the Group demonstrated its responsiveness and resilience during the Covid-19 crisis, ensuring business continuity while limiting the impact of the crisis by controlling costs, carefully managing its cash and securing its access to financing.
Buoyant super/hypermarket sales, underpinned by our strong brands, and the gradual recovery in Food Service sales produced a positive trend in the first half of 2021. In addition, trends in industrial product trading prices over the first half of 2021 enabled the Ingredients sector to raise the price of its products.

Organic growth in **turnover** for SAVENCIA FROMAGE & DAIRY came to **+9.4%**. **Current operating profit** amounted to **€140.1 million**, an increase of €47.6 million in relation to 30 June 2020.

BUSINESS ENVIRONMENT

Global milk production increased over the first half of 2021. Milk prices rose and trading prices increased for all industrial products. Skimmed milk powder trading prices rose due to limited global stocks and continuing strong export demand.

Butter trading prices picked up due to a decline in butter production in both France and Europe and persistent strong demand.

The European dairy market continued to be impacted by intense competition between retailers. Latin American economies are unstable, with high inflation, especially in Argentina.

ACCOUNTING STANDARDS

SAVENCIA FROMAGE & DAIRY prepared its consolidated financial statements in accordance with current international financial reporting standards (IFRS) as adopted by the European Union. The Group applied the new standards with mandatory application from 1 January 2021, in particular the amendment to IFRS 4 (Extension of the Temporary Exemption from Applying IFRS 9), and amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in relation to the interest rate benchmarks reform Phase 2. These amendments had no impact on the financial statements at 30 June 2021.

In addition, the IFRIC decision of March 2021 regarding IAS 38 Intangible assets (Configuration or Customisation Costs in Cloud Computing Arrangements) had little impact on the consolidated financial statements at 30 June 2021 but may have an impact in the future, depending on forthcoming IT projects. The IFRIC decision of April 2021 on IAS 19 Employee benefits (Attributing Benefit to Periods of Service) is still under discussion and should take effect for the closing of the accounts in December 2021. The Group is currently assessing the potential impacts of this decision.

CONSOLIDATION SCOPE

There were no major changes in the first half of 2021. The only change was the exercising of the call and put option for 4% of shares in Belebeevski Molochny Kombinat (B.M.K.) on 25 May 2021, for a total of €5 million, in accordance with the terms of the contract. The Group now fully owns this entity.

In 2020, further to the memorandum of understanding signed with Sodiaal group on 4 October 2019, a new shareholder agreement was signed on 30 April 2020 under which Savencia Fromage & Dairy took control of CF&R Gestion, the company that manages the operating entity CF&R SCA. This transaction provided CF&R with the backing of Savencia's expertise in cheese products and its international network, ensuring the company's long-term growth. Following this transaction, the consolidation method applied to CF&R changed from the equity method to full consolidation from 30 April 2020 (see Note 1 to the consolidated financial statements).

ACTIVITY AND RESULTS

KEY FIGURES at 30 June 2021

Consolidated data in €m	June 2021	% turnover	June 2020	% turnover	Change as % Total	Structure	Forex	Organic growth
TURNOVER	**2,676.3**		**2,410.4**		**11.0%**	**4.8%**	**-3.2%**	**9.4%**
- o/w Cheese Products	1,622.0	*60.6%*	1,431.3	*59.4%*	13.3%	8.3%	-2.4%	7.2%
- o/w Other Dairy Products	1,136.1	*42.5%*	1,050.8	*43.6%*	8.1%	0.1%	-4.3%	12.9%
- o/w Other (intra-Group transactions)	-81.8	*-3.1%*	-71.7	*-3.0%*	13.9%	2.3%	-4.2%	16.3%
CURRENT OPERATING PROFIT	**140.1**		**92.4**		**51.5%**	**-0.5%**	**-2.0%**	**55.3%**
- o/w Cheese Products	95.0	*67.8%*	69.9	*75.6%*	36.0%	-0.7%	-1.1%	38.4%
- o/w Other Dairy Products	59.7	*42.6%*	29.6	*32.0%*	101.9%	0.0%	-2.8%	107.6%
- o/w Other (intra-Group transactions)	-14.7	*-10.5%*	-7.0	*-7.6%*	109.1%	0.2%	0.8%	107.0%
Operating margin	***5.2 %***		***3.8%***					
- o/w Cheese Products	*5.9 %*		*4.9%*					
- o/w Other Dairy Products	*5.3 %*		*2.8%*					

At 30 June 2021, SAVENCIA FROMAGE & DAIRY's turnover amounted to €2,676.3 million, compared with €2,410.4 million in the same period of 2020, an increase of +11%.

This increase was mainly due to organic growth (1), for +9.4%, while the currency effect (2) had a negative impact of -3.2%, caused by the decline in most currencies against the euro, in particular among Latin American currencies, the US dollar and the rouble. Changes in scope had a positive effect of +4.8%, reflecting the full consolidation of CF&R since 30 April 2020.

Turnover from Cheese Products increased by +7.2% on a like-for-like basis, to €1,622 million. This growth in turnover was mostly driven by an improvement in the volume mix in all regions compared with the first half of 2020. Ongoing social distancing measures also favoured meals at home, which mainly benefited well-known brands that are appreciated by consumers. Food Service activities picked up from March in France, the USA and Latin America. However, Latin America continues to be affected by very high inflation.

Turnover from **Other Dairy Products** was up +12.9% to €1,136.1 million on a like-for-like basis.

The growth in butter and cream sales was partly due to a price effect on exports and to the gradual recovery in the Food Service business from March 2021. Turnover from Ingredients activities benefited from the rise in skimmed milk powder prices. International Food Service sales regained momentum and Retail activities continued to grow.

Current operating profit recorded organic growth of 55.3% in relation to the first half of 2020, at €140.1 million, compared with €92.4 million in 2020. This performance includes a negative currency effect of -2% and a scope effect of -0.5%. Current operating margin stood at 5.2%, versus 3.8% at 30 June 2020.

Current operating profit was higher for the Cheese Products and Other Dairy Products businesses.
For **Cheese Products**, current operating profit amounted to **€95.0 million**, compared with €69.9 million in the first six months of 2020. The current operating margin for this segment stood at 5.9%, up from 4.9% in the first half of 2020. Pressure on prices and trading terms remains strong in this segment. Improvements in the volume mix, efforts made to enhance productivity and careful cost control enabled an increase in current operating profit.

Current operating profit for **Other Dairy Products** came to **€59.7 million**, compared with €29.6 million in the first half of 2020. The current operating margin for this segment stood at 5.3%, versus 2.8% in the first half of 2020. This business segment is impacted by trends in commodity prices and industrial product trading prices, which led to reversals of impairment on stocks in the first half of 2021 due to the rise in the butter and whey prices in particular.

Current operating profit for items not allocated to business segments amounted to -€14.7 million, compared with -€7 million in the first half of 2020.

Non-recurring items came to **-€22.9 million**, versus **-€31.9 million** in the first half of 2020. These include net reorganisation expenses totalling €4.1 million, net asset impairment of €18 million, including €14.6 million for the impairment of residual goodwill on the Sodilac CGU, whose export business is facing a sharp contraction in the infant formula market. They also include various other items representing a net expense of €0.8 million.

Operating profit amounted to **€117.2 million**, compared with **€60.5 million** at 30 June 2020, an increase of 93.7%.

Net financial expenses came to **-€10.7 million**, compared with **-€9.1 million** for the same period of 2020, mainly due to less favourable foreign exchange gains.

The **net gain or loss on the monetary position** came to **€1.1 million**, versus **€0.3 million** at 30 June 2020.

The **share in income of associates** amounted to **€1.4 million** at 30 June 2021, compared with **€0.1 million** a year earlier. At 30 June 2020, this item included the share in income of CF&R over the first four months of the year.

Pre-tax profit came to **€109 million**, compared to **€51.7 million** at 30 June 2020, an increase of +110.8%.

Corporate tax amounted to -€39.4 million, compared with **-€24.1 million** in the first half of 2020. The effective tax rate stood at 36.2%, versus 46.7% a year earlier. This fall in the tax rate was mainly due to the recognition of fewer non-deductible impairment items in the first half of 2021 than in the same period of 2020.

Net profit from continuing operations came to **€69.6 million** versus **€27.6 million** in the first half of 2020, reflecting all the changes described above.

Gains or losses from discontinued operations or activities in the process of being sold were zero.

Income from non-controlling interests came to **€2.8 million**, up from **€1.1 million** at 30 June 2020.

The Group share of first-half profit amounted to **€66.8 million**, up €40.3 million from the first half of 2020. The net operating margin stood at 2.5% at 30 June 2021, compared with 1.1% at 30 June 2020.

Net cash from operations amounted to **+€140.1 million**, compared with **+€156.5 million** at 30 June 2020. This figure compares with the first half of 2020 which was impacted by the pandemic and the contingency plans implemented. The recovery in Food Service activities and the development of Retail activities generated an increase in the working capital requirement of €60.7 million over the first six months of 2021, compared with -€5.8 million in the first half of 2020. This was partially offset by the improvement in the gross operating margin.

Net financial debt totalled **€442.2 million** (excluding the impact of IFRS 16), representing 27.0% of shareholders' equity, compared with 28.7% at 31 December 2020.

OUTLOOK

While the growth achieved in the first half of 2021 marked a continuation from the end of last year, visibility for the year as a whole remains poor. At the present time it is impossible to predict the impact of rising prices for commodities, packaging, energy and transport, the effects of successive waves of the public health crisis as vaccination programmes take hold, or how consumer purchasing power will evolve.
Against the backdrop of the public health crisis, Savencia will pursue its efforts to protect and ensure the safety of its employees and will continue to adapt to all its consumers' expectations through ongoing open dialogue with its partners.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described in Note 22 to the interim consolidated financial statements.

POST-CLOSING EVENTS

Corman SA, a SAVENCIA group subsidiary located in Goé, Belgium, suffered exceptional flooding on 15 July 2021 as stated in the press release of July 21, 2021. This unexpected post-closing event had no impact on the financial statements at 30 June 2021.

Management had taken full measures to protect employees' safety in light of the bad weather conditions, and no-one was injured. The Group is supporting Corman SA's employees at this challenging time.

Given the extent of the flooding, significant material damage was incurred and is currently under assessment. As of the date of the Board of Directors' meeting which approved the interim financial statements, and based on a provisional estimate, the potential global cumulative impact on the net result for the years 2021 and 2022 could be around €50 million. Production is expected to resume gradually from the end of 2021. This event does not call into question the Group's development or its financial strength.

(1) Organic growth measures the change in a figure at constant scope and exchange rates once the aforementioned restatements for currency effects and changes in scope have been performed.
(2) The restatement for currency effects consists in calculating figures for the current year using the previous year's exchange rate.

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2021

1. CONDENSED CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	6 months 2021	6 months 2020
NET SALES	2	2 676 317	2 410 378
Purchases adjusted for changes in inventories		-1 647 621	-1 513 273
Personnel costs		- 535 200	- 489 512
Depreciation and amortization		- 89 410	- 90 737
Other current operating income and expenses		- 264 002	- 224 416
CURRENT OPERATING PROFIT		140 084	92 440
Other operating income and expenses	3	- 22 922	- 31 976
OPERATING PROFIT		117 162	60 464
Financial expenses	4	- 14 678	- 17 987
Financial income	4	3 996	8 820
Gain or loss on net monetary position	5	1 162	335
Group share of associates' net income	6	1 385	83
PROFIT BEFORE TAX		109 027	51 715
Income tax expense	7	- 39 433	- 24 142
Net income from continuing operations		**69 594**	**27 573**
NET INCOME		**69 594**	**27 573**
Net income attributable to parent company shareholders		66 775	26 486
Non-controlling interests	18	2 819	1 087
EARNINGS PER SHARE (in euros)			
Group share			
• basic		4,87	1,93
• diluted		4,85	1,91
For continuing operations:			
• basic		4,87	1,93
• diluted		4,85	1,91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months	
In thousands of euros	**Notes**	**2021**	**2020**
NET INCOME		**69 594**	**27 573**
Other comprehensive income:			
Foreign exchange differences[(1)]		24 951	- 46 761
Change in fair value of financial assets		-	133
Change in fair value of cash-flow hedges[(2)]		80	4 482
Currency basis spread[(3)]		165	655
Hyperinflation[(4)]		7 385	3 475
Other changes		- 174	-
Share of associates and joint-ventures in recyclable components		- 48	- 4
Total recyclable components in net income		**32 359**	**- 38 020**
Actuarial gains and losses relating to employment benefit plans		7 012	- 688
Share of associates and joint-ventures in non-recyclable components		-	- 5
Total non-recyclable components in net income		**7 012**	**- 693**
Total other comprehensive income net of tax	16	**39 371**	**- 38 713**
TOTAL COMPREHENSIVE INCOME NET OF TAX		**108 965**	**- 11 140**
Group share		106 091	- 11 889
Non-controlling interests	18	2 874	749

(1) Mainly relating to the following foreign currencies: RUB, BRL, CNY, USD.
(2) Mainly relating to hedging of interest rate and raw materials.
(3) IFRS 9 excludes the currency basis spread from the hedging relationship (see note 16).
(4) Impact of hyperinflation in Argentina.

The accompanying notes are an integral part of these consolidated financial statements.

2. CONSOLIDATED BALANCE SHEET

ASSETS

In thousands of euros	Notes	June 30, 2021	December 31, 2020
Intangible assets	9	561 575	575 176
Property, plant and equipment	9	1 216 087	1 189 995
Rights of use assets for lease contracts	10	64 122	65 908
Other non- current financial assets	11	26 633	25 698
Investments in associates	6	26 638	25 342
Non-current derivative financial instruments	21	20 580	23 154
Deferred tax assets		48 921	44 588
TOTAL NON-CURRENT ASSETS		1 964 556	1 949 861
Inventories and work in progress	12	755 423	612 656
Trade and other receivables	13	859 539	965 199
Tax receivable		24 439	47 674
Current derivative financial instruments	21	3 890	6 404
Other current financial assets	14	68 358	17 096
Cash and cash equivalents	15	625 541	583 543
TOTAL CURRENT ASSETS		2 337 190	2 232 572
ASSETS		**4 301 746**	**4 182 433**

EQUITY AND LIABILITIES

In thousands of euros	Notes	June 30, 2021	December 31, 2020
Paid-in capital		**75 110**	**77 051**
Reserves	17	- 167 398	- 199 505
Retained earnings		1 513 227	1 462 110
GROUP SHARE OF EQUITY		1 420 939	1 339 656
Non-controlling interests	18	210 385	211 897
TOTAL EQUITY		1 631 324	1 551 553
Provisions	19	142 136	156 880
Non-current financial borrowings	20	304 296	301 776
Non-current lease liabilities	10	42 621	44 345
Other non-current liabilities		29 061	29 108
Non-current derivative financial instruments	21	19 866	25 667
Deferred tax liabilities		66 765	64 734
TOTAL NON-CURRENT LIABILITIES		604 745	622 510
Trade and other payables		1 168 700	1 196 619
Tax payable		18 877	22 543
Current derivative financial instruments	21	3 486	3 343
Bank borrowings	20	852 222	763 638
Current lease liabilities	10	22 392	22 227
TOTAL CURRENT LIABILITIES		2 065 677	2 008 370
LIABILITIES		**2 670 422**	**2 630 880**
EQUITY AND LIABILITIES		**4 301 746**	**4 182 433**

The notes provided are an integral part of these consolidated financial statements.

3. CONSOLIDATED CASH FLOWS STATEMENT

In thousands of euros	Notes	6 months 2021	6 months 2020
Net income from continuing operations		**69 594**	**27 573**
Income tax expense	7	39 433	24 142
Amortization and provisions		89 410	90 737
Gains and losses on disposal of assets		1 559	- 247
Group share of results of associates	6	-1 385	- 83
Net financial expense		3 046	4 794
Other expenses and income not affecting cash flow(1)		27 442	26 112
Gross operating margin		**229 099**	**173 028**
Interest paid(2)		-7 097	-11 886
Interest received		3 802	7 101
Income tax paid		-24 969	-17 581
Change in working capital(4)		-60 714	5 792
NET CASH FLOW FROM OPERATING ACTIVITIES		**140 121**	**156 454**
Acquisition of subsidiaries, operating units and non-controlling interests(3)		-5 022	6 106
Purchase of tangible and intangible non-current assets	2	-87 583	-63 474
Proceeds from disposal of assets		998	1 772
Acquisition/disposal of financial assets and changes in other current financial assets		-53 264	-29 375
Dividends received (including dividends received from associates)	6	42	-
NET CASH USED IN INVESTING ACTIVITIES		**-144 829**	**-84 971**
Purchase and sale of treasury shares SAVENCIA SA		-1 945	-3 452
Capital increase received from minority shareholders		-	- 50
Loans issued	20	69 917	174 313
Loan repayments	20	-5 644	-12 682
Repayment of lease obligations	10	-13 458	-12 713
Dividends paid		-26 985	-1 277
NET CASH FLOW FROM FINANCING ACTIVITIES		**21 885**	**144 139**
Impact of foreign exchange differences		1 298	- 512
Net change in cash and cash equivalents		**18 475**	**215 110**
OPENING CASH BALANCE	**15**	**524 605**	**329 997**
CLOSING CASH BALANCE	**15**	**543 080**	**545 107**

(1) Including the impact of provisions for contingencies and charges and assets impairments (13.2 million euros in 2021, compared with 20.3 million euros in 2020) and the impact of the restatement for Argentina's hyperinflation (4.4 million euros in 2021 against 1.6 million euros in 2020).

(2) Including 1.1 million euros in 2021 of interest paid in respect of lease obligations compared with 1.1 million euros in 2020.

(3) In 2021, amount paid in respect of the exercise of the 4% put and call option in B.M.K.'s capital.
In 2020, opening cash and cash equivalent for CF&R.

(4) In 2020, including the impact of deferred social and tax payables as part of the Covid19 measures +53 million euros.

The notes provided are an integral part of these consolidated financial statements.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent company					
In thousands of euros	Paid-in capital	Other reserves (note 17)	Retained earnings	Total Group share of equity	Non-controlling interests (note 18)	Total consolidated equity
EQUITY AT 01/01/2020	**80 563**	**- 93 449**	**1 376 305**	**1 363 419**	**100 918**	**1 464 337**
Dividends distributed			-	-	- 1 277	- 1 277
Total comprehensive income at 06/30/2020		**- 41 849**	**29 960**	**- 11 889**	**749**	**- 11 140**
Stock purchase option plans :						
• Sale of treasury shares	- 3 451			- 3 451	- 1	- 3 452
• Purchase of treasury shares	-			-	-	-
Change in share capital	-	-	-	-	-	-
Changes in consolidation scope :						
• Purchase of non-controlling interests			-	-	-	-
• Put options granted to non-controlling interests			955	955	525	1 480
• Increase of business combinations			-	-	105 432	105 432
• Change in percentages of interest			5	5	- 5	-
Other items	-	-	1	1	-	1
EQUITY AT 06/30/2020	**77 112**	**- 135 298**	**1 407 226**	**1 349 040**	**206 341**	**1 555 381**
EQUITY AT 12/31/2020	**77 051**	**- 199 505**	**1 462 110**	**1 339 656**	**211 897**	**1 551 553**
Dividends distributed			- 20 560	- 20 560	- 6 425	- 26 985
Total comprehensive income at 06/30/2021		**32 107**	**73 984**	**106 091**	**2 874**	**108 965**
Stock purchase option plans :						
• Sale of treasury shares	- 1 941			- 1 941	- 4	- 1 945
• Purchase of treasury shares	-			-	-	-
Change in share capital	-	-	-	-	-	-
Changes in consolidation scope :						
• Purchase of non-controlling interests			-	-	-	-
• Put options granted to non-controlling interest			- 2 307	- 2 307	2 044	- 263
• Increase of business combinations			-	-	-	-
• Change in percentages of interest			-	-	-	-
Other items	-	-	-	-	- 1	- 1
EQUITY AT 06/30/2021	**75 110**	**- 167 398**	**1 513 227**	**1 420 939**	**210 385**	**1 631 324**

The notes provided are an integral part of these consolidated financial statements.

5. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL

SAVENCIA SA is a French joint stock company in the form of a Société Anonyme à Conseil d'Administration. Its registered office is located in Viroflay (78220), France. Its shares are listed on the Euronext Paris stock exchange.

The trade name of SAVENCIA SA and its subsidiaries is SAVENCIA Fromage & Dairy (hereafter the "Group"). The Group operates within two segments: Cheese Products and Other Dairy Products (cf. note 2).

Declaration of compliance

The condensed interim consolidated financial statements, expressed in thousands of euros unless otherwise stated, have been prepared in accordance with IAS 34, Interim Financial Reporting. They comprise the company and its subsidiaries (hereafter the "Group") and the Group's share of associates. They do not include all the information required for a complete set of annual financial statements and must be read in conjunction with the Group's consolidated financial statements for the year ended December 31st, 2020 which are available on request from the company's registered office or by consulting www.savencia.com. They were released for publication by the Board of Directors on September 9th, 2021.

Principal accounting policies

The accounting policies applied by the Group in its condensed interim consolidated financial statements are identical to those applied in its consolidated financial statements for the year ended December 31st, 2020 except for the change due to the evolution of IFRS (International Financial Reporting Standards) as adopted by the European Union and in particular the amendment to IFRS 4 – Extension of the temporary exemption from IFRS 9, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as part of the reform of reference interest rates - Phase 2.

These amendments to the standards and interpretations, applicable from 1 January 2021, have no impact on the accounts as of 30 June 2021. In particular, with regard to the reform of BOR rates at Group level, existing foreign currency contracts are fixed-rate without any indexation to a BOR rate. Existing contracts denominated in euro are subject to fixed rates of interest or are indexed on the Euribor which is not within the scope of the reform. There have been no changes to contracts to date related to this reform.

In addition, IFRIC's March 2021 decision on IAS 38 Intangible assets – Accounting for configuration or customisation costs in a cloud computing arrangement has little impact on the consolidated accounts as of 30 June 2021. This IFRIC decision could, however, have an impact on the Group's accounts depending on the IT projects to be carried out in the coming years.

Lastly, the application rules of the IFRIC decision of April 2021 IAS 19 Employee benefits – Allocation of employee benefits for periods of service are still under discussion. This decision is expected to be applied for the December 2021 closing. The Group is currently assessing the potential impacts.

The Group has not applied other non-mandatory standards, amendments and interpretations published by the IASB on 1st January 2021 within the European Union that may be applied in anticipation in the period.

Use estimates and judgment

The preparation of condensed interim consolidated financial statements requires, as for the preparation of annual financial statements, the exercise of judgment, as well as, to make a number of estimates. The estimated amounts are identical to those described in the Group's consolidated financial statements for the year ended December 31st, 2020.

During the six months ended June 30, 2021, the Group has in particular revised its estimates relating to impairment of intangible assets and property, plant and equipment *(see note 3)* and to deferred tax assets in respect of tax losses.

Management of financial risk

The Group's objectives and policies for management of the financial risks to which it is exposed are unchanged in comparison with the information included in the consolidated financial statements for the fiscal year ended December 31st, 2020.

NOTE 1. SIGNIFICANT EVENTS IN THE PERIOD

EFFECTS OF THE COVID-19 EPIDEMIC

In 2020, the epidemic has had contrasting, but virtually equal and opposite, impacts with the interruption of Food Service and sales of cheese for cutting but an acceleration of retail sales, so that the overall impact in consolidated net sales was limited.

In the 1st half of 2021, the dynamism of retail sales and the gradual recovery of sales in Food Service allow to show a positive trend.

The Group continues its contingency plans and the specific costs related to the security of staff are under control.

All these costs and measures of economy related to COVID-19 have been classified at the level of current operating profit in line with the applicable professional recommendations.

CHANGES IN THE CONSOLIDATION SCOPE

The main change in the Group's scope of consolidation during the 1st half of 2021 is the exercise of the put and call option of 4% of the shares of Belebeevski Molochny Kombinat (B.M.K.), on 25 May 2021 for an amount of 5 million euros in accordance with the terms of the contract. Thus, the Group owns 100% of this entity.

> ➢ This transaction concerns the "Cheese Products" operating segment.

During the financial year 2020, the main changes were the following:

- Further to the memorandum of agreement signed on October 4, 2019 with the Sodiaal group, a new shareholders' agreement was signed on April 30, 2020 provided Savencia Fromage & Dairy with control over CF&R Gestion, the company responsible for the operational management of CF&R SCA, thereby providing CF&R the benefit of Savencia's cheese specialty know-how and international network contributing to CF&R's long-term development.
  In accordance with IFRS 3, the Group has valued CF&R at its fair value as of the date of the transaction. In accounting terms, the sale of the previous 50% interest generated a non-material capital loss and was followed by the acquisition of a controlling interest with effect from April 30, 2020 which generated €4.5 million of goodwill. For consolidation purposes, CF&R was thus accounted for using the equity method until April 30, 2020 and fully consolidated with effect from that date.
  On the date of acquisition, assets totaled 385 million euros, including intangible assets for 189.2 million euros and 5.8 million euros of liquid assets. Current and non-current liabilities amount to 173.8 million euros. Equity totals 211.2 million euros, 105.6 million of which are the Group's share.

  The impact of CF&R on the Group's 2020 revenue since the acquisition date is 300.7 million euros and the Group's share of net income is 2.6 million euros. Integration on January 1st, 2020 would have had an impact of 440 million euros on consolidated revenue and the Group's share of net income would have been 2.1 million euros.

- Further to the acquisition of Fromageries Papillon SAS, SCI du Bousquet, SNC Fromageries du Levezou, SNC Saveurs de France and SNC Force Plus on July 26, 2019, the Group finalized the allocation of the provisional goodwill of 11.8 million euros, which has been thus adjusted to 7.1 million euros after allocation of 6.9 million euros to tangible assets, which have been valued by an third party valuation specialist and the recognition of 2.2 million euros' deferred tax liability.

> ➢ These transactions concerned the "Cheese Products" operating segment.

- Sale of the 20% stake in Premium Lab, generating an insignificant gain of 0.1 million euros.

> ➢ This transaction concerned the "Other Dairy Products" operating segment.

NOTE 2. SEGMENT REPORTING

The Group's segment reporting is based on the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker. The reported data are prepared in accordance with the Group's accounting framework.

Two operating segments are distinguished between:

The Cheese Products segment: manufacture and distribution of branded cheeses and cheese specialties in most markets.
The Other Dairy Products segment: manufacture and distribution of fresh butter and cream for mass consumption, food service products such as fresh and long-life cream, dessert preparations, pastry-making butter and milk-based preparations for international luxury hotels, as well as technical butters and highly specialized dairy proteins for the food, nutrition and health industries.

Only the following key performance indicators: net sales, current operating profit and profit margin are reviewed and used by sector by the Chief Executive Officer. Other indicators, notably those relating to cash flows and net debt, are prepared and analyzed at the level of the Group.

Items in the summarized consolidated income statement by operating segment may be reconciled to the Group's figures as follows:

	6 months							
	Cheese Products		Other Dairy Products		Other		Total	
In thousands of euros	2021	2020	2021	2020	2021	2020	2021	2020
Net sales by segment	1 621 979	1 431 298	1 136 080	1 050 817	49 672	44 954	2 807 731	2 527 069
Inter-segment revenue	-61 144	-57 332	-29 868	-24 515	-40 402	-34 844	-131 414	-116 691
Third party net sales	**1 560 835**	**1 373 966**	**1 106 212**	**1 026 302**	**9 270**	**10 110**	**2 676 317**	**2 410 378**
Charges for amortization, impairment and provisions	-57 313	-52 394	-28 091	-34 714	-4 006	-3 629	-89 410	-90 737
Current operating profit/(loss)	**95 028**	**69 868**	**59 748**	**29 597**	**-14 692**	**-7 025**	**140 084**	**92 440**
Current operating profit margin(1)	**5,9%**	**4,9%**	**5,3%**	**2,8%**			**5,2%**	**3,8%**
Reorganization costs	-2 964	-363	56	284	-1 163	-4 263	-4 071	-4 342
Impairment of assets(2)	-3 465	-24 966	-14 491	-1 877	-	-	-17 956	-26 843
Segment profit/(loss)	**88 599**	**44 539**	**45 313**	**28 004**	**-15 855**	**-11 288**	**118 057**	**61 255**

(1) The calculation of operating profit margin (current operating profit/revenue ratio) is not relevant for the « Other items » segment.
(2) See note 3.

Items in the summarized consolidated statement of financial position by operating segment may be reconciled to the Group's figures as follows:

	Cheese Products		Other Dairy Products		Other		Total	
In thousands of euros	June,30 2021	December 31, 2020	June,30 2021	December 31, 2020	June,30 2021	December 31, 2020	June,30 2021	December 31, 2020
Net intangible and tangible assets	1 219 382	1 200 346	461 974	466 413	160 428	164 320	1 841 784	1 831 079
Financial assets	5 026	4 726	3 477	3 465	18 130	17 507	26 633	25 698
Investments in associates	25 850	24 461	788	881	-	-	26 638	25 342
TOTAL NON-CURRENT ASSETS (*)	**1 250 258**	**1 229 533**	**466 239**	**470 759**	**178 558**	**181 827**	**1 895 055**	**1 882 119**

(*) According to the definition in IFRS 8-24b, non-current assets exclude financial instruments, deferred tax assets, net defined benefits assets and benefits stemming from insurance contracts.

Cash flows from investing activities by operating segment may be reconciled to the Group's figures as follows:

	6 months							
	Cheese Products		Other Dairy Products		Other		Total	
In thousands of euros	2021	2020	2021	2020	2021	2020	2021	2020
Investment in tangible and intangible non-current assets	53 905	40 046	30 591	20 012	3 087	3 416	87 583	63 474

Reconciliation of segment profit to net income for the year:

In thousands of euros	6 months 2021	6 months 2020
Segment profit(loss)	**118 057**	**61 255**
Other operating income and expense(*)	-895	-791
Operating profit	**117 162**	**60 464**
Financial expenses	-14 678	-17 987
Financial income	3 996	8 820
Gain or loss on net monetary position	1 162	335
Group share of associates' net income	1 385	83
Profit before tax	**109 027**	**51 715**
Income tax expense	-39 433	-24 142
Net income for the year	**69 594**	**27 573**

(*) Includes in particular disputes and the "Other" item (cf. note 3).

Revenue, investment in tangible and intangible non-current assets by geographical segment:

	2021			2020		
	6 months		June 30,	6 months		December 31,
In thousands of euros	Net sales	Investment in tangible and intangible non-current assets	Total Non-Current Assets	Net sales	Investment in tangible and intangible non-current assets	Total Non-Current Assets
France	842 654	55 926	1 006 297	729 183	33 805	1 018 077
Rest of Europe[1]	1 048 970	10 713	533 635	979 965	12 973	532 491
Rest of the world	784 693	20 944	355 123	701 230	16 696	331 551
TOTAL	**2 676 317**	**87 583**	**1 895 055**	**2 410 378**	**63 474**	**1 882 119**

(1) Germany is the only country accounting for more than 10% of Group revenue outside France; 345 million euros in 2021 against 318 million euros in 2020.

No further details can be given without compromising trade secrets and the company's interests.

NOTE 3. OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense for the 1st half-year 2021 includes 4,1 million euros of net reorganization cost, 18 million euros of net impairment of assets and 0.8 million euros of other expense.

In accordance with IAS 36, the Group performs impairment testing of its unamortized intangible assets at least once a year, at the end of the year. At each intermediate reporting date, in accordance with the standard, the Group identifies any indications of impairment (based on external elements such as changes in discount rates, market growth and market shares, and internal elements such as performance against forecast for each cash-generating unit (CGU)) and carries out additional tests if necessary. High headroom CGU were not subject to impairment tests as of June 30th, 2021.

In the current context, the approach adopted on 30th June was, as on 30th June, 2020, to identify indication of impairment loss based on the current operating profit evolution compared to the last forecast and performance of the 1st half of 2020, to follow up and measure the impacts of the pandemic on the future cash flows of the identified CGU. The discount rates have been updated. Besides, these discount rates decrease in general from -0.5% to -1% or even more for some CGUs, as a consequence of the decline of the main indicators composing them. As of June, 2021, the tests resulted in the recognition of a 14.6 million euros impairment of the residual goodwill for CGU Sodilac. This entity, specialized notably in the production of infant milk, is facing a contracting global market, particularly due to lower birthrate since the beginning of the pandemic.

Sensitivity analysis:

- An increase in the discount rate of +0.5%: additional depreciation of 6.5 million euros;
- A decrease in the long-term growth rate of -0.5%: additional depreciation of 4.7 million euros;
- At a current operating margin rate reduced by 10%: additional depreciation of 7.2 million euros.

	6 months	
In thousands euros	**2021**	**2020**
Reorganization(1)	-4 071	-4 342
Impairment of assets	-17 956	-26 843
Litigation and compensation	-716	-708
Other	-179	-83
	-22 922	**-31 976**

(1) Including mainly in 2021, reorganization plans in Central Europe and the continuation of reorganization plans in France.

Mainly including, in 2020, the pursuit of restructuring plans in France.

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NOTE 4. FINANCIAL RESULT

	6 months	
In thousands of euros	**2021**	**2020**
Financial interest expense(1)	-3 660	-6 201
Bank commissions(*)	-4 746	-5 530
Interest on lease liabilities(2)	-1 144	-1 095
Other net financial expenses	-2 314	-5 161
Net interest rate hedging instruments	-301	-
Net foreign exchange	-2 513	-
FINANCIAL EXPENSE	**-14 678**	**-17 987**
Financial income(3)	3 996	7 745
Net interest rate hedging instruments(4)	-	375
Net foreign exchange	-	700
FINANCIAL INCOME	**3 996**	**8 820**
NET FINANCIAL EXPENSE	**-10 682**	**-9 167**
Of which: net interest expense (1)+(2)+(3)+(4)	-1 109	824

(*) Including in 2021, 2.3 million euros bank commission for the renewal of syndicated credit signed on June 17th, 2021 against 3.2 million euros as of 30th June, 2020 mainly under an amendment extending the syndicated bank facility.

NOTE 5. RESULT ON NET MONETARY POSITION

Hyperinflation

Argentina is generally considered to have become a hyperinflationary economy since July 1st, 2018.

The requirement is for the financial statements of the applicable subsidiaries, prepared in their functional currency, to be restated in accordance with the historical cost convention (subject to application of a general price index) so as to reflect the measuring unit current at the year-end. All non-monetary assets and liabilities have thus been adjusted for inflation since January 1, 2018 as if Argentina had always been hyperinflationary, to reflect changes in purchasing power at the reporting date. Comprehensive income (i.e. reflecting the income statement plus the statement of other comprehensive income) is also restated to reflect the inflation experienced during the period. Monetary items do not need to be restated, as they already reflect purchasing power at the reporting date. Adjustments for non-monetary assets and liabilities are recognized in profit or loss as "*gain or loss on net monetary position*".

In the Group's consolidated financial statements, the financial statements for each applicable entity are then converted into euros at the applicable closing exchange rate with the result that all their assets, liabilities, equity, income and expenses are measured on the basis of the year-end closing exchange rate.

Changes in the price index in Argentina

	2011(*)	**2017.12**	**2018.12**	**2019.12**	**2020 .12**	**2021.06**
Closing index	457.7	1 656.62	2 459.85	3 782.82	5 122,21	6 415,08
Change on 2011		262 %	437%	726%	1 019%	1 301%
Change on Y-1			48%	54%	35%	25%

(*) Date of takeover of Milkaut by the Group.

We use the official index published by the Argentinian government (IPC NACIONAL EMPALME IPIM).

The impact of the hyperinflation adjustments on the main consolidated financial statements are summarized as follows:

INCOME STATEMENT

In million of euros	6 months 2021	2020
NET SALES	7,2	3,2
Purchases adjusted for changes in inventories	-8,1	-4,0
Personnel costs	-1,5	-0,7
Depreciation and amortization	-1,5	-1,0
Other current operating income and expenses	-0,7	-0,4
CURRENT OPERATING PROFIT	-4,6	-2,9
Other operating income and expenses	0,1	0,1
OPERATING PROFIT	-4,5	-2,8
Net financial income (expense)	-0,1	-
Result on net monetary position	1,2	0,3
EARNING BEFORE TAX	-3,4	-2,5
Income tax expense	-2,5	-0,1
Net income from continuing operations	**-5,9**	**-2,6**
NET INCOME	**-5,9**	**-2,6**

BALANCE SHEET

In million of euros

ASSETS	**June 30, 2021**	**December 31, 2020**
Intangible assets, property, plant and equipment	17,1	14,5
TOTAL NON-CURRENT ASSETS	**17,1**	**14,5**
Inventories and work in progress	0,9	0,6
TOTAL CURRENT ASSETS	**0,9**	**0,6**
ASSETS	**18,0**	**15,1**

EQUITY AND LIABILITIES	**June 30, 2021**	**December 31, 2020**
Other reserves	17,6	13,9
Retained earnings	-5,9	-2,6
GROUP SHARE OF EQUITY	11,7	11,3
TOTAL SHAREHOLDERS' EQUITY	**11,7**	**11,3**
Deferred tax liabilities	6,3	3,8
TOTAL NON-CURRENT LIABILITIES	**6,3**	**3,8**
TOTAL LIABILITIES	**6,3**	**3,8**
EQUITY AND LIABILITIES	**18,0**	**15,1**

NOTE 6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's main joint ventures up to April 30, 2020 were Compagnie des Fromages et RichesMonts (CF&R) in France and its subsidiary Sodiaal Gmbh in Germany, both 50% owned.

From that date, the Group only retains interests in a few joint ventures and associates, which taken individually are insignificant.

	6 months	
In thousands of euros	**2021**	**2020**
Group share in pre-tax results	1 672	98
Group share of income tax	-287	-15
Net Group share	**1 385**	**83**

At June 30, 2021 the change in investments in joint ventures and associates is accounted for as follows:

In thousands of euros	**June 30, 2021**	**December 31, 2020**
At January 1st, 2021	**25 342**	**134 761**
Change in consolidation scope[(1)]	-	-110 012
Result for the period	1 385	127
Dividends distributed	-41	-216
Other[(2)]	-	785
Impact of foreign exchange differences	-48	-103
CLOSING BALANCE	**26 638**	**25 342**

(1) In 2020, mainly change of cpnsolidation method of CF&R.

(2) In 2020, the partner's acquisition of a stake in Compagnie Fromagère de Tunisie in all essentials.

NOTE 7. INCOME TAX EXPENSE

The Income tax expense breaks down as follows:

	6 months	
In thousands of euros	**2021**	**2020**
Current tax	-44 661	-28 453
Deferred tax	5 228	4 311
	-39 433	**-24 142**

The income tax expense differs from the theoretical weighted average charge applying to the profits of consolidated subsidiaries for the following reasons:

	6 months	
In thousands of euros	**2021**	**2020**
Earning before tax	109 027	51 715
Theoretical taxes at the current tax rate in France	**30 972**	**16 561**
Difference between foreign and French tax rates(1)	-2 136	-1 253
Restatement of tax for associates	**-379**	**-7**
Non-taxable profits and non-deductible expenses(2)	3 812	6 465
Current and deferred tax resulting from the analysis of France's CVAE as a tax on income	3 088	4 027
Tax credits	-566	-1 076
Use of tax losses not previously recognized and impairment of net deferred tax assets(3)	-296	-324
Tax rate changes affecting deferred tax(4)	628	-1 174
Other (5)	4 310	923
Income tax charge	**39 433**	**24 142**
Weighted average tax rate	36,17%	46,68%

(1) As foreign tax rates are often lower than in France.
(2) Including the 4.1million euros impact of impaired goodwill in 2021 against 4.9 million euros in 2020.
(3) Tax losses activated to the extent that their recovery appears probable. In 2021, the Group's forecast taxable profits for the three coming years have required the recognition of a net impairment reversal of 0,3 million euros, against a net impairment reversal of 0,3 million euros in 2020.
(4) Taking into account tax rate changes planned in Argentina in 2021 and planned in France by 2022 on deferred taxes
(5) Including the impact of adjustment for hyperinflation in Argentina for 2.3 million euros in 2021 against 0.9 million euros in 2020. Excluding this effect, the weighted average rate would be 34% in 2021 compared with 45.05% in 2020.

A subsidiary was notified, in 2020, of a tax adjustment amounting to 19.5 million euros in principal and interest. The subsidiary, having totally refuted the alleged facts, had therefore not recorded any liability in this respect as at 31 December 2020. The Spanish Tax Administration has finally notified a recovery of 0.8 million euros in principal and interest in the 1st half of 2021, the main part of which will be contested.

NOTE 8. DIVIDEND PER SHARE

	6 months	
In thousands of euros	**2021**	**2020**
Dividends paid by the Group	20 560	-
Dividends per share (euro per share)	1,5	-

NOTE 9. INTANGIBLE AND TANGIBLE FIXED ASSETS

In thousands of euros	Intangible assets	Property, plant and equipment	Total
Net carrying amount at 01/01/2021	**575 176**	**1 189 995**	**1 765 171**
Net investments of acquisitions	1 593	87 696	89 289
Disposals	-735	-1 976	-2 711
Amortization	-3 855	-71 809	-75 664
Impairments[(1)]	-14 580	-3 699	-18 279
Reversal of impairments	3	230	233
Change in consolidation scope	-	-	-
Other changes[(2)]	-703	119	-584
Impact of hyperinflation	1	4 027	4 028
Foreign exchange differences	4 675	11 504	16 179
Impact of activities in process of sale	-	-	-
Net carrying amount at 06/30/2021	**561 575**	**1 216 087**	**1 777 662**

(1) See note 3.

(2) Including mainly intangible assets adjustments recorded in 2020 and corresponding to costs of configuration and customisation in cloud computing arrangements following IFRIC's April 2021 decision.

NOTE 10. LEASES ACCOUNTED FOR IN ACCORDANCE WITH IFRS 16

Impacts on the consolidated financial statements for the period

At June 30, 2021 the main impacts of IFRS 16 on the financial statements are as follows:

Impacts on the consolidated income statement:

	6 months	
In thousands of euros	**2021**	**2020**
Depreciation and amortization	-14 012	-13 050
Other current operating income and expenses	14 602	13 808
CURRENT OPERATING PROFIT	**590**	**758**
Other operating income and expenses	24	-
OPERATING PROFIT	**614**	**758**
Financial interest expenses on lease liabilities	-1 144	-1 095
Net foreign exchange impact	-66	-458
RESULT BEFORE TAX	**-596**	**-795**
Deferred tax	162	63
RESULT FOR THE FINANCIAL YEAR	**-434**	**-732**

Impacts on the balance sheet:

ASSETS

In thousands of euros	June 30, 2021	December 31, 2020
Rights of use assets for lease contracts	64 122	65 908
Deferred tax assets	16 961	18 680
ASSETS	**81 083**	**84 588**

EQUITY AND LIABILITIES

In thousands of euros	June 30, 2021	December 31, 2020
Retained earnings	-3 297	-2 863
EQUITY	**-3 297**	**-2 863**
Non-current lease liabilities	42 621	44 345
Deferred tax liabilities	16 388	18 266
TOTAL NON-CURRENT LIABILITIES	**59 009**	**62 611**
Trade and other payables	2 979	2 613
Current lease liabilities	22 392	22 227
TOTAL CURRENT LIABILITIES	**25 371**	**24 840**
EQUITY AND LIABILITIES	**81 083**	**84 588**

Detailed impact on right-of use assets for lease contracts and lease obligations:

RIGHT-OF-USE ASSETS FOR LEASE CONTRACTS

In thousands of euros	Land	Buildings, fixtures and fittings	Plant,equipment and tooling	Other(*)	TOTAL
Gross value	568	53 852	24 874	29 470	108 764
Accumulated amortization and depreciation	-91	-19 274	-11 285	-12 206	-42 856
Accumulated impairment	-	-	-	-	-
NET OPENING CARRYING AMOUNT	**477**	**34 578**	**13 589**	**17 264**	**65 908**
Foreign exchange differences	1	381	-1	97	478
New assets recognized	66	4 816	3 098	4 185	12 165
Amortization	-31	-5 572	-3 784	-4 380	-13 767
Modifications of contracts	-	-394	-82	-197	-673
Hyperinflation	-	33	-33	11	11
NET CLOSING CARRYING AMOUNT	**513**	**33 842**	**12 787**	**16 980**	**64 122**
Gross value	635	57 057	26 408	31 584	115 684
Accumulated depreciation, amortization	-122	-23 215	-13 621	-14 604	-51 562
Accumulated impairment	-	-	-	-	-

(*) Leases essentially for handling equipment and motor vehicles.

LEASE OBLIGATIONS

In thousands of euros	At June 30, 2021	Current	No Current
OPENING BALANCE	**66 572**	**22 227**	**44 345**
Increase	12 106		
Repayment	-13 458		
Foreign exchange differences	489		
Modifications of contracts	-696		
CLOSING BALANCE	**65 013**	**22 392**	**42 621**

	At June 30, 2021	At December 31, 2020
Within one year	22 392	22 227
In year 2 to 5	31 351	33 561
After the 5th year	11 270	10 784
	65 013	**66 572**

Other disclosures:

LEASE AMOUNTS NOT RESTATED UNDER IFRS 16:

The table below summarizes the lease charges for leases not capitalized:

	6 months	
In thousands of euros	2021	2020
Low-value leases (< or = €5,000)	-686	-1 077
Short term leases (< or = 12 months)	-1 774	-1 777
Variable lease payments	-3 339	-1 504
Non-deductible VAT	-336	-280
Other(*)	-549	-1 068
	-6 684	**-5 706**

(*) Leases not eligible for other reasons.

ADDITIONAL INFORMATION

	6 months
In thousands of euros	2021
Lease payments for leases not covered by IFRS 16	7 473
Amount of firm commitments for leases not started at closing	122

Any service component in leases is excluded from the lease expense.

NOTE 11. OTHER NON-CURRENT FINANCIAL ASSETS

In thousands of euros	June 30, 2021	December 31, 2020
Loans and receivables	13 780	15 709
Long-term investments measured at fair value through profit or loss (> 1 year)	12 867	12 416
Impairments(1)	-14	-2 427
	26 633	**25 698**

(1) In 2020, impairment of the loan granted to Financière Louis.

Financial assets more particularly include 2.8 million euros of Horizon Agroalimentaire convertible bonds, 1.8 million euros of LFO shares, 1.5 million euros of Cathay III securities, and 1.3 million euros of FnB Europe Fund SLP Private Equity. Other investments are not material.

NOTE 12. INVENTORIES AND WORK IN PROGRESS

Inventories increase by 142.7 million euros compared to December 31st, 2020 including a foreign exchange effect of 5.8 million euros. The seasonal impact of 1st semester stockpiling amounts to 133.5 million euros (73 million euros as of June 30th, 2020). A 3.4 million euros inventory impairment reversal reflects higher prices for industrial products.

NOTE 13. TRADE AND OTHER RECEIVABLES

In thousands of euros	June 30, 2021	December 31, 2020
Trade receivables	707 402	807 862
Payroll and tax receivables (excluding taxes on income)	95 355	107 548
Miscellaneous receivables	57 807	51 281
Prepayments and other miscellaneous items	19 934	20 745
Impairment losses	-20 959	-22 237
	859 539	**965 199**

The Group has little exposure to credit risk in respect of its trade receivables, given that our products are essentially sold to major distributors and that the associated receivables are often covered by specific insurance. Only uncovered risks may be depreciated. The impairment of the customer item decreased by 1.8 million euros on the first half of 2021 against an increase of 2 million euros on the first half of 2020.

NOTE 14. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets include investments in mutual fund and other securities, which have maturities of less than one year but do not meet all criteria enabling them to qualify as cash equivalents (based on analysis of issue prospectuses and review of the historical changes in their realizable values).

NOTE 15. CASH AND CASH EQUIVALENTS

In thousands of euros	June 30, 2021	December 31, 2020
Cash	358 794	361 756
Cash equivalents	266 747	221 787
CASH AND CASH EQUIVALENTS	**625 541**	**583 543**

Cash equivalents essentially comprise shares in mutual funds, term deposits and treasury note.

Cash and cash equivalents as presented in the consolidated statement of cash flows may be reconciled with the consolidated statements of financial position as follows.

In thousands of euros	June 30, 2021	December 31, 2020
Cash and cash equivalents	625 541	583 543
Bank overdrafts and financial current accounts	-82 461	-58 938
NET CASH POSITION	**543 080**	**524 605**

NOTE 16. DETAILS OF OTHER COMPONENTS OF COMPREHENSIVE INCOME BY NATURE

	6 months					
	2021			2020		
In thousands of euros	Pre-tax amount	Tax effect	Amount net of tax	Pre-tax amount	Tax effect	Amount net of tax
Foreign exchange differences	24 951	-	24 951	-46 761	-	-46 761
Change in fair value of financial assets	-	-	-	-	133	133
Change in fair value of cash flow hedges	128	-48	80	4 855	-373	4 482
Currency basis spread	230	-65	165	921	-266	655
Hyperinflation	7 385		7 385	3 475		3 475
Other transactions	-174	-	-174	-	-	-
Share of associates and joint ventures in recyclable components	-48	-	-48	-4	-	-4
Total recyclable components of other comprehensive income	**32 472**	**-113**	**32 359**	**-37 514**	**- 506**	**-38 020**
Actuarial gains and losses on post-employment benefit plans	10 202	-3 190	7 012	-962	274	-688
Other transactions	-	-	-	-	-	-
Share of associates and joint ventures in non-recyclable components	-	-	-	-	-5	-5
Total non-recyclable components of other comprehensive income	**10 202**	**-3 190**	**7 012**	**-962**	**269**	**-693**
OTHER COMPONENTS OF COMPREHENSIVE INCOME	**42 674**	**-3 303**	**39 371**	**-38 476**	**-237**	**-38 713**

NOTE 17. EVOLUTION OF OTHER RESERVES

In thousands of euros	Hedging reserves	Financial assets at fair value recognized in OCI	Actuarial gains and losses	Foreign exchange differences	Total
BALANCE AT 01/01/2020	**-11 827**	**2 742**	**-27 105**	**-57 259**	**-93 449**
Revaluation – tax effect		133			**133**
Cash flow hedges					**-**
• Changes in fair value in the period	5 776				**5 776**
• Tax on fair value losses	-639				**-639**
Actuarial gains and losses - gross			-928		**-928**
Actuarial gains and losses - tax effect			269		**269**
Foreign exchange differences					**-**
• Group				-46 452	**-46 452**
• Associates			-4	-4	**-8**
Other	-	-	-	-	**-**
BALANCE AT 06/30/2020	**-6 690**	**2 875**	**-27 768**	**-103 715**	**-135 298**
BALANCE AT 12/31/2020	**-7 366**	**2 875**	**-32 197**	**-162 817**	**-199 505**
Cash flow hedges					**-**
• Changes in fair value in the period	358				**358**
• Tax on fair value losses	-113				**-113**
Actuarial gains and losses - gross			9 879		**9 879**
Actuarial gains and losses - tax effect			-3 076		**-3 076**
Foreign exchange differences					**-**
• Group				25 106	**25 106**
• Associates			-	-48	**-48**
Other	-	-	-	1	**1**
BALANCE AT 06/30/2021	**-7 121**	**2 875**	**-25 394**	**-137 758**	**-167 398**

NOTE 18. NON-CONTROLLING INTEREST IN THE GROUP'S OPERATIONS AND CASH FLOWS

Non-controlling interests break down as follows:

The Group's non-controlling interests may be broken down as follows:

	Compagnie Laitière Européenne (excluding CF&R)		CF&R		Other		TOTAL	
	6 months		6 months		6 months		6 months	
In thousands of euros	2021	2020	2021	2020	2021	2020	2021	2020
% voting rights	13,15%	13,15%	50%	50%	-	-	-	-
% economic interest	14,14%	14,14%	57,07%	57,07%	-	-	-	-
Share of net income	1 789	1 578	-1 050	142	2 080	-633	2 819	1 087
Share of other comprehensive income	91	-24	130	-15	-166	-299	55	-338
Share of total comprehensive income	1 880	1 554	-920	127	1 914	-932	2 874	749
Cumulative non-controlling interests	68 206	66 497	112 147	111 490	30 032	28 354	210 385	206 341
Dividends paid to non-controlling interests	834	893	1 940	-	3 651	384	6 425	1 277

IFRS-compliant financial information (100% interest) before internal transactions:

BALANCE SHEET	Compagnie Laitière Européenne	
In thousands of euros	June 30, 2021	December 31,2020
Current assets	861 599	870 320
Non-current assets	635 939	652 219
ASSETS	**1 497 538**	**1 522 539**
Equity	564 321	555 513
Current liabilities	669 322	697 236
Non-current liabilities	263 895	269 790
EQUITY AND LIABILITIES	**1 497 538**	**1 522 539**

INCOME STATEMENT	6 months	
In thousands of euros	2021	2020
Net sales	1 122 252	917 722
Net Income	10 760	13 067
Overall result for the year	11 582	12 745

NOTE 19. PROVISIONS

In thousands of euros	Pensions, other retirement benefits and long-service benefits	Reorganization	Other risks and charges	Total
At January 1, 2020	**105 465**	**24 485**	**8 637**	**138 587**
Foreign exchange differences	-85	-55	-399	-539
Provisions(1)	9 564	8 439	7 649	25 652
Uses	-5 293	-13 923	-4 874	-24 090
Change in consolidation scope(3)	7 920	1 303	509	9 732
Change in actuarial gains and losses	7 374	-	-	7 374
Other variations	164	-	-	164
At December 31, 2020	**125 109**	**20 249**	**11 522**	**156 880**
Foreign exchange differences	-11	5	-29	-35
Provisions(1)	1 859	643	1 086	3 588
Uses(2)	-	-5 435	-2 661	-8 096
Change in actuarial gains and losses(4)	-10 201	-	-	-10 201
At June 30, 2021	**116 756**	**15 462**	**9 918**	**142 136**

(1) In 2021, the other provisions for risks and charges were allocated for 0,6 million euros of provision for litigation and 0,5 million euros of provision for contingencies.
In 2020, the allocations for provisions for reorganization concerned, in particular 6.4 million euros for the plan to close the Rambol plant.
(2) Reversals of provision for reorganization amount 5,4 million euros, including 5,1 million euros of provision used and 0,3 million euros of provisions no longer required.
The reversals of provisions for other risks and contingencies amount 2,7 million euros including 2,1 million euros of provisions used and 0,6 million euros of provisions no longer required.
(3) In 2020, full consolidation of CF&R – including a 1.3 million euros for the closure of the Coutances site.
(4) The charge essentially reflects change in discount rates.

Provisions for contingencies and disputes are destined to cover known risks and litigation. Provisions for disputes are not recognized until such time as the Group, in agreement with its legal advisors, deems that it will be faced with an unfavorable settlement.

In 2020 in connection with an asset disposal, a subsidiary in the United States has been confronted with unjustified claims on the part of the partner. The subsidiary having totally refuted the claims and therefore did not recognize any provision for litigation in this respect.

At June 30th, 2021 the principal contingencies and disputes covered by provisions concerned 15,5 million euros for reorganization (December 2020 : 20,2 million euros), 6,5 million euros for social disputes (December 2020: 7,1 million euros), 0,7 million euros for commercial disputes (December 2020: 1 million euros) and 2,7 million euros for other risks (December 2020: 3,5 million euros).

NOTE 20. BORROWINGS AND OTHER FINANCIAL LIABILITIES EXCLUDING LEASE LIABILITIES

In thousands of euros	June 30, 2021	Non-current	Current	December 31, 2020	Non-current	Current
Borrowings from financial and similar institutions(*)	798 819	8 190	790 629	727 397	9 197	718 200
Deferred liabilities for profit-sharing payments	12 516	9 856	2 660	11 855	9 049	2 806
Bond issues	295 654	286 250	9 404	292 667	283 530	9 137
Current bank facilities	49 529	-	49 529	33 495	-	33 495
BORROWINGS AND FINANCIAL LIABILITIES AT CLOSING	**1 156 518**	**304 296**	**852 222**	**1 065 414**	**301 776**	**763 638**

(*) Current debt with financial institutions primarily comprises commercial paper.

The change in gross borrowing may be analyzed as follows:

In thousands of euros	June 30, 2021	December 31, 2020
OPENING BORROWINGS	**1 065 414**	**1 097 252**
New borrowings	69 917	79 935
Repayments of borrowings	-5 644	-23 147
Change in bank facilities and financial current accounts	22 931	-70 922
Foreign exchange differences	3 900	-18 091
Change in consolidation scope(1)	-	387
CLOSING BORROWINGS	**1 156 518**	**1 065 414**

1) In 2020, full consolidation of CF&R.

Gross financial debt increases by 91.1 million euros compared with December 31th, 2020. Including investments classified as other current financial assets net of active cash, net debt decreases by 2.2 million euros, showing a net balance of 462,6 million euros at June 30, 2021.

During the 1st half of 2021, the Group renegotiated with the banks the syndicated loan facility extending its duration (5 years plus 2-year extension of the credit maturity).

Certain loans include clauses requiring compliance with a financial leverage ratio. This ratio is expressed in terms of maximum indebtedness expressed as a multiple of current EBITDA. EBITDA corresponds to current operating profit before charges and reversals in respect of depreciation, amortization, impairment and provisions. This ratio does not include the IFRS 16 lease obligation in accordance with our banking covenants.

This ratio continues to be met by the Group.

To calculate the financial ratio, the net financial debt applying to the syndicated facility and most of the Group's bilateral contracts is determined as follows:

In thousands of euros	June 30, 2021	December 31, 2020
Non-current borrowings and debts from financial institutions	-304 296	-301 776
Current bank borrowings	-852 222	-763 638
BORROWINGS AND FINANCIAL LIABILITIES	**-1 156 518**	**-1 065 414**
Other current financial assets	68 358	17 096
Cash and cash equivalents	625 541	583 543
NET DEBT	**-462 619**	**-464 775**
Treasury shares	20 432	18 487
NET FINANCIAL DEBT	**-442 187**	**-446 288**

NOTE 21. CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

The following table discloses the carrying amounts and fair values of the Group's financial instrument assets and liabilities within each applicable category:

ASSETS

In thousands of euros	Derivative financial instruments through profit or loss(1)	Hedging derivatives(2)	Financial assets at fair value through profit or loss(2)	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At June 30, 2021						
Other financial assets held at fair value through profit and loss	-	-	11 619	-	11 619	11 619
Non-current financial assets held for trading	-	-	1 248	-	1 248	1 248
Non-current financial loans and receivables	-	-	-	13 766	13 766	13 766
Other non-current financial assets	**-**	**-**	**12 867**	**13 766**	**26 633**	**26 633**
Interest rate derivatives	11 327	9 253	-	-	20 580	20 580
Non-current derivative financial instruments	**11 327**	**9 253**	**-**	**-**	**20 580**	**20 580**
Trade receivables	-	-	-	**693 961**	**693 961**	**693 961**
Current loans & receivables	-	-	-	**847**	**847**	**847**
Commodity hedging derivatives	-	13	-	-	13	13
Other commodity hedging derivatives	40	-	-	-	40	40
Foreign currency hedging derivatives	2 411	-	-	-	2 411	2 411
Other interest rate derivatives	-	1 426	-	-	1 426	1 426
Current derivative financial instruments	**2 451**	**1 439**	**-**	**-**	**3 890**	**3 890**
Current financial assets held for trading	**-**	**-**	**66 845**	**1 513**	**68 358**	**68 358**
Financial current accounts	-	-	-	51 152	51 152	51 152
Cash	-	-	-	307 642	307 642	307 642
Cash equivalents	-	-	266 747	-	266 747	266 747
Cash and cash equivalents	**-**	**-**	**266 747**	**358 794**	**625 541**	**625 541**
TOTAL ASSETS	**13 778**	**10 692**	**346 459**	**1 068 881**	**1 439 810**	**1 439 810**

(1) Fair value based on prices quoted on an active market (level 1 instrument)
(2) Fair value based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

Fair value measurements are classified into three levels of the fair value hierarchy according to the inputs used in the valuation technique. The three levels as follows:

Level 1: use of unadjusted prices in active markets available at the valuation date for identical assets or liabilities;

Level 2: use of other directly or indirectly observable data;

Level 3: use of non-observable data.

The Group's determination of the level 2 fair value for over-the-counter financial instruments is based on prices communicated by financial institutions. The Group verifies that those prices are reasonable and reflect the instruments' credit risk as adjusted for any factors specific to the Group or its counterparts.

During the period, the Group did not make any changes in its fair value hierarchy.

LIABILITIES

In thousands of euros	Derivative financial instruments through profit or loss[(1)]	Hedging derivatives [(2)]	Financial liabilities at fair value through profit or loss[(2)]	Financial liabilities measured at amortized cost	Carrying amount	Fair value
At June 30,2021						
Bond issues	-	-	-	286 250	286 250	286 250
Other borrowings	-	-	-	60 667	60 667	60 667
Non-current financial borrowings and debts	**-**	**-**	**-**	**346 917**	**346 917**	**346 917**
Non-current debts relating to put options granted to minority shareholders	-	-	29 060	-	29 060	29 060
Other items	-	-	1	-	1	1
Other non-current liabilities	**-**	**-**	**29 061**	**-**	**29 061**	**29 061**
Other interest rate derivatives	10 569	9 297	-	-	19 866	19 866
Non-current derivative financial instruments	**10 569**	**9 297**	**-**	**-**	**19 866**	**19 866**
Trade payables	-	-	-	**705 761**	**705 761**	**705 761**
Guarantees deposits received	-	-	-	**2 131**	**2 131**	**2 131**
Commodity hedging derivatives	-	53	-	-	53	53
Other commodity derivatives	38	-	-	-	38	38
Foreign currency derivatives	3 395	-	-	-	3 395	3 395
Current derivative financial instruments	**3 433**	**53**	**-**	**-**	**3 486**	**3 486**
Current financial liabilities	-	-	-	792 152	792 152	792 152
Financial current accounts	-	-	-	32 933	32 933	32 933
Current bank facilities	-	-	-	49 529	49 529	49 529
Current borrowings	**-**	**-**	**-**	**874 614**	**874 614**	**874 614**
TOTAL LIABILITIES	**14 002**	**9 350**	**29 061**	**1 929 423**	**1 981 836**	**1 981 836**

(1) Fair value based on prices quoted on an active market (level 1 instrument)
(2) Fair value based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions.

Concerning fair value hedges on interest rate swaps and commodities, the hedges are 100% efficient. Therefore, no expense or income is recognized on the inefficient portion.

ASSETS

In thousands of euros	Derivative financial instruments through profit or loss [1]	Hedging derivatives [2]	Financial assets at fair value through in profit or loss[2]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
At December 31, 2020						
Other financial assets held at fair value through profit and loss	-	-	11 199	-	11 199	11 199
Non-current financial assets held for trading	-	-	1 216	-	1 216	1 216
Non-current financial loans and receivables	-	-	-	13 283	13 283	13 283
Other non-current financial assets	**-**	**-**	**12 415**	**13 283**	**25 698**	**25 698**
Interest rate derivatives	14 983	8 171	-	-	23 154	23 154
Non-current derivative financial instruments	**14 983**	**8 171**	**-**	**-**	**23 154**	**23 154**
Trade receivables	**-**	**-**	**-**	**792 880**	**792 880**	**792 880**
Current loans & receivables	-	-	-	936	936	936
Other commodity hedging derivatives	114	-	-	-	114	114
Foreign currency hedging derivatives	5 233	-	-	-	5 233	5 233
Other interest rate derivatives	-	1 057	-	-	1 057	1 057
Current derivative financial instruments	**5 347**	**1 057**	**-**	**-**	**6 404**	**6 404**
Current financial assets held for trading	**-**	**-**	**14 767**	**2 329**	**17 096**	**17 096**
Financial current accounts	-	-	-	45 836	45 836	45 836
Cash	-	-	-	315 920	315 920	315 920
Cash equivalents	-	-	221 787	-	221 787	221 787
Cash and cash equivalents	**-**	**-**	**221 787**	**361 756**	**583 543**	**583 543**
TOTAL ASSETS	**20 330**	**9 228**	**248 969**	**1 171 184**	**1 449 711**	**1 449 711**

(1) Fair value based on prices quoted on an active market (level 1 instrument)
(2) Fair value based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

LIABILITIES

In thousands of euros	Derivative financial instruments through profit or loss (1)	Hedging derivatives (2)	Financial liabilities at fair value through profit or loss(2)	Financial liabilities measured at amortized cost	Carrying amount	Fair value
At December 31, 2020						
Bond issues	-	-	-	283 530	283 530	283 530
Other borrowings	-	-	-	62 591	62 591	62 591
Non-current financial borrowings and debts	**-**	**-**	**-**	**346 121**	**346 121**	**346 121**
Non-current debts relating to put options granted to minority shareholders	-	-	29 108	-	29 108	29 108
Other items	-	-	1	-	1	1
Other non-current liabilities	**-**	**-**	**29 109**	**-**	**29 109**	**29 109**
Other interest rate derivatives	14 310	11 357	-	-	25 667	25 667
Non-current derivative financial instruments	**14 310**	**11 357**	**-**	**-**	**25 667**	**25 667**
Trade payables	**-**	**-**	**-**	**687 077**	**687 077**	**687 077**
Guarantees deposit received	**-**	**-**	**-**	**1 671**	**1 671**	**1 671**
Current debts relating to put options granted to minority shareholders	**-**	**-**	**5 000**	**-**	**5 000**	**5 000**
Commodity hedging derivatives	-	102	-	-	102	102
Other commodity hedging derivatives	114	-	-	-	114	114
Foreign currency derivatives	3 127	-	-	-	3 127	3 127
Current derivative financial instruments	**3 241**	**102**	**-**	**-**	**3 343**	**3 343**
Current financial liabilities	-	-	-	726 928	726 928	726 928
Financial current accounts	-	-	-	25 442	25 442	25 442
Current bank facilities	-	-	-	33 495	33 495	33 495
Current borrowings	**-**	**-**	**-**	**785 865**	**785 865**	**785 865**
TOTAL LIABILITIES	**17 551**	**11 459**	**34 109**	**1 820 734**	**1 883 853**	**1 883 853**

(1) Fair value based on prices quoted on an active market (level 1 instrument)
(2) Fair value based on inputs, other than the quoted prices in level 1, observable for the asset or liability, either directly or indirectly.

NOTE 22. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are only deemed to have been performed at arm's length conditions if such is demonstrably the case.

The Group is controlled by Savencia Holding SCA, a French corporation which directly or indirectly holds 66.64% of the common stock of Savencia SA. The balance is held by numerous other shareholders whose shares are dealt in on the Paris stock exchange. Certain SAVENCIA SA subsidiaries are not fully owned. For the most part, their minority shareholders are milk production or collection cooperatives which supply the Group and may also purchase from the Group. Those transactions constitute the Group's main related party transactions

In this respect, SAVENCIA Fromage & Dairy recognized sales to related party cooperatives totaling 36,2 million euros in the first half of 2021 (against 41 million euros during the first half of 2020) and purchases totaling 442,5 million euros in 2021 (against 442,5 million euros during the first half of 2020).

The Group also engages in treasury management on behalf of related parties and received remuneration of 1 million euros during the first half of 2021 (1,3 million euros during the first half of 2020).

Group sales to associates amounted to 3,4 million euros during the first half of 2021 (*(*)* 76 million euros during the first half of 2020) and purchases from associates amounted to 12,3 million euros during the first half of 2021 (*(*)* 72,8 million euros during the first half of 2020), essentially relating to dairy materials.

(*) This included transactions with CF&R in the first four months of 2020, the Group ensuring part of milk sourcing on its own account, and part of the buy-back of industrial derived products. The Group also provides some logistics and commercial services, as well as distribution services in a number of foreign countries. It also provides IT and administrative services

NOTE 23. POST BALANCE SHEET EVENT

An exceptional flood occured at Corman SA, a subsidiary of the SAVENCIA Group, located in Goé, Belgium on 15th July, 2021, as stated in the press release of July 21, 2021. In accordance with IAS 10, this unexpected post balance sheet event does not give rise to an adjustment to the financial statements for the period ended 30 June 2021.

Management had taken full measures to protect employees' safety in light of the bad weather conditions, and no-one was injured. The Group is supporting Corman SA's employees at this challenging time. Given the extent of the flooding, significant material damage was incurred and is currently under assessment. As of the date of the Board of Directors' meeting which approved the interim financial statements, and based on a provisional estimate, the potential global cumulative impact on the net result for the years 2021 and 2022 could be around 50 million euros. Production is expected to resume gradually from the end of 2021. This event does not call into question the Group's development or its financial strength.

SAVENCIA S.A.

(3) Statutory Auditors' Review Report on the Half-yearly

(4) Financial Information

For the period from January 1 to June 30, 2021

This is a free translation into English of the statutory auditors' review report on the half-yearly 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 half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of SAVENCIA S.A.,

In compliance with the assignment entrusted to us by the annual 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 half-yearly consolidated financial statements of SAVENCIA S.A., for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed 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 half-yearly 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 half-yearly 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 half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris – La Défense, 10th September 2021

The Statutory Auditors

French original signed by

KPMG S.A.	Deloitte & Associés
Arnaud RINN	Emmanuel GADRET

ATTESTATION BY THE FINANCIAL DIRECTOR

I certify that to my knowledge, the condensed consolidated interim financial statements for the semester ended June 30, 2021 have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the net assets, financial position and financial performance of the undertakings included in the consolidation taken as a whole. I equally certify that to my knowledge, the attached half-yearly activity report faithfully represents the significant events that have occurred during the first six months of the fiscal year and their impact for the consolidated financial statements, as well as the main transactions that have taken place with related parties, and provide a description of the principal risks and uncertainties associated with the remaining six months of the fiscal year.

Viroflay, Septembre 8, 2021

Olivier de Sigalony
Financial Director