



WENDEL

2021

Condensed consolidated half-year financial statements

June 2021

Investing for the long term

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BALANCE SHEET – STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

| <i>In millions of euros</i> | Note | 06/30/2021 | 12/31/2020 |
|------------------------------------------------------|----------|-----------------|-----------------|
| Goodwill, net | 7 and 8 | 3 679.0 | 3 488.6 |
| Intangible assets, net | 7 | 1 666.6 | 1 692.3 |
| Property, plant & equipment, net | 7 | 1 112.5 | 1 109.0 |
| Property, plant and equipment under operating leases | 7 | 520.8 | 530.5 |
| Non-current financial assets | 7 and 11 | 458.3 | 320.8 |
| Pledged cash and cash equivalents | 7 and 10 | 0.4 | 0.4 |
| Equity-method investments | 7 and 9 | 250.5 | 225.2 |
| Deferred tax assets | 7 | 198.0 | 206.6 |
| Non-current assets | | 7 886.0 | 7 573.4 |
| Assets and operations held for sale | | 5.1 | 8.3 |
| Inventories | 7 | 528.3 | 416.4 |
| Trade receivables | 7 | 1 529.5 | 1 375.3 |
| Contract assets (net) | 7 | 272.2 | 232.1 |
| Other current assets | 7 | 374.2 | 327.5 |
| Current income tax assets | 7 | 55.9 | 61.0 |
| Other current financial assets | 7 and 11 | 308.4 | 311.9 |
| Cash and cash equivalents | 7 and 10 | 2 647.3 | 2 900.3 |
| Current assets | | 5 715.7 | 5 624.6 |
| TOTAL ASSETS | | 13 606.9 | 13 206.3 |

The notes to the financial statements are an integral part of the consolidated statements.

LIABILITIES

| <i>In millions of euros</i> | Note | 06/30/2021 | 12/31/2020 |
|-------------------------------------------|-----------|-----------------|-----------------|
| Share capital | | 178.9 | 178.9 |
| Share premiums | | 55.3 | 55.3 |
| Retained earnings & other reserves | | 1 622.4 | 2 033.6 |
| Net income for the period – Group share | | 131.1 | -264.1 |
| Shareholders' equity – Group share | | 1 987.8 | 2 003.7 |
| Non-controlling interests | | 1 388.7 | 1 283.8 |
| Total shareholders' equity | 12 | 3 376.4 | 3 287.5 |
| Provisions | 7 and 13 | 441.7 | 453.4 |
| Financial debt | 7 and 14 | 5 372.2 | 5 312.9 |
| Operating lease liabilities | 7 | 436.5 | 448.4 |
| Other non-current financial liabilities | 7 and 11 | 329.0 | 283.9 |
| Deferred tax liabilities | 7 | 393.8 | 396.7 |
| Total non-current liabilities | | 6 973.1 | 6 895.3 |
| Liabilities held for sale | | 0.2 | - |
| Provisions | 7 and 13 | 6.3 | 6.1 |
| Financial debt | 7 and 14 | 451.1 | 646.8 |
| Operating lease liabilities | 7 | 135.9 | 134.4 |
| Other current financial liabilities | 7 and 11 | 476.0 | 179.5 |
| Trade payables | 7 | 1 011.1 | 862.0 |
| Contract liabilities (net) | 7 | 28.5 | 27.6 |
| Other current liabilities | 7 | 1 004.1 | 1 025.5 |
| Current income tax assets | 7 | 144.2 | 141.6 |
| Total current liabilities | | 3 257.3 | 3 023.6 |
| TOTAL EQUITY AND LIABILITIES | | 13 606.9 | 13 206.3 |

The notes to the financial statements are an integral part of the consolidated statements.

CONSOLIDATED INCOME STATEMENT

| <i>In millions of euros</i> | Note | 1 st half 2021 | 1 st half 2020 |
|-------------------------------------------------------------------------------------------|-----------------|---------------------------|---------------------------|
| Net sales | 7 and 15 | 3 997.4 | 3 592.6 |
| Other income from operations | | 5.2 | 3.6 |
| Operating expenses | | -3 521.4 | -3 490.3 |
| Gains/losses on divestments | | 2.7 | -21.3 |
| Asset impairment | 7 | -0.1 | -10.1 |
| Other income and expense | 7 | -13.6 | -20.7 |
| OPERATING INCOME | 7 and 16 | 470.2 | 53.8 |
| Income from cash and cash equivalents | | 3.8 | 4.9 |
| Finance costs, gross | | -97.1 | -133.2 |
| FINANCE COSTS, NET | 7 and 17 | -93.3 | -128.3 |
| Other financial income and expenses | 7 and 18 | 27.3 | -29.1 |
| Tax expense | 7 and 19 | -118.4 | -26.2 |
| Net income (loss) from equity-method investments | 7 and 20 | 14.0 | -62.2 |
| NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE | | 299.9 | -192.0 |
| Net income from discontinued operations and operations held for sale | | 1.1 | -87.3 |
| Net income | | 301.0 | -279.3 |
| Net income – non-controlling interests | | 169.9 | -75.6 |
| NET INCOME – GROUP SHARE | | 131.1 | -203.7 |
| | Note | 1 st half 2021 | 1 st half 2020 |
| Basic earnings per share | 21 | 3.00 | -4.65 |
| Diluted earnings per share | 21 | 2.82 | -4.65 |
| Basic earnings per share from continuing operations | 21 | 2.98 | -4.02 |
| Diluted earnings per share from continuing operations | 21 | 2.81 | -4.03 |
| Basic earnings per share from discontinued operations | 21 | 0.02 | -0.63 |
| Diluted earnings per share from discontinued operations | 21 | 0.02 | -0.63 |

The notes to the financial statements are an integral part of the consolidated statements.

STATEMENT OF COMPREHENSIVE INCOME

| In millions of euros | 1 st half 2021 | | | 1 st half 2020 | | |
|-------------------------------------------------------------------------------------|---------------------------|-------------|--------------|---------------------------|------------|---------------|
| | Gross Amounts | Tax effect | Amounts Net | Gross Amounts | Tax impact | Amounts Net |
| Items recyclable in net income | | | | | | |
| Currency translation reserves ⁽¹⁾ | 109.0 | - | 109.0 | -162.0 | - | -162.0 |
| Gains and losses on derivatives qualifying as hedges ⁽²⁾ | -6.7 | -3.4 | -10.1 | -10.8 | 0.2 | -10.6 |
| Transfer to income statement of income previously recorded as equity ⁽³⁾ | -7.7 | 2.2 | -5.5 | 5.5 | - | 5.5 |
| Items non-recyclable in net income | | | | | | |
| Gains and losses on financial assets through other comprehensive income | 0.2 | - | 0.2 | -0.2 | - | -0.2 |
| Actuarial gains and losses | 13.7 | -3.4 | 10.2 | -1.1 | - | -1.1 |
| INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A) | | | | | | |
| | 108.5 | -4.7 | 103.8 | -168.6 | 0.2 | -168.4 |
| Net income for the period (B) | | | 301.0 | | | -279.3 |
| TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B) | | | | | | |
| | | | 404.7 | | | -447.7 |
| Attributable to: | | | | | | |
| - Wendel shareholders | | | 174.7 | | | -266.5 |
| - non-controlling interests | | | 230.1 | | | -181.2 |

- (1) This item includes the contribution of Bureau Veritas for €73.7 million, of which €24.9 million in Group share.
(2) This item includes a -€19.3 million change in the fair value of the cross currency swap set up at Wendel (see note 6-5.1 "Currency risk - Wendel") and +€12.7 million in the fair value of operating derivatives at Constantia Flexibles.
(3) This item includes a -€7.7 million impact of the recycling of operating derivatives at Constantia Flexibles.

The notes to the financial statements are an integral part of the consolidated statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| <i>In millions of euros</i> | Number of outstanding shares | Share capital | Share premiums | Treasury shares | Retained earnings & other | Cumulative translation adjustment | Group share | Non- controlling interests | Total shareholders' equity |
|---------------------------------------------------------------------------------|------------------------------------|------------------|-------------------|--------------------|---------------------------------|-----------------------------------------|----------------|----------------------------------|----------------------------------|
| SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2019 | 43 773 358 | 178.7 | 53.3 | -546.0 | 2 935.3 | -198.1 | 2 423.1 | 1 392.5 | 3 815.6 |
| Income and expenses recognized directly in shareholders' equity (A) | | - | - | - | 50.4 | -126.3 | -75.9 | -157.9 | -233.8 |
| Net income for the period (B) | | | | | -264.1 | | -264.1 | 33.1 | -231.0 |
| TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B) | | | | | -213.6 | -126.3 | -339.9 | -124.8 | -464.8 |
| (1) | | | | | | | | | |
| Dividends paid (2) | | | | | -122.6 | | -122.6 | -18.4 | -141.0 |
| Movements in treasury shares | 8 285 | - | | 1.0 | | | 1.0 | | 1.0 |
| Capital increase | | | | | | | - | | |
| Exercise of stock options | - | - | - | | | | | | - |
| Company savings plan | 36 811 | 0.2 | 2.0 | | | | 2.2 | | 2.2 |
| Share-based payments | | | | | 21.1 | | 21.1 | 15.3 | 36.4 |
| Changes in scope | | | | | -1.3 | - | -1.3 | -2.1 | -3.4 |
| Other | | | | | 19.9 | | 19.9 | 21.4 | 41.3 |
| SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2020 | 43 818 454 | 178.9 | 55.2 | -545.1 | 2 638.8 | -324.4 | 2 003.5 | 1 283.8 | 3 287.3 |
| Income and expenses recognized directly in shareholders' equity (A) | | - | - | - | -11.9 | 55.5 | 43.6 | 60.1 | 103.7 |
| Net income for the period (B) | | | | | 131.1 | | 131.1 | 169.9 | 301.0 |
| TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B) | | | | | 119.2 | 55.5 | 174.7 | 230.1 | 404.7 |
| (1) | | | | | | | | | |
| Dividends paid (2) | | | | | -126.6 | | -126.6 | -112.8 | -239.4 |
| Movements in treasury shares | -176 610 | - | | -21.2 | | | -21.2 | | -21.2 |
| Share-based payments | | | | | 10.8 | | 10.8 | 9.0 | 19.9 |
| Changes in scope | | | | | -0.6 | 1.1 | 0.5 | 20.3 | 20.9 |
| Other (3) | | | | | -54.1 | | -54.1 | -41.8 | -95.9 |
| EQUITY AS OF JUNE 30, 2021 | 43 641 844 | 178.9 | 55.2 | -566.2 | 2 587.6 | -267.8 | 1 987.8 | 1 388.7 | 3 376.4 |

(1) See "Statement of comprehensive income."

(2) The 2020 dividend approved by the Shareholders' Meeting of June 29, 2021 was paid in July 2021: it amounts to €2.90 per share (compared to €2.80 in 2020), i.e. a total of €126.6 million, recognized as a current financial liability on June 30, 2021.

(3) Other changes mainly include changes in the fair value of puts held by non-controlling interests.

The notes to the financial statements are an integral part of the consolidated statements.

CONSOLIDATED CASH FLOW STATEMENT

| <i>In millions of euros</i> | Note | 1 st half 2021 | 1 st half 2020 |
|--------------------------------------------------------------------------------|-----------|---------------------------|---------------------------|
| Net income | | 301.0 | -279.3 |
| Share of net income/loss from equity-method investments | | -14.0 | 62.2 |
| Net income from discontinued operations and operations held for sale | | -1.1 | 86.5 |
| Depreciation, amortization, provisions and other non-cash items | | 266.0 | 404.6 |
| Investment, financing and tax results | | 179.4 | 199.5 |
| Cash flow from consolidated companies before tax | | 731.3 | 473.5 |
| Change in working capital requirement related to operating activities | | -114.0 | 56.8 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX | 7 | 617.3 | 530.3 |
| Cash flows from investing activities, excluding tax | | | |
| Acquisition of property, plant & equipment and intangible assets | 22 | -102.1 | -91.7 |
| Disposal of property, plant & equipment and intangible assets | | 14.5 | 6.2 |
| Acquisition of equity investments | 23 | -255.5 | 0.0 |
| Disposal of equity investments | 23 | 0.8 | 205.7 |
| Impact of changes in scope of consolidation and of operations held for sale | | 2.7 | -26.5 |
| Dividends received from equity-method investments and unconsolidated companies | | - | 0.2 |
| Changes in other financial assets and liabilities and other | 25 | -21.5 | 86.3 |
| Change in working capital requirements related to investment activities | | -15.1 | -29.0 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX | 7 | -376.2 | 151.1 |
| Capital increase | | - | - |
| Contribution of non-controlling shareholders | | 6.1 | 2.2 |
| Treasury share buybacks | | -7.5 | -1.0 |
| - Wendel | | -21.2 | -1.0 |
| - Subsidiaries | | 13.6 | 0.0 |
| Dividends paid by Wendel | | 0.0 | 0.0 |
| Dividends paid to non-controlling shareholders of subsidiaries | | -8.1 | -8.2 |
| New borrowings | 24 | 640.2 | 1 070.1 |
| Repayment of borrowings | 24 | -781.4 | -489.9 |
| Repayment of lease liabilities and interest | 24 | -76.2 | -71.1 |
| Net finance costs | | -102.5 | -118.7 |
| Other financial income/expense | 25 | 29.6 | -2.0 |
| Change in working capital requirements related to financing activities | 26 | -89.3 | 2.8 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX | 7 | -389.1 | 384.3 |
| Current tax expense | | -127.0 | -80.0 |
| Change in tax assets and liabilities (excl. deferred taxes) | | 14.7 | -0.7 |
| NET CASH FLOWS RELATED TO TAXES | 7 | -112.3 | -80.7 |
| Effect of currency fluctuations | | 7.2 | -16.2 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | -253.0 | 968.7 |
| Cash and cash equivalents at the beginning of the period | | 2 900.8 | 2 641.3 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 10 | 2 647.8 | 3 610.1 |

The notes to the financial statements are an integral part of the consolidated statements.

GENERAL PRINCIPLES

Wendel is a European company with a Management Board and a Supervisory Board, governed by prevailing European and French laws and regulations. The Company is registered in the Paris Trade and Company Register (*Registre du commerce et des sociétés*) under number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

As of June 30, 2021, the Wendel Group primarily comprised:

- fully-consolidated operating companies: Bureau Veritas (35.6% net of treasury shares), Cromology (94.8%), Stahl (67.8%), Constantia Flexibles (60.8%) and Crisis Prevention Institute (CPI) (96.4%);
- an operating company accounted for by the equity method: IHS (21.4%);
- Wendel and its fully consolidated holding companies.

As of June 30, 2021, the investment in Tarkett is classified as a financial asset (see note 3-1 "Investment in Tarkett".)

The Wendel Group condensed consolidated half-year financial statements cover the six-month period from January 1 to June 30, 2021 and are expressed in millions of euros. They include the:

- balance sheet (statement of financial position);
- income statement and the statement of comprehensive income;
- statement of changes in shareholders' equity;
- cash flow statement; and
- notes to the financial statements.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies (excluding those classified in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations"). However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities.

Aggregate accounting data for each fully consolidated subsidiary are presented in Note 7 "Segment information," which shows the contribution of each subsidiary to the income statement, balance sheet and cash flow statement. Aggregate accounting data for equity-method investments are set out in Note 9 "Equity-method investments." An analysis of the Group's overall performance by business activity is provided in Note 7 "Segment information," which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel or its holding companies (see Note 6-2.2 "Liquidity risk of operating subsidiaries"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in Note 6-2 "Liquidity risk."

These condensed consolidated half-year financial statements were approved by Wendel's Executive Board on September 2, 2021.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

These condensed consolidated half-year financial statements for the six months to June 30, 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting." These financial statements should be read in conjunction with the financial statements for the 2020 fiscal year included in the Universal Registration Document filed with the AMF on April 16, 2021.

The condensed consolidated half-year financial statements for the period ended June 30, 2021 have been prepared using the same accounting methods as those used for the fiscal year ended December 31, 2020, with the exception of the new amendments to IFRS 9 "Financial Instruments, IAS 39 "Financial Instruments: Recognition and Measurement," IFRS 7 "Financial Instruments: Disclosures" on the reform of the benchmark interest rates that were in effect from January 1, 2021 and which had no material impact on the condensed consolidated half-year financial statements.

The amendment to IFRS 16 related to Covid-19 rent concessions beyond June 30, 2021, will be applied to year-end consolidated financial statements upon its adoption by the European Union.

The accounting principles are available from the European Commission's website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and assumptions are based on Wendel's and its subsidiaries' appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were finalized. They are established on the basis of the past experience of the management of the Group or its subsidiaries and various other factors deemed reasonable (such as market data or the work of an independent appraiser, etc.) and are reviewed on a regular basis. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts.

Estimates and assessments made in order to prepare these financial statements concern in particular, for the most significant elements, goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, valuation of purchase commitments of non-controlling interests, and the treatment of co-investments.

NOTE 2. EFFECTS OF THE COVID-19 PANDEMIC ON THE FINANCIAL STATEMENTS AS OF JUNE 30, 2021

Given the changing health situation and the lifting of certain lockdown measures by governments of the countries in which the Group's subsidiaries operate, Wendel and its operating subsidiaries have adapted the action and austerity plans that had been put in place while continuing to ensure the protection of employees, which remains a major concern.

During the first half of 2021, no significant accounting impact related to the Covid-19 health crisis was identified on the activities of the Wendel Group's operating subsidiaries.

NOTE 3. CHANGES IN SCOPE

The scope of consolidation of the Wendel group is presented under "General principles."

Note 3 - 1. Investment in Tarkett

In May 2021, Wendel joined forces with the Deconinck family to form Tarkett Participation, whose purpose is to hold a majority stake in Tarkett. This group specializes in floor coverings and sports surfaces. It employs more than 12,000 people at 33 production sites. Its consolidated revenue and adjusted EBITDA amounted to €2,632.9 million and €277.9 million respectively in 2020.

The Deconinck family, the controlling shareholder of this group, thus contributed all of its majority stake (exclusive control) in Tarkett. Tarkett Participation then initiated an offer to acquire Tarkett shares, which closed in July 2021.

As of June 30, 2021 (before the closing of the offer), Wendel's investment amounted to €100 million, including €30 million in Tarkett Participation shares and €70 million in loans to be converted into Tarkett Participation shares after the closing date of the offer. At that date, Wendel's stake in Tarkett Participation was below the threshold of 20% establishing the presumption of significant influence according to accounting standards.

From an accounting point of view, this transaction is analyzed as an acquisition of significant influence carried out in stages. Given Wendel's position in Tarkett Participation at June 30, 2021, this investment is recorded at the end of the period under financial assets at fair value through profit or loss. In the second half of the year, Wendel's stake in Tarkett Participation will be accounted for using the equity method from the close of the offer; it will be above the threshold of presumption of significant influence.

Based on the public information communicated on August 26, 2021, Tarkett Participation holds, individually and in partnership with Société Investissement Deconinck, Expansion 17 S.C.A, Global Performance S.C.A and the members of the Supervisory Board of the company in relationship with the family Deconinck 89.54% of the voting rights and 89.93% of the capital of Tarkett after the offer has been closed and Tarkett Participations has subsequently purchased additional shares on the market. At this date, Wendel invested €223 million representing 26.0% of the share capital of Tarkett Participation. Wendel's stake in Tarkett Participation may increase to 30% depending on the additional purchases of Tarkett shares by Tarkett Participation; the Deconinck family will retain a majority stake in the company.

Note 3 - 2. Principal changes in scope of consolidation of subsidiaries and associates

1. Changes in scope of consolidation of the Constantia Flexibles Group

During the 1st half of 2021, Constantia Flexibles acquired 100% of the Propak company in Turkey. Propak is a European leader in the packaging industry for the snacks market, generating annual revenue of around €75 million. This investment represents an investment of €124.8 million and generates provisional goodwill of €99.5 million (before appropriation).

2. Change in the scope of consolidation of the Bureau Veritas Group

During the first half of 2021, the Group made the following significant acquisitions:

- 60% of Secura BV, a Dutch company specializing in cybersecurity services; and
- 70% of Bradley, a US company specializing in construction management services for the renewable energy sector.

Bureau Veritas' investments related to acquisitions totaled €30.7 million and generated provisional goodwill of €18.8 million. The annual revenue of the acquired companies is in the region of €25 million.

NOTE 4. RELATED PARTIES

The Wendel Group's related parties are:

- IHS, which is equity-accounted;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

In July 2021 (post-closing), the Group paid a dividend of €2.90 per share, i.e. €50.3 million, to Wendel-Participations.

No material changes were recorded over the period in comparison with the description of the transactions with related parties presented in Note 4 "Related parties" of the 2020 consolidated financial statements, with the exception of the co-investments described in Note 5 "Participation of managers in Group investments."

NOTE 5. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS

In comparison with the description of the mechanisms for the participation of managers in the Group's investments presented in Note 5 "Participation of managers in Group investments" of the 2020 consolidated financial statements, the following significant changes were noted over the period:

2011-2012 program

In application of the co-investment principles for the period 2011-2012, and in the absence of a total divestment or IPO of the company IHS, the first automatic liquidity maturity date relating to the co-investment in this company occurred on March 31, 2021, the eighth anniversary of the initial investment. In accordance with the description of the co-investments mechanism, an independent multi-criteria appraisal has been carried out. Based on this appraisal, the minimum return was achieved and the share of capital gains payable to the co-investors on one-third of their co-investment amounted to €20 million, of which €2,187,335.35 to Mr. David Darmon, member of the Executive Board. This liquidity has been recognized as a current financial liability in accordance with the Group's accounting principles. The two other thirds of the liquidity have not been recognized as a financial liability as of June 30, 2021. In accordance with the Group's accounting principles, they will be recognized as such if it becomes likely that the unwinding of these two thirds of the liquidity occurs as part of an automatic liquidity at the 10th and 12th anniversaries of the initial investment or as part of a different cash unwinding; if IHS is sold or if an IPO with a simultaneous disposal occurs before the automatic liquidities, the unwinding of the co-investments will be recognized by reducing the disposal gain (see the applicable accounting principles and the description of the co-investment mechanisms of IHS in the Group's financial statement of 2020).

2021-2025 program

Upon renewal of the Executive Board for a further four-year term of office, a new co-investment program has been defined for investments made in new companies between April 2021 and April 2025 (and for later re-investments made by the Wendel Group in these companies).

This program is governed by the following principles, which were approved by the Company's Shareholders' Meeting on June 29, 2021 based on the special report of the Statutory Auditors on regulated related-party agreements:

- i) the amount of the co-investment, i.e. the disbursements made by the co-investors from their own funds, stands at 0.6% of the amount invested;
- ii) if a liquidity event (as defined in v hereof) occurs affecting one of the companies initially acquired during the period, the co-investors are entitled to the repayment of their contributions *pari passu* with Wendel and (a) if the minimum return is reached, to the share of the capital gain referred to in iii) or iv) herebelow or (b) if that return is not achieved, their share of any capital gain *pari passu* with Wendel;

- iii) if a liquidity event (as defined in v hereof) occurs affecting one of the companies initially acquired during the period, 50% of the co-invested amount gives entitlement to 5% of any capital gain realized (carried deal by deal), on the condition that the annual return on the investment is at least 8% until the fifth anniversary of the initial investment; past five years, the annual return is decreased by 0.75% per year for the next five years and then remains constant; in the event of an annual return greater than 15%, the capital gain rate is raised from 5% to 6%;
- iv) if a liquidity event (as defined in v) hereof) occurs affecting the companies acquired during the period, 50% of the overall co-invested amount gives entitlement to 5% of any capital gain calculated on all of the companies initially acquired during the period (pooled carried interest), on the condition that the annual return calculated on all of these investments is at least 7% until the fifth anniversary of the initial investment in the program; past five years, the annual return is decreased by 0.75% per year for the next four years and then remains constant; in the event of an overall annual return greater than 15%, the capital gain rate is raised from 5% to 6%;
- v) a liquidity event is defined as (a) a change in control, or divestment of more than 50% of the shares held by the Wendel Group of a company in the portfolio, giving rise to full liquidity on the basis of the transaction price, or (b) the IPO of the company, which gives entitlement to liquidity proportional to the investment sold on the basis of the IPO price. Exceptionally, for the deal-by-deal portion of the co-investment, co-investors may opt for full liquidity;
- vi) in the absence of a full liquidity event, liquidity for the remaining investment will be granted to co-investors in three, one-third tranches, at December 31, 2028, 2030 and 2032; this liquidity may be deferred from one tranche to another within certain limits; the valuation is calculated at each due date (a) if the issuer is listed, on the basis of the average market price of these securities and (b) if the issuer is not listed, on the basis of an independent expert appraisal;
- vii) as the co-investors freely agreed to participate in the 2021-2024 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion; failing which, the co-investor concerned may lose all of his/her rights to the pooled capital gain for the non-invested portion and 20% of his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;
- viii) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis, without obligation;
- ix) the rights of co-investors vest gradually over a minimum period of five years, in five tranches of 20% per annum, i.e. 20% on each anniversary of the investment; it being specified that (a) for the pooled carried interest rights, the term is calculated from the first investment of the period and (b) that the term is extended by one year if the co-investor leaves Wendel for a competitor company.

The Executive Board's share of the investment was revised upward upon renewal of the term of the Executive Board, in accordance with a benchmark study performed by an external consultant. It is now 16%, i.e. 8% for each Executive Board member. The breakdown of the Executive Board's co-investment has also evolved and is now evenly divided between deal-by-deal and pooled. The Executive Board's share of the investment in the 2018-2021 program was 10.7% of which 4% for Mr. André François-Poncet and 6.7% for Mr. David Darmon (90% as pooled and 10% as deal-by-deal).

In accordance with these principles, the co-investors made a personal investment alongside the Group in Tarkett in July 2021. In this context, André François-Poncet and David Darmon, Chairman and member of the Executive Board, have co-invested €100,252.40 each.

NOTE 6. MANAGING FINANCIAL RISKS

The management of financial risks (equity, liquidity, interest-rate, credit, currency and commodity risks) is presented in Note 6 "Managing financial risks" of the 2020 consolidated financial statements. The principal financial risks as of June 30, 2021 are:

Note 6 - 1. Equity market risk

As of June 30, 2021, equity market risk relates chiefly to:

- consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see impairment tests in Note 8 "Goodwill");
- The investment in Tarkett recognized at fair value under non-current financial assets at June 30, 2021 (see Note 11 "Financial assets and liabilities").
- investments by Wendel Lab, whose total value was €131.6 million at the June 30, 2021. They are recognized at fair value, with changes recognized through profit or loss; A +/-5% variation in their value would therefore result in an impact of approximately +/-€6 million in net financial expense;
- minority buy-out commitments (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, determined by a contractual formula based on a fixed multiple of operating margin less net debt. As of June 30, 2021, these financial liabilities totaled €356 million, including the minority put granted by Stahl on BASF's stake in that company (see Note 11 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for net asset value (as described in the Group's annual financial report), i.e. the application of peer multiples to the operating margin of the relevant investments in order to estimate the enterprise value, allowing the value of equity to be calculated once debt has been deducted. In the event of a 5% increase in the operating margins of the investments in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by approximately €+26 million. This fluctuation would be recognized mostly as other items on the comprehensive income statement; Other Group operating subsidiaries also granted minority puts (see note 11 "Financial assets and liabilities");
- the Wendel syndicated loan covenants, which are based on the ratios of net financial debt to the value of assets; these are described in Note 6-2.4 "Description of financing agreements and covenants of Wendel and its holding companies" of the 2020 consolidated financial statements. As of June 30, 2021, this facility was not drawn and Wendel was in compliance with these covenants; and
- the degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond and bank financing, which Wendel may seek to access. This indicator is also tracked by the Moody's and Standard & Poor's rating agencies, which Wendel has retained to rate its financial structure and bonds. Since the end of 2018, this ratio has been at a low level, enabling the Group to consider making new investments and dealing with the uncertainties related to the crisis caused by COVID-19 while maintaining a solid financial structure.

Note 6 - 2. Liquidity risk

Note 6 - 2.1 liquidity risk of Wendel and the holding companies

Wendel's cash requirements are related to investments (including minority puts), debt servicing, overheads, treasury share buybacks and dividends paid.

These needs are covered by cash and short-term financial investments, asset rotation, dividends received from subsidiaries and associates and bank and bond financing.

As regards the rotation of assets, certain agreements, in particular shareholder agreements, may temporarily limit Wendel's ability to sell some of its assets (see Note 27-6 "Shareholder agreements and co-investment mechanisms"). As of June 30, 2021, the value of the assets subject to these constraints represents a small portion of the value of the investment portfolio as calculated in the NAV. An unfavorable environment for the equity market (public or private) or a minority shareholder position without shareholder agreement allowing the initiation of a sale or IPO process may also limit the Group's ability to sell the assets concerned.

Operating subsidiary dividends may be limited by their operating and financial position (see Note 6-2.2 "Liquidity risk of operating subsidiaries") and by the documentation of their borrowings (see Note 6-2.4. "Financial debt of operating subsidiaries, documentation and covenants"). In addition, a minority shareholder position does not make it possible to decide on a dividend without the agreement of the other shareholders.

Lastly, access to financing may be limited by the factors described in note 6-2.4 "Financial debt of operating subsidiaries, documentation and covenants."

Cash position and short-term financial investments

As of June 30, 2021, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,219.2 million and consisted mainly of €628.9 million in euro money market funds, €279.9 million in financial institution funds and €310.4 million in bank accounts and deposits denominated mainly in euros.

On the account closing date, after the closing, Wendel's cash and short-term financial investments changed significantly as a result of:

- the payment of the dividend of €126.6 million (recorded in current liabilities at June 30, 2021);
- the early redemption of the 2023 bond for an amount of €308 million (including €8 million in early redemption premiums, see paragraph "Financial maturities and debt" in Note 6-2.1 "Liquidity risk of Wendel and its holding companies");
- the additional investment of €123 million in Tarkett Participation (see Note 3 "Changes in scope"); and
- the receipt of the 2021 dividend from Bureau Veritas for €57.9 million (receivable eliminated in consolidation as of June 30 as Bureau Veritas is fully consolidated).

Financial maturities and debt

In May 2021, Wendel issued a new bond of €300 million maturing in June 2031 with a coupon of 1%. The proceeds of this issue were used on July 1, 2021 (post-closing) to repay the entire April 2023 bond of €300 million. These two transactions have enabled Wendel to extend the average maturity of its bond debts while maintaining its nominal gross debt at €1,600 million (at June 30 the nominal amount temporarily stood at €1,900 million before the early repayment of the 2023 bond debt). After these

transactions, the maturities of the bonds are spread out between October 2024 and June 2031 and the average maturity is 5.5 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of June 30, 2021. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.

At the closing date for the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned Wendel a rating of Baa2 "stable" outlook with a short-term rating of P-2.

To manage debt maturities, Wendel must find the necessary resources to cover the repayment of its financial obligations at their maturity. These resources can derive from available cash, asset rotation or new financing. This latter resource may be limited by:

- the availability of bank and bond lending sources, which has been restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators;
- the level of financial leverage of Wendel and its holding companies (i.e. net debt/assets ratio), which is a key credit risk indicator tracked by Wendel's lenders and by the financial rating agencies, which rate Wendel's financial structure. Similarly, the syndicated loan is subject to financial covenants that are mainly based on the market value of Wendel's assets and on the amount of net debt (see paragraph on "Wendel's syndicated loan – documentation and covenants" in Note 6-2.4 "Description of financing agreements and covenants of Wendel and its holding companies" in the 2020 consolidated financial statements). Leverage depends in particular on asset values and is therefore subject to equity market risk (see note 6-1 "Equity market risk"). It also depends on investments and divestments, which increase and decrease, respectively. It should be noted that in this regard, the Group has granted buyback commitments described in Note 27-6 "Shareholder agreements and co-investment mechanisms," the exercise of which would have similar effects on financial leverage to that of an investment; and
- a potential financial rating downgrade for Wendel from the financial rating agencies.

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so. Investment decisions are made taking into account their impact on the financial leverage (net debt-to-asset ratio).

Note 6 - 2.2 Liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.

The financial debts of the operating subsidiaries are without recourse to Wendel. Thus, the liquidity risk of these subsidiaries only affects Wendel when Wendel decides or accepts it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if it decided to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries and new investments.

In the context of the economic crisis triggered by COVID-19, Wendel and its operating subsidiaries have examined their liquidity position and any constraints connected to their financial covenants. As of the date of the finalization of the 2021 half-year financial statements, Wendel does not expect to

re-invest in its subsidiaries to provide them with financial support.

Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Accordingly, Bureau Veritas did not pay a dividend in 2020 given the context of the Covid-19 crisis. The amount paid by this company in July 2021 was €0.36 per share, compared with €0.56 per share in 2019, before the Covid-19 crisis. Similarly, changes in the economic and financial position of investments have an impact on their value; however, this value is taken into account in calculating Wendel's financial leverage (see note 6-1 "Equity market risk").

Note 6 - 2.3 Wendel's liquidity outlook

After the early repayment in July 2021 of the 2023 bond of €300 million (post-closing), Wendel's next significant financial maturity is that of the €500-million bond repayable in October 2024. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and its €750 million fully-undrawn syndicated credit line.

Note 6 - 2.4 Financial debt of operating subsidiaries, documentation and covenants

1. Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of June 30, 2021, Bureau Veritas' gross financial debt amounted to €2,431.7 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance stood at €1,267.6 million.

Bureau Veritas has a solid financial structure with no maturity requiring refinancing before 2023. As of June 30, 2021, Bureau Veritas had a confirmed undrawn credit line of €600 million. Given its financial soundness, Bureau Veritas did not draw down the additional credit line of €500 million set up in April 2020, during the pandemic, and expiring in April 2021.

Certain financing of the Bureau Veritas group is subject to compliance with contractually defined ratios applicable to the test periods of December 31 and June 30.

In June 2020, Bureau Veritas had obtained a waiver from its banking partners and US Private Placement investors for the relaxation of these banking ratios for the June 30, 2020, December 31, 2020 and June 30, 2021 tests. In May 2021, Bureau Veritas withdrew early from the amendment negotiated with US Private Placement investors to revert to the initial bank ratios.

As of June 30, 2021, all of these commitments have been met. These commitments can be summarized as follows:

- the first ratio is defined as the ratio of the adjusted net financial debt to the adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, amortization and provisions) for the last twelve months of any acquired entity, and must be less than 3.5. As of June 30, 2021, this ratio stands at 1.30; and
- the second ratio represents the consolidated EBITDA (earnings before interest, taxes, depreciation, amortization and provisions) adjusted for the last twelve months of any acquired entity for net financial expenses, and must be greater than 5.5. As of June 30, 2021, this ratio was 13.13.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As of June 30, 2021, the nominal amount of Constantia Flexibles' gross financial debt was €653.0 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16), and its cash balance was €72.9 million (plus deposits pledged as collateral in the amount of €141.5 million). Constantia Flexibles also has a €125 million *revolving credit* facility which is undrawn and available.

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of June 30, 2021, with a 2.2 ratio.

At June 30, 2021, the deconsolidating factoring amounted to €139.1 million.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

3. Cromology's financial debt

This debt is without recourse to Wendel.

At the end of June 2021, Cromology's financial debt amounted to €164.3 million (including accrued interest and excluding deferred issuance costs and financial liabilities related to the application of IFRS 16), and its cash balance was €161.0 million. Cromology also has an undrawn and available revolving credit facility of €59.0 million.

Cromology's financial covenants have been suspended until the first quarter of 2022. Then, the sole covenant ratio to be tested, the net debt-to-EBITDA ratio (banking definition), must remain below 7.0. According to the definition of the banking contract, this ratio stood at 0.05 at June 30, 2021.

At June 30, 2021, the deconsolidating factoring amounted to €55.7 million.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt and payment of dividends are prohibited, restricted or require the prior approval of the lenders.

4. Stahl's financial debt

This debt is without recourse to Wendel.

As of June 30, 2021, Stahl's gross bank debt amounted to €387.4 million (including accrued interest and excluding issuance costs and financial liabilities related to the application of IFRS 16) and its cash balance was €203.9 million. The revolving credit facility of €27.0 million is undrawn and available.

The ratio of consolidated net debt to LTM EBITDA (gross operating income over the past 12 months) must be less than or equal to 4.5 at June 30, 2021. This covenant was met at the end of June 2021, with a ratio of 0.96.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks or changes in ownership structure are prohibited, restricted or require prior approval of the lenders.

5. CPI's financial debt

This debt is without recourse to Wendel.

As of June 30, 2021, the nominal amount of CPI's gross bank debt was \$332.6 million (including accrued interest and excluding issuance costs and financial liabilities related to the application of IFRS 16) and its cash balance was \$3.5 million. During the 1st half of 2021, CPI repaid \$14 million of its Revolver credit facility, of which the total drawn down as of June 30, 2021 was \$9 million (out of a total of \$30 million still available).

As of June 30, 2021, the ratio of net financial debt to recurring EBITDA for the last twelve months (defined according to the banking contract) was 7.86. This is lower than the maximum leverage of 11 required by the lenders (the maximum limit will be gradually reduced to 8 in December 2025). The financial leverage test was carried out in the second quarter for the first time in 2021 due to the

suspension of this clause in the first quarter. As a result of its compliance with this covenant, CPI is no longer subject to the minimum liquidity restriction of \$7.5 million.

The documentation related to CPI's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, dissolutions, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks or changes in ownership structure are prohibited, restricted or require prior approval of the lenders.

Note 6 - 3. Interest rate risk

As of June 30, 2021, the exposure of the Wendel Group (Wendel, its holding companies and fully-consolidated operating subsidiaries) to interest rates was limited.

| In billions of euros | Fixed rate | Capped rate | Floating rate |
|-------------------------------------------|------------|-------------|---------------|
| Gross debt | 4.1 | | 1.5 |
| Cash and short-term financial investments | -0.3 | | -2.3 |
| Impact of derivatives | 0.2 | 0.5 | -0.7 |
| INTEREST-RATE EXPOSURE | 4.0 | 0.5 | -1.5 |
| | 136% | 17% | -52% |

The exposure is calculated pro-forma of the reimbursement of the 2023 bond debt on July 1st, 2021.

The notional amount of derivative instruments was weighted by the portion of the 12 months following June 30, 2021 during which they will hedge interest rate risk.

A +100 basis point change in the interest rates on which the interest rate exposure of the consolidated Group is indexed would have an impact of around +€14 million on net finance income before tax over the 12 months after June 30, 2021 (assumptions: based on net financial debt as of June 30, 2021 pro-forma of the reimbursement of the 2023 bond debt on July 1st 2021, mentioned in the note 6-2.1 "Liquidity risk of Wendel and the holding companies", interest rates on that date, and the maturities of existing interest rate hedging derivatives). This positive impact on a rate increase is the effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

Note 6 - 4. Credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sector diversification, there was no significant concentration of credit risk in trade receivables. The Covid-19 crisis has had no significant impact on a Group scale on the impairment of customer receivables recognized at June 30, 2021 (in particular on the level of the anticipated losses of credit).

The cash and financial investments of Wendel SE and its holding companies are placed essentially with top-ranking financial institutions. Given the total amount of cash and short-term financial investments held as of June 30, 2021, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 6 - 5. Currency risk

Note 6 - 5.1 Wendel

Certain Group investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments most exposed to the dollar or whose presentation currency is the dollar are Bureau Veritas, Constantia Flexibles, Stahl, CPI and IHS.

At the beginning of March 2021, the cross-currency swap of €800 million, classified as a net investment hedge, was unwound early. The Group received an amount of €39.5 million in this respect. The total

gains recognized in hedging reserves for this financial instrument between the inception of the hedge and its settlement amounted to €42.8 million. This amount will be included in the income statement when the hedged items are removed from the scope.

Note 6 - 5.2 Bureau Veritas

For Group activities in local markets, costs and revenues are mainly expressed in local currency. For Group activities linked to global markets, a portion of revenue is denominated in US dollars.

The share of US dollar-denominated consolidated revenue in the first half of 2021 in countries with a functional currency other than the US dollar or currencies correlated to the US dollar was 8%.

Accordingly, a 1% change in the value of the US dollar against all currencies would have an impact of 0.08% on this group's consolidated revenue.

Note 6 - 5.3 Constantia Flexibles

In the first half of 2021, 34% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 11% in US dollars. A +/-5% change in the value of the US dollar or the currencies correlated to it against the euro would have had an impact of around +/-1% on Constantia Flexibles' EBITDA for the period (excluding goodwill allocation and non-recurring expenses), corresponding to less than +/-€1 million.

Note 6 - 5.4 Stahl

In the first half of 2021, 55% of Stahl's revenue was generated in currencies other than the euro, including 32% in US dollars, 14% in Chinese yuan, 4% in Indian rupees and 3% in Brazilian reals. A +/-5% change in the value of the US dollar or the currencies correlated to it against the euro would have had an impact of around +/-5% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), corresponding to closely €5 million.

In addition, Stahl has financial debt of €387.4 million, the majority of which is denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about +/-€19 million in net financial income/expenses.

Note 6 - 5.5 CPI

CPI operates chiefly in the United States and its functional currency is US dollars. In the first half of 2021, 21% of CPI's revenue was generated in currencies other than the US dollar, including 8% in Canadian dollars, 7% in sterling and 3% in Australian dollars. A +/-5% change in the value of these currencies against the US dollar would have had an impact of around +/-1% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), corresponding to an impact of +/-€0.2 million. In addition, a change of this kind in the value of the dollar against the euro would have an impact in the region of +/-€0.9 million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated financial statements.

Note 6 - 6. Commodity price risk

The main Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

In 2021, the purchase price of Cromology's raw materials and packaging recovered due to the increase in the price of oil and its derivatives. Since the end of 2020, the strong recovery in activity observed worldwide has led to a strain on the supply of raw materials. Cromology is working to offset these increases by listing new suppliers and new raw materials. Indeed, part of Cromology's expertise

lies in developing its raw materials portfolio while improving the added value of its products. The substantial increases recorded in 2021 will also result in the Group increasing its selling prices.

Stahl's purchases of raw materials amounted to approximately €205 million in the first half of 2021. A 10% increase in the price of the raw materials used by Stahl would have resulted in a theoretical increase in these costs of around €20 million over 6 months. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles' raw material purchases represented approximately €433 million in the first half of 2021. A 10% increase in the price of the raw materials used by Constantia Flexibles would have resulted in a theoretical increase in these costs of approximately €43 million over 6 months. Constantia Flexibles has a risk hedging policy against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 7. SEGMENT INFORMATION

The analysis of the income statement by business sector is split between net income from operations, non-recurring items and effects related to goodwill.

A description of each of these items is presented in Note 7 "Segment information" of the 2020 consolidated financial statements.

Note 7 - 1. Income statement by operating segment for the first half of 2021

| <i>In millions of euros</i> | Bureau Veritas | Constantia Flexibles | Cromology | Stahl | CPI | Equity associates | Wendel & Holding companies | TOTAL Group |
|----------------------------------------------------------------------|-------------------|-------------------------|-------------|----------------------|-------------|----------------------|----------------------------------|----------------|
| | | | | | | IHS | | |
| Net income from operations | | | | | | | | |
| Net sales | 2 418.4 | 752.1 | 370.7 | 419.8 | 36.5 | | | 3 997.4 |
| EBITDA ⁽¹⁾ | N/A | 98.8 | 72.9 | 109.3 | 17.0 | | | |
| Adjusted operating income ⁽¹⁾ | 378.2 | 49.2 | 48.1 | 95.8 | 14.0 | | | 585.3 |
| Other recurring operating items | | 1.0 | 0.9 | 0.8 | 0.2 | | | |
| Operating income | 378.2 | 50.2 | 49.0 | 96.5 | 14.2 | | -34.0 | 554.1 |
| Finance costs, net | -37.3 | -6.9 | -8.7 | -7.3 | -12.4 | | -17.1 | -89.8 |
| Other financial income and expenses | 0.4 | -0.7 | - | 4.0 | -0.3 | | -3.4 | -0.1 |
| Tax expense | -109.9 | -7.3 | -2.4 | -21.3 | -0.4 | | - | -141.2 |
| Share in net income of equity-method investments | 0.1 | - | - | - | - | 23.8 | - | 23.9 |
| Net income from discontinued operations and operations held for sale | - | - | - | - | - | | - | - |
| Recurring net income from operations | 231.5 | 35.3 | 37.9 | 71.9 | 1.1 | 23.8 | -54.5 | 347.0 |
| Recurring net income from operations – non-controlling interests | 155.0 | 13.9 | 2.0 | 23.0 | - | - | - | 194.0 |
| Recurring net income from operations – Group share | 76.5 | 21.4 | 36.0 | 48.9 | 1.0 | 23.8 | -54.6 | 152.9 |
| Non-recurring income | | | | | | | | |
| Operating income | -32.2 | -20.5 | -3.7 | -11.2 | -9.0 | | -7.3 ⁽²⁾ | -83.9 |
| Net financial expense | - | 0.3 | - | -10.6 ⁽⁴⁾ | - | | 30.4 ⁽³⁾ | 20.0 |
| Tax expense | 12.8 | 5.6 | 0.5 | 5.6 | 2.1 | | - | 26.6 |
| Share in net income of equity-method investments | - | - | - | - | - | -9.8 | - | -9.8 |
| Net income from discontinued operations and operations held for sale | - | - | - | 0.7 | - | | 0.3 | 1.1 |
| Non-recurring net income | -19.3 | -14.7 | -3.2 | -15.4 | -6.8 | -9.8 | 23.4 | -46.0 |
| of which: | | | | | | | | |
| - Non-recurring items | 1.0 | -0.7 | -3.2 | -8.0 | -0.1 | -9.3 | 23.4 | 3.1 |
| - Impact of goodwill allocation | -18.2 | -14.0 | - | -7.5 | -6.8 | | - | -46.4 |
| - Asset impairment | -2.1 | -0.1 | - | - | - | -0.4 | - | -2.6 |
| Non-recurring net income – non-controlling interests | -13.0 | -5.8 | -0.2 | -4.9 | -0.2 | - | - | -24.1 |
| Non-recurring net income – Group share | -6.3 | -9.0 | -3.1 | -10.5 | -6.6 | -9.8 | 23.4 | -21.9 |
| Consolidated net income | 212.1 | 20.5 | 34.7 | 56.5 | -5.8 | 14.0 | -31.1 | 301.0 |
| Consolidated net income – non-controlling interests | 142.0 | 8.1 | 1.8 | 18.1 | -0.2 | - | - | 169.9 |
| Consolidated net income – Group share | 70.1 | 12.4 | 32.9 | 38.4 | -5.6 | 14.0 | -31.1 | 131.1 |

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

(2) This item includes the impact of liquidity linked to the co-investment mechanisms for an amount of -€8.2 million (see Note 5 "Participation of managers in Group investments").

(3) This item includes the impact of the positive change in the fair value of Wendel Lab's financial assets for €51.9 million. It also includes the early redemption premium of the 2023 bond for -€8 million (see paragraph "Financial maturities and debt" in Note 6-2.1 "Liquidity risk of Wendel and its holding companies") as well as the change in fair value related to foreign exchange hedges implemented by Wendel for -€6 million (see Note 6-5.1 "Currency risk - Wendel").

(4) This item includes the foreign exchange impact for the period of -€11.2 million.

Note 7 - 2. Income statement by operating segment for the first half of 2020

| <i>In millions of euros</i> | Bureau Veritas | Constantia Flexibles | Cromology | Stahl | Tsebo | CPI | Equity associates IHS | Wendel & Holding companies | TOTAL Group |
|----------------------------------------------------------------------|----------------------|----------------------|-----------|-------|-------|-------|--------------------------|----------------------------|-------------|
| Net income from operations | | | | | | | | | |
| Net sales | 2 200.5 | 761.4 | 290.2 | 316.8 | - | 23.7 | | | 3 592.6 |
| EBITDA ⁽¹⁾ | N/A | 97.1 | 40.4 | 67.5 | - | 6.4 | | | 211.4 |
| Adjusted operating income ⁽¹⁾ | 215.8 | 41.2 | 15.0 | 53.7 | -0.9 | 1.1 | | | 326.0 |
| Other recurring operating items | | 1.0 | 0.6 | 0.8 | 0.5 | 0.2 | | | |
| Operating income | 215.8 | 42.2 | 15.6 | 54.5 | -0.5 | 1.3 | | -30.4 | 298.6 |
| Finance costs, net | -58.5 | -8.1 | -60.7 | -10.3 | - | -13.3 | | -18.0 | -168.9 |
| Other financial income and expenses | -7.6 | -0.8 | 51.0 | 4.2 | -0.3 | -0.4 | | -9.0 | 37.1 |
| Tax expense | -56.7 | -6.1 | -1.3 | -12.3 | - | 4.7 | | -0.4 | -72.1 |
| Share in net income of equity-method investments | - | - | -0.2 | - | - | - | -3.4 | - | -3.7 |
| Net income from discontinued operations and operations held for sale | - | - | - | -0.8 | -6.9 | - | - | - | -7.8 |
| Recurring net income from operations | 93.0 | 27.3 | 4.5 | 35.3 | -7.6 | -7.6 | -3.4 | -57.9 | 83.4 |
| Recurring net income from operations – non-controlling interests | 61.7 | 10.1 | 0.2 | 11.6 | -5.5 | -0.3 | - | - | 77.7 |
| Recurring net income from operations – Group share | 31.3 | 17.2 | 4.3 | 23.7 | -2.1 | -7.3 | -3.4 | -57.9 | 5.8 |
| Non-recurring income | | | | | | | | | |
| Operating income | -156.2 | -38.0 | -1.6 | -11.9 | - | -15.5 | | -23.2 ⁽⁷⁾ | -246.4 |
| Net financial expense | - | -2.7 | - | -3.4 | - | - | | -19.2 ⁽²⁾ | -25.2 |
| Tax expense | 32.5 | 6.4 | 0.1 | 4.0 | - | 3.3 | | - | 46.2 |
| Share in net income of equity-method investments | - | -0.1 | - | - | - | - | -58.5 ⁽⁴⁾ | - | -58.6 |
| Net income from discontinued operations and operations held for sale | - | - | - | - | -73.5 | - | - | -5.2 | -78.7 |
| Non-recurring net income | -123.7 | -34.4 | -1.5 | -11.4 | -73.5 | -12.2 | -58.5 | -47.5 | -362.7 |
| of which: | | | | | | | | | |
| - Non-recurring items | -24.4 ⁽⁵⁾ | -9.3 | -1.4 | -3.6 | - | -0.4 | -56.3 | -47.5 | -142.7 |
| - Impact of goodwill allocation | -82.9 ⁽⁴⁾ | -14.9 | -0.1 | -7.8 | - | -11.9 | - | - | -117.6 |
| - Asset impairment | -16.5 ⁽³⁾ | -10.1 | - | - | -73.5 | - | -2.2 | - | -102.4 |
| Non-recurring net income – non-controlling interests | -80.2 | -13.5 | -0.1 | -3.9 | -54.8 | -0.5 | -0.3 | -0.1 | -153.3 |
| Non-recurring net income – Group share | -43.5 | -20.9 | -1.4 | -7.5 | -18.7 | -11.7 | -58.2 | -47.4 | -209.6 |
| Consolidated net income | -30.8 | -7.1 | 3.0 | 23.9 | -81.1 | -19.9 | -61.9 | -105.4 | -279.3 |
| Consolidated net income – non-controlling interests | -18.6 | -3.4 | 0.1 | 7.7 | -60.4 | -0.8 | -0.3 | -0.1 | -75.6 |
| Consolidated net income – Group share | -12.2 | -3.7 | 2.9 | 16.2 | -20.8 | -19.1 | -61.6 | -105.3 | -203.7 |

- (1) Before the impact of goodwill allocation, non-recurring items and management fee and after application of IFRS 16. Direct costs related to the Covid-19 crisis are excluded from the EBITDA presented here and monitored by the management of Cromology (€0.6 million) and Constantia Flexibles (€3.6 million), however they remained included in the recurring operating income presented above.
- (2) This figure included any changes in the fair value linked to foreign exchange hedges (the ineffective portion of the hedge).
- (3) Including -€22 million in the acknowledgment of the end-of-life of certain property, plant & equipment or intangible assets as well as the impact of the revision of amortization plans.
- (4) Including -€71 million in exceptional amortization of intangible assets.
- (5) Including -€21 million for the impact of restructurings.
- (6) This amount corresponded to -€45.7 million of foreign exchange expenses linked to IHS group financing in US dollars; this financing was borne by companies whose functional money is Nigerian Naira.
- (7) Including -€17.9 million related to the recognition of the cash commitments of the co-investment mechanisms of Wendel's management teams).

Note 7 - 3. Balance sheet by operating segment as of June 30, 2021

| <i>In millions of euros</i> | Bureau Veritas | Constantia Flexibles | Cromology | Stahl | CPI | IHS | Wendel & Holding companies | Total Group |
|---------------------------------------------------------|---------------------------|---------------------------------|------------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|
| Goodwill, net | 2 389.6 | 559.9 | 177.1 | 128.8 | 423.6 | | - | 3 679.0 |
| Intangible assets, net | 625.7 | 363.3 | 169.3 | 222.7 | 284.9 | | 0.7 | 1 666.6 |
| Property, plant & equipment, net | 351.3 | 566.4 | 58.8 | 124.3 | 2.7 | | 8.9 | 1 112.5 |
| Property, plant and equipment under operating leases | 363.5 | 36.1 | 102.7 | 13.6 | 3.3 | | 1.5 | 520.8 |
| Non-current financial assets | 108.1 | 102.1 | 10.9 | 1.8 | 0.2 | | 235.2 | 458.3 |
| Pledged cash and cash equivalents | - | - | - | - | - | | 0.4 | 0.4 |
| Equity-method investments | 0.9 | 0.0 | 0.1 | - | - | 249.5 | - | 250.5 |
| Deferred tax assets | 126.2 | 20.4 | 33.6 | 17.8 | 0.0 | | - | 198.0 |
| Non-current assets | 3 965.2 | 1 648.3 | 552.5 | 509.0 | 714.7 | 249.5 | 246.8 | 7 886.0 |
| Assets and operations held for sale | - | 2.7 | - | 2.4 | - | - | - | 5.1 |
| Inventories | 54.4 | 265.5 | 83.6 | 124.0 | 0.8 | | - | 528.3 |
| Trade receivables | 1 100.4 | 168.8 | 81.7 | 171.9 | 6.6 | | 0.2 | 1 529.5 |
| Contract assets (net) | 272.2 | - | - | - | - | | - | 272.2 |
| Other current assets | 224.6 | 92.9 | 37.8 | 15.0 | 2.0 | | 1.9 | 374.2 |
| Current income tax assets | 41.2 | 10.2 | - | 0.8 | 3.4 | | 0.2 | 55.9 |
| Other current financial assets | 16.5 | 11.1 | - | 0.2 | - | | 280.6 | 308.4 |
| Cash and cash equivalents | 1 267.6 | 72.9 | 161.0 | 203.9 | 3.0 | | 938.9 | 2 647.3 |
| Current assets | 2 976.8 | 621.3 | 364.2 | 515.9 | 15.8 | - | 1 221.7 | 5 715.7 |
| TOTAL ASSETS | | | | | | | | 13 606.9 |
| Shareholders' equity – Group share | | | | | | | | 1 987.8 |
| Non-controlling interests | | | | | | | | 1 388.7 |
| Total shareholders' equity | - | - | - | - | - | - | - | 3 376.4 |
| Provisions | 284.5 | 70.1 | 44.0 | 27.9 | - | | 15.1 | 441.7 |
| Financial debt | 2 400.0 | 312.4 | 156.8 | 343.2 | 265.3 | | 1 894.6 | 5 372.2 |
| Operating lease liabilities | 305.3 | 31.9 | 81.8 | 13.2 | 2.8 | | 1.5 | 436.5 |
| Other non-current financial liabilities | 114.0 | 9.1 | - | - | 22.9 | | 183.0 | 329.0 |
| Deferred tax liabilities | 141.5 | 108.7 | 53.1 | 32.3 | 54.2 | | 4.0 | 393.8 |
| Total non-current liabilities | 3 245.2 | 532.2 | 335.7 | 416.6 | 345.2 | - | 2 098.2 | 6 973.1 |
| Liabilities held for sale | - | - | - | 0.2 | - | - | - | 0.2 |
| Provisions | - | 3.9 | 2.1 | 0.1 | 0.2 | | - | 6.3 |
| Financial debt | 31.8 | 340.1 | 2.9 | 42.3 | 9.4 | | 24.7 | 451.1 |
| Operating lease liabilities | 100.8 | 6.7 | 25.2 | 2.3 | 0.9 | | - | 135.9 |
| Other current financial liabilities | 166.5 | 6.8 | 1.7 | 152.0 | - | | 149.0 | 476.0 |
| Trade payables | 466.3 | 303.8 | 133.4 | 97.8 | 1.3 | | 8.6 | 1 011.1 |
| Contractual liabilities (net) | 20.9 | 7.5 | - | - | - | | - | 28.5 |
| Other current liabilities | 797.1 | 66.7 | 83.6 | 37.3 | 3.9 | | 15.4 | 1 004.1 |
| Current income tax assets | 119.2 | 7.7 | - | 15.1 | 2.2 | | 0.1 | 144.2 |
| Total current liabilities | 1 702.5 | 743.3 | 248.9 | 346.8 | 18.0 | - | 197.8 | 3 257.3 |
| TOTAL EQUITY AND LIABILITIES | | | | | | | | 13 606.9 |

Note 7 - 4. Balance sheet by operating segment as of December 31, 2020

| <i>In millions of euros</i> | Bureau Veritas | Constantia Flexibles | Cromology | Stahl | CPI | IHS | Wendel & Holding companies | Total Group |
|---------------------------------------------------------|---------------------------|---------------------------------|------------------|--------------|--------------|--------------|-----------------------------------------------|------------------------|
| Goodwill, net | 2 314.9 | 458.8 | 177.0 | 127.7 | 410.3 | - | - | 3 488.6 |
| Intangible assets, net | 624.8 | 383.0 | 169.7 | 229.0 | 284.8 | - | 0.9 | 1 692.3 |
| Property, plant & equipment, net | 348.8 | 564.4 | 59.5 | 124.0 | 2.7 | - | 9.6 | 1 109.0 |
| Property, plant and equipment under operating leases | 375.7 | 28.6 | 106.7 | 14.3 | 3.6 | - | 1.6 | 530.5 |
| Non-current financial assets | 104.8 | 69.7 | 8.6 | 3.3 | 0.2 | - | 134.2 | 320.8 |
| Pledged cash and cash equivalents | - | - | - | - | - | - | 0.4 | 0.4 |
| Equity-method investments | 0.9 | 0.2 | 0.1 | - | - | 224.1 | - | 225.2 |
| Deferred tax assets | 136.7 | 22.4 | 29.1 | 18.5 | 0.0 | - | - | 206.6 |
| Non-current assets | 3 906.5 | 1 527.2 | 550.7 | 516.8 | 701.5 | 224.1 | 146.7 | 7 573.4 |
| Assets and operations held for sale | - | - | - | 8.3 | - | - | - | 8.3 |
| Inventories | 41.8 | 211.3 | 68.9 | 93.9 | 0.6 | - | - | 416.4 |
| Trade receivables | 1 055.2 | 123.3 | 48.7 | 142.6 | 5.4 | - | 0.2 | 1 375.3 |
| Contract assets (net) | 232.1 | - | - | - | - | - | - | 232.1 |
| Other current assets | 235.7 | 29.9 | 43.0 | 13.1 | 1.3 | - | 4.6 | 327.5 |
| Current income tax assets | 46.1 | 8.7 | - | 1.9 | 2.4 | - | 1.9 | 61.0 |
| Other current financial assets | 23.7 | 7.4 | - | 0.1 | - | - | 280.7 | 311.9 |
| Cash and cash equivalents | 1 594.5 | 164.5 | 168.0 | 163.7 | 10.7 | - | 798.9 | 2 900.3 |
| Current assets | 3 229.1 | 545.1 | 328.5 | 415.3 | 20.3 | - | 1 086.3 | 5 624.6 |
| Total assets | | | | | | | | 13 206.3 |
| Shareholders' equity – Group share | | | | | | | | 2 003.7 |
| Non-controlling interests | | | | | | | | 1 283.8 |
| Total shareholders' equity | - | - | - | - | - | - | - | 3 287.5 |
| Provisions | 290.2 | 70.9 | 46.1 | 29.8 | - | - | 16.5 | 453.4 |
| Financial debt | 2 376.2 | 539.0 | 187.1 | 357.8 | 256.1 | - | 1 596.7 | 5 312.9 |
| Operating lease liabilities | 320.4 | 25.0 | 84.5 | 13.8 | 3.0 | - | 1.6 | 448.4 |
| Other non-current financial liabilities | 91.4 | 10.8 | - | - | 18.8 | - | 162.9 | 283.9 |
| Deferred tax liabilities | 135.4 | 114.4 | 53.3 | 37.4 | 56.0 | - | 0.1 | 396.7 |
| Total non-current liabilities | 3 213.7 | 760.1 | 371.0 | 438.9 | 333.9 | - | 1 777.8 | 6 895.3 |
| Liabilities held for sale | - | - | - | - | - | - | - | - |
| Provisions | - | 3.4 | 2.4 | 0.1 | 0.2 | - | - | 6.1 |
| Financial debt | 550.5 | 13.3 | 3.2 | 32.2 | 20.6 | - | 27.1 | 646.8 |
| Operating lease liabilities | 99.3 | 6.1 | 25.8 | 2.3 | 0.9 | - | - | 134.4 |
| Other current financial liabilities | 57.6 | 2.0 | - | 105.2 | - | - | 14.7 | 179.5 |
| Trade payables | 453.2 | 230.8 | 97.6 | 72.5 | 1.4 | - | 6.5 | 862.0 |
| Contract liabilities (net) | 18.3 | 9.3 | - | - | - | - | - | 27.6 |
| Other current liabilities | 813.0 | 69.0 | 85.3 | 36.4 | 2.4 | - | 19.3 | 1 025.5 |
| Current income tax assets | 125.8 | 8.2 | - | 7.6 | - | - | 0.0 | 141.6 |
| Total current liabilities | 2 117.7 | 342.0 | 214.4 | 256.3 | 25.5 | - | 67.7 | 3 023.6 |
| Total equity and liabilities | | | | | | | | 13 206.3 |

Note 7 - 5. Cash flow statement by operating segment for the first half of 2021

| <i>In millions of euros</i> | Bureau Veritas | Constantia Flexibles | Cromology | Stahl | CPI | Wendel & Holding companies | Total Group |
|---------------------------------------------------------|-----------------------|-----------------------------|------------------|--------------|------------|---------------------------------------|--------------------|
| Net cash flows from operating activities, excluding tax | 414.4 | 75.2 | 62.6 | 78.1 | 18.6 | -31.5 | 617.3 |
| Net cash flows from investing activities, excluding tax | -89.6 | -159.8 | -9.2 | -3.5 | -0.4 | -113.7 | -376.2 |
| Net cash flows from financing activities, excluding tax | -570.2 | 0.1 | -52.4 | -24.0 | -25.6 | 283.1 | -389.1 |
| Net cash flows related to taxes | -86.7 | -8.0 | -8.0 | -11.1 | -0.5 | 1.9 | -112.3 |

Note 7 - 6. Cash flow statement by operating segment for the first half of 2020

| <i>In millions of euros</i> | Bureau Veritas | Constantia Flexibles | Cromology | Stahl | Tsebo | CPI | Wendel & Holding companies | Total Group |
|---------------------------------------------------------|-----------------------|-----------------------------|------------------|--------------|--------------|------------|---------------------------------------|--------------------|
| Net cash flows from operating activities, excluding tax | 426.6 | 54.2 | 26.4 | 49.6 | - | 8.0 | -34.5 | 530.3 |
| Net cash flows from investing activities, excluding tax | -59.5 | -41.4 | -6.5 | -8.9 | -26.5 | -0.9 | 294.8 | 151.1 |
| Net cash flows from financing activities, excluding tax | 354.7 | 35.8 | 35.8 | -17.1 | - | 4.0 | -28.8 | 384.3 |
| Net cash flows related to taxes | -66.8 | -7.3 | -2.9 | -3.6 | - | 0.7 | -0.7 | -80.7 |

NOTES TO THE BALANCE SHEET

NOTE 8. GOODWILL

| | 06/30/2021 | | |
|-----------------------------|----------------|---------------|----------------|
| <i>In millions of euros</i> | Gross amount | Impairment | Net amount |
| Bureau Veritas | 2 532.9 | -143.3 | 2 389.6 |
| Constantia Flexibles | 568.6 | -8.7 | 559.9 |
| Cromology | 404.1 | -227.0 | 177.1 |
| Stahl | 128.8 | - | 128.8 |
| CPI | 447.2 | -23.6 | 423.6 |
| TOTAL | 4 081.5 | -402.5 | 3 679.0 |

| | 12/31/2020 | | |
|-----------------------------|----------------|---------------|----------------|
| <i>In millions of euros</i> | Gross amount | Impairment | Net amount |
| Bureau Veritas | 2 457.9 | -143.0 | 2 314.9 |
| Constantia Flexibles | 467.4 | -8.5 | 458.8 |
| Cromology | 403.9 | -227.0 | 177.0 |
| Stahl | 127.7 | - | 127.7 |
| CPI | 433.1 | -22.8 | 410.3 |
| TOTAL | 3 890.0 | -401.3 | 3 488.6 |

The main changes during the period were as follows:

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-----------------------------------------------------------------|---------------------------|---------------------------|
| Net amount at beginning of period | 3 488.6 | 4 112.0 |
| Changes in scope ⁽¹⁾ | 118.2 | 1.1 |
| Reclassification under "Operations held for sale" | - | -97.6 |
| Impact of changes in currency translation adjustments and other | 72.1 | -54.9 |
| Goodwill allocation of CPI | - | -330.9 |
| NET AMOUNT AT END OF PERIOD | 3 679.0 | 3 629.8 |

- (1) This amount corresponds to the provisional goodwill (before appropriation) recognized by Constantia Flexibles following the acquisition of Propak for €99.5 million and by the acquisitions of Bureau Veritas for €18.8 million (see note 3 "Changes in scope").

Goodwill impairment tests

In accordance with accounting standards, goodwill for each Cash Generating Unit (CGU) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the accounting principles section, Note 1-8.1 "Goodwill" of the 2020 consolidated financial statements). Wendel's CGUs are the fully consolidated investments. The principal indicators of a loss in value are adherence to the budget and business plan and for Bureau Veritas, which is listed, market price compared with the carrying value.

During the first half of 2021, taking into account the impairment recognized in CPI's 2020 consolidated financial statements, the Group performed an impairment test on this operating subsidiary. CPI's value in use calculated at June 30, 2021 is higher than the net book value; no additional impairment was therefore recognized.

The business plan used for the test was prepared by CPI and reviewed by Wendel. It covers a period of five years and does not differ significantly from that used in 2020. The discount rate used is 9% (9% as of December 31, 2020) and the long-term growth rate applied to cash flows after the business plan is 3% (3% as of December 31, 2020). A sensitivity analysis shows that in the event of a variation of +0.5% in the discount rate or -0.5% in the long-term growth rate, or of -1% in the normative margin rate used for flows after the business plan, no impairment would be recognized.

NOTE 9. EQUITY-METHOD INVESTMENTS

Equity-method investments mainly correspond to IHS: €249.4 million at the end of June 2021 against €224.1 million at the end of 2020.

The change in equity-method investments breaks down as follows:

| <i>In millions of euros</i> | 1 st half 2021 |
|-------------------------------------------------------|---------------------------|
| Amount at beginning of the period | 225.2 |
| Share in net income for the period | |
| IHS | 14.0 |
| Other | -0.1 |
| Dividends for the period | - |
| Impact of changes in currency translation adjustments | 10.4 |
| Consequences of changes in scope of consolidation | -0.2 |
| Other | 1.2 |
| AMOUNT AT END OF PERIOD | 250.5 |

Additional information on IHS

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|---------------------------------------------------|----------------|----------------|
| Carrying values at 100% | | |
| Total non-current assets | 3 184.7 | 2 818.3 |
| Total current assets | 756.4 | 806.2 |
| Goodwill adjustment (Wendel) | 62.5 | 60.5 |
| Total assets | 4 003.6 | 3 685.1 |
| Non-controlling interests | 12.0 | 11.6 |
| Total non-current liabilities | 2 184.3 | 2 069.8 |
| Total current liabilities | 644.3 | 559.2 |
| Total liabilities and shareholders' equity | 2 840.7 | 2 640.5 |
| including cash and cash equivalents | 455.8 | 477.1 |
| including financial debt | 2 190.0 | 2 052.0 |

Impairment tests on equity-method investments

No impairment tests have been carried out at IHS since no indication of impairment losses were identified.

NOTE 10. CASH AND CASH EQUIVALENTS

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|---------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Cash and cash equivalents accounts of Wendel and holding companies pledged as collateral classified as non-current assets | 0.4 | 0.4 |
| Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets | 938.9 | 799.0 |
| Cash and cash equivalents of Wendel and its holding companies ⁽¹⁾ | 939.3 | 799.4 |
| Bureau Veritas | 1 267.6 | 1 594.5 |
| Constantia Flexibles | 72.9 | 164.5 |
| Cromology | 161.0 | 168.0 |
| Stahl | 203.9 | 163.7 |
| CPI | 3.0 | 10.7 |
| Total cash and cash equivalents from investments | 1 708.5 | 2 101.4 |
| Total cash and cash equivalents | 2 647.8 | 2 900.8 |
| of which non-current assets | 0.4 | 0.4 |
| of which current assets | 2 647.3 | 2 900.3 |

(1) In addition to this cash, €279.9 million in short-term financial investments are recognized under financial assets.

NOTE 11. FINANCIAL ASSETS AND LIABILITIES (EXCLUDING FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

Financial assets

| <i>In millions of euros</i> | FV method | Level | 06/30/2021 | 12/31/2020 |
|-------------------------------------------------------------------------------------------|----------------|---------|----------------|----------------|
| Pledged cash and cash equivalents of Wendel and holding companies | PL | 1 | 0.4 | 0.4 |
| Unpledged cash and cash equivalents of Wendel and holding companies | PL | 1 | 938.9 | 799.0 |
| Wendel's short-term financial investments | PL | 1 | 279.9 | 279.1 |
| Cash and short-term financial investments of Wendel and holding companies | | | 1 219.2 | 1 078.5 |
| Cash and cash equivalents of subsidiaries | PL | 1 and 3 | 1 708.5 | 2 101.4 |
| Financial assets at fair value through equity | E | 1 | 1.1 | 2.2 |
| Financial assets at fair value through profit or loss - A | PL | 3 | 237.2 | 70.3 |
| Deposits and guarantees | Amortized cost | N/A | 102.8 | 97.6 |
| Derivatives - B | PL and E | see B | 15.4 | 79.4 |
| Other - C | | | 130.2 | 104.0 |
| TOTAL | | | 3 414.5 | 3 533.4 |
| of which non-current financial assets, including pledged cash and cash equivalents | | | 458.7 | 321.2 |
| of which current financial assets, including cash and cash equivalents | | | 2 955.7 | 3 212.2 |

Financial liabilities

| <i>In millions of euros</i> | FV method | Level | 06/30/2021 | 12/31/2020 |
|----------------------------------------------------------------------------------------------|-----------|-------|--------------|--------------|
| Derivatives | PL and E | 3 | 10.5 | 8.0 |
| Minority puts, earn-outs and other financial liabilities of subsidiaries - D | PL and E | 3 | 462.5 | 277.8 |
| Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - E | PL and E | 3 | 332.0 | 177.6 |
| TOTAL | | | 805.0 | 463.4 |
| of which non-current financial liabilities | | | 329.0 | 283.9 |
| of which current financial liabilities | | | 476.0 | 179.5 |

(PL) Change in fair value through profit and loss.

(E) Change in fair value through equity.

A- As of June 30, 2021, this item includes the fair value of Wendel Lab for €131.6 million and the fair value of Tarkett shares for €98.5 million (see Note 3-1 "Investment in Tarkett"). The increase in Wendel Lab's value corresponds to a change in fair value of €51.9 million. This unrealized income is linked to the IPO of an investment in a fund in which Wendel Lab subscribed.

B- **Derivatives:** at June 30, 2021, the change in this item is due to the unwinding of Wendel's foreign exchange hedging (see Note 6-5.1 "Currency risk - Wendel").

C- This item includes the cash of Constantia Flexibles pledged with its lenders for €85 million.

D- **Minority puts, earn-outs and other financial liabilities of subsidiaries:** as of June 30, 2021, this amount corresponds in particular to the other financial liabilities of Bureau Veritas, Constantia Flexibles, to the minority put option granted by Stahl to BASF and the minority put option of CPI (see Note 27-6 "Shareholder agreements and co-investment mechanisms").

E- **Minority puts and other financial liabilities of Wendel and its holding companies:** as of June 30, 2021, this amount includes:

- the liquidity commitment that Wendel granted to the H. Turnauer Foundation for its 50% stake in Constantia Flexibles;
- liabilities related to certain liquidities granted in the context of co-investments (see Notes 5 "Participation of managers in Group investments" and 27-6 " Shareholder agreements and co-investment mechanisms"); and
- Wendel's 2020 dividend of €126.6 million approved by the Shareholders' Meeting of June 29, 2021 and paid in July 2021.

NOTE 12. EQUITY

| | Par value | Total number of shares | Treasury shares | Number of outstanding shares |
|------------------|-----------|------------------------|-----------------|------------------------------|
| as of 12/31/2020 | 4 € | 44 719 119 | 900 665 | 43 818 454 |
| as of 06/30/2021 | 4 € | 44 719 119 | 1 077 275 | 43 641 844 |

As of June 30, 2021, Wendel held 1,036,011 treasury shares outside of the framework of the liquidity contract, vs. 845,691 on December 31, 2020.

The number of shares held under the liquidity contract was 41,264 on June 30, 2021, vs. 54,974 on December 31, 2020.

In total, treasury shares represented 2.41% of the share capital on June 30, 2021.

NOTE 13. PROVISIONS

The detail of provisions for risks and contingencies is as follows:

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|----------------------------------------|--------------|--------------|
| Provisions for risks and contingencies | 131.5 | 130.5 |
| Employee benefits | 316.5 | 329.0 |
| TOTAL | 448.0 | 459.5 |
| <i>of which non-current</i> | 441.7 | 453.4 |
| <i>of which current</i> | 6.3 | 6.1 |

The principal disputes, claims and risks identified for the operating subsidiaries and for Wendel and its holding companies are described in Note 16-1 "Provisions for risks and contingencies" of the 2020 consolidated financial statements.

Provisions for retirement commitments and other long-term benefits are as follows:

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|-----------------------------|--------------|--------------|
| Bureau Veritas | 189.1 | 197.7 |
| Constantia Flexibles | 70.1 | 70.8 |
| Cromology | 29.1 | 30.4 |
| Stahl | 27.0 | 28.9 |
| Wendel & holding companies | 1.3 | 1.3 |
| TOTAL | 316.5 | 329.0 |

NOTE 14. FINANCIAL DEBT EXCLUDING IFRS 16

| <i>In millions of euros</i> | Currency | Coupon rate | Effective interest rate ⁽¹⁾ | Maturity | Repay-ment | Total lines | 06/30/2021 | 12/31/2020 |
|--------------------------------------------------------------------------------|----------|----------------|----------------------------------------|--------------------|-------------|-------------|------------|------------|
| Wendel & holding companies | | | | | | | | |
| 2023 bonds | EUR | 1.000% | 1.103% | 04-2023 | at maturity | | 300.0 | 300.0 |
| 2024 bonds | EUR | 2.750% | 2.686% | 10-2024 | at maturity | | 500.0 | 500.0 |
| 2026 bonds | EUR | 1.375% | 1.452% | 04-2026 | at maturity | | 300.0 | 300.0 |
| 2027 bonds | EUR | 2.500% | 2.576% | 02-2027 | at maturity | | 500.0 | 500.0 |
| 2031 bonds ⁽²⁾ | EUR | 1.000% | 1.110% | 06-2031 | at maturity | | 300.0 | - |
| Syndicated loan | EUR | Euribor+margin | | 10-2024 | revolving | EUR 750 M | - | - |
| Amortized cost of bonds and of the syndicated loan and deferred issuance costs | | | | | | | (5.4) | (3.3) |
| Other borrowings and accrued interest | | | | | | | 24.7 | 27.1 |
| Bureau Veritas | | | | | | | | |
| 2021 bonds | EUR | 3.125% | | 01-2021 | at maturity | | | 500.0 |
| 2023 bonds | EUR | 1.250% | | 09-2023 | at maturity | | 500.0 | 500.0 |
| 2025 bonds | EUR | 1.875% | | 01-2025 | at maturity | | 500.0 | 500.0 |
| 2026 bonds | EUR | 2.000% | | 09-2026 | at maturity | | 200.0 | 200.0 |
| 2027 bonds | EUR | 1.125% | | 01-2027 | at maturity | | 500.0 | 500.0 |
| Liquidity credit line | | | | | | EUR 600 M | - | - |
| Borrowings and debt from lending institutions – fixed rate | | | | | | | 720.5 | 713.6 |
| Borrowings and debt from lending institutions – floating rate | | | | | | | 11.2 | 13.1 |
| Constancia Flexibles | | | | | | | | |
| Bank borrowings | EUR | Euribor+margin | | 04-2022 | at maturity | | - | 126.0 |
| Bank borrowings | EUR | Euribor+margin | | 03, 04 and 10/2022 | at maturity | | 79.0 | 308.0 |
| Bank borrowings | EUR | floating rate | | 03-2022 | at maturity | | - | 47.0 |
| Revolving credit facility | EUR | Euribor+margin | | 10-2022 | at maturity | EUR 125 M | - | - |
| Bank borrowings (EUR, RUB, INR, CNY) | | | | | | | 235.0 | 59.4 |
| Other borrowings and accrued interest | | | | | | | 335.3 | 8.9 |
| Finance lease liabilities | | | | | | | 3.7 | 3.8 |
| Deferred issuance costs | | | | | | | (0.6) | (0.8) |
| Cromology | | | | | | | | |
| Bank borrowings | EUR | Euribor+margin | | 08-2021 | at maturity | | 156.4 | 186.4 |
| Other borrowings and accrued interest | | | | | | | 7.4 | 9.2 |
| Finance lease liabilities | | | | | | | 0.4 | 0.4 |
| Revolving credit facility | EUR | Euribor+margin | | 03-2024 | at maturity | EUR 59 M | - | - |
| Deferred issuance costs | | | | | | | (4.6) | (5.7) |
| Stahl | | | | | | | | |
| Bank borrowings | USD | Libor+margin | | 12-2021 | amortizable | | 101.9 | 114.4 |
| Bank borrowings | USD | Libor+margin | | 06-2022 | amortizable | | 278.4 | 270.2 |
| Revolving credit facility | EUR | | | | | EUR 27 M | 5.9 | - |
| Bank borrowings (USD, CNY, INR) | | floating rate | | 2021 to 2022 | amortizable | | 1.0 | 7.8 |
| Deferred issuance costs | | | | | | | (1.8) | (2.4) |

| CPI | | | | | | | | |
|------------------------------|-----|--------------|---------|-------------|----------|----------------|----------------|--|
| Bank borrowings | USD | Libor+margin | 10-2026 | amortizable | | 272.4 | 263.5 | |
| Revolving credit facility | USD | Libor+margin | 12-2025 | at maturity | USD 30 M | 7.6 | 18.7 | |
| Deferred issuance costs | | | | | | (5.2) | (5.5) | |
| TOTAL | | | | | | 5 823.3 | 5 959.7 | |
| of which non-current portion | | | | | | 5 372.2 | 5 312.9 | |
| of which current portion | | | | | | 451.1 | 646.8 | |

- (1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.
- (2) See Note 6-2.1 "Liquidity risk of Wendel and its holding companies."

Note 14 - 1. Financial debt maturity schedule

| <i>In millions of euros</i> | Less than 1 year | Between 1 and 5 years | Over 5 years | TOTAL |
|---------------------------------------|------------------|-----------------------|-----------------|-----------------|
| Wendel & holding companies | -300.0 | -800.0 | -800.0 | -1 900.0 |
| Operating subsidiaries | -427.0 | -1 894.9 | -1 590.2 | -3 912.0 |
| TOTAL | -727.0 | -2 694.9 | -2 390.2 | -5 812.0 |

Note 14 - 2. Operating lease liabilities

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|------------------------------|--------------|--------------|
| Bureau Veritas | 406.1 | 419.7 |
| Constantia Flexibles | 38.6 | 31.1 |
| Stahl | 15.5 | 16.2 |
| Cromology | 107.0 | 110.4 |
| CPI | 3.7 | 3.8 |
| Wendel & holding companies | 1.5 | 1.6 |
| TOTAL | 572.5 | 582.8 |
| of which non-current portion | 436.5 | 448.4 |
| of which current portion | 135.9 | 134.4 |

NOTES TO THE INCOME STATEMENT

NOTE 15. NET SALES

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-----------------------------|---------------------------|---------------------------|
| Bureau Veritas | 2 418.4 | 2 200.5 |
| Constantia Flexibles | 752.1 | 761.4 |
| Cromology | 370.7 | 290.2 |
| Stahl | 419.8 | 316.8 |
| CPI | 36.5 | 23.7 |
| TOTAL | 3 997.4 | 3 592.6 |

NOTE 16. OPERATING INCOME

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-----------------------------|---------------------------|---------------------------|
| Bureau Veritas | 346.1 | 59.6 |
| Constantia Flexibles | 29.6 | 4.2 |
| Cromology | 45.3 | 14.7 |
| Stahl | 85.3 | 42.5 |
| CPI | 5.3 | -14.2 |
| Wendel & holding companies | -41.3 | -53.0 |
| TOTAL | 470.2 | 53.8 |

NOTE 17. FINANCE COSTS, NET

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Income from cash and cash equivalents ⁽¹⁾ | 3.8 | 4.9 |
| Finance costs, gross | | |
| Interest expense | -84.1 | -120.1 |
| Interest expense on loans from non-controlling shareholders | - | 0.1 |
| Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method) ⁽²⁾ | -13.0 | -13.2 |
| Total finance costs, gross | -97.1 | -133.2 |
| TOTAL | -93.3 | -128.3 |

(1) This item includes a return of €4.7 million on the subsidiaries' financial investments.

(2) This item includes -€9.4 million of financial expenses linked to lease debts recognized in application of IFRS 16, and for the remaining amount, calculated elements with no cash impacts.

NOTE 18. OTHER FINANCIAL INCOME AND EXPENSES

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-------------------------------------------------------------------------|---------------------------|---------------------------|
| Dividends received from unconsolidated companies | - | 0.3 |
| Income on interest rate, currency and equity derivatives ⁽¹⁾ | 43.8 | -25.9 |
| Net currency exchange gains/losses | -4.9 | -0.5 |
| Impact of discounting | -0.4 | 0.6 |
| Other ⁽²⁾ | -11.2 | -3.5 |
| TOTAL | 27.3 | -29.1 |

- (1) This item includes the impact of the change in fair value of the portion considered inefficient from an accounting point of view of euro-dollar cross currency swaps for -€6 million (see Note 6.5 "Managing currency risk" relating to Wendel), the impact of the change in the fair value of the portfolio held by Wendel Lab for +€51.9 million (see Note 11 "Financial assets and liabilities").
- (2) This item notably includes the early redemption premium of the 2023 bond for -€8 million (see Note 6-2.1 "Liquidity risk of Wendel and its holding companies").

NOTE 19. TAX EXPENSE

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-----------------------------|---------------------------|---------------------------|
| Current income tax assets | -127.0 | -81.8 |
| Deferred taxes | 8.6 | 43.9 |
| TOTAL | -118.4 | -37.9 |

The portion of CVAE (value added) tax was recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National Accounting Council) of January 14, 2010.

NOTE 20. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

| <i>In millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|-----------------------------|---------------------------|---------------------------|
| IHS | 14.0 | -61.9 |
| Other companies | 0.1 | -0.3 |
| TOTAL | 14.0 | -62.2 |

NOTE 21. EARNINGS PER SHARE

| <i>In euros and millions of euros</i> | 1 st half 2021 | 1 st half 2020 |
|--------------------------------------------------------------------|---------------------------|---------------------------|
| Net income, Group share | 131.1 | -203.7 |
| Impact of dilutive instruments on subsidiaries | -7.2 | - |
| Diluted net income | 123.9 | -203.7 |
| Average number of shares, net of treasury shares | 43 747 397 | 43 792 436 |
| Potential dilution due to Wendel stock options ⁽¹⁾ | 127 455 | - |
| Diluted number of shares | 43 874 852 | 43 792 436 |
| Basic earnings per share (in euros) | 3.00 | -4.65 |
| Diluted earnings per share (in euros) | 2.82 | -4.65 |
| Basic earnings per share from continuing operations (in euros) | 2.98 | -4.02 |
| Diluted earnings per share from continuing operations (in euros) | 2.81 | -4.03 |
| Basic earnings per share from discontinued operations (in euros) | 0.02 | -0.63 |
| Diluted earnings per share from discontinued operations (in euros) | 0.02 | -0.63 |

(1) In accordance with the treasury stock method: it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact.

NOTES ON CHANGES IN CASH POSITION

NOTE 22. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

| <i>In millions of euros</i> | 1st half 2021 | 1st half 2020 |
|---------------------------------|---------------|---------------|
| By Bureau Veritas | 55.3 | 44.9 |
| By Constantia Flexibles | 27.9 | 31.8 |
| By Cromology | 7.3 | 5.1 |
| By Stahl | 11.0 | 8.3 |
| By Tsebo | - | 0.9 |
| By CPI | 0.4 | - |
| By Wendel and holding companies | 0.2 | 0.6 |
| TOTAL | 102.1 | 91.7 |

NOTE 23. DIVESTMENTS AND ACQUISITIONS OF EQUITY INVESTMENTS

Note 23 - 1. Acquisition of equity investments

For the first half of 2021, this item includes Wendel's investment in Tarkett for €100 million as well as the acquisition of Propak by Constantia Flexibles, which represents an investment of €124.8 million, and of SECURA and Bradley by Bureau Veritas for €30.7 million.

Note 23 - 2. Divestment of equity investments

During the first half of 2020, this item mainly included the sale of the remaining stake in Allied Universal for \$203.2 million.

NOTE 24. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in Note 14 "Financial debt."

| <i>In millions of euros</i> | 1st half 2021 | 1st half 2020 |
|---------------------------------------------|---------------|----------------|
| New borrowings by: | | |
| Wendel & holding companies | 300.0 | - |
| Bureau Veritas | 5.0 | 782.6 |
| Constantia Flexibles | 335.1 | 184.3 |
| Cromology | 0.1 | 58.0 |
| Stahl | - | 27.0 |
| CPI | - | 18.2 |
| | 640.2 | 1 070.1 |
| Borrowings repaid by ⁽¹⁾: | | |
| Wendel & holding companies | 0.1 | 0.7 |
| Bureau Veritas | 540.1 | 373.2 |
| Constantia Flexibles | 241.5 | 139.2 |
| Cromology | 44.8 | 13.1 |
| Stahl | 17.8 | 33.0 |
| CPI | 13.3 | 1.6 |
| | 857.6 | 561.0 |
| TOTAL | -217.4 | 509.1 |

(1) Including repayments of operating lease liabilities under the application of IFRS 16 "Lease Agreements."

NOTE 25. OTHER FINANCIAL INCOME/EXPENSE

Other financial income/expense for the first half of 2021 corresponds mainly to:

- disbursements of puts held by minority interests;
- Wendel Lab investments for €16.8 million; and
- the receipt of €39.5 million by Wendel as part of the unwinding of the cross-currency swap (see Note 6-5.1 "Currency risk of Wendel").

NOTE 26. CHANGE IN WORKING CAPITAL REQUIREMENTS RELATED TO FINANCING ACTIVITIES

As of June 30, 2021, this item includes the cash of Constantia Flexibles pledged with its lenders for €85 million.

OTHER NOTES

NOTE 27. OFF-BALANCE SHEET COMMITMENTS

As of June 30, 2021, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 27 - 1. Collateral and other security given in connection with financing

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Constantia Flexibles Group. | 649.3 | 549.4 |
| Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Cromology Group. | 164.2 | 196.0 |
| Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl Group. | 387.3 | 392.4 |
| Pledge by CPI Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the CPI Group. | 279.9 | 282.2 |
| TOTAL | 1 480.8 | 1 420.0 |

Note 27 - 2. Guarantees given as part of asset sales

In connection with the disposals of Allied Universal, CSP Technologies, Mecatherm, Parcours, PlaYce and Tsebo, as well as of the time of the entry of BASF into the share capital of Stahl, the Group issued the usual statements and guarantees (fundamental guarantees in terms of existence, capacity, ownership of securities and, on occasion, specific guarantees on operational issues) within the limits of certain ceilings and for variable durations depending on the guarantees concerned. Only the statements and guarantees issued for ALD in connection with the sale of the Parcours Group gave rise to a claim or payment. There are no outstanding claims in respect of other guarantees granted.

Note 27 - 3. Guarantees received in connection with asset acquisitions

In connection with the acquisitions of IHS, and in conjunction with the investment by BASF in Stahl's capital, the Group benefits from customary statements and guarantees within certain limits and over variable periods depending on the type of guarantees involved, some of which may still be invoked. There are no outstanding claims in respect of these guarantees received.

Note 27 - 4. Off-balance sheet commitments given and received related to operating activities

| <i>In millions of euros</i> | 06/30/2021 | 12/31/2020 |
|--------------------------------------------------------------|--------------|--------------|
| Market counter-guarantees and other commitments given | | |
| by Bureau Veritas ⁽¹⁾ | 391.6 | 391.6 |
| by Constantia | - | 2.4 |
| by Cromology | 23.3 | 17.1 |
| by Stahl | 4.1 | 3.2 |
| Total commitments given | 419.0 | 414.3 |

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantee.

Note 27 - 5. Subscription commitments

As of June 30, 2021, the Group (Wendel Lab) undertook to invest approximately €43.8 million in private equity funds.

Note 27 - 6. Shareholder agreements and co-investment mechanisms

As of June 30, 2021, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its subsidiaries or holding companies (Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, Stahl and Tarkett) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl).

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles and Stahl shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. In the absence of liquidity at the end of this process, the Wendel Group granted the H. Turnauer Foundation a put option at market value on half of its initial investment, payable in two tranches in cash or in Wendel shares, at the Wendel Group's discretion. As of June 30, 2021, this right had not been exercised by the H. Turnauer Foundation. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts; and
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. As of June 30, 2021, this liquidity has not been exercised by BASF. This commitment has been recognized in financial liabilities in accordance with accounting principles applicable to minority puts.

The agreements with the management teams (managers or former managers) of subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period (between the 6th anniversary and 12th anniversary of the completion of the joint investment, depending on the agreement in question); and
- the handling of executive departures (commitment to sell shares in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in Note 5-2 "Participation of subsidiaries' managers in the performance of their companies" to the 2020 consolidated financial statements.

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending on the situation, Wendel's holding companies or the subsidiaries themselves) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Constantia Flexibles, Crisis Prevention Institute and IHS (see Note 5 "Participation of Wendel's managers in Group investments" to the 2020 consolidated financial statements).

As of June 30, 2021, based on the value of the investments included in the Net Asset Value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the *pari passu* investments made under the same risk and return conditions as Wendel by all the co-investing managers of subsidiaries or Wendel benefiting from liquidity rights granted by the fully-consolidated companies was €33 million. The value of the portion of non *pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €180 million. These amounts do not include any unpaid amounts owing to the co-investors on the investments sold or automatic liquidities.

In accordance with Group accounting principles, a portion is recognized as a liability of €15 million. The accounting principles applicable to co-investments are described in Note 1-8.19 "Accounting treatment of mechanisms for the participation of management teams in Group investments" of the 2020 consolidated financial statements.

With regard to non-controlling interests granted to joint shareholders, an overall amount of €323 million is recognized in financial liabilities for the put granted by Wendel and its holding companies to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 27 - 7. Other agreements concluded by the Wendel group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second lien) lenders to Stahl who waived their claims as creditors during the 2010 restructuring in exchange for a minority interest in the share capital (representing only 0.5% of the share capital at June 30, 2021) notably received a right to the capital gain exercisable only upon the total or partial divestment of the Wendel Group's stake in Stahl. This right is exercisable by Stahl's mezzanine and second lien shareholders in the event of the divestment by the Wendel Group if Wendel's overall return is more than 2.5 times greater than its 2010 reinvestment. It is equivalent to the allocation of one to two bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel Group's decision to divest.

As part of the syndication with Maxburg of a minority investment in the Constantia Flexibles Group, the Wendel Group enjoys a right to receive an additional amount on the portion transferred in this manner subject to the achievement by Maxburg of minimum profitability thresholds over the duration of its investment in Constantia Flexibles in case of divestment. This right is recognized within financial assets whose change in value is recognized on the income statement.

NOTE 28. SUBSEQUENT EVENTS

Note 28 - 1. Wendel SE dividend

The dividend approved by the Shareholders' Meeting of June 29, 2021 was paid on July 5, 2021 for an amount of €126.6 million.

Note 28 - 2. Closing of the Tarkett offer

The offer initiated by Tarkett Participation on the Tarkett shares ended on July 9, 2021 (see Note 3 "Changes in scope").

Note 28 - 3. Repayment of the 2023 bond debt

As of July 1, 2021, Wendel SE repaid all of its bond debt maturing in April 2023, the nominal value of which was €300 million (see Note 6-2.1 "Liquidity risk of Wendel and its holding companies").



W E N D E L

Societas Europea with an Executive Board and a Supervisory Board with capital of €178,876,476

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