WENDEL

2021

Consolidated Financial Statements

as of December 31

Investing *for the long term*

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BALANCE SHEET – STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

In millions of euros	Note	12/31/2021	12/31/2020
Goodwill, net	8 and 9	3,510.6	3,488.6
Intangible assets, net	8 and 10	1,536.4	1,692.3
Property, plant & equipment, net	8 and 11	1,092.4	1,109.0
Property, plant and equipment under operating leases	8 and 11	428.0	530.5
Non-current financial assets	8 and 15	1,184.8	320.8
Pledged cash and cash equivalents	8 and 14	0.5	0.4
Equity-method investments	8 and 12	215.8	225.2
Deferred tax assets	8 and 24	167.5	206.6
Non-current assets		**8,136.0**	**7,573.4**
Assets and operations held for sale	19	**834.0**	**8.3**
Inventories	8	480.7	416.4
Trade receivables	8 and 13	1,519.5	1,375.3
Contract assets (net)	8	307.9	232.1
Other current assets	8	305.7	327.5
Current income tax assets	8	52.8	61.0
Other current financial assets	8 and 15	314.6	311.9
Cash and cash equivalents	8 and 14	2,231.8	2,900.3
Current assets		**5,213.1**	**5,624.6**
TOTAL ASSETS		**14,183.1**	**13,206.3**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the investment in the Cromology Group has been reclassified as "Assets and liabilities of discontinued operations or held for sale" as of September 30, 2021. See Notes 4 "Changes in scope of consolidation" and 19 "Discontinued operations and operations held for sale."

LIABILITIES

In millions of euros	Note	12/31/2021	12/31/2020
Share capital		179.0	178.9
Share premiums		57.5	55.3
Retained earnings & other reserves		1,317.9	2,033.6
Net income for the period – Group share		1,046.9	-264.1
Shareholders' equity – Group share		**2,601.4**	**2,003.7**
Non-controlling interests		1,587.5	1,283.8
Total shareholders' equity	**16**	**4,188.9**	**3,287.5**
Provisions	8 and 17	372.7	453.4
Financial debt	8 and 18	5,261.8	5,312.9
Operating lease liabilities	8 and 18	353.6	448.4
Other non-current financial liabilities	8 and 15	364.7	283.9
Deferred tax liabilities	8 and 24	346.8	396.7
Total non-current liabilities		**6,699.6**	**6,895.3**
Liabilities held for sale	19	**491.6**	**-**
Provisions	8 and 17	5.1	6.1
Financial debt	8 and 18	201.3	646.8
Operating lease liabilities	8 and 18	118.2	134.4
Other current financial liabilities	8 and 15	223.8	179.5
Trade payables	8	1,012.1	862.0
Contract liabilities (net)	8	33.6	27.6
Other current liabilities	8	1,090.2	1,025.5
Current income tax assets	8	119.0	141.6
Total current liabilities		**2,803.2**	**3,023.6**
TOTAL EQUITY AND LIABILITIES		**14,183.1**	**13,206.3**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the investment in the Cromology Group has been reclassified as "Assets and liabilities of discontinued operations or held for sale" as of September 30, 2021. See Notes 4 "Changes in scope of consolidation" and 19 "Discontinued operations and operations held for sale."

CONSOLIDATED INCOME STATEMENT

In millions of euros	**Note**	**2021**	**2020**
Net sales	8 and 20	7,503.9	6,831.7
Other income from operations		9.6	6.2
Operating expenses		-6,708.7	-6,358.1
Gains/losses on divestments		4.3	-28.2
Asset impairment		-0.7	-170.5
Other income and expense		-0.8	-18.6
OPERATING INCOME	**8 and 21**	**807.6**	**262.4**
Income from cash and cash equivalents		8.2	9.1
Finance costs, gross		-174.0	-231.8
FINANCE COSTS, NET	**8 and 22**	**-165.8**	**-222.7**
Other financial income and expenses	8 and 23	9.4	1.3
Tax expense	8 and 24	-232.0	-115.6
Net income (loss) from equity-method investments	8 and 25	919.5	-63.3
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE		**1,338.6**	**-137.8**
Net income from discontinued operations and operations held for sale	19	37.7	-93.1
NET INCOME		**1,376.4**	**-231.0**
Net income – non-controlling interests		329.5	33.1
NET INCOME – GROUP SHARE		**1,046.9**	**-264.1**

In euros	**Note**	**2021**	**2020**
Basic earnings per share	26	23.93	-6.03
Diluted earnings per share	26	23.78	-6.07
Basic earnings per share from continuing operations	26	23.11	-5.25
Diluted earnings per share from continuing operations	26	22.97	-5.28
Basic earnings per share from discontinued operations	26	0.81	-0.79
Diluted earnings per share from discontinued operations	26	0.81	-0.79

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the contribution of Cromology to 2021 and 2020 net income has been reclassified to a single line in the income statement: "Net income from discontinued operations and operations held for sale." See Notes 4 "Changes in scope of consolidation" and 19 "Discontinued operations and operations held for sale."

STATEMENT OF COMPREHENSIVE INCOME

	2021			2020		
In millions of euros	Gross Amounts	Tax effect	Net Amounts	Gross Amounts	Tax effect	Net Amounts
Items recyclable in net income						
Currency translation reserves (1)	198.4	-	198.4	-282.8	-	-282.8
Gains and losses on derivatives qualifying as hedges (2)	-3.6	-4.1	-7.7	67.9	0.6	68.5
Transfer to income statement of income previously recorded as equity (3)	-14.9	4.3	-10.5	-10.4	-	-10.4
Items non-recyclable in net income						
Gains and losses on financial assets through other comprehensive income (4)	-356.9	-	-356.9	-	-	-
Actuarial gains and losses	21.2	-4.3	16.9	-11.5	2.4	-9.1
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**-155.8**	**-4.1**	**-159.7**	**-236.8**	**3.0**	**-233.8**
Net income for the period (B)			1,376.4			-231.0
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			**1,216.7**			**-464.8**
Attributable to:						
- Wendel shareholders			784.6			-339.9
- non-controlling interests			432.1			-124.9

(1) In 2021, this item includes the contribution of Bureau Veritas for €128.8 million.

(2) In 2021, this item includes a -€19.3 million change in the fair value of the cross-currency swap set up at Wendel SE (see Note 7-5.1 "Currency risk – Wendel") and +€14.3 million in the fair value of operating derivatives at Constantia Flexibles.

(3) In 2021, this item includes a -€14.8 million impact of the recycling of operating derivatives at Constantia Flexibles.

(4) This item includes the change in fair value of IHS shares between the date of deconsolidation and December 31, 2021 (see Note 4 "Changes in scope of consolidation").

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	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) (1)		**-**	**-**	**-**	**-213.6**	**-126.3**	**-339.9**	**-124.8**	**-464.8**
Dividends paid(2)					-122.6		-122.6	-18.4	-141.0
Movements in treasury shares	8,285	-		1.0			1.0		1.0
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 of consolidation					-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**	**2,003.7**	**1,283.8**	**3,287.5**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-363.8	101.5	-262.3	102.6	-159.7
Net income for the period (B)					1,046.9		1,046.9	329.5	1,376.4
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B) (1)		**-**	**-**	**-**	**683.1**	**101.5**	**784.6**	**432.1**	**1,216.7**
Dividends paid (2)					-126.6		-126.6	-118.1	-244.7
Movements in treasury shares	-215,791	-		-24.7			-24.7		-24.7
Capital increase (3)	28,824	0.1	2.2				2.3		2.3
Share-based payments					21.1		21.1	17.0	38.1
Changes in scope of consolidation					10.6	-11.8	-1.2	45.4	44.2
Other (4)					-57.8		-57.8	-72.8	-130.5
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	**43,631,487**	**179.0**	**57.5**	**-569.7**	**3,169.3**	**-234.7**	**2,601.4**	**1,587.5**	**4,188.9**

(1) See the "Statement of comprehensive income."

(2) The dividend paid by Wendel in 2021 is €2.9 per share, for a total of €126.6 million. In 2020, Wendel paid a dividend of €2.8 per share, for a total of €122.6 million.

(3) See Note 16 "Equity."

(4) Other variations notably include the impact of changes in value of minority puts.

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

CONSOLIDATED CASH-FLOW STATEMENT

In millions of euros	Note	2021	2020
Net income		1 376,4	-231,0
Share of net income/loss from equity-method investments		-919,6	63,4
Net income from discontinued operations and operations held for sale		-1,0	103,4
Depreciation, amortization, provisions and other non-cash items		558,7	849,3
Investment, financing and tax results		402,9	394,5
Cash flow from consolidated companies before tax		**1 417,5**	**1 179,6**
Change in working capital requirement related to operating activities		6,2	219,0
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	**8**	**1 423,7**	**1 398,6**
Acquisition of property, plant & equipment and intangible assets	27	-249,2	-219,3
Disposal of property, plant & equipment and intangible assets	28	18,7	14,6
Acquisition of equity investments	29	-400,3	-1,8
Disposal of equity investments	30	1,6	191,0
Impact of changes in scope of consolidation and of operations held for sale	19 and 31	-72,6	-26,8
Dividends received from equity-method investments and unconsolidated companies		0,4	0,2
Changes in other financial assets and liabilities and other	32	-45,8	32,7
Change in working capital requirements related to investment activities		-3,7	-10,9
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	**8**	**-751,0**	**-20,2**
Capital increase		2,3	2,2
Contribution of non-controlling shareholders		21,1	2,1
Movements in treasury shares		**-0,5**	**6,4**
- Wendel		-24,7	1,0
- Subsidiaries		24,2	5,5
Dividends paid by Wendel		-126,6	-122,6
Dividends paid to non-controlling shareholders of subsidiaries		-118,1	-18,4
New borrowings	33	1 082,5	1 045,9
Repayment of borrowings	33	-1 547,3	-1 402,5
Repayment of lease liabilities and interest	33	-152,3	-158,8
Net finance costs		-156,3	-212,8
Other financial income/expense	34	-75,0	-19,7
Change in working capital requirements related to financing activities		-18,8	-0,9
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	**8**	**-1 089,0**	**-879,1**
Current tax expense		-262,5	-200,0
Change in tax assets and liabilities (excl. deferred taxes)		-5,3	-2,2
NET CASH FLOWS RELATED TO TAXES	**8**	**-267,8**	**-202,2**
Effect of currency fluctuations		15,6	-37,5
NET CHANGE IN CASH AND CASH EQUIVALENTS		**-668,5**	**259,5**
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	**14**	**2 232,2**	**2 900,8**

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

The principal components of the consolidated cash flow statement are detailed in Notes 27 *et seq*.

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are shown in Note 14 "Cash and cash equivalents."

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," the cash flows of companies disposed of are maintained in each of the cash flow categories until the date on which these companies are classified as "Discontinued operations or operations held for sale." The cash and cash equivalents of the Cromology Group at the date of reclassification were recorded on the line "Impact of changes in scope of consolidation and operations held for sale."

GENERAL PRINCIPLES

Wendel is a European company with an Executive Board and a Supervisory Board, governed by European and French laws and regulations that are, or will be, in force. 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 December 31, 2021, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (35.5% net of treasury shares), Constantia Flexibles (60.8%), Cromology (94.8%, see Note 4 “Changes in scope of consolidation”), Stahl (67.8%), and CPI (96.3%) ;
- an operating company accounted for under the equity method: Tarkett (25.1%), IHS is no longer accounted for under the equity method, see Note 4 "Changes in scope of consolidation" ;
- Wendel and its fully consolidated holding companies.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2021 and are expressed in millions of euros. They include:

- 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. 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 data for each fully-consolidated subsidiary are presented in Note 8 “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 12 “Equity-method investments.” An analysis of the Group’s overall performance by business activity is provided in Note 8 “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 7-2.2 “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 7-2.1 “Managing the liquidity risk of Wendel and its holding companies.”

These financial statements were finalized by Wendel’s Executive Board on March 9, 2022 and will be submitted for shareholders’ approval at the Shareholders’ Meeting.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

Wendel's consolidated financial statements for the fiscal year ended December 31, 2021 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2021, in accordance with Regulation No. 1606/2002 of the European Council and the European Parliament pertaining to the application of international accounting standards, adopted on July 19, 2002.

The consolidated financial statements for the period ended December 31, 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 consolidated financial statements.

The new standards, amendments or mandatory IFRIC interpretations for periods starting from January 1, 2022 have not been early applied as of December 31, 2021.

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

Note 1 - 1. Method of consolidation

The companies over which Wendel has exclusive control are fully consolidated. Companies over which Wendel has significant influence or joint control have been accounted for using the equity method. Net income of acquired subsidiaries is consolidated from their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date or closest reporting date.

Note 1 - 2. Financial statements used for consolidation

Wendel's consolidated financial statements have been prepared on the basis of:

- the consolidated financial statements for the year ended December 31, 2021 of Bureau Veritas, Constantia Flexibles, Cromology, Stahl, CPI and Tarkett;
- the financial statements of IHS until September 30, 2021, the effective date of its deconsolidation; and
- for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2021.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group's scope of consolidation for fiscal year 2021 are presented in Note 4 "Changes in scope of consolidation." The main subsidiaries consolidated as of December 31, 2021 are presented in Note 39 "List of principal consolidated companies."

Note 1 - 3. Business combinations

IFRS 3 "Business combinations," and IAS 27 "Consolidated and separate financial statements," revised, applicable since January 1, 2010, affect the accounting for transactions that lead to the taking of control, or partial sales that lead to a loss of control:

- specifically: ancillary transaction costs are recognized in operating income for the period; price adjustments are initially recognized at their fair value, and future fluctuations in their value are recognized in operating income;
- when control is obtained, non-controlling interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to non-controlling interests at that time. This choice is made on a case-by-case basis for each acquisition;
- purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by non-controlling interests. There is no impact on profit or loss;
- non-controlling interests may become negative because since net income or loss of a subsidiary is allocated between the Group share and the non-controlling interests' share, according to their respective equity interests; and
- in the event of a takeover of an entity in which the Group already holds an interest, the transaction is analyzed as a dual transaction: on the one hand, as a divestment from the entire investment previously held with recognition of the gain on consolidated investments, and on the other hand, as an acquisition of all the shares with recognition of goodwill on the entire investment. In the event of a partial divestment with loss of control (but with a non-controlling investment retained) the transaction breaks down into a divestment and an acquisition: divesting from the entire investment with a calculation of a consolidated investment gain plus the acquisition of a non-controlling interest which is then recorded at its fair value.

Note 1 - 4. Commitments to purchase non-controlling interests of consolidated subsidiaries

When the Group has made firm or conditional commitments to non-controlling shareholders in consolidated subsidiaries to buy their stakes, a financial liability is recognized in an amount corresponding to the estimated present value of the purchase price.

As of December 31, 2021, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the book value of the corresponding non-controlling interests; and
- secondly, by reducing the Group share of shareholders' equity as follows: the difference between the estimated value of the purchase commitment and the carrying amount of non-controlling interests is deducted from the Group share of retained earnings and other reserves. This balance is adjusted at the end of each accounting period to reflect changes in the estimated exercise price of the purchase commitments and the carrying amount of the non-controlling interests.

This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

Note 1 - 5. Inter-Group asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

Note 1 - 6. Conversion of the financial statements of foreign companies whose functional currency is not the euro

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose functional currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements converted at the average exchange rate for the fiscal year or consolidation period. The discrepancy between the opening and closing balance sheets, as well as that resulting from the application of these exchange rates are carried in consolidated reserves under "translation adjustments" until the assets and liabilities and all the foreign currency operations related to them are sold or liquidated. In this case currency translation differences are written back either on the income statement if the operation leads to a loss of control, or directly as a change in shareholders' equity in the case of a change in non-controlling interests without a loss of control.

The principal exchange rates used in the consolidated financial statements are as follows:

	Closing rate		Average rate	
	2021	2020	2021	2020
€/$	1.1326	1.2271	1.1829	1.1396

Note 1 - 7. 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 1 - 8. Measurement rules

Note 1 - 8.1 Goodwill

Goodwill represents the difference between the cost of acquiring a company and the Group's share of the fair value of its net assets, liabilities, and identifiable contingent liabilities on the date of acquisition. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value at the date of the acquisition. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 "Business combinations" provides that goodwill may be applied to non-controlling interests, if the Group so chooses. Goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is instead tested for impairment at least once per year, on December 31, or more frequently if there is any indication that it may be impaired. Indications of impairment may include a significant or prolonged decline in the share price of a listed company, a shortfall in net income compared with the budget or a deterioration in the sector environment in which a company operates. For impairment tests, goodwill is broken down by Cash-Generating Units (CGU). Each operating subsidiary (Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI) corresponds to a CGU. Goodwill impairment losses are recognized on the income statement under “Impairment of assets” and cannot be reversed.

Whenever an operating subsidiary identifies an impairment loss on a CGU recognized within its scope of consolidation (and not recognized at the level of the Wendel Group), this loss is maintained at the level of Wendel’s consolidation, with this being the case even if the analysis conducted by Wendel on the subsidiary’s goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the carrying amount of these companies and therefore not presented separately (IAS 28 “Investments in Associates and Joint Ventures,” s.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment writeback, the portion of the impairment pertaining to goodwill is also written back. Impairment losses and the gain or loss on divestments and dilution are recognized in the income statement under “Net income (loss) from equity-method investments.”

Impairment tests on goodwill and equity-method investments are described in Notes 9 “Goodwill” and 12 “Equity-method investments.”

Note 1 - 8.2 Intangible assets

1. Brands of the Bureau Veritas, Cromology and CPI Groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on revenue generated by the brands. The brands are considered as having an indefinite useful life as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but are tested for impairment on an annual basis.

The brands of the Bureau Veritas Group’s subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel Group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

2. Contracts and customer relationships of the Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI Groups

The valuation of these contracts and customer relationships equals the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewal rates where such renewals are considered probable based on historical statistical data. These contracts and customer relationships are amortized over the period used for the calculation of each contract category (from five to 23 years, depending on the contract and subsidiary).

Note 1 - 8.3 Other property, plant & equipment

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then amortized over the asset's estimated useful life.

Note 1 - 8.4 Property, plant & equipment

Property, plant & equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of the assets concerned, in particular borrowing costs that are directly attributable to the acquisition or production of the property, plant & equipment during the accounting period prior to being brought into service.

Property, plant & equipment other than land and investment properties are depreciated on a straight-line basis over a period corresponding to their probable useful life. The depreciation basis for property, plant & equipment is its historical cost less the residual value, *i.e.* the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The useful life duration utilized for buildings is from ten to 50 years; and, from three to ten years, for industrial facilities as well as for equipment and tooling.

Note 1 - 8.5 Leases

For lessees, the application of IFRS 16 "Leases" results in the recognition of leases in the balance sheet through an asset (representing the right to use the underlying asset during the lease term) and a corresponding liability (representing the obligation to pay fixed rents). The new standard eliminates the distinction between operating leases and finance leases.

In accordance with the simplification provided for in IFRS 16, the Group has applied the new standard to leases identified in accordance with the definition of the previous standards IAS 17 and IFRIC 4, without reassessing the qualification of contracts in progress at January 1, 2019.

The lease liability is the present value of remaining lease payments. Future payments were discounted on the basis of the marginal debt ratios of the subsidiaries according to the residual term of their contracts.

The Group opted for the exemption offered by IFRS 16 for short-term and low-value leases (assets with a unit value of less than €5,000). Rents on these leases are therefore still recognized as operating expenses.

In assessing the lease term, the Group has taken the non-cancellable period of each contract and any extension option that the Group is reasonably certain to exercise and any termination option that the Group is reasonably certain not to exercise.

Note 1 - 8.6 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36 "Impairment of assets," the value in use of property, plant & equipment, and intangible assets is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value, or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Impairment of assets."

Note 1 - 8.7 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives, and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives, operating liabilities, and certain liquidity commitments on the Group's shares held by certain co-shareholders (see Note 35-5 "Shareholder agreements and co-investment mechanisms").

In accordance with the principles of IFRS 9 "Financial Instruments," financial assets are recognized and measured either at fair value through profit or loss, at fair value through other comprehensive income or at amortized cost. The classification and measurement are based on the characteristics of the instrument and the management objective for which the relevant assets were acquired.

1. Financial assets at fair value through profit or loss

Equity instruments held for trading purposes or for which the Group has elected not to use the "fair value through other comprehensive income" classification are measured at fair value through profit or loss.

2. Financial assets at fair value through other comprehensive income

IFRS 9 permits the irrevocable election at initial recognition to present changes in the fair value of an equity instrument not held for trading through other comprehensive income. The choice is made for each individual instrument and for each new acquisition depending on the Group's management intention.

Equity instruments recognized in this account include strategic and non-strategic investments.

At initial recognition, these assets are measured at fair value, which generally corresponds to their acquisition. At closing dates, for publicly traded instruments, the fair value is determined based on the share price on the closing date. For unlisted securities, fair value is measured using valuation models based primarily on the most recent market transactions, discounted dividend or cash flow streams, or the value of net assets.

Unrealized gains and losses on these financial assets are recognized directly in equity until the financial asset is sold or cashed in, at which time the accumulated gain or loss is transferred to consolidation reserves and is not reclassified in the income statement. Dividends from such investments are recognized in profit or loss unless the dividend clearly represents the recovery of a portion of the investment cost.

3. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held solely with a view to collecting contractual cash flows serving to repay principal and meet interest payments on the outstanding principal.

They consist of loans and receivables related to investments, deposits and guarantees, trade receivables and other current receivables. These financial assets are shown in the balance sheet under "Non-current financial assets," "Trade receivables" and "Other current financial assets." They are initially recognized at fair value and then at amortized cost calculated using the effective interest rate method. Net gains and losses on loans and receivables correspond to interest income and provisions.

4. Financial liabilities

With the exception of derivative instruments and financial liabilities relating to liquidity commitments on the Group's shares held by certain co-shareholders (see Note 35-5 "Shareholder agreements and co-investment mechanisms"), all borrowings and other financial liabilities are stated at amortized cost using the effective interest rate method.

5. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;

- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of net investments in operations in a foreign market help offset fluctuations in value due to translation into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the inception; and if
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged; and
- in a similar way to cash flow hedges, changes in the fair value of the derivative financial instrument are recognized net of tax in other comprehensive income for the effective portion attributable to the hedged currency risk and in profit or loss for the ineffective portion of the derivative. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using the Group's mathematical models, as well as by independent appraisers, and/or the Group's counterparties.

Note 1 - 8.8 Methods of measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 "Financial Instruments: Disclosures" (March 2009), the tables in Note 15 "Financial assets and liabilities" present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than the listed prices referred to in level 1, either directly (such as a price), or indirectly (calculated from another price); and
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2021, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Note 1 - 8.9 Inventories

Inventories have been stated at the lower of cost or net realizable value. Production cost includes the costs of raw materials, direct labor, and any operating costs that can reasonably be associated with production.

Note 1 - 8.10 Cash and cash equivalents and pledged cash and cash equivalents

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows," cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash, subject to an insignificant risk of a change in value and intended to cope with short-term cash needs. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1 - 8.11 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets," a provision is recognized when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expense."

Note 1 - 8.12 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the projected unit credit method. The obligation is determined at each balance sheet date taking into account the age of the Company's employees, their length of service, and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method using assumptions relating to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recorded under shareholders' equity as soon as they are recognized.

Note 1 - 8.13 Deferred taxes

In accordance with IAS 12 "Income taxes," deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on future earnings or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel tax Group were recognized as assets on the balance sheet.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, unless:

- the Group is able to control the date of the reversal of the timing difference; and
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are recorded using the liability method. According to this method the assets and liabilities of deferred taxes are recognized according to their estimated future tax impact resulting from discrepancies between the book value of the assets and liabilities existing in the consolidated financial statements and their respective tax base. Deferred tax assets and liabilities are valued by applying the tax rate that will be in effect during the year in which temporary differences are expected to be recovered or settled. The effect of any change in tax rates on deferred tax assets and liabilities is recognized in income for the period in which the rate changes apply.

Note 1 - 8.14 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity. Divestment gains or losses therefore have no impact on income for the fiscal year.

Note 1 - 8.15 Assets and operations held for sale and discontinued operations

Assets, group of assets held for sale, or discontinued operations are classified as such if their carrying amount will be recovered mainly through a sale transaction rather than through continued use, and when its sale is highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is recognized if the asset's residual carrying amount exceeds its likely realizable value, reduced for selling costs.

Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations includes, where applicable, any divestment gains or losses or any impairment losses recognized for the business.

Note 1 - 8.16 Revenue recognition

The recognition of revenue from contracts with customers reflects both the percentage of completion of the performance obligations corresponding to the transfer to a customer of control of a good or service and the amount that reflects the sum that the entity expects to receive as consideration for those goods or services.

At the Bureau Veritas Group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under revenue during a given period, insofar as the income from contracts can be reliably determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs to execute the entire contract. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of a forecast negative margin, provisions are recognized immediately for the entire contract.

Note 1 - 8.17 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation of receivables and payables in currencies other than euros are recognized on the income statement under "Other financial income and expense."

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement.

Note 1 - 8.18 Stock subscription and stock purchase option plans

In accordance with IFRS 2 "Share-based payments," the Group recognizes an expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares, and performance shares at the grant date, with the corresponding offsetting entry being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

In 2021, as in previous fiscal years, the fair value of Wendel's plans was valued by an independent appraiser.

Note 1 - 8.19 Accounting treatment of mechanisms for the participation of management teams in the Group's investments

The co-investment mechanisms described in Note 6 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, any investment gains which might arise are shared on the basis of whether or not Wendel's annual performance and cumulative profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed, either as equity instruments under a divestment or an IPO, or in cash as part of Wendel's liquidity commitment, after a pre-determined period has elapsed.

Until the settlement method is not definitive, the investments are accounted for based on the settlement method determined as most likely.

When it is estimated the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as non-controlling interests in proportion to their share of the total investment. On redemption, the dilution created by the sharing of the investments' value reduces the Group's capital gain. When the beneficiaries invest less than the fair value of the instruments subscribed or acquired, the initial benefit is recognized as an expense in the income statement.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the expiration of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash. In addition, these co-investors are not considered minority shareholders from an accounting standpoint. Rather, their investment is consolidated in the Group's net income and consolidated reserves.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

Wendel believes that for the main co-investments in place in the Group at December 31, 2021, the most likely outcome will be a sale of the relevant investments or an initial public offering of these investments. Liquidity commitments under minority puts and co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in Note 35-5 "Shareholder agreements and co-investment mechanisms."

Note 1 - 9. Presentation rules

Note 1 - 9.1 Presentation of the balance sheet

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within 12 months after the balance sheet closing date; or
- it is cash or cash equivalent asset carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date.

When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- it is expected to be settled in the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- the liability is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1 - 9.2 Presentation of the income statement

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, operations held for sale, and corresponding to income tax.

Financial income and expenses include "Finance costs, net" and "Other financial income and expense," which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by unconsolidated associates, changes in the fair value of "Financial assets at fair value through profit or loss," the impact of discounting receivables, liabilities or provisions, and foreign exchange differences.

Note 1 - 9.3 Taxes: CVAE treatment

According to Wendel's analysis, the CVAE tax on value added meets the definition of an income tax, as defined in IAS 12.2 "Income taxes." IFRS Interpretations committee has effectively specified that in order to be included in the scope of IAS 12, a tax must be based on a net amount of income and expenses and this amount may be different from net accounting income. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the "Tax expense" line.

Note 1 - 9.4 Earnings per share

Basic earnings per share are calculated by dividing the Group's share of net income for the year by the average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to that 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. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

NOTE 2. CONTEXT OF THE 2021 CLOSING

Note 2 - 1. Effects of the Covid-19 pandemic on the financial statements at December 31, 2021

Fiscal year 2021 marks a partial return to a normal activity and in this context, the closing of the accounts did not require a revision of usual assumptions and estimates, unlike fiscal year 2020 during which the Covid-19 pandemic led the Group to recognize exceptional impairments.

Note 2 - 2. Cyber-attack suffered by Bureau Veritas

On November 22, 2021, Bureau Veritas announced that its cybersecurity system had detected a cyber-attack on Saturday, November 20, 2021. In response, all of the group's cybersecurity procedures were immediately activated. As a preventive measure, the decision was made to temporarily put servers and data of this group offline, in order to protect both customers and the company. These operations generated an outage or a partial slowdown of the services and customer interfaces.

On December 2, 2021, Bureau Veritas announced that, thanks to the preventive and emergency measures taken through its cybersecurity systems, all of the Group's activities were able to continue operating. As of December 2, more than 80% of Bureau Veritas' operations were running at a normal level, while some of the Group's geographic areas continued to see their IT systems run at a slower pace.

Bureau Veritas teams, along with leading IT experts, were fully mobilized and did everything possible to ensure business continuity and minimize the impact on the Group's customers, employees and partners. Bureau Veritas also contacted the competent authorities and triggered its cybersecurity insurance policies.

Bureau Veritas considers that all its operations have been operating at a normal level since the beginning of 2022. Nevertheless, there are still incident response costs in early 2022.

Overall, Bureau Veritas estimates the impact of the cyber-attack to be approximately €25 million on the Group's revenue in 2021.

NOTE 3. CONSIDERATION OF CLIMATE-RELATED RISKS

As a responsible company, Wendel has made important commitments to ensure that its internal operations are consistent with its values and the ESG objectives set within its portfolio of companies. The Group promotes honest and transparent governance and business ethics, is committed to a stimulating and inclusive work environment, and remains attentive to its environmental and climate footprint.

The Group’s current exposure to the consequences of climate change is limited. Consequently, at this stage, the impacts of climate change on the financial statements are not significant. The short-term effects have been integrated into the strategic plans of the Group's operating subsidiaries, on the basis of which the impairment tests of intangible assets with indefinite useful lives are performed. The long-term effects of these changes are not quantifiable at this stage.

NOTE 4. CHANGES IN SCOPE

Note 4 - 1. Changes in scope for fiscal year 2021

The scope of consolidation of Wendel Group is set out in Note 39 "List of principal consolidated companies as of December 31, 2021."

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. The Deconinck family, the controlling shareholder of this group, thus contributed all of its majority stake (exclusive control) 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 €2,792.1 million and €229.0 million respectively in 2021.

Tarkett Participation initiated a takeover bid for Tarkett that closed in July 2021. Following this offer, Wendel's investment in Tarkett Participation amounted to €224 million, representing 25.2% of Tarkett Participation's share capital at the end of 2021. The Deconinck family retains a majority stake and exclusive control in Tarkett Participation, which owns 90.4% of Tarkett.

From an accounting point of view, Wendel's stake in Tarkett Participation is accounted for using the equity method as from July 2021, since the percentage of ownership of the Group in this company exceeds the 20% threshold for presuming significant influence specified in IAS 28. This presumption is reinforced by the appointment of two Wendel directors out of six to the Supervisory Board of Tarkett Participation.

The table below sets out the terms and conditions for the allocation of the price paid by Wendel on the date on which significant influence was acquired:

In millions of euros	***Provisional acquisition price allocation (QP Wendel) 25,22%***	***Provisional acquisition price allocation at 100%***
Brands	82.7	*364.0*
Customer relationships (amortized over 19 years)	50.3	*221.1*
Patent (amortized over ten years)	10.0	*44.1*
Inventories and work-in-progress (fully written back during the period)	5.5	*24.4*
Deferred taxes related to these revaluations	-41.6	*-183.0*
Share of other assets and liabilities acquired	-55.6	
Net assets acquired	**51.3**	
Goodwill	162.0	
Book value of the investment acquired	**213.3**	

In accordance with IFRS, this allocation is provisional and may be finalized within 12 months of the acquisition.

Prior to the acquisition of significant influence, the investment was recognized in the consolidated financial statements as financial assets at fair value through profit or loss. The book value of the investment at the date of acquisition of significant influence was €213 million and included the effects of the change in fair value recorded up to that date for an amount of €3.3 million.

2. IHS IPO

When IHS was listed on the New York Stock Exchange in October 2021, the Group retained its entire stake. Its holding increased from 21.4% to 19.2% of the share capital and from 25.6% to 22.9% of the voting rights. Concomitantly to the IPO, the methods of governance of IHS and the rights of its preexistent shareholders (including Wendel) have changed significantly. Since the IPO, Wendel may appoint only one director to the Board, who can participate in only one of the Board's four committees (Health, Safety and Environment Committee). In addition, the Group has lost any further capacity of influence it previously had under the terms of the previous shareholders' agreement. Indeed, most of the decisions taken by IHS are now made by its Board of Directors and not by its shareholders as before. In addition, Wendel can no longer have access to the information presented and discussed at the IHS Board, as the regulations adopted by IHS limit any communication between Wendel and its representative in the Board to public information. Lastly, Wendel will not have access to the IHS financial statements until they are publicly disclosed, the timing of which is not necessarily compatible with the preparation of the Wendel Group's consolidated financial statements.

Considering these changes, Wendel has reviewed its assessment of its presumed significant influence in IHS in accordance with the various criteria established by IFRS, particularly in the context of the new governance. Wendel no longer has the ability to exercise significant influence over the Board’s decisions despite the presence of a director appointed by Wendel.

As a result, IHS no longer meets the criteria for equity accounting (as defined by IAS 28 "Investments in Associates") as of the date of the IPO. Thus, IHS was accounted for using the equity method only until September 30, 2021, which is the earliest accounting date following the IPO. The impact of accounting for IHS using the equity method until October 14, 2021 would not be material. IHS is now a strategic investment recognized as a financial asset at fair value, the change in which is recorded in other comprehensive income in accordance with IFRS 9 "Financial Instruments" and the Group's accounting principles.

From an accounting point of view, this loss of significant influence is considered as a disposal of the equity-accounted investment and an acquisition of a new financial asset, even though no IHS shares were sold or purchased by the Wendel Group in this transaction. The divestment result and the entry value of this new financial asset are based on the IPO price ($21.0 per IHS share). The IHS IPO therefore resulted in an accounting gain of €913 million recorded in net income from equity-method investments. The post-IPO change in fair value was recognized in other items of comprehensive income for €357 million, corresponding to the difference between the IPO price and the closing price for the year ($14.1 per IHS share).

3. Disposal of Cromology

In November 2021, Wendel signed an agreement with DuluxGroup to sell Cromology.

The sale of the entire Cromology stake to DuluxGroup took place on January 20, 2022 for an enterprise value of €1,262 million and net proceeds from the sale of €896 million for Wendel. This amount represents approximately 1.6 times Wendel's total investment in the Materis group since 2006.

Wendel considers that the criteria of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" have been met as of September 2021, when first offers of acquisition of Cromology have been received by Wendel .

At December 31, 2021, considering the signing of a promise to sell in November 2021,the amounts reclassified as assets and liabilities held for sale related to Cromology were €828.4 million and €491.4 million respectively. Similarly, the contribution of this investment to the 2020 and 2021 results is presented on the line "Net income from operations held for sale.” Depreciation on non-current assets was stopped at the date of reclassification. The sale value being higher than the book value, no value adjustment was recognized. The net gain on disposal will be recognized in 2022 for an amount of approximately €580 million. The impact of the management's co-investment in this investment will be recognized at the same time.

Note 4 - 2. Changes in scope of consolidation of subsidiaries and associates

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

In 2021, the Group made the following main acquisitions:

- 60% of Secura BV, a Dutch company specializing in cybersecurity services;
- 70% of Bradley, a US company specializing in construction management services for the renewable energy sector; and
- 80% of Prescience Corporation, an American company offering project management and construction management services in the field of Transportation Infrastructure.

Bureau Veritas' investments related to acquisitions realized in 2022 totaled €55.6 million and generated provisional goodwill of €33.4 million.

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

In 2021, Constantia Flexibles acquired 100% of Propak in Turkey. This company is one of the European leaders in the packaging industry for the snacks market, generating annual revenue of around €75 million. This acquisition represents an investment of €122 million and generates provisional goodwill of €23.5 million.

Note 4 - 3. Changes in scope 2020

The principal changes in scope during 2020 were as follows:

- the transfer of Wendel's entire stake in Tsebo; and
- the sale of the 21% stake in Allied Universal for $203.2 million.

NOTE 5. RELATED PARTIES

The Wendel Group's related parties are:

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

Note 5 - 1. Members of the Supervisory Board and Executive Board

Total compensation awarded by the Wendel Group, for fiscal year 2021, to André François-Poncet, Chairman of the Executive Board and to David Darmon, member of the Executive Board amounted to €4,333.9 thousand.

The value of the options and performance shares granted to them during the 2021 fiscal year amounted to €4,170 thousand at the grant date.

Compensation paid to members of the Supervisory Board in fiscal year 2021 was €1,219 thousand, including €1,124 thousand by Wendel SE (i) in consideration of service by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board and (iii) as compensation of the lead independent member of the Supervisory Board, and €95 thousand paid to certain members of the Supervisory Board by Wendel-Participations SE for serving on its Board of Directors. These amounts do not include the salaries of the employee representatives on Wendel's Supervisory Board, who do not receive Wendel SE director's fees.

As of December 31, 2021, the commitments made by the Company to André François-Poncet in the event of his removal from office not on grounds of failure, corresponded to a benefit paid, if performance conditions are met, equal to 18 months' average monthly compensation determined as follows: the sum of (i) his fixed average monthly compensation at the time of departure, and (ii) one-12th of his variable compensation actually paid in respect of the last fiscal year preceding the departure.

As of December 31, 2021, the commitments made by the Company to Executive Board member David Darmon, in the event of his departure, were as follows (provided performance conditions are met):

- in the event of termination of the term of office not on grounds of failure, benefits equal to 18 months of his fixed average monthly compensation at the time of his departure;
- in the event of termination of the employment contract, the legal and contractual indemnities due under the said employment contract, it being specified that the total amount of the indemnities paid to David Darmon (in respect of the corporate office and the employment contract) may not exceed 18 months of his average monthly compensation determined as follows: the sum of (i) his fixed average monthly compensation at the time of his departure, and (ii) one-12th of his variable compensation actually paid in respect of the last fiscal year preceding the departure.

In accordance with Wendel's policy of associating managers with the Group's investments, the members of the Executive Board take part in the co-investment mechanisms described in Note 6.1 "Participation of managers in Group investments."

Note 5 - 2. Wendel-Participations

Wendel-Participations SE is owned by around 1,200 Wendel family individuals and legal entities. Wendel-Participations investors together held a 39.29% stake in Wendel SE as of December 31, 2021, representing 51.41% of theoretical voting rights and 52.27% of the exercisable voting rights as of that date.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service delivery agreement entered into for the implementation of the provisions of the Sapin 2 Law on the prevention of corruption and for the implementation of CBCR reporting;
- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "WENDEL Investissement" brand;
- a service agreement for administrative assistance; and
- an agreement to lease premises by Wendel to Wendel-Participations.

NOTE 6. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS

The accounting principles applied to co-investment mechanisms are described in Note 1-8.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments."

Note 6 - 1. Participation of managers in Group investments

To give its managers a stake in the Group's value creation, Wendel has set up co-investment programs to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments. Several programs co-exist, depending on the date of Wendel's initial investment. Certain rules are common to all programs:

i) the amount of the co-investment is no more than 0.6% of the amount invested by Wendel and the managers; the co-investments correspond to the disbursements made by each manager and are concurrent with the Wendel investments;

ii) if a liquidity event (as defined in paragraph iii) below) occurs, the managers have, depending on the particular case, either the same rights and obligations as the Wendel Group in relation to the capital gain or loss incurred (*pari passu* co-investment), or different rights (carried interest) and obligations (accelerated co-investment). In the latter case, if Wendel achieves a predefined return, the managers have the right to a greater share of the gain than their shareholding;

iii) a liquidity event is defined, per the different programs, as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by the Wendel Group, or the listing of the Company concerned on a stock exchange. The liquidity extended to co-investors may be either the total amount or an amount proportional to the investment sold or placed on the market;

iv) in the absence of a liquidity event before the end of the co-investment program (six to twelve years after the initial investment), a cash payout is offered to co-investors, in one or more tranches. The valuation of the portfolio company is systematically performed by an internationally renowned independent expert, and managers' rights and obligations are calculated in accordance with the rules set out in paragraph ii) above;

v) the rights of co-investors vest gradually over a period of several years; in the event of the departure of a co-investor, and under the terms of joint purchase and sale agreements, the Wendel Group has the option or the obligation of buying back its rights not yet definitively acquired at their original value and, in certain cases, the co-investor has the option or the obligation to sell their rights definitively acquired under predefined financial conditions;

vi) co-investments are made in euros. In the case of foreign currency investments, the euro exchange rate is adjusted to that applying on the day of the capital increase of the funds, taking into account any exchange rate hedges.

2011-2012 program

Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to potential subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of this Note and by the following specific rules:

i) 30% of the amount invested by the co-investors is invested under the same terms and conditions as Wendel (*pari passu* co-investment);

ii) the remaining 70% confer a right, if a liquidity event occurs, to 7% of the capital gain (carried interest), provided that Wendel has obtained a minimum return of 7% per annum and a cumulative return of

40% on its investment; otherwise, the co-investors lose any right to a capital gain, as well as the amount invested, on this fraction of co-investment;

(iii) if the company concerned is not sold outright or floated on the stock exchange, the co-investors have a one-third liquidity claim based on the value established by an independent appraisal at the end of a period of eight years from the date of the initial investment by the Wendel Group: any capital gain is then recognized on one-third of the sums invested by the co-investors; the same applies after ten years, and then 12 years, if no sale or floatation of the company occurs in the meantime;

iv) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% per annum, of which 20% at the investment date.

In 2021, the only co-investment still in force in application of these principles was the one made in IHS, through the Luxembourg fund Oranje-Nassau Développement SCA FIAR, In application of the principle referred to in III) above, a first liquidity deadline occurred on March 31, 2021, on the eighth anniversary of the initial investment, on one third of the co-investment. On the basis of the independent multi-criteria valuation, the minimum return was reached and the share of the capital gain accruing to the co-investors amounted to approximately €20 million, of which €2,187,335.35 for Mr. David Darmon, member of the Executive Board. This liquidity was paid in 2021.

The other two thirds of the co-investment were the subject of a liquidity event at the time of the IHS IPO in October 2021. As Wendel did not sell any shares in this transaction, any capital gain will be calculated on the basis of the average market price of its shares over a period of six months following the IPO. At the closing date, this average is not yet known, but it is likely that the minimum return will not be reached and that the co-investors, including Mr. David Darmon, will make a loss on the last two thirds of their co-investment.

2013-2017 program

The co-investment mechanism was amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were established for the four years of the Executive Board's term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 (and to any subsequent reinvestments made by the Wendel Group in the companies concerned) are therefore governed by the principles set out at the beginning of this Note and by the following specific rules:

i) 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% per annum (carried interest deal by deal); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; a three-stage payment determined by an expert is offered to co-investors eight, ten and 12 years after Wendel's initial investment in the absence of a total sale or IPO (see 2011-12 program, point iii);

ii) 35% of the amount co-invested gives the right to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return, calculated for all of these investments as a whole, is at least 7% per annum (pooled carried interest); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; in the absence of a total sale or IPO, the pooled potential capital gain will be allocated equally on September, 30 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);

iii) the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis, and 15% on a pooled basis;

iv) as the co-investors freely agreed to participate in the 2013-2017 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 (carried interest and *pari passu*); failing which, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

v) 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 (carried interest and *pari passu*), without obligation;

vi) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% per annum, of which 20% at the investment date; it should be noted that, for pooled carried interest rights, the term is calculated from the first investment of the period.

In addition, the share of the Executive Board's co-investment has been fixed at one-third of the total co-investment, comprising 60% and 40%, respectively, from the former Chairman and the former member of the Executive Board.

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo. These co-investments are held through two reserved alternative investment funds (FIAR). The first fund, Expansion 17 SCA FIAR, is the structure used for co-investments on a deal-by-deal basis and is divided into as many sub-funds as investments. The second fund, Global Performance 17 SCA FIAR, is used for pooled co-investments, which are Grouped into a single sub-fund for all investments for the period 2013-2017.

The deal-by-deal co-investments in Saham, Nippon Oil Pump, CSP Technologies, Allied Universal and Tsebo were liquidated following the disposals of these companies between 2018 and 2020. During fiscal year 2021, residual amounts of €0.4 million and €0.2 million respectively due in respect of the deal-by-deal co-investments in CSP Technologies and Allied Universal were paid to the co-investors, of which €38,595.22 was paid to Mr. David Darmon, a member of the Executive Board, in respect of CSP Technologies (Mr. Darmon had already divested from Allied Universal but received €18,092.45 during fiscal year 2021 related to a price adjustment). With regard to Tsebo, the co-investors suffered a loss of €0.3 million, including €25,919.00 for Mr. David Darmon, member of the Executive Board. The only co-investment in deal per deal still in force at the closing date is the one made in Constantia Flexibles.

With regard to pooled co-investments in these companies:

- the *pari passu* portion has been liquidated as part of the disposals; and
- the carried interest portion will be liquidated at the end of the program and based on all of the investments made in these companies.

<u>2018-2021 program</u>

In the absence of any investment made after April 2017, and on the occasion of the arrival of a new Chairman of the Executive Board on January 1, 2018, a new co-investment program was defined for investments made in new companies between 2018 and April 2021 (and for any subsequent reinvestments made by the Wendel Group in the companies concerned). The program is governed by the principles set out in the preamble to this Note and by the following special rules:

i) in the event of a liquidity event affecting one of the companies acquired during the period, 20% of the total amount co-invested gives entitlement to 2% of the capital gain generated on each of the investments for the period, provided that the return on investment is at least 8% (carried deal by deal);

ii) in the event of a liquidity event affecting the last of the companies acquired during the period, 80% of the total amount co-invested gives entitlement to 8% of the capital gain calculated on all investments made during the period, provided that Wendel's return, calculated on all these investments, is at least 7% (pooled carried);

iii) in the event of a liquidity event, the co-investors are also entitled, *pari passu* with Wendel, to the repayment of their contributions and, if the minimum return is not reached, their share of any capital gain;

iv) in the absence of an event giving rise to total liquidity, the co-investors have liquidity for the balance in three tranches of one-third each as at December 31, 2026, 2028 and 2030; at each maturity date, the valuation is carried out, if the investment is listed, on the basis of an average of the share price of its shares, and if not, on the basis of an independent appraisal;

v) as the co-investors freely agreed to participate in the 2018-2021 co-investment program in 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 (carried interest and *pari passu*); failing which, the co-investor concerned could 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;

vi) 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;

vii) 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 co-investment in this program is 10.7% (4% for Mr. André François-Poncet and 6.7% for Mr. David Darmon). The breakdown of the Executive Board's co-investment is 90% pooled and 10% deal by deal.

In application of these principles, the members of the Executive Board have invested in a personal capacity alongside the Group and other Wendel managers in the company Crisis Prevention Institute (CPI) in December 2019 and November 2020.

In 2021, co-investors in the group, which do not include Mr. André François-Poncet or Mr. David Darmon, had the opportunity to increase their exposure to the 2018-2021 Program by acquiring carried units for an amount of €0.7 million at the initial value of the investment in CPI (which was higher than the net asset value prior to the transaction).

The difference between the fair value of the managers' co-investments and their subscription price amounts to €3.6 million. In accordance with Group accounting principles, this amount is recognized in the income statement over the vesting period.

<u>2021-2025 program</u>

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 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 between the deal-by-deal portion and the pooled portion has also changed, and is carried out equally on this program.

In application of these principles, the co-investors have personally invested alongside the Group in Tarkett in July and December 2021 an amount of €0.9 million. In this context, André François-Poncet and David Darmon, Chairman and member of the Executive Board, have co-invested €107,884.40 each.

The difference between the fair value of the managers' co-investments and its subscription price amounts to €5.8 million In accordance with Group accounting principles, this amount is recognized in the income statement over the vesting period.

2021 unwinding

In 2021, for all the co-investment programs, the co-investors have received or have a right to receive a total amount of approximately €21.5 million distributed as follows:

- €20.7 million on co-investments unwound under the deal-by-deal portion (see above "2011-2012 program" and "2013-2017 Program");
- €0.8 million corresponding to the purchase price of co-investments not yet unwound belonging to co-investors who have left the group.

Note 6 - 2. Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Wendel Group subsidiaries (Bureau Veritas, Constantia Flexibles, Stahl, CPI, IHS, and Tarkett) to allow senior managers to participate in the performance of each entity.

The policy of involving the management teams is based, depending on the case, on plans for the allocation of stock options and/or performance shares, or on co-investment systems whereby the managers of these various subsidiaries have co-invested significant amounts alongside Wendel. These investments present a risk for the co-investors/managers in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These co-investment mechanisms are generally composed in part of a *pari passu* investment, which gives a return profile identical to that achieved by Wendel, and in part *of a* ratchet investment, which offers a gain profile differentiated according to performance criteria such as the Internal Rate of Return (IRR) or the multiple realized by Wendel on its investment. Accordingly, for this part, co-investor managers only receive a higher return than Wendel when Wendel has obtained a predefined return.

These co-investment mechanisms and the sharing of risk between Wendel and the manager co-investors are represented by a variety of financial instruments held by Wendel and the manager co-investors. These instruments include ordinary shares, index-based or preferential shares, fixed-rate bonds etc.) The ratchet portions may also be structured as bonus systems linked to the relevant entity's performance, or to the profitability of the investment made in the entity.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (depending on the Company, between six and 12 years after the initial investment by Wendel).

Note 6 - 3. Impact of co-investment mechanisms for Wendel

As of December 31, 2021, the impact of these co-investment mechanisms would reduce Wendel's shareholdings in the investments concerned from 0% to 2%. This calculation is based on the value of the stakes calculated for the Group's Net Asset Value as of December 31, 2021.

NOTE 7. FINANCIAL RISK MANAGEMENT

Note 7 - 1. Equity market risk

Note 7 - 1.1 Value of investments

The Wendel Group's assets are mainly investments in which Wendel has control or significant influence. These assets are listed (Bureau Veritas, IHS and Tarkett) or unlisted (Constantia Flexibles, Cromology – sold in January 2022 post-closing, Stahl and CPI).

The value of these investments is based mainly on:

- their economic and financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment; and
- changes in the equity markets, directly for listed companies and indirectly for unlisted companies, whose valuations are influenced by market parameters.

Beyond these market parameters, growth in Wendel's Net Asset Value (NAV, aggregate defined in the annual financial report) depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting/financial, legal, tax, compliance and ESG (Environment, Social, Governance) analyses. These processes identify the operating, competitive, financial, legal and ESG opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth Operational Review Meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries' businesses and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of their competitive positioning and of the resilience of the companies to a deterioration in the economic climate.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations.

Moreover, the financial structure and levels of debt of certain operating subsidiaries (CPI, IHS Tarkett) increase the risk to the value of these operating subsidiaries. While leverage makes high Internal Rates of Return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity or of an external event which is unfavorable for markets, by restricting the access of the companies in question to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see Note 7-2 "Managing liquidity risk"). Moreover, the 2009 financial crisis has shown that banks' own difficulties (*e.g.* access to liquidity, prudential ratios) could make refinancing the debt of these companies more difficult. To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. An in-depth analysis of these sensitivities was carried out at the start of the Covid-19 crisis across the Group and these analyzes remain closely monitored. Moreover, Wendel and its subsidiaries are in close contact with the lenders of these companies, in order to more effectively manage the restrictions on these financing agreements.

The value of investments is therefore subject to the risk that their economic and financial performance and their development and profitability prospects may be affected by difficulties related to their organization, their financial structure, their exposure to currencies, their sector of activity, the global economic environment and/or risks as sudden and violent as a cyber-attack, a geopolitical crisis (see note 38-4 "Exposure to the war in Ukraine") or a global epidemic crisis. The value of investments is also subject to financial market risk and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

Note 7 - 1.2 Equity market risk

As of December 31, 2021, equity market risk related 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 9 “Goodwill” and Note 12 "Equity-method investments");
- the investment in IHS recorded in non-current financial assets at fair value, *i.e.* at the stock market price (see Note 4 "Changes in scope of consolidation" and Note 15 "Financial assets and liabilities"); changes in this value are recorded in other comprehensive income in accordance with Group accounting principles. At December 31, 2021, the value was €785 million, after a loss of €357 million recognized in other comprehensive income corresponding to the change in fair value between the date of the IPO, when the investment was reclassified as a financial asset, and the year-end. Excluding the change in the value of the U.S. dollar (the company's quoted currency), a +/-5% change in the share price would lead to an impact of +/-€39 million in other comprehensive income;
- investments by Wendel Lab, whose total value was €136.6 million at December 31, 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 +/-€7 million in net financial expense (see Note 15 "Financial assets and liabilities");
- 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 December 31, 2021, the total of these financial liabilities was €315 million, including the minority put granted by Stahl on BASF’s interest in that company (see Note 15 “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 stakes 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 around €23 million. This change would mainly be recognized in consolidated reserves. Other Group operating subsidiaries also granted minority puts (see Note 15 “Financial assets and liabilities”);
- the Wendel syndicated loan covenants, which are based on ratios of financial debt to the value of assets, are described in Note 7-2.4 “Financing agreements and covenants of Wendel and its holding companies.” At December 31, 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 7 - 2. Liquidity risk

Note 7 - 2.1 liquidity risk of Wendel and the holding companies

Wendel's cash requirements relate to investments (including the commitments described in Note 35 "Off-balance sheet commitments," in particular the minority put options and the commitments of Wendel Lab, as well as the commitment of investment in Acams signed in January 2022 after the closing date and described in Note 38 "Post-balance sheet events"), debt servicing, overheads, treasury share buybacks and dividends paid. These needs are covered by cash and short-term financial investments, asset turnover, bank and bond financing, and dividends received from subsidiaries and associates.

As regards asset rotation, certain agreements, notably shareholder agreements, may temporarily limit Wendel's ability to dispose of certain of its assets; at December 31, 2021, the main asset subject to this type of constraint is the investment in IHS, which is subject to a lock-up clause following its initial public offering (see Note 35-5 "Shareholder agreements and co-investment mechanisms"). An unfavorable environment for the equity market (public or private) or a minority shareholder position without shareholder agreement preventing the initiation of a sale or IPO process may also limit the Group's ability to sell the assets concerned.

Access to financing may be limited by the items described in the "Managing debt" section of this Note.

Lastly, operating subsidiary dividends may be limited by their operating and financial position (see Note 7-2.2. "Liquidity risk of operating subsidiaries") and by the documentation of their borrowings (see Note 7-2.5. "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.

Cash position and short-term financial investments

As of December 31, 2021, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €650 million and consisted mainly of €132.2 million in euro money market funds, €281.3 million in financial institution funds and €236.9 million in bank accounts and deposits denominated chiefly in euros.

Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart detailing the changes during the month and the month-end position. This chart is presented to the Executive Board on a monthly basis. It also details the various cash and short-term financial investment vehicles utilized, as well as counterparty information. Finally, another chart indicating the expected cash flows over the coming months and years is prepared on a regular basis and used to determine the maturity and amount of financing requirements according to different scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "cash and cash equivalents") and funds managed by financial institutions (classified under "other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies.

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 to repay the entire April 2023 bond of €300 million. These two transactions enabled Wendel to extend the average maturity of its bond debt. As of December 31, 2021, the nominal value of bond debts amounted to €1,600 million.

In January 2022 (post-closing), a new €300 million bond maturing in January 2034 with a coupon of 1.375% was issued. On the closing date, the bonds mature between October 2024 and February 2034, with an average maturity of six years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of December 31, 2021. In 2021, its margin level has been indexed by Wendel to the achievement of ESG targets; should these targets not be met there would be no impact on the availability of this line; however, if those targets were to be met, the margin would be reduced. 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.

Managing debt

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 based primarily on the market value of Wendel's assets and the amount of net debt (see Note 7-2.4 "Description of the financing agreements and covenants of Wendel and its holding companies"). Leverage depends in particular on asset values and is therefore subject to equity market risk (see Note 7-1 "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 35-5 "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 7 - 2.2 Liquidity risk of operating subsidiaries

Managing the liquidity risk of operating subsidiaries

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

Cash and debt levels of the operating subsidiaries are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared annually and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are reviewed regularly by Wendel.

Management of the liquidity risk of Wendel's operating subsidiaries

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 closing date of the 2021 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 and the amount proposed for approval by the Shareholders' Meeting in June 2022 is €0.53 compared to €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 7-1.2 "Equity market risk").

Note 7 - 2.3 Wendel's liquidity outlook

Wendel's next significant financial deadline is the €500 million bond, due to be redeemed 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 7 - 2.4 Financing agreements and covenants of Wendel and its holding companies

Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Wendel's syndicated loan – documentation and covenants (undrawn as of December 31, 2021).

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

Wendel's net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and the financial holding companies compared to the gross revalued value of assets after unrealized taxes (excluding cash) must not exceed 50%; and
- the ratio of:
    - the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to,
    - the amount of 75% of the value of the available listed assets (not pledged or in escrow)

and 50% of the value of available unlisted assets (not pledged or in escrow);
must not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2021 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Note 7 - 2.5 Financial debt of operating subsidiaries – documentation and covenants

Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of December 31, 2021, Bureau Veritas' gross financial debt amounted to €2,474.1 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €1,420.7 million. At the end of 2021, Bureau Veritas also had a confirmed undrawn credit line of €600 million.

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 December 31, 2021, all these commitments were met. These commitments can be summarized as follows:

- the first ratio is defined as the ratio of the adjusted net financial debt and the adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, amortization and provisions) for the last 12 months of any acquired entity, and must be less than 3.5. As of December 31, 2021, this ratio was 1.10; and
- the second ratio represents the consolidated EBITDA (earnings before interest, taxes, depreciation, amortization and provisions) adjusted for the last 12 months of any acquired entity for net financial expenses, and must be greater than 5.5. As of December 31, 2021, this ratio was 16.33.

Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

At December 31, 2021, the nominal amount of Constantia Flexibles 'gross financial debt was €705.3 million (including accrued interest and excluding issuance costs and financial liabilities related to the application of IFRS 16), and its cash balance at €204.7 million (to this cash is added €137.5 million in deposits given as collateral to certain lenders and which are classified as financial assets).

At the end of 2021, Constantia Flexibles had a revolving credit facility of €125 million maturing in October 2022, it was undrawn and available. This loan was subject to the following financial covenant: the ratio of net financial debt to EBITDA over the last 12 months had to be less than 3.75 (this threshold could be temporarily raised to 4.5 in the event of acquisitions). This covenant was met at the end of 2021 with a ratio of 1.8.

The revolving credit facility mentioned above was refinanced in February 2022 (post-closing). The new loan amounts to €200 million with a maturity in February 2027. Its financial covenant only applies in the event of a drawdown: the ratio of net financial debt to EBITDA over the last twelve months must then be less than 4.00 (this threshold may be temporarily increased to 4.50 following acquisitions).

As of December 31, 2021, deconsolidating factoring amounted to €143.3 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. The loan agreements also provide for cross-default clauses between Constantia Flexibles' borrowings above a certain threshold.

Stahl's financial debt

This debt is without recourse to Wendel.

As of December 31, 2021, Stahl's gross bank debt was €388.7 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €227.5 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 3.5 at December 31, 2021. This covenant has been met, with a ratio of 0.80 at the end of 2021.

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.

CPI's financial debt

This debt is without recourse to Wendel.

As December 31, 2021, the nominal amount of CPI's gross financial debt was $326.2 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $7.6 million. CPI has repaid $20 million of revolving credit in 2021, and only $3 million remains drawn on a total of $30 million.

As of December 31, 2021, the ratio of net financial debt to recurring EBITDA for the last 12 months (defined according to the banking contract) was 6.00. This is lower than the maximum leverage of 10.50 required by the lenders (the maximum limit will be gradually reduced to 8 in December 2025).

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 col lateral, acquisitions, additional debt, payment of dividends, share buybacks or changes in ownership structure are prohibited, restricted or require prior approval of the lenders.

Note 7 - 3. Interest rate risk

As of December 31, 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		1.4
Cash and short-term financial investments	-0.3		-2.2
Impact of derivatives	0.2	0.4	-0.6
INTEREST-RATE EXPOSURE	**4.0**	**0.4**	**-1.4**
	134%	13%	-46%

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 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 +€15.5 million on net finance income before tax over the 12 months after December 31, 2021, based on net financial debt as of December 31, 2021, 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 7 - 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 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 December 31, 2021, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 7 - 5. Currency risk

Note 7 - 5.1 Wendel

Most of 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. As of December 31, 2021, the operating subsidiaries with the greatest exposure to the US dollar or whose reporting currency is the US dollar are Bureau Veritas, Constantia Flexibles, CPI and Stahl.

At the beginning of March 2021, the €800 million eurodollar cross currency swap hedge was unwound and Wendel received €39.5 million. The amounts accumulated in hedging reserves since the inception of this instrument will be recycled to the income statement when the hedged assets are disposed of.

Note 7 - 5.2 Bureau Veritas

Due to the international nature of its activities, the Bureau Veritas Group is exposed to currency risk arising from the use of several foreign currencies even though natural hedges may exist due to the fact that many of the entities where services are supplied locally have corresponding costs and revenues.

Currency risk from operations

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

The share of US dollar-denominated consolidated revenue in 2021 in countries with a functional currency other than the US dollar or currencies correlated to the US dollar was 7%.

Accordingly, a 1% variation in the value of the US dollar against all currencies would have an impact of 0.07% on Bureau Veritas' consolidated revenue.

Conversion risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas must convert into euros the income and expenses in currencies other than the euro when preparing the financial statements. This conversion is carried out at the average rate for the period. As a result, changes in the exchange rate of the euro against other currencies affect the amount of the items concerned in the consolidated financial statements, even if their value remains unchanged in their original currency.

In 2021, over 70% of the Group's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 17.4% of revenue come from entities whose functional currency is the US dollar or a correlated currency (including the Hong Kong dollar);
- 12.6% of revenue comes from entities where the functional currency is the Chinese yuan renminbi;
- 4.4% of revenue comes from entities where the functional currency is the Australian dollar;
- 3.9% of revenue comes from entities where the functional currency is the Canadian dollar;
- 3.5% of revenue come from entities where the functional currency is the pound sterling;
- 2.5% of revenue comes from entities where the functional currency is the Brazilian real.

No other currency represents more than 4% of revenue.

Accordingly, a 1% fluctuation of the euro against the US dollar and the currencies correlated to it would have had an impact of 0.174% on Bureau Veritas' 2021 consolidated revenue. The impact on operating income for 2021 would be 0.160%.

Note 7 - 5.3 Constantia Flexibles

In 2021, 35% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 11% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-1.2% on Constantia Flexibles' operating income before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), *i.e.* an impact in the order of +/-€2.3 million.

Note 7 - 5.4 Stahl

In 2021, 57% of Stahl's revenue is in currencies other than the euro, including 32% in US dollars, 13% in Chinese yuan, 5% in Indian rupees and 3% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's 2021 operating income before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or+/€-8 million.

In addition, Stahl has financial debt of €389 million, the majority of which is denominated in US dollars ($434 million, or €384.6 million) and carried by a company with the euro as its functional currency. 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 finance income/expenses.

Note 7 - 5.5 CPI

CPI operates chiefly in the United States and its functional currency is US dollars. In 2021, 20% of CPI's revenue was generated in currencies other than the US dollar, including 9% in Canadian dollars, 7% in sterling, 2% in euros, and 2% in Australian dollars. A +/-5% change in the value of these currencies against the US dollar would have had an impact of around +/-1,3% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), *i.e.* an impact of +/-€0.6 million. In addition, a change of this kind in the value of the dollar against the euro would have an impact in the order of +/-€1.7 million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated accounts.

Note 7 - 6. Commodity risk

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

Stahl's raw material purchases represented approximately €420 million in 2021, reflecting a 20% increase in raw material and packaging costs (adjusted for the volume effect). A 10% increase in the price of the commodities used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €42 million on a full-year basis. In addition, the increase in ocean freight costs had an impact on the group of €7 million. The volatility of raw material prices and the continued increase in ocean freight costs have led Stahl to raise its selling prices in 2021. Stahl nevertheless considers that, circumstances permitting, continuing a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles purchased around €962 million of commodities in 2021. A 10% increase in the price of the raw materials used by Constantia Flexibles would have led to a theoretical increase in the cost of these raw materials of around €96 million on a full-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. In 2021, raw material prices increased significantly, which the Group believes it has offset by the increase in sales prices.

NOTE 8. SEGMENT INFORMATION

The business sectors correspond to the shareholdings:

- Bureau Veritas – certification and verification;
- Constantia Flexibles – flexible packaging;
- Cromology – paint manufacturing and distribution reclassified under IFRS 5 "Operations held for sale" (see Note 4 "Changes in scope of consolidation");
- Stahl – high-performance coatings and leather-finishing products;
- Crisis Prevention Institute (CPI) – Training services;
- IHS – equity method and deconsolidated in 2021 (see Note 4 "Changes in scope of consolidation") – mobile telecommunications infrastructures in Africa, Middle East and Latin America; and
- Tarkett – equity method – flooring and sports surfaces.

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

In accordance with the recommendations of the various accounting standard setters, the costs incurred by the pandemic have not been specifically restated in the income statement and are presented in operating income from ordinary activities.

Net income from operations

Net income from operating segments is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- income from equity investments is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI) and Wendel's share in the net income of equity investments recognized using the equity method (IHS for a part of the period and Tarkett) before non-recurring items and effects related to goodwill allocations;
- the net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net debt put in place to finance Wendel and its holding companies, and the tax expense and income connected with these items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating or ordinary activities of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- changes in "fair value;"
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt; and
- any other significant item unconnected with the Group's recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes in allocation within 12 months of the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts; and
- the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 8 - 1. Income statement by business segment for 2021

						Equity associates			
In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	IHS	Tarkett	*Wendel & holding companies*	**Total Group**
Net income from operations									
Net sales	**4,981.1**	**1,603.4**	**-**	**831.3**	**88.2**				**7,503.9**
EBITDA (1)	**N/A**	**201.0**	**-**	**179.9**	**43.6**				
Adjusted operating income (1)	**801.8**	**82.1**	**-**	**153.2**	**35.7**				**1,072.8**
Other recurring operating items		2.0	-	1.5	0.4				
Operating income	**801.8**	**84.1**	**-**	**154.7**	**36.1**			**-73.8**	**1,002.9**
Finance costs, net	-73.6	-14.0	-	-14.6	-24.4			-33.7	**-160.4**
Other financial income and expenses	0.4	-1.7	-	14.3	-0.2			-3.9	**8.9**
Tax expense	-219.3	-17.5	-	-40.4	-3.8			-	**-281.0**
Share in net income of equity-method investments	-	-	-	-	-	27.7	3.0	-	**30.7**
Net income from discontinued operations and operations held for sale	-	-	52.4	-	-			-	**52.4**
Recurring net income from operations	**509.2**	**50.9**	**52.4**	**113.9**	**7.8**	**27.7**	**3.0**	**-111.3**	**653.7**
Recurring net income from operations – non-controlling interests	337.9	20.2	2.7	36.5	0.3	-	-	-	**397.5**
Recurring net income from operations – Group share	**171.4**	**30.8**	**49.7**	**77.4**	**7.5**	**27.7**	**3.0**	**-111.3**	**256.2**
Non-recurring income									
Operating income	-83.0	-50.7	-	-23.2	-18.4			-18.0 (2)	**-193.2**
Net financial expense	-	-2.5	-	-30.6 (5)	-			24.5 (3)	**-8.6**
Tax expense	20.0	12.9	-	13.7	6.0			-	**52.6**
Share in net income of equity-method investments	-	-	-	-	-	-18.8	-5.9	913.5 (4)	**888.9**
Net income from discontinued operations and operations held for sale	-	-	-17.5	0.6	-			-	**-16.9**
Non-recurring net income	**-63.0**	**-40.3**	**-17.5**	**-39.5**	**-12.3**	**-18.8**	**-5.9**	**920.0**	**722.6**
of which:									
- Non-recurring items	-12.0	-8.6	-17.5	-24.2	-0.1	-10.9	-0.5	920.0	**846.3**
- Impact of goodwill allocation	-47.3	-31.0	-	-15.3	-12.3	-	-5.4	-	**-111.2**
- Asset impairment	-3.8	-0.7	-	-	-	-7.9	-	-	**-12.4**
Non-recurring net income – non-controlling interests	-41.7	-15.8	-0.9	-12.7	-0.5		-	3.5	**-68.0**
Non-recurring net income – Group share	**-21.3**	**-24.5**	**-16.6**	**-26.9**	**-11.9**	**-18.8**	**-5.9**	**916.4**	**790.6**
Consolidated net income	**446.2**	**10.6**	**34.9**	**74.4**	**-4.6**	**8.9**	**-2.9**	**808.8**	**1,376.4**
Consolidated net income – non-controlling interests	296.1	4.4	1.8	23.8	-0.2	-	-	3.5	**329.5**
Consolidated net income – Group share	**150.1**	**6.3**	**33.1**	**50.6**	**-4.4**	**8.9**	**-2.9**	**805.2**	**1,046.9**

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

(2) This item includes the impact of liquidity linked to IHS co-investment mechanisms for an amount of -€8.8 million (see Note 6 "Participation of managers in Group investments").

(3) This item includes the impact of the positive change in fair value and the disposal of Wendel Lab's financial assets net of tax for €44.5 million. It also includes the early redemption premium of the 2023 bond for -€8 million (see paragraph "Financial maturities and debt" in Note 7-2.1 "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 7-5.1 "Currency risk – Wendel").

(4) This item includes the impact of the deconsolidation result of IHS (see Note 4 "Changes in scope of consolidation").

(5) This item includes the foreign exchange impact for the period of -€32 million.

Note 8 - 2. Income statement by business segment for 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	Equity associates IHS	Wendel & holding companies	Total Group
Net income from operations									
Net sales	**4,601.0**	**1,505.3**		**669.4**	**-**	**56.0**			**6,831.7**
EBITDA [1]	**N/A**	**183.3**		**152.3**	**-**	**22.9**			
Adjusted operating income [1]	**615.0**	**79.4**		**124.4**	**-1.4**	**15.8**			**833.2**
Other recurring operating items		2.0		1.5	0.7	0.4			
Operating income	**615.0**	**81.4**		**125.9**	**-0.7**	**16.2**		**-63.7**	**774.1**
Finance costs, net	-105.6	-16.9		-18.2	-	-25.7		-33.5	-199.9
Other financial income and expenses	-32.2	-3.6		-1.5	-0.7	-0.5		-15.9	-54.4
Tax expense	-174.7	-11.4		-27.9	-	7.4		-1.1	-207.7
Share in net income of equity-method investments	0.1	-		-	-	-	-5.3	-	-5.2
Net income from discontinued operations and operations held for sale	-	-	15.6	-	-6.2	-		-	9.4
Recurring net income from operations	**302.8**	**49.5**	**15.6**	**78.3**	**-7.6**	**-2.6**	**-5.3**	**-114.2**	**316.4**
Recurring net income from operations – non-controlling interests	200.7	18.3	0.7	25.1	-5.5	-0.1	-	-0.1	239.2
Recurring net income from operations – Group share	**102.1**	**31.2**	**14.9**	**53.2**	**-2.1**	**-2.5**	**-5.3**	**-114.2**	**77.3**
Non-recurring income									
Operating income	-207.7	-126.0		-23.6	-	-135.1		-18.6 [2]	-511.1
Net financial expense	-	-2.6		26.7 [4]	-	-		8.6 [3]	32.7
Tax expense	43.9	23.7		-0.5	-	24.6		-	91.7
Share in net income of equity-method investments	-	-0.1		-	-	-	-58.0 [5]	-	-58.1
Net income from discontinued operations and operations held for sale	-	-	-7.6	1.0	-95.1	-		-1.0	-102.6
Non-recurring net income	**-163.8**	**-105.0**	**-7.6**	**3.6**	**-95.1**	**-110.5**	**-58.0**	**-11.1**	**-547.4**
of which:									
- Non-recurring items	-33.2	-21.6	-7.6	19.1	-	-1.7	-52.8	-11.1	-108.9
- Impact of goodwill allocation	-104.0	-29.6		-15.5	-	-21.4		-	-170.6
- Asset impairment	-26.6	-53.9		-	-95.1	-87.3	-5.2	-	-268.0
Non-recurring net income – non-controlling interests	-106.6	-40.6	-0.4	1.2	-55.2	-4.3	-0.2	-	-206.1
Non-recurring net income – Group share	**-57.2**	**-64.5**	**-7.2**	**2.5**	**-39.9**	**-106.1**	**-57.9**	**-11.1**	**-341.4**
Consolidated net income	**138.9**	**-55.5**	**8.0**	**81.9**	**-102.7**	**-113.0**	**-63.3**	**-125.3**	**-231.0**
Consolidated net income – non-controlling interests	94.1	-22.3	0.4	26.3	-60.7	-4.4	-0.2	-0.1	33.1
Consolidated net income – Group share	**44.8**	**-33.2**	**7.7**	**55.6**	**-42.0**	**-108.6**	**-63.1**	**-125.2**	**-264.1**

(1) Before the impact of goodwill allocation, non-recurring items and management *fees*.
(2) This item included the net proceeds from the unwinding of the guarantee relating to the financing of an investor in Tsebo and the impact of cash linked to co-investment mechanisms in the amount of -€20 million.
(3) This item included the foreign exchange impact for the period for +€3.2 million and the change in the fair value of Wendel Lab's financial assets for +€3.1 million.
(4) This item included the foreign exchange impact for the period of +€31.9 million.
(5) This item included the exchange rate impact for the period of -€71.4 million and the fair value of derivatives for +€20.4 million.

Note 8 - 3. Balance sheet by operating segment as of December 31, 2021

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	Tarkett	Wendel & holding companies	Total Group
Goodwill, net	2,451.1	483.5	-	131.5	444.5	-	-	3,510.6
Intangible assets, net	600.0	429.0	-	217.6	289.2	-	0.6	1,536.4
Property, plant & equipment, net	364.3	592.6	-	124.2	2.9	-	8.4	1,092.4
Property, plant and equipment under operating leases	376.3	34.7	-	13.0	3.1	-	0.9	428.0
Non-current financial assets	106.6	146.2	-	2.1	0.2	-	929.8	1,184.8
Pledged cash and cash equivalents	-	-	-	-	-	-	0.5	0.5
Equity-method investments	0.8	-	-	-	-	215.0	-	215.8
Deferred tax assets	128.5	21.4	-	17.6	-	-	-	167.5
Non-current assets	**4,027.6**	**1,707.4**	**-**	**506.0**	**739.9**	**215.0**	**940.1**	**8,136.0**
Assets and operations held for sale	**-**	**3.3**	**828.4**	**2.3**	**-**	**-**	**-**	**834.0**
Inventories	57.6	277.3	-	144.9	0.9	-	-	480.7
Trade receivables	1,194.6	160.6	-	154.4	9.9	-	0.1	1,519.5
Contract assets (net)	307.9	-	-	-	-	-	-	307.9
Other current assets	251.9	30.2	-	18.9	1.3	-	3.4	305.7
Current income tax assets	33.3	13.5	-	4.8	1.0	-	0.2	52.8
Other current financial assets	28.3	3.9	-	0.2	-	-	282.2	314.6
Cash and cash equivalents	1,420.7	204.7	-	227.5	6.7	-	372.2	2,231.8
Current assets	**3,294.4**	**690.2**	**-**	**550.6**	**19.8**	**-**	**658.1**	**5,213.1**
TOTAL ASSETS								**14,183.1**
Shareholders' equity – Group share								2,601.4
Non-controlling interests								1,587.5
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,188.9**
Provisions	266.1	67.8	-	25.1	-	-	13.8	372.7
Financial debt	2,362.0	685.8	-	340.5	278.6	-	1,595.0	5,261.8
Operating lease liabilities	307.5	29.7	-	12.7	2.7	-	1.0	353.6
Other non-current financial liabilities	126.3	26.4	-	-	28.0	-	184.1	364.7
Deferred tax liabilities	138.8	120.6	-	32.6	50.9	-	4.0	346.8
Total non-current liabilities	**3,200.6**	**930.2**	**-**	**410.8**	**360.1**	**-**	**1,797.9**	**6,699.6**
Liabilities held for sale	**-**	**-**	**491.4**	**0.1**	**-**	**-**	**-**	**491.6**
Provisions	-	4.1	-	0.6	0.3	-	-	5.1
Financial debt	112.1	18.5	-	46.9	4.5	-	19.4	201.3
Operating lease liabilities	107.6	7.4	-	2.2	0.9	-	-	118.2
Other current financial liabilities	75.6	3.8	-	142.2	-	-	2.2	223.8
Trade payables	532.3	357.4	-	94.7	2.0	-	25.7	1,012.1
Contract liabilities (net)	24.9	8.8	-	-	-	-	-	33.6
Other current liabilities	941.8	68.1	-	53.4	6.6	-	20.5	1,090.2
Current income tax assets	101.8	12.6	-	4.5	0.1	-	-	119.0
Total current liabilities	**1,896.0**	**480.6**	**-**	**344.5**	**14.3**	**-**	**67.7**	**2,803.2**
TOTAL EQUITY AND LIABILITIES								**14,183.1**

Note 8 - 4. Balance sheet by operating segment as of December 31, 2020

In millions of euros	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	-	-	-	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	**3,213.6**	**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	-	19.4	1,025.5
Current income tax assets	125.8	8.2	-	7.6	-	-	-	141.6
Total current liabilities	**2,117.7**	**342.0**	**214.4**	**256.3**	**25.5**	**-**	**67.8**	**3,023.6**
Total equity and liabilities								**13,206.3**

Note 8 - 5. Cash flow statement by business segment for 2021

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	Wendel & holding companies	Total Group
Net cash flows from operating activities, excluding tax	993.8	223.4	58.5	162.2	44.2	-58.3	**1,423.7**
Net cash flows from investing activities, excluding tax	-171.6	-212.1	-91.0	-14.0	-1.0	-261.4	**-751.0**
Net cash flows from financing activities, excluding tax	-799.2	43.5	-131.6	-49.1	-43.0	-109.5	**-1,089.0**
Net cash flows related to taxes	-207.9	-16.2	-4.0	-37.0	-4.8	2.0	**-267.8**

Note 8 - 6. Cash flow statement by business segment for 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	Wendel & holding companies	Total Group
Net cash flows from operating activities, excluding tax	975.6	173.5	146.5	138.7	-	26.6	-62.2	**1,398.6**
Net cash flows from investing activities, excluding tax	-99.7	-95.8	-12.5	-19.4	-26.5	-0.9	234.4	**-20.2**
Net cash flows from financing activities, excluding tax	-558.8	-2.8	-46.3	-83.6	-	-15.7	-172.0	**-879.1**
Net cash flows related to taxes	-171.2	-9.6	-6.9	-9.7	-	-1.6	-3.1	**-202.2**

NOTES ON THE BALANCE SHEET

The accounting principles applied to the aggregates on the balance sheet are described in Note 1-9.1 "Presentation of the balance sheet."

NOTE 9. GOODWILL

The accounting principles applied to goodwill are described in Note 1-8.1 "Goodwill."

	12/31/2021		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,595.6	-144.5	2,451.1
Constantia Flexibles	492.6	-9.1	483.5
Stahl	131.5	-	131.5
CPI	469.2	-24.7	444.5
TOTAL	**3,688.8**	**-178.3**	**3,510.6**

	12/31/2020		
In millions of euros	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 principal changes during the year were as follows:

In millions of euros	2021	2020
Net amount at beginning of period	**3,488.6**	**4,112.0**
Changes in scope[1]	56.7	1.4
Reclassification under "Operations held for sale"[2]	-177.1	-97.6
Impact of changes in currency translation adjustments and other	142.3	-187.7
Goodwill allocation of CPI	-	-306.3
Impairment for the period	-	-33.2
NET AMOUNT AT END OF PERIOD	**3,510.6**	**3,488.6**

(1) This item includes goodwill generated by the acquisitions of Bureau Veritas and Constantia Flexibles (see Note 4 "Changes in scope of consolidation").

(2) In 2021, Cromology's contribution was recognized in "Assets and operations held for sale," see Note 19 "Discontinued operations or operations held for sale."

Note 9 - 1. Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) 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"). The Group's CGUs are fully consolidated investments at December 31, 2021: Bureau Veritas, Constantia Flexibles, Stahl and CPI.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date on which the financial statements were finalized on the positions existing at December 31, 2021. Forecasts are inherently uncertain and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2021 closing date.

The war in Ukraine is a post-closing event, so its consequences are not taken into account.

The tests are performed in accordance with IAS 36 "Impairment of assets." They consist in comparing the carrying value of subsidiaries and associates with their recovery value (the highest between value the fair value and the value in use).

Equity interests performed impairment tests on their own CGUs. The only loss concerns Constantia Flexibles, which recognized an impairment on the assets of its Indian and German divisions of around €1 million. In accordance with the Group's accounting principles, these losses have been maintained in Wendel's consolidated financial statements.

As regards Bureau Veritas, which is listed, the book value at the end of 2021 (€6 per share, *i.e.* €965 million for the shares held) remains well below the fair value (closing stock market price: €29.2 per share, *i.e.* €4,693 million for the shares held). The use of the value in use is therefore not necessary and no impairment is recognized.

For the tests performed by Wendel on unlisted investments, the values in use determined by Wendel for these tests are based on discounted future cash flows. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries and using the latest information available on the underlying markets. For each of the subsidiaries, the value of Wendel's share in the capital is compared to the book value.

No losses were recognized by Wendel in addition to those already recognized by the equity investments on their own CGUs.

The description of the tests carried by Wendel on its unlisted investments is as follows:

	Stahl	Constantia Flexibles	CPI
Net Book value before test (Group Share)	251	570	379
Impairment	-	-	-
Net Book value after test (Group Share)	251	570	379
Business Plan length (years)	5 years	5 years	5 years
Discount rate			
rate at 12/31/2021	9.0%	7.5%	9.0%
rate at 12/31/2020	9.0%	7.5%	9.0%
impact on central case value in case of a 0.5% increase	-	-	-
impact on central case value in case of a 0.5% decrease	-	-	-
threshold at which value becomes inferior to the Net Book Value	29.3%	9.3%	10.1%
Perpetual growth			
rate at 12/31/2021	+2.0%	+1.5%	+3.0%
rate at 12/31/2020	+2.0%	+2.0%	+3.0%
impact on central case value in case of a 0.5% increase	-	-	-
impact on central case value in case of a 0.5% decrease	-	-	-
threshold at which value becomes inferior to the Net Book Value	-83.0%	-0.8%	+1.6%
Impact on central case value in case of a 1.0% decrease in operational margin	-	-	-

CPI:

The business plan is identical to that used by CPI for its own impairment tests. It assumes a catch-up of the acquisition business plan from the end of 2023 and double-digit revenue growth until 2026.

Stahl:

The business plan used for this test assumes a gradual recovery of the activity and a return to a historical margin level in line with the historical average in 2023, followed by a gradual gain in EBITDA margin of 2.5 points between 2023 and 2026.

Constantia Flexibles:

The business plan used for this test assumes stable growth of sales of 2.5% per year until 2026. The EBITDA margin gradually increases to its historical level as a percentage of sales in 2025 and capital expenditure is gradually reduced to regain a normative level in 2026.

NOTE 10. INTANGIBLE ASSETS

The accounting principles applied to intangible assets are described in Notes 1-8.2 "Intangible assets," 1-8.3 "Other intangible assets" and 1-8.6 "Impairment of property, plant & equipment and intangible assets."

The details by subsidiary are presented in Note 8 "Segment information."

Intangible assets excluding rights of use consist of:

In millions of euros	12/31/2021 Opening	Acquisitions	Sale	Depreciation, amortization and impairment	Changes in scope	Impact of currency translation adjustments and other	Changes due to operations held for sale[1]	Closing
Software	31.8	6.7	-	-14.4	0.1	8.6	-11.2	**21.4**
Concessions, patents and similar rights	89.3	1.1	-	-8.1	-	7.5	-	**89.8**
Leasehold rights	0.6	-	-	-0.1	-	-	-	**0.5**
Customer relationships	934.5	-	-0.2	-128.0	118.8	36.4	-	**961.4**
Brands	448.8	-	-	-1.9	-	7.9	-149.4	**305.3**
Property, plant and equipment in progress	22.3	20.1	-	-	-0.1	-21.9	-1.7	**18.8**
Other property, plant & equipment	165.0	16.9	-0.1	-34.3	-	-1.6	-6.9	**139.1**
TOTAL	**1,692.3**	**44.8**	**-0.3**	**-186.8**	**118.8**	**36.9**	**-169.2**	**1,536.4**
of which gross	**3,777.1**							**3,679.0**
of which depreciation and amortization	**-2,084.9**							**-2,142.6**

[1] In 2021, these amounts correspond to the reclassification of Cromology's intangible assets as activities held for sale.

In millions of euros	12/31/2020 Opening	Acquisitions	Sale	Depreciation, amortization and impairment	Changes in scope	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Software	32.5	6.0	-0.1	-17.3	-	10.7	-	**31.8**
Concessions, patents and similar rights	12.9	1.3	-0.1	-28.2	-	103.4	-	**89.3**
Leasehold rights	0.7	0.1	-	-0.1	-	-0.1	-	**0.6**
Customer relationships	1,122.7	-	-5.8	-268.8	1.7	129.1	-44.4	**934.5**
Brands	394.7	-	-	-24.1	-	105.8	-27.6	**448.8**
Property, plant and equipment in progress	30.8	21.4	-	-	-0.1	-29.8	-	**22.3**
Other property, plant & equipment	174.7	23.3	-6.8	-38.9	0.3	12.5	-	**165.0**
TOTAL	**1,769.0**	**52.1**	**-12.9**	**-377.3**	**1.9**	**331.6**	**-72.0**	**1,692.3**
of which gross	**3,620.0**							**3,777.1**
of which depreciation and amortization	**-1,851.0**							**-2,084.9**

NOTE 11. PROPERTY, PLANT & EQUIPMENT

The accounting principles applied to property, plant & equipment are described in Notes 1-8.4 "Property, plant & equipment" and 1-8.6 "Impairment of property, plant & equipment and intangible assets."

The details by subsidiary are presented in Note 8 "Segment information."

Property, plant & equipment excluding rights of use consist of:

	12/31/2021							
In millions of euros	**Opening**	Acquisitions[1]	Sale	Depreciation, amortization and impairment	Changes in scope	Impact of currency translation adjustments and other	Changes due to operations held for sale[2]	**Closing**
Land	97.6	2.1	-1.1	-0.1	-0.4	1.0	-9.8	**89.4**
Buildings	263.7	8.4	-1.8	-17.3	3.2	16.9	-13.6	**259.4**
Plant, equipment, and tooling	600.9	89.5	-4.5	-146.7	15.1	65.9	-15.9	**604.2**
Property, plant and equipment in progress	54.4	87.5	-0.1	-	-	-70.4	-7.8	**63.6**
Other property, plant & equipment	92.5	26.0	-2.8	-35.3	4.6	10.3	-19.4	**75.8**
TOTAL	**1,109.0**	**213.5**	**-10.3**	**-199.4**	**22.5**	**23.7**	**-66.5**	**1,092.4**
of which gross	**2,890.3**							**2,734.2**
of which depreciation and amortization	**-1,781.3**							**-1,641.8**

(1) In 2021, the acquisitions concern mainly Bureau Veritas for €97.8 million and Constantia Flexibles for €86.1 million.
(2) In 2021, these amounts correspond to the reclassification of Cromology's intangible assets as activities held for sale.

	12/31/2020							
In millions of euros	**Opening**	Acquisitions[1]	Sale	Depreciation, amortization and impairment	Changes in scope	Impact of currency translation adjustments and other	Changes due to operations held for sale	**Closing**
Land	102.2	1.9	-0.7	-2.0	-	-2.9	-0.8	**97.6**
Buildings	289.1	5.0	-4.9	-26.1	0.2	0.9	-0.6	**263.7**
Plant, equipment, and tooling	713.8	76.1	-22.2	-177.0	-0.2	14.7	-4.4	**600.9**
Property, plant and equipment in progress	63.5	64.9	-0.7	-	-0.1	-73.1	-0.2	**54.4**
Other property, plant & equipment	122.8	18.7	-2.8	-39.0	0.1	2.0	-9.4	**92.5**
TOTAL	**1,291.3**	**166.6**	**-31.3**	**-244.1**	**0.1**	**-58.3**	**-15.4**	**1,109.0**
of which gross	**3,019.8**							**2,890.3**
of which depreciation and amortization	**-1,728.5**							**-1,781.3**

(1) In 2020, the acquisitions concern mainly Bureau Veritas for €69.6 million and Constantia Flexibles for €77.8 million.

The rights of use arising from the application of IFRS 16 consist of:

	12/31/2021		
In millions of euros	Gross amount	Amortization and provision	**Net amount**
Buildings	560.2	-229.7	330.5
Plant, equipment, and tooling	2.5	-1.3	1.2
Other property, plant & equipment	171.5	-75.2	96.3
TOTAL	**734.1**	**-306.1**	**428.0**

In millions of euros	12/31/2020 Gross amount	Amortization and provision	**Net amount**
Buildings	629.2	-198.3	430.8
Plant, equipment, and tooling	3.4	-1.7	1.8
Other property, plant & equipment	155.1	-57.2	97.9
TOTAL	**787.7**	**-257.2**	**530.5**

NOTE 12. EQUITY-METHOD INVESTMENTS

The accounting principles applied to equity-method investments are described in Note 1-1 "Methods of consolidation."

In millions of euros	**12/31/2021**	**12/31/2020**
IHS	-	224.1
Tarkett	215.0	-
Investments of Bureau Veritas	0.8	0.9
Investments of Constantia Flexibles	-	0.2
Investments of Cromology	-	0.1
TOTAL EQUITY-METHOD INVESTMENTS	**215.8**	**225.2**

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

In millions of euros	**2021**
Amount at beginning of the period	**225.2**
Share in net income for the period	
IHS[1]	922.3
Tarkett[2]	-2.9
Dividends for the period	-0.1
Impact of changes in currency translation adjustments	11.8
Consequences of changes in scope of consolidation[3]	-941.1
Other	0.6
AMOUNT AT END OF PERIOD	**215.8**

(1) This item includes the €901 million result of the deconsolidation of IHS, the recycling of translation reserves for €12 million, and the net income for the year for €10 million (see Note 4 "Changes in scope of consolidation").

(2) See Note 4 "Changes in scope of consolidation."

(3) This item includes the value of IHS at the date of deconsolidation for -€1,142 million, the recycling of translation reserves for this investment for -€12 million and the acquisition price of Tarkett for €213.3 million.

Note 12 - 1. Additional information on Tarkett

The main Tarkett Participation accounting data (at 100%) are the following (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2021
Carrying values at 100%	
Total non-current assets	1 359.3
Total current assets	1 120.9
Acquisition adjustment (Wendel)	441.0
Total assets	**2 921.2**
Non-controlling interests	80.9
Total non-current liabilities	1 193.6
Total current liabilities	791.6
Total liabilities and shareholders' equity	**2 066.1**
including cash and cash equivalents	**249.0**
including financial debt	**1 074.2**

Income items correspond to the aggregates at 100% of Tarkett Participation and to the period between the date of the equity method and the end of the fiscal year (six months). They are also restated for goodwill allocations recognized at the Wendel consolidation level.

In millions of euros	2021
Net sales	1,530.9
Operating income	6.6
Net financial expense	-27.4
Net income, Group share	-11.8

Note 12 - 2. Impairment tests on equity-method investments

The review of Tarkett's latest business plan did not reveal any indication of impairment as of December 31, 2021. As a result, no impairment test was performed on this investment.

The consequences of the war in Ukraine are not taken into account as it is a post-closing event.

NOTE 13. CUSTOMERS

	12/31/2021			12/31/2020
In millions of euros	Gross amount	Impairment	Net amount	Net amount
Bureau Veritas	1,270.8	-76.3	1,194.6	1,055.2
Constantia Flexibles	164.3	-3.7	160.6	123.3
Cromology	-	-	-	48.7
Stahl	161.3	-6.9	154.4	142.6
CPI	10.1	-0.2	9.9	5.4
Holding companies & others	0.3	-0.2	0.1	0.2
TOTAL ACCOUNTS RECEIVABLE	**1,606.7**	**-87.2**	**1,519.5**	**1,375.3**

Overdue trade receivables and related receivables which are not subject to any provision for impairment represent, for the most significant subsidiaries:

- Bureau Veritas: a total of €258.6 million at December 31, 2021 compared to €311.5 million at December 31, 2020, of which respectively €64.7 million and €82.3 million past due for more than three months;
- Constantia Flexibles: a total of €19.1 million at December 31, 2021 compared to €19.2 million at December 31, 2020, of which respectively €1.7 million and €1.3 million past due for more than three months; and
- Stahl: a total of €14.2 million at December 31, 2021 compared to €13.2 million at December 31, 2020, of which respectively €0.4 million and €0.9 million past due for more than three months.

NOTE 14. CASH AND CASH EQUIVALENTS

The accounting principles applied to cash and cash equivalents are described in Note 1-8.10 "Cash and cash equivalents pledged and unpledged."

In millions of euros	12/31/2021	12/31/2020
Cash and cash equivalents accounts of Wendel and holding companies pledged as collateral classified as non-current assets	0.5	0.4
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as currents assets	372.2	799.0
Cash and cash equivalents of Wendel and its holding companies(1)	**372.7**	**799.4**
Bureau Veritas	1,420.7	1,594.5
Constantia Flexibles	204.7	164.5
Cromology	-	168.0
Stahl	227.5	163.7
CPI	6.7	10.7
Total cash and cash equivalents from investments	**1,859.6**	**2,101.4**
Total cash and cash equivalents	2,232.2	2,900.8
of which non-current assets	**0.5**	**0.4**
of which current assets	**2,231.8**	**2,900.3**

(1) To this cash was added €281.3 million of short-term financial investments at December 31, 2021 and €279.9 million at December 31, 2020 (see Note 7-2.1 "Liquidity risk of Wendel and its holding companies"), recorded in other current financial assets.

NOTE 15. FINANCIAL ASSETS AND LIABILITIES (EXCLUDING FINANCIAL DEBT AND OPERATING RECEIVABLES AND PAYABLES)

The accounting principles applied to financial assets and liabilities are described in Notes 1-8.7 "Financial assets and liabilities" and 1-8.8 "Methods of measuring the fair value of financial instruments."

Note 15 - 1. Financial assets

In millions of euros	FV method	Level	12/31/2021	12/31/2020
Pledged cash and cash equivalents of Wendel and holding companies	Income statement(1)	1	0.5	0.4
Unpledged cash and cash equivalents of Wendel and holding companies	Income statement(1)	1	372.2	799.0
Wendel's short-term financial investments	Income statement(1)	1	281.3	279.1
Cash and short-term financial investments of Wendel and holding companies			**654.0**	**1,078.5**
Cash and cash equivalents of subsidiaries	Income statement(1)	1 and 3	1,859.6	2,101.4
Financial assets at fair value through equity – A	Equity(2)	1	786.2	2.2
Financial assets at fair value through profit and loss – B	Income statement(1)	3	145.1	70.3
Deposits and guarantees	Amortized cost	N/A	90.5	97.6
Derivatives – C	Income statement(1) and Equity(2)	see C	8.7	79.4
Other – D			187.5	104.0
TOTAL			**3,731.6**	**3,533.4**
of which non-current financial assets, including pledged cash and cash equivalents			**1,185.3**	**321.2**
of which current financial assets, including cash and cash equivalents			**2,546.4**	**3,212.2**

(1) Change in fair value through profit or loss.
(2) Change in fair value through equity.

Note 15 - 2. Financial liabilities

In millions of euros	FV method	Level	12/31/2021	12/31/2020
Derivatives – C	Income statement(1) and Equity(2)		6.5	8.0
Minority puts, earn-outs and other financial liabilities of subsidiaries – E	Income statement(1) and Equity(2)	3	395.7	277.8
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies – F	Income statement(1) and Equity(2)	3	186.2	177.6
TOTAL			**588.5**	**463.4**
of which non-current financial liabilities			**364.7**	**283.9**
of which current financial liabilities			**223.8**	**179.5**

(1) Change in fair value through profit or loss.
(2) Change in fair value through equity.

Note 15 - 3. Details of financial assets and liabilities

A – As of December 31, 2021, this item includes the fair value of IHS for an amount of €785.1 million.

B – At December 31, 2021, this item mainly included the fair value of Wendel Lab for €136.6 million.

C- Derivatives: at December 31, 2021, the change in this item is due to the unwinding of Wendel's foreign exchange hedging (see Note 7-5.1 "Currency risk – Wendel").

D – This item includes the cash of Constantia Flexibles pledged with its lenders for €137.5 million.

E – Minority puts, earn-outs and other financial liabilities of subsidiaries: at December 31, 2021, this amount corresponds in particular to Bureau Veritas for €199.1 million and to Stahl for €142.2 million (including the minority put granted to BASF – see Note 35-5 "Shareholder agreements and co-investment mechanisms").

F – Minority puts, earn-outs and other financial liabilities of Wendel and holding companies: at December 31, 2021, this amount mainly reflected minority puts granted to the Turnauer Foundation on 50% of its investment in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See Note 35-5 "Shareholder agreements and co-investment mechanisms."

NOTE 16. EQUITY

Note 16 - 1. Total number of shares and treasury shares

The accounting principles applied to treasury shares are described in Note 1 – 8.14 "Treasury shares."

	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 12/31/2021	€4	44,747,943	1,116,456	43,631,487

The increase of 28,824 shares comprising the 2021 share capital is explained by subscriptions by Group employees to the Company savings plan for a total amount of €2.3 million.

The number of treasury shares held under the liquidity contract was 57,724 at December 31, 2021 (54,974 treasury shares at December 31, 2020).

As of December 31, 2021, Wendel held 1,058,732 of its shares in treasury outside of the context of the liquidity contract (845,691 as of December 31, 2020).

In total, treasury shares represented 2.49% of share capital as at December 31, 2021.

Note 16 - 2. Non-controlling interests

In millions of euros	*% interest of non-controlling interests as of December 31, 2021*	12/31/2021	12/31/2020
Bureau Veritas Group	64.5%	1,262.9	980.2
Constantia Flexibles Group	39.2%	245.2	241.1
Cromology Group	5.2%	18.1	14.4
Stahl Group	32.2%	48.3	39.1
CPI Group	4.0%	4.1	4.1
Other		8.9	5.0
TOTAL		**1,587.5**	**1,283.8**

NOTE 17. PROVISIONS

The accounting principles applied to provisions are described in Note 1-8.11 "Provisions" and Note 1-8.12 "Provisions for employee benefits."

In millions of euros	12/31/2021	12/31/2020
Provisions for risks and contingencies	99.1	130.5
Employee benefits	278.6	329.0
TOTAL	**377.7**	**459.5**
of which non-current	*372.7*	*453.4*
of which current	*5.1*	*6.1*

Note 17 - 1. Provisions for risks and contingencies

In millions of euros	12/31/2021							
	Opening	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope	Currency translation adjustments, reclassifications and other	**Closing**
Bureau Veritas								
Disputes and litigation	39.8	10.5	-7.1	-5.1	1.5	-	0.1	39.8
Other	52.7	13.3	-11.8	-14.8	-	0.1	1.0	40.5
Cromology	18.1	18.3	-6.0	-3.2	-	-	-27.2	-
Stahl	1.0	0.5	-	-	-	-	-	1.6
Constantia Flexibles	3.4	1.0	-0.2	-	-	-	-	4.2
Wendel & holding companies	15.4	0.8	-0.3	-2.9	-	-	-	13.1
TOTAL	**130.5**	**44.5**	**-25.4**	**-26.0**	**1.5**	**0.1**	**-26.0**	**99.1**
of which current	*6.1*							*5.1*

In millions of euros	12/31/2020							
	Opening	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope	Currency translation adjustments, reclassifications and other	**Closing**
Bureau Veritas								
Disputes and litigation	36.3	12.5	-3.2	-4.8	-0.6	-	-0.4	39.8
Other	35.9	27.5	-5.1	-3.4	-	-	-2.1	52.7
Cromology	20.4	5.6	-5.6	-2.3	-	-	-	18.1
Stahl	1.2	-	-0.2	-	-	-	-	1.0
Constantia Flexibles	1.3	2.2	-0.1	-	-	-	-	3.4
Wendel & holding companies	41.0	2.0	-27.1	-0.7	-	-	0.3	15.4
TOTAL	**136.2**	**49.8**	**-41.3**	**-11.2**	**-0.6**	**-**	**-2.3**	**130.5**
of which current	*5.1*							*6.1*

Note 17 - 1.1 Provisions for risks and contingencies of Bureau Veritas

Proceedings, administrative, judicial and arbitration investigations

In the normal course of its business, Bureau Veritas is involved in a significant number of legal proceedings aimed in particular at invoking its professional civil liability. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services can give rise to claims and result in financial penalties.

Provisions may be recognized for any expenses that may arise from these disputes. The amount recognized in provisions is the best estimate of the expenditure required to settle the obligation, discounted at the reporting date. The costs that this Group may be required to incur may exceed the amount of provisions for litigation due to numerous factors, notably the uncertain nature of the outcome of litigation.

Disputes related to the construction of a hotel and commercial complex in Turkey

Bureau Veritas Gozetim Hizmetleri Ltd. Sirketi ("BVG") and the Turkish company Aymet are parties to a dispute before the Commercial Court of Ankara concerning the construction of a hotel and commercial complex for which they entered into a contract in 2003.

As things stand, the outcome of this dispute remains uncertain although BVG' lawyers are optimistic about the appeal decision. Based on the provisions recorded by Bureau Veritas, and based on the information known to date, Bureau Veritas considers, after taking into account the opinions of its lawyers, that this incident will not have a significant adverse impact on its consolidated financial statements.

Uncertain tax positions

Bureau Veritas SA and some of its subsidiaries are being audited or have received proposals for adjustments that have led to discussions with the relevant local authorities at the litigation or pre-litigation stage.

At the current stage of progress of the dossiers under way and on the basis of the information known to date, Bureau Veritas considers that these risks, controls or adjustments have given rise to the appropriate amount of uncertain tax positions recorded in its financial statements.

There are no other government, administrative, legal or arbitration proceedings or investigations (including any proceedings of which Bureau Veritas is aware that are pending or with which the group is threatened) that may have, or have had, during the previous six months, significant effects on the financial position or profitability of Bureau Veritas.

Other provisions for risks and contingencies

They include provisions for restructuring (€9.1 million as of December 31, 2021), provisions for losses on completion (€3.8 million as of December 31, 2021), and other provisions totaling €27.6 million as of December 31, 2021.

Note 17 - 1.2 Tax risk of Stahl's Indian subsidiary

Stahl's Indian subsidiary was subject to a tax reassessment involving duties and penalties of around €17 million. This reassessment has been contested by Stahl, which considers that its position should prevail in the litigation and has made no provision for the corresponding risk.

Note 17 - 1.3 Provisions for risks and contingencies of Wendel and its holding companies

The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- labor disputes for which a provision has been made; and
- various legal proceedings brought by former Wendel executives as a result of the unwinding of a mechanism for associating them with the Group's performance, for which no provision has been made.

Note 17 - 2. Employee benefits

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2021	12/31/2020
Bureau Veritas	185.8	197.7
Constantia Flexibles	67.7	70.8
Cromology	-	30.4
Stahl	24.1	28.9
Wendel & holding companies	1.0	1.3
TOTAL	**278.6**	**329.0**

The change in provisions for employee benefits break down as follows for 2021:

	12/31/2021						
In millions of euros	Opening	Cost of Services rendered	gains and losses Actuarial	Benefits paid	Financial costs	effect Exchange rate Other	Closing
Commitments							
Defined-benefit plans	293.6	6.1	-15.9	-9.2	1.6	-11.5	264.6
Retirement bonuses	167.8	12.7	-6.4	-10.3	0.8	-48.5	116.1
Other	55.1	6.9	-1.0	-4.7	-0.9	-2.5	52.9
TOTAL	**516.5**	**25.7**	**-23.2**	**-24.3**	**1.4**	**-62.6**	**433.6**

	12/31/2021						
In millions of euros	Opening	Returns Asset	Contributions paid by the employer	gains and losses Actuarial	Amounts used	effect Exchange rate Other	Closing
Partially-funded plan assets							
Defined-benefit plans	167.0	1.4	2.7	-1.4	-1.3	-12.4	156.1
Retirement bonuses	11.6	-0.0	-	-0.5	1.0	-12.1	-
Fair value of plan assets	8.8	-0.0	-	-0.1	0.5	-9.1	-
TOTAL	**187.5**	**1.3**	**2.7**	**-2.0**	**0.2**	**-33.6**	**156.1**

The change in provisions for employee benefits break down as follows for 2020:

	12/31/2020							
In millions of euros	Opening	Cost of Services rendered	Actuarial gains and losses	Benefits paid	Financial costs	Curtailments and settlements	effect Exchange rate Other	Closing
Commitments								
Defined-benefit plans	280.9	5.8	14.9	-10.7	4.3	0.1	-1.6	293.6
Retirement bonuses	172.0	10.4	-2.3	-13.2	1.5	1.9	-2.5	167.8
Other	55.2	3.6	0.8	-4.8	1.2	0.4	-1.4	55.1
TOTAL	**508.1**	**19.7**	**13.4**	**-28.7**	**7.0**	**2.4**	**-5.5**	**516.5**

	12/31/2020						
In millions of euros	Opening	Returns Asset	Contributions paid by the employer	gains and losses Actuarial	Amounts used	effect Exchange rate Other	Closing
Partially-funded plan assets							
Defined-benefit plans	163.2	1.6	6.8	0.7	-3.9	-1.3	167.0
Retirement bonuses	11.4	0.0	-	0.8	-0.6	-	11.6
Fair value of plan assets	8.5	0.1	-	0.3	-0.5	0.4	8.8
TOTAL	**183.1**	**1.7**	**6.8**	**1.7**	**-5.0**	**-0.9**	**187.5**

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12/31/2021	12/31/2020
Unfunded liabilities	272.0	362.7
Partially or fully-funded liabilities	161.6	153.8
TOTAL	**433.6**	**516.5**

Defined-benefit plan assets break down as follows:

In millions of euros	12/31/2021	12/31/2020
Equity instruments	23%	19%
Debt instruments	16%	17%
Cash and other	61%	64%

Expenses recognized on the income statement break down as follows:

In millions of euros	12/31/2021	12/31/2020
Service costs during the year	21.2	17.2
Interest costs	1.2	6.3
Expected return on plan assets	-1.4	-1.6
Past service costs	0.1	0.1
Actuarial gains and losses	1.8	5.1
Impact of plan curtailments or settlements	0.5	-19.0
TOTAL	**23.4**	**8.2**

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses; and
- long-service awards.

France is the main contributor to the Pension Plans and other Long-Term Employee Benefits item.
The main actuarial assumptions used to calculate these commitments are as follows: discount rate of 1.08%, average salary increase rate of 2%.

2. Commitment characteristics and actuarial assumptions applied at Constantia Flexibles

Employee benefits for Constantia Flexibles in Germany, Austria, France, Mexico, Turkey, Russia and Spain concern the following defined-benefit plans:

- retirement plans, funded or unfunded;
- retirement bonuses; and
- long-service awards.

The main actuarial assumptions used are discount rates between 0.8% and 0.9%, salary increase rates, included between 0.02% and 5.5%, inflation rates between 0.02% and 4.0% and a rate of return on assets of between 0.9% and 7.7%.

3. Commitment characteristics and actuarial assumptions applied at Stahl

Stahl employee benefits in Germany, Italy, the Netherlands, Mexico, the United Kingdom, the United States, India, France, Brazil, Thailand, Indonesia and Switzerland concern the following defined-benefit plans:

- partially-funded retirement plans;
- retirement bonuses; and
- long-service awards.

The main actuarial assumptions were as follows: discount rate of 1.4%, inflation rate of 1.79%, salary increase rate of 0.7%, and return on assets of 1.4%.

4. Wendel's commitments

In 1947, the company "Les Petits-Fils de François de Wendel" (now Wendel) set up a supplementary pension plan for all employees, regardless of their category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of this compensation. The pension plan provides for a payout of 60% to a surviving spouse on the date of the employee's retirement and includes supplements for dependent children.

Benefits financed by the Group under this supplementary plan are calculated by deducting the total amount of pensions financed by Wendel while the employee served in the Group from the guaranteed amount. In 2005, the Company has been transferring the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

NOTE 18. FINANCIAL DEBT

Principal changes in 2021 are described in Note 7-2 "Managing liquidity risk."

In millions of euros	Currency	Coupon rate	Effective interest rate [1]	Maturity	Repayment	Total lines	12/31/2021	12/31/2020
Wendel & holding companies								
2023 bonds	€	1,000%	1,103%	04-2023	at maturity		-	300,0
2024 bonds	€	2,750%	2,686%	10-2024	at maturity		500,0	500,0
2026 bonds	€	1,375%	1,452%	04-2026	at maturity		300,0	300,0
2027 bonds	€	2,500%	2,576%	02-2027	at maturity		500,0	500,0
2031 bonds	€	1,000%	1,110%	06-2031	at maturity		300,0	-
Syndicated loan	€	Euribor+margin		10-2024	revolving	€750 million	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							(5,0)	(3,3)
Other borrowings and accrued interest							19,4	27,1
Bureau Veritas								
2021 bonds	€	3,125%		01-2021	at maturity			500,0
2023 bonds	€	1,250%		09-2023	at maturity		500,0	500,0
2025 bonds	€	1,875%		01-2025	at maturity		500,0	500,0
2026 bonds	€	2,000%		09-2026	at maturity		200,0	200,0
2027 bonds	€	1,125%		01-2027	at maturity		500,0	500,0
Liquidity credit line						€628 million	-	-
Borrowings and debts - fixed rate							760,7	713,6
Borrowings and debts - floating rate							13,3	13,1
Constantia Flexibles								
Bank borrowings	€	Euribor+margin		04-2022	at maturity		-	126,0
Bank borrowings	€	Euribor+margin		03, 04 and 10/2022	at maturity			308,0
Bank borrowings	€	floating rate		03-2022	at maturity		-	47,0
Revolving credit facility	€	Euribor+margin		10-2022	at maturity	€125 million	-	-
Bank borrowings (EUR, RUB, INR, CNY)							684,5	59,4
Other borrowings and accrued interest							17,9	8,9
Finance lease liabilities							2,9	3,8
Deferred issuance costs							(1,1)	(0,8)
Cromology								
Bank borrowings	€	Euribor+margin		08-2021	at maturity		-	186,4
Other borrowings and accrued interest							-	9,2
Finance lease liabilities							-	0,4
Revolving credit facility	€	Euribor+margin		03-2024	at maturity	€59 million	-	-
Deferred issuance costs							-	(5,7)
Stahl								
Bank borrowings	$	Libor+margin		09-2023	amortizable		90,4	114,4
Bank borrowings	$	Libor+margin		12-2023	amortizable		292,8	270,2
Revolving credit facility	€					€27 million	-	-
Bank borrowings	INR	floating rate		2022	amortizable		5,5	7,8
Deferred issuance costs							(1,3)	(2,4)
CPI								
Bank borrowings	$	Libor+margin		10-2026	amortizable		285,3	263,5
Revolving credit facility	$	Libor+margin		12-2025	at maturity	$30 million	2,6	18,7
Deferred issuance costs							(4,8)	(5,5)
TOTAL							**5 463,1**	**5 959,7**
of which non-current portion							5 261,8	5 312,9
of which current portion							201,3	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.

Note 18 - 1. Operating lease liabilities

The accounting principles applied to operating lease liabilities are described in section Note 1-8.5 "Leases."

Liabilities related to operating leases are broken down among the Group's subsidiaries as follows:

In millions of euros	12/31/2021	12/31/2020
Bureau Veritas	415.1	419.7
Constantia Flexibles	37.1	31.1
Cromology	-	110.4
Stahl	15.0	16.2
CPI	3.6	3.8
Wendel & holding companies	1.0	1.6
TOTAL	**471.7**	**582.8**
of which non-current portion	*353.6*	*448.4*
of which current portion	*118.2*	*134.4*

Note 18 - 2. Maturity of financial debt (excluding operating lease liabilities)

In millions of euros	Less than one year	Between one and five years	Over five years	TOTAL
Wendel & holding companies				
- notional amount	-	-800.0	-800.0	-1,600.0
- interest[1]	-34.4	-103.8	-27.5	-165.7
Operating subsidiaries				
- notional amount	-183.0	-2,503.9	-1,166.2	-3,853.1
- interest[1]	-94.7	-276.4	-49.3	-420.4
TOTAL	**-312.2**	**-3,684.1**	**-2,043.0**	**-6,039.3**

[1] Interest is calculated on the basis of the yield curve prevailing on December 31, 2021. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.

Note 18 - 3. Market value of gross financial debt

The fair value of bond debt is the market price on December 31, 2021.

In millions of euros	12/31/2021	12/31/2020
Wendel & holding companies	1,720.1	1,764.0
Operating subsidiaries	3,932.6	4,394.1
TOTAL	**5,652.7**	**6,158.1**

NOTE 19. DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

The accounting principles applied to discontinued or held for sale operations are described in Note 1-8.15 "Assets and operations held for sale and discontinued operations."

Net income from discontinued operations and operations held for sale:

In millions of euros	2021	2020
Cromology[1]	36.7	8.0
Stahl	0.6	1.0
Tsebo	-	-101.3
Allied Universal Lux	-	-0.9
TOTAL	**37.7**	**-93.1**

[1] In 2021, this amount is composed of the net income for the year (after cancellation of depreciation in accordance with IFRS 5 "Discontinued operations and operations held for sale"). Depreciation was stopped from the date of reclassification as held for sale, which had a net positive impact of +€8.4 million.

Assets and liabilities held for sale recorded in the balance sheet at December 31, 2021 correspond mainly to Cromology's assets and liabilities.

NOTES ON THE INCOME STATEMENT

The accounting principles applied to the aggregates on the income statement are described in Note 1-9.2 "Presentation of the income statement."

NOTE 20. REVENUE

The accounting principles applied to revenue are described in Note 1-8.16 "Revenue recognition."

In millions of euros	2021	2020
Bureau Veritas	4,981.1	4,601.0
Constantia Flexibles	1,603.4	1,505.3
Stahl	831.3	669.4
CPI	88.2	56.0
TOTAL	**7,503.9**	**6,831.7**

Consolidated revenue break down as follows:

In millions of euros	2021	2020
Sales of goods	2,497.1	2,166.8
Sales of services	5,006.8	4,664.9
TOTAL	**7,503.9**	**6,831.7**

NOTE 21. OPERATING INCOME

In millions of euros	2021	2020
Bureau Veritas	718.8	407.4
Constantia Flexibles	33.4	-44.6
Stahl	131.5	102.3
CPI	17.7	-118.9
Wendel & holding companies	-93.8	-83.7
TOTAL	**807.6**	**262.4**

Note 21 - 1. R&D costs recognized as expenses

In millions of euros	12/31/2021	12/31/2020
CPI	0.2	0.3
Constantia Flexibles	12.8	8.1
Stahl	-2.1	-1.1
TOTAL	**10.9**	**7.3**

Note 21 - 2. Average number of employees at consolidated companies

In millions of euros	12/31/2021	12/31/2020
Bureau Veritas	79,704	74,930
Constantia Flexibles	8,383	7,878
Stahl	1,785	1,799
CPI	311	325
Wendel & holding companies	83	95
TOTAL	**90,266**	**85,027**

NOTE 22. FINANCE COSTS, NET

In millions of euros	2021	2020
Income from cash and cash equivalents[1]	**8.2**	**9.1**
Finance costs, gross		
Interest expense	-145.5	-202.4
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-9.5	-9.1
Interest expense on operating leases	-19.0	-20.2
Total finance costs, gross	**-174.0**	**-231.8**
TOTAL	**-165.8**	**-222.7**

[1] This item includes a negative amount of €0.9 million for Wendel and its holding companies, to which is added €9.1 million from returns on investments of subsidiaries, representing a total income of €8.2 million in 2021 (€9.1 million in 2020).

NOTE 23. OTHER FINANCIAL INCOME AND EXPENSES

In millions of euros	2021	2020
Dividends received from unconsolidated companies	0.3	0.3
Income on interest rate, currency and equity derivatives[1]	37.3	-0.3
Net currency exchange gains/losses	-12.5	9.7
Impact of discounting	-1.5	0.6
Other	-14.2	-9.0
TOTAL	**9.4**	**1.3**

[1] This item includes Wendel Lab and Accolade for €48.4 million.

NOTE 24. INCOME TAXES

The accounting principles applied to deferred taxes are described in Note 1-8.13 "Deferred taxes."

In millions of euros	2021	2020
Current income tax assets	-259.1	-193.0
Deferred taxes	27.1	77.4
TOTAL	**-232.0**	**-115.6**

The portion of the Tax on the Added Value of Companies (CVAE) is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National Accounting Council) of January 14, 2010.

Deferred taxes recognized in the balance sheet result from temporary differences between the carrying amount and tax bases of assets and liabilities on the balance sheet and break down as follows:

In millions of euros	2021	2020
Origin of deferred taxes		
Post-employment benefits	71.2	74.5
Intangible assets	-362.9	-300.7
Goodwill allocation of CPI		-90.4
Recognized tax-loss carryforwards	52.2	66.3
Other items	60.2	60.2
TOTAL	**-179.3**	**-190.1**
of which deferred tax assets	**167.5**	**206.6**
of which deferred tax liabilities	**346.8**	**396.7**

Uncapitalized tax losses amounted to €4 278 million for the Group as a whole, of which €3 716 million for Wendel and its holding companies.

In millions of euros	2021	2020
Amount at beginning of the period	**-190.1**	**-199.6**
Income and expenses recognized in the income statement[1]	27.1	73.2
Income and expenses recognized in other comprehensive income	-3.0	-0.8
Income and expenses recognized in reserves	0.5	0.2
Reclassification under operations held for sale[2]	26.4	18.3
Allocation of CPI goodwill	-	-93.8
Changes in scope of consolidation	-27.9	-0.6
Currency translation adjustments and other	-12.2	13.0
AMOUNT AT END OF PERIOD	**-179.3**	**-190.1**

[1] The deferred tax expense for 2021 was restated for the Cromology expense, which was reclassified under operations held for sale.
[2] This item includes the reclassification of Cromology's deferred tax assets and liabilities as operations held for sale.

The difference between the theoretical tax based on the standard rate of 27.37% applicable in France and the actual income tax expense of Wendel, its holding companies and its operating subsidiaries breaks down as follows:

In millions of euros	Wendel & holding companies	Operating subsidiaries	TOTAL
Income before tax expense, net income from equity-method subsidiaries, and net income from discontinued operations and operations held for sale	-101.3	752.6	651.2
Theoretical amount of tax expense calculated on the basis of a rate of -27.37%	**27.7**	**-206.0**	**-178.2**
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-31.4		
Uncapitalized tax losses at the operating subsidiary level		9.4	
Reduced tax rates and foreign tax rates at the operating subsidiary level		27.4	
Permanent differences		-41.0	
CVAE tax paid by operating subsidiaries		-7.7	
Tax on dividends received from consolidated subsidiaries		-13.7	
Other		3.2	
Actual tax expense	**-3.6**	**-228.4**	**-232.0**

NOTE 25. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

In millions of euros	2021	2020
IHS[1]	922.3	-63.3
Tarkett	-2.9	-
Other companies	-	0.3
TOTAL	**919.5**	**-63.3**

[1] This item includes the €901 million result of the deconsolidation of IHS, the recycling of translation reserves for €11 million, and the net income for the year for €10 million (see Note 4 "Changes in scope of consolidation").

NOTE 26. EARNINGS PER SHARE

The accounting principles applied to earnings per share are described in Note 1-9.4 "Earnings per share."

In euros and millions of euros	2021	2020
Net income - Group share	1,046.9	-264.1
Impact of dilutive instruments on subsidiaries	-2.9	-1.5
Diluted net income	**1,044.0**	**-265.6**
Average number of shares, net of treasury shares	43,752,806	43,768,173
Potential dilution due to Wendel stock options [1]	144,352	-
Diluted number of shares	**43,897,158**	**43,768,173**
Basic earnings per share (in euros)	23.93	-6.03
Diluted earnings per share (in euros)	23.78	-6.07
Basic earnings per share from continuing operations (in euros)	23.11	-5.25
Diluted earnings per share from continuing operations (in euros)	22.97	-5.28
Basic earnings per share from discontinued operations (in euros)	0.81	-0.79
Diluted earnings per share from discontinued operations (in euros)	0.81	-0.79

(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 27. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	2021	2020
By Bureau Veritas	122.3	100.4
By Constantia Flexibles	92.0	86.3
By Cromology	11.8	12.7
By Stahl	21.8	18.0
By CPI	1.0	0.9
By Wendel and holding companies	0.3	1.0
TOTAL	**249.2**	**219.3**

NOTE 28. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Disposal of property, plant & equipment and intangible assets includes mainly Bureau Veritas and Stahl disposals amounting to €6.4 million and €7.9 million respectively.

NOTE 29. ACQUISITION OF EQUITY INVESTMENTS

In millions of euros	2021	2020
By Bureau Veritas	53.6	1.7
By Constantia Flexibles	122.0	-
By Stahl	-	0.1
By Wendel & holding companies[1]	224.7	-
TOTAL	**400.3**	**1.8**

[1] In 2021, this item includes the investment in Tarkett (see Note 4 "Changes in scope of consolidation").

NOTE 30. DISPOSAL OF EQUITY INVESTMENTS

In 2020, this item mainly included the disposal of the remaining stake in Allied Universal for $203.2 million.

NOTE 31. IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION AND OF OPERATIONS HELD FOR SALE

In 2021, this item mainly corresponded to Cromology's cash and cash equivalents reclassified as discontinued operations or operations held for sale.

In 2020, this item mainly corresponded to Tsebo's cash and cash equivalents reclassified as discontinued operations or operations held for sale.

NOTE 32. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES

In 2021, the amount is mainly due to:

- the acquisitions and disposals by Wendel Lab of their portfolio assets for -€18.9 million;
- the payment by Wendel of cash under the first third of the automatic liquidity of IHS (see Note 6-2

"Impact of co-investment mechanisms for Wendel") for -€20.5 million; and

- the financial assets and liabilities of Bureau Veritas -€2.6 million.

In 2020, the amount is mainly explained by the change in loans and receivables from capitalization funds at Wendel SE for €77.5 million, by the settlement of the guaranty related to the funding of Tsebo's investor B-BEEE for €19 million and by the change in financial assets and liabilities of Bureau Veritas.

NOTE 33. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in Note 18 "Financial debt."

In millions of euros	2021	2020
New borrowings by:		
Bureau Veritas	48,8	786,6
Constantia Flexibles	733,6	178,4
Cromology	0,1	59,9
CPI	-	21,1
Wendel & holding companies	300,0	-
	1 082,5	**1 045,9**
Borrowings repaid by (1):		
Bureau Veritas	626,1	1 242,6
Constantia Flexibles	592,0	153,7
Cromology	123,6	88,8
Stahl	36,9	61,5
CPI	20,3	12,9
Wendel & holding companies	300,7	1,8
	1 699,5	**1 561,3**
TOTAL	**-617,1**	**-515,4**

(1) Loan repayments include repayments of lease liabilities.

NOTE 34. OTHER FINANCIAL INCOME/EXPENSE

In 2021, other financial income/expense corresponds mainly to the disbursements of puts held by non-controlling interests, the receipt of €39.5 million in connection with the unwinding of Wendel's cross-currency swap (see Note 7-5.1 "Wendel's currency risk"), and Constantia Flexibles' cash collateral pledged to its lenders for -€81.5 million.

In 2020, other financial income/expense corresponded mainly to the disbursements of puts held by non-controlling interests.

OTHER NOTES

NOTE 35. OFF-BALANCE-SHEET COMMITMENTS

As of December 31, 2021, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned.

Note 35 - 1. Collateral and other security given in connection with financing

In millions of euros	12/31/2021	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.	702.4	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.	-	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.	388.6	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.	288.0	282.2
TOTAL	**1,379.0**	**1,420.0**

Note 35 - 2. Guarantees given and received in connection with asset acquisitions

Guarantees given as part of asset sales

In connection with the disposals of Cromology, 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.

Guarantees received in connection with asset acquisitions

When BASF acquired a stake in Stahl, the Group benefited from the usual statements and guarantees within certain limits and for variable claim periods depending on the guarantees concerned, some of which may still be called upon. There are no outstanding claims in respect of these guarantees received.

Note 35 - 3. Off-balance-sheet commitments given and received related to operating activities

In millions of euros	12/31/2021	12/31/2020
Market counter-guarantees and other commitments given		
by Bureau Veritas[1]	393.3	391.6
by Constantia	-	2.4
by Cromology	-	17.1
by Stahl	6.3	3.2
Total commitments given	**399.6**	**414.3**

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

Note 35 - 4. Subscription commitments

As of December 31, 2021, the Group (Wendel Lab and Accolade) is committed to investing approximately €123.5 million in private equity funds, including €88 million already called.

Note 35 - 5. Shareholder agreements and co-investment mechanisms

The Wendel Group is 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, 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, Stahl and Tarkett).

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 December 31, 2021, this right was not 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 December 31, 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.

In addition, in connection with the initial public offering of IHS shares on October 14, 2021, the Wendel Group has entered into (i) a six-month lock-up agreement with the introducing banks, and (ii) a shareholders' agreement with its co-shareholders and IHS authorizing the sale of shares on the market in tranches of 20% for successive six-month periods until the 30th month following the IPO.

With respect to Tarkett, the shareholders' agreement includes an undertaking by the Wendel Group not to sell Tarkett Participation shares during the first years of its investment, subject to the usual exceptions.

The agreements with the management teams (managers or former managers) of subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Stahl and Tarkett) 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/or
- 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 6-1 “Participation of subsidiaries’ managers in the performance of their companies” to the 2021 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, Stahl and Tarkett. The value retained in the context of these liquidity commitments corresponds to the market value determined by the parties, depending on the case, by applying a predetermined method or by an independent expert.

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 6.1 “Participation of Wendel’s managers in Group investments” to the 2021 consolidated financial statements).

As of December 31, 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 investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies was €35 million. The value of the portion of non-*pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €53 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 of these amounts is recognized as a liability of €20.9 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 2021 consolidated financial statements.

With regard to non-controlling interests granted to joint shareholders, an overall amount of €315 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 35 - 6. 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 capital at December 31, 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 36. STOCK OPTIONS, BONUS SHARES AND PERFORMANCE SHARES

The accounting principles applied to stock options, bonus shares and performance shares are described -in Note 1-8.18 "Stock subscription and stock purchase option plans."

The total expense related to allocation of stock options or other share-based compensation for FY 2021 was €34.8 million compared to €30.9 million in 2020.

In millions of euros	2021	2020
Stock options at Wendel	3.1	2.2
Grant of bonus shares at Wendel	6.3	6.3
Stock options at Bureau Veritas	2.7	2.3
Grant of bonus shares at Bureau Veritas	22.7	20.1
TOTAL	**34.8**	**30.9**

Pursuant to the authorization given by shareholders at their June 29, 2021 Shareholders' Meeting, options giving the right to subscribe to 131,795 shares were allocated on July 30, 2021 with a strike price of €110.97 and a ten-year life. These options have the following features:

- a service condition: four years from the granting of the options, it being specified that subject to the performance condition described below, 50% of the options may be exercised in the event of departure at the end of a period of two years, 75% of the options in the event of departure at the end of a period of three years and 100% of the options in the event of departure at the end of a period of four years;
- a performance condition: the options will be exercised by each beneficiary subject to the fulfillment of the following performance condition:
    - 25% of the options will be exercisable if, on the first anniversary of the grant date, all companies controlled by Wendel have prepared a climate risk analysis,
    - 25% of the options will be exercisable if, on the second anniversary of the grant date, at least half of the companies controlled by Wendel have defined and approved a corrective action plan to address the identified climate risks,
    - 25% of the options will be exercisable if, on the third anniversary of the grant date, all companies controlled by Wendel have defined and approved a corrective action plan

to address the identified climate risks, and
  - 25% of the options will be exercisable if, on the fourth anniversary of the grant date, all companies controlled by Wendel have implemented priority corrective actions as defined in their action plans and presented the first results to the relevant corporate bodies of these corrective actions.

In 2021, these options were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2.5%, expected central volatility of 28%. These options were valued by an independent expert at €19.0 per option. The expense has been spread over the options' vesting period.

Pursuant to the authorization granted by the Shareholders' Meeting of June 29, 2021, bonus shares with the following characteristics were also allocated on July 30, 2021:

- a service condition: four years from the granting of the shares, it being specified that subject to the achievement of the performance conditions described below, 50% of the performance shares may be acquired in the event of departure at the end of a period of two years, 75% of the performance shares in the event of departure at the end of a period of three years and 100% of the performance shares in the event of departure at the end of a period of four years;
- three performance conditions, assessed over a period of four years:
  - for 25% of the allocation, a performance condition linked to the absolute performance of Wendel's annualized Total Shareholder Return,
  - for 50% of the allocation, a performance condition linked to the relative performance of Wendel's annualized Total Shareholder Return measured against that of the CACMid60 index, and
  - for 25% of the allocation, a performance condition relating to the change in the dividend paid by Wendel.

These performance shares were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2.5%, expected return on equity of 8.1%. The value of these performance shares has been estimated at €77.6 per performance share by an independent expert. The expense has been spread over the options' vesting period.

Pursuant to the authorization granted by the Shareholders' Meeting of June 29, 2021, bonus shares with the characteristics described below were also allocated on July 30, 2021:

- a service condition: four years from the granting of the shares;
- a performance condition assessed over a period of four years:
  - 25% of the allocation will vest if the dividend paid in 2022 is greater than or equal to the dividend paid in 2021,
  - 25% of the allocation will vest if the dividend paid in 2023 is greater than or equal to the dividend paid in 2022,
  - 25% of the allocation will vest if the dividend paid in 2024 is greater than or equal to the dividend paid in 2023, and
  - 25% of the allocation will vest if the dividend paid in 2025 is greater than or equal to the dividend paid in 2024.

These performance shares were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2.5%, expected return on equity of 8.1%. The value of these performance shares has been estimated at €106.3 per performance share by an independent expert. The expense has been spread over the options' vesting period.

The instruments granted and not exercised or vested were as follows:

Stock-options	Number of options outstanding as of 12/31/2020	Options granted in 2021	Options canceled in 2021	Options exercised in 2021	**Number of options outstanding as of 12/31/2021**	Exercise price (in euros)	Average exercise price (in euros)	Average residual life	Number of exercisable options
Stock purchase options	610 561		-1 000	-71 518	**538 043**	de 54,93 à 134,43	113,14	5,08	433 564
Stock subscription options	270 342	131 795	-6 296	-	**395 841**	de 82,05 à 110,97	91,68	8,83	-
	880 903	**131 795**	**-7 296**	**-71 518**	**933 884**				

Performance shares	**Shares awarded as at 12/31/2020**	**Awards during the fiscal years**	**Definitive awards**	**Cancellations**	**Shares awarded as at 12/31/2021**	**Grant date**	**Vesting date**
Plan 10-1	106 313			-106 313	-	07/06/2018	07/06/2021
Plan 11-1	77 386			-854	76 532	07/08/2019	07/08/2022
Plan 11-2	61 140			-4 892	56 248	07/08/2019	07/10/2023
Plan 12-1	84 341			-1 098	83 243	08/05/2020	08/05/2023
Plan 12-2	54 953			-6 670	48 283	08/05/2020	08/05/2024
Plan 13-1		73 021			73 021	07/30/2021	07/29/2025
Plan 13-2		46 411			46 411	07/30/2021	08/05/2024
	384 133	**119 432**	**-**	**-119 827**	**383 738**		

NOTE 37. FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

	Services performed in 2021 by:		**Services performed in 2020 by:**	
In thousands of euros	Deloitte Audit and entities of the Deloitte and Associates network	Ernst & Young Audit and EY network entities	Deloitte Audit and entities of the Deloitte and Associates network	Ernst & Young Audit and EY network entities
Certification, review of parent company financial statements				
for Wendel SE	663	689	741	680
for its subsidiaries	2 805	2 935	2 833	2 957
Sub-total	**3 468**	**3 624**	**3 574**	**3 637**
Services other than certification of financial statements				
for Wendel SE	394	146	324	170
for its subsidiaries	477	968	254	820
Sub-total	**871**	**1 114**	**578**	**990**
TOTAL	**4 339**	**4 738**	**4 152**	**4 627**

Services rendered during the year other than the Statutory Auditors' verification of the financial statements of Wendel SE and the companies over which the latter exercises control are related, for Ernst&Young Audit and its network, to tax services, to certifications, to due-diligence and to agreed procedures and for Deloitte, to certifications, to procedures in the context of the consolidated declaration of extra-financial performance, to legal and tax services, to due diligence and to agreed procedures.

NOTE 38. SUBSEQUENT EVENTS

Note 38 - 1. Acquisition of Acams

On January 24, 2022, Wendel announced that it had signed an agreement with Colibri, a Gridiron Capital company, for the acquisition of the Financial Services segment of Adtalem Global Education INC. As part of this transaction, Wendel will acquire Acams (Association of Certified Anti-Money Laundering Specialists), while Colibri will acquire Becker Professional Education and OnCourse Learning.

As part of this transaction, Acams is valued at approximately $500 million. Wendel will invest up to approximately $355 million in equity and will hold approximately 99% of the Company's share capital. The finalization of this transaction is expected to take place in March 2022 subject to compliance with the usual conditions and obtaining regulatory authorizations.

Over the last twelve months to the end of September 2021, Acams generated revenue of $83 million and $18 million in unaudited EBITDA, estimated on an independent operational management basis, and calculated using Wendel's usual methodology.

Note 38 - 2. New bond issue

In January 2022, a new €300 million bond maturing in January 2034 with a coupon of 1.375% was issued. See Note 7-2.1 "Liquidity risk of Wendel and its holding companies."

Note 38 - 3. Disposal of Cromology

On January 20, 2022, Wendel completed the sale of the Cromology Group to DuluxGroup (see Note 4 "Changes in scope of consolidation").

Note 38 - 4. Exposure to the war in Ukraine

Wendel is paying close attention to the evolution of the situation in Ukraine and its potential consequences, as the most material financial impact, among other things, could come from an increase of our companies' cost structures, raw materials prices, supply chain and wages inflation, if these are not passed on sufficiently quickly in sales prices, as our companies were able to do in 2021.

Wendel direct economical exposure to Russia and Ukraine is limited at c.1%. and security of local employees who can be exposed to the conflict is a key priority.

Please find below the Group direct exposure to Russia and Ukraine through its companies:

- for Bureau Veritas: sales realized in these countries represent less than 1% of the total revenue;
- for Constantia Flexibles: sales realized in these countries represent less than 5% of the total revenue;
- for Stahl: sales realized in these countries represent around 1% of the total revenue; and
- for Tarkett (equity method): sales realized in these countries represent around 10% of the total revenue.

NOTE 39. LIST OF MAIN CONSOLIDATED COMPANIES AS OF DECEMBER 31, 2021

Method of consolidation	% interest net of treasury shares	Company name	Country	Business segment
FC	**100,0**	**Wendel**	**France**	**Management of shareholdings**
FC	100,0	Coba	France	Management of shareholdings
FC	100,0	Eufor	France	Management of shareholdings
FC	100,0	Sofiservice	France	Management of shareholdings
FC	100,0	Waldggen	France	Management of shareholdings
FC	99,6	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100,0	Constantia Coinvestco GP	Luxembourg	Services
FC	99,7	Expansion 17	Luxembourg	Management of shareholdings
FC	100,0	Wendel Lab	Luxembourg	Management of shareholdings
FC	99,6	Global Performance 17	Luxembourg	Management of shareholdings
FC	100,0	Ireggen	Luxembourg	Management of shareholdings
FC	100,0	Karggen	Luxembourg	Management of shareholdings
FC	99,6	Oranje-Nassau Développement SA SICAR	Luxembourg	Management of shareholdings
FC	100,0	Oranje-Nassau Développement NOP	Luxembourg	Management of shareholdings
FC	100,0	Oranje-Nassau GP	Luxembourg	Services
FC	100,0	Wendel Luxembourg(1)	Luxembourg	Management of shareholdings
FC	100,0	Winvest International SA SICAR	Luxembourg	Management of shareholdings
FC	100,0	Oranje-Nassau Groep	Netherlands	Management of shareholdings
FC	100,0	NOP Europe	Belgium	Management of shareholdings
FC	100,0	Wendel North America	United States	Services
FC	100,0	Wendel London	United Kingdom	Services
FC	100,0	Wendel Africa	Morocco	Services
FC	100,0	Wendel Singapore	Singapore	Services
FC	99,5	Accolade	United States	Investment fund
FC	**35,5**	**Bureau Veritas and its subsidiaries**	**France**	**Certification and verification services**
FC	**60,8**	**Constantia Flexibles and its subsidiaries**	**Austria**	**Flexible packaging**
FC	**67,8**	**Stahl and its subsidiaries**	**Netherlands**	**High-performance coatings and leather-finishing products**
FC	**96,3**	**CPI and its subsidiaries**	**United States**	**Training services**
E	**25,1**	**Tarkett**	**France**	**Innovative flooring and sports surface solutions**

(1) In 2021, Trief Corporation absorbed Winvest Conseil and changed its company name to become Wendel Luxembourg.

FC: Full Consolidation. Wendel exercises exclusive control over these companies.
E: Companies accounted for by the equity method. Wendel exercises significant influence over or joint control of these companies.

The complete list of consolidated companies and companies with an ownership interest is available on the Group's official website at the following address: https://www.wendelgroup.com/en/investors/regulated-information/.

DELOITTE & ASSOCIES ERNST & YOUNG Audit

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Wendel

Year ended December 31, 2021

Statutory auditors' report on the consolidated financial statements

DELOITTE & ASSOCIES
6, place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S au capital de € 2.188.160
572 028 051 R.C.S Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG Audit
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
344 366 315 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Wendel

Year ended December 31, 2021

Statutory auditors' report on the consolidated financial statements

To the Wendel Shareholders' meeting

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Wendel for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

■ Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)* for the period from January 1st, 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting treatment of acquisition and divestment of portfolio companies

Risk identified	Our response
As part of its investment activity, Wendel regularly acquires and sells subsidiaries and portfolio companies. The main transactions undertaken by Wendel in 2021 are as follows:	We held discussions with the Finance department, the investment teams and the Legal department in order to gain an understanding of the transactions, and the main agreements with the stakeholders. We obtained and evaluated whether the main legal documents and analyses carried out by Wendel or its advisors in relation to these transactions, such as share purchase agreements, details of cash flows and commitments granted, had been properly reflected in the consolidated financial statements. - Regarding the investment in Tarkett, we have: o examined the influence of Wendel over Tarkett Participation and over Tarkett, with regard to IAS 28 and the application of the equity method;

- In May 2021, Wendel signed an agreement with the Deconinck family to form Tarkett Participation, the purpose of which is to hold a majority stake in Tarkett. Tarkett Participation initiated a takeover bid for Tarkett which closed in July 2021. Following this offer, Wendel's investment in Tarkett Participation amounts to €224 million and represents 25.2% of the capital of Tarkett Participation at the end of 2021. Tarkett Participation holds 90,4% of Tarkett at December 31, 2021. From an accounting point of view, Wendel's stake in Tarkett Participation was accounted for using the equity method from July 2021 for an initial value of €213 million given the significant influence exercised by Wendel.

- In November 2021, Wendel signed an SPA with DuluxGroup to sell its share in Cromology and reclassified Cromology contribution as a "Assets and Liabilities held for sale" in the consolidated balance sheet, and under "Net income from operations discontinued or held for sale" in the consolidated income statement. On January 20, 2022, Wendel finalized the sale of Cromology Group to DuluxGroup.

These transactions are described in Notes 4-1, 12 and 19 to the consolidated financial statements.

We considered the recognition and presentation of the investment in Tarkett to be a key audit matter given the material amount of the operation and the judgment required to assess the significant influence.

Also, we deemed the classification of Cromology as a "Assets and Liabilities held for sale" to be a key audit matter as it is a significant operation of the year.

  - Regarding the preliminary purchase price allocation of Tarkett, with the assistance of our valuation specialists, we have :
    - analyzed the work performed by management to identify and measure the assets and liabilities acquired;
    - assessed the appropriateness of the valuation methods used for the main intangible asset categories with regard to commonly used practices;
    - analyzed the consistency of the valuation inputs compared to external sources;
    - assessed the reasonableness of the amortization periods used for the intangible assets identified in light of the estimated useful lives of those assets.

- Regarding the divestment of Cromology, we have :

  - assessed the criteria for classification as "Assets and Liabilities held for sale" and "Net income from operations discontinued or held for sale";

  - controlled that the presentation in the consolidated financial statements is compliant with IFRS 5.

For both transactions, we also assessed the appropriateness of the disclosures provided in Notes 4-1, 12 and 19 to the consolidated financial statements.

Measurement of goodwill

Risk identified	Our response
As of December 31, 2021, the Goodwill net book value amounts to € 3 511 million, i.e. 25% of the total balance sheet. Goodwill is broken down by Cash Generating Units (CGUs) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl and CPI).	We examined the process implemented by the management of Wendel and that of the operating subsidiaries to carry out impairment tests.

An impairment loss is recognized if the recoverable amount of goodwill as determined during the impairment test carried out annually or when a trigger for impairment is identified, on each CGU or group of CGUs falls below its carrying amount. In addition, when an impairment loss is recognized by the operating subsidiary on one of its CGU or group of CGUs, this loss is maintained in Wendel's consolidated financial statements, as described in Note 1-8.1 to the consolidated financial statements**.**

As described in Note 9 to the consolidated financial statements, as a result of the impairment tests performed by the management of Wendel and/or its subsidiaries, no impairment of goodwill was recognized for the year ended December 31, 2021.

We determined the measurement of goodwill is a key audit matter due to its significance in the Group's financial statements and because determining its recoverable amount, usually on the basis of discounted future cash flow forecasts, taking into account the current economic situation deteriorated by the Covid-19 crisis, requires management to exercise a high degree of judgment and estimation.

With the assistance, when appropriate, of the subsidiaries' auditors and the support from our valuation specialist, we examined the goodwill impairment tests carried out by Wendel and its operating subsidiaries. We adjusted the extent of our work to take into account the level of impairment risk of the CGUs or groups of CGUs.

For the CGUs or groups of CGUs presenting an impairment risk, our work consisted in:

- Assessing the compliance of the methodology applied by Wendel and its subsidiaries with applicable accounting standards;

- Examining the projected cash flows in relation to the economic and financial environment in which the CGUs or groups of CGUs operate, taking into account the global crisis environment related to the COVID-19 pandemic;

- Assessing the quality of the process used to determine the projections by analyzing the reasons for any differences between past forecasts and actual outcomes;

- Assessing the consistency of the long-term growth rates used with available market analyses and the operating margin rate used in terminal year with the margin rates of actual and forecasted flows;

- Assessing the different components of the discount rates used;

- Verifying the sensitivity of the calculation of the recoverable amount of the CGUs or groups of CGUs to changes in the main assumptions used (long-term growth rate, margin rate used in the terminal year and discount rate).

For the other CGUs or groups of CGUs, our work consisted in holding discussions with the management of Wendel and/or the operating subsidiary to assess the reasonableness of the cash flows and key assumptions used (long-term growth rate, operating margin used in terminal year and discount rates);

We also assessed the appropriateness of the disclosures provided in Notes 1-8.1 and 9 to the consolidated financial statements, in particular those related to the sensitivity analysis carried out by Wendel's management.

Accounting treatment of mechanisms for the participation of management teams in the Group's investments

Risk identified	Our response
As described in Note 6 to the consolidated financial statements, Wendel has set up co-investment mechanisms to allow its managers and managers of subsidiaries (Constantia Flexibles, Stahl, IHS, CPI and Tarkett) to invest their personal funds in assets in which the Group invests. In the event of a divestment or an IPO, the managers receive a share of the capital gain or may lose their investment under pre-determined conditions. Several years after the initial investment, in the absence of a divestment or an IPO, Wendel is committed to buy back the share invested by the managers in order to ensure liquidity. The accounting treatment of these mechanisms is based on their settlement method. Until the settlement method is not definitive, the investments are accounted for based on the settlement method determined as most likely. This accounting treatment is described in Note 1-8.19 to the consolidated financial statements. As described in Note 35-5 to the consolidated financial statements, the commitments to buy back the share invested by managers of Wendel and subsidiaries disclosed as off-balance sheet commitments amount to 35 M€ for "pari passu" investments with the same profile of risk and return as Wendel, and amount to 53 M€ for non "pari passu" investments as of December 31, 2021. These amounts do not include any unpaid amounts owing to the co-investors on the investments sold or automatic liquidities. A part of these amounts is recognized as financial liabilities for 21 M€. We deemed the accounting treatment of mechanisms for the participation of management teams in the Group's investments to be a key audit matter because: - The accounting treatment of these mechanisms is complex; - The recognition or not of a liability reflecting the commitment to buy back the share invested by the managers at their fair value requires a high degree of judgment from management;	We held discussions with Wendel's management to gain an understanding of the co-investment mechanisms put in place by Wendel and its operating subsidiaries, and of the accounting process. For each co-investment mechanism identified, we obtained the main legal documents and analyzed the conformity of the accounting treatment applied by Wendel with the Group's accounting policies, as set out in Note 1-8.19 to the consolidated financial statements. For the co-investment mechanisms for which the most likely redemption is a disposal or an IPO, we assessed the reasoning underlying management's decision not to recognize a liability, by taking into account the redemption of previous co-investments. In this case, we paid particular attention to the co-investment mechanisms for which the liquidity commitment granted by Wendel to its managers will end soon, by determining in particular through our consultation of the minutes of meeting of the governing bodies (Executive Board and Supervisory Board), whether a disposal or an IPO is in progress. Otherwise, we verified that a liability has been recognized. We also assessed the appropriateness of the disclosures provided with respect to off-balance sheet commitments set out in Note 35-5 to the consolidated financial statements and those concerning transactions with related parties set out in Note 5.1 and controlled that the value of the commitments to buy back the amounts invested by the managers was determined according to the measurement method described in Note 35-5

- These investments are made by managers, some of whom are related parties.

Accounting treatment of IHS contribution

Risk identified	Our response
Wendel group did not sell any share of IHS in the Initial Private Offering of this group that occurred on the New York Stock Exchange in October 2021. Nevertheless, following this transaction, the terms of governance of IHS and Wendel's rights as a shareholder have changed significantly, as described in note 4-1 of the consolidated financial statements. In view of these changes, Wendel reviewed its judgment regarding its significant influence in IHS and concluded that it no longer has the factual possibility of exercising a significant influence on the decisions of the Board of this entity. According to IAS 28 "Investments in Associates", from the date of IPO the group ceased to use the equity-method given the loss of significant influence over IHS. From September 30, 2021, its participation is accounted for as a financial asset at fair value changes recorded in other comprehensive income in accordance with IFRS9 "Financial instruments" and the Group's accounting principles. As described in note 4-1 of the consolidated financial statements, the accounting gain on disposal recognized in 2021 in Net income from equity-method investments amounts to €913 million. The change in fair value after the IPO is recognized in other comprehensive income for -€357 million. As of December 31, 2021, IHS shares are valued at €785,5 million in Wendel's consolidated financial statements. We deemed the accounting treatment of IHS contribution to be a key audit matter as it is material to the financial statements and requires judgment to assess the loss of significant influence of Wendel group over IHS.	We held discussions with the Finance department, the investment teams and the Legal department in order to gain an understanding of the operation and the main agreements (including the new shareholders agreement). We evaluated the analysis performed by Wendel on - the loss of significant influence exercised over IHS with regard to the principles and criteria provided for by the IFRS standards; - the accounting treatment carried out, due to the loss of significant influence and its impact on the accounts. We also assessed the appropriateness of the disclosures provided in Note 4-1 "Changes in consolidation perimeter in 2021" section 2 "IHS IPO" to the consolidated financial statements

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Executive Board's management report.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

■ Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Executive Board's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

■ Appointment of the Statutory Auditors

We were appointed as statutory auditors of Wendel by the annual general meeting held on 16 May 2019 for Deloitte & Associés and on 15 November 1988 for ERNST & YOUNG Audit.

As at 31 December 2021, Deloitte & Associés and ERNST & YOUNG Audit were in the third year and thirty-fourth year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics for Statutory Auditors *(Code de déontologie de la profession de commissaire aux comptes)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2022

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

WENDEL

Societas Europea with an Executive Board and a Supervisory Board with capital of €178,991,772
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March 2022

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