WENDEL

2022

Consolidated Financial Statements

as of December 31

Investing *for the long term*

Contents

BALANCE SHEET – CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

In millions of euros	Note	Dec. 31, 2022	Dec. 31, 2021
Goodwill, net	7 and 8	3,929.1	3,510.6
Intangible assets, net	7 and 9	1,710.6	1,536.4
Property, plant and equipment, net	7 and 10	1,089.7	1,092.4
Property, plant and equipment under operating leases	7 and 10	476.8	428.0
Non-current financial assets	7 and 14	716.8	1,184.8
Pledged cash and cash equivalents	7 and 13	0.7	0.5
Equity-method investments	7 and 11	82.1	215.8
Deferred tax assets	7 and 23	165.7	167.5
Non-current assets		**8,171.5**	**8,136.0**
Discontinued operations and operations held for sale	18	**83.6**	**834.0**
Inventories	7	514.2	480.7
Trade receivables	7 and 12	1,606.9	1,519.5
Contract assets	7	310.3	307.9
Other current assets	7	299.3	305.7
Current tax assets	7	60.0	52.8
Other current financial assets	7 and 14	67.5	314.6
Cash and cash equivalents	7 and 13	3,264.6	2,231.8
Current assets		**6,122.9**	**5,213.1**
TOTAL ASSETS		**14,378.0**	**14,183.1**

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

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Indian operations of the Constantia Flexibles group were reclassified within discontinued operations and operations held for sale as of December 31, 2022 (see note 18 "Discontinued operations and operations held for sale").

EQUITY AND LIABILITIES

In millions of euros	Note	Dec. 31, 2022	Dec. 31, 2021
Share capital		177.6	179.0
Share premiums		22.2	57.5
Retained earnings and other reserves		1,932.5	1,317.9
Net income for the period – Group share		656.3	1,046.9
Equity – Group share		**2,788.6**	**2,601.4**
Non-controlling interests		1,847.7	1,587.5
Total equity	**15**	**4,636.2**	**4,188.9**
Provisions	7 and 16	303.7	372.7
Financial debt	7 and 17	4,621.6	5,261.8
Operating lease liabilities	7 and 17	398.8	353.6
Other non-current financial liabilities	7 and 14	422.1	364.7
Deferred tax liabilities	7 and 23	390.7	346.8
Total non-current liabilities		**6,137.0**	**6,699.6**
Liabilities related to discontinued operations and operations held for sale	18	**33.8**	**491.6**
Provisions	7 and 16	12.0	5.1
Financial debt	7 and 17	931.7	201.3
Operating lease liabilities	7 and 17	111.6	118.2
Other current financial liabilities	7 and 14	145.2	223.8
Trade payables	7	1,074.4	1,012.1
Contract liabilities	7	40.8	33.6
Other current liabilities	7	1,124.8	1,090.2
Current tax liabilities	7	130.5	119.0
Total current liabilities		**3,571.0**	**2,803.2**
TOTAL EQUITY AND LIABILITIES		**14,378.0**	**14,183.1**

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

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Indian operations of the Constantia Flexibles group were reclassified within discontinued operations and operations held for sale as of December 31, 2022 (see note 18 "Discontinued operations and operations held for sale").

CONSOLIDATED INCOME STATEMENT

In millions of euros	**Note**	**2022**	**2021**
Net sales	7 and 19	8,700.4	7,503.9
Other income from operations		7.4	9.6
Operating expenses		(7,736.2)	(6,708.7)
Gains (losses) on divestments		122.2	4.3
Asset impairment		(4.6)	(0.7)
Other income and expense		3.2	(0.8)
OPERATING INCOME	**7 and 20**	**1,092.5**	**807.6**
Income from cash and cash equivalents		22.4	8.2
Finance costs, gross		(187.9)	(174.0)
FINANCE COSTS, NET	**7 and 21**	**(165.5)**	**(165.8)**
Other financial income and expense	7 and 22	(40.7)	9.4
Tax expense	7 and 23	(275.0)	(232.0)
Net income (loss) from equity-method investments	7 and 24	(174.4)	919.5
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE		**436.9**	**1,338.6**
Net income from discontinued operations and operations held for sale	18	585.1	37.7
NET INCOME		**1,022.1**	**1,376.4**
Net income – non-controlling interests		365.7	329.5
NET INCOME - GROUP SHARE		**656.3**	**1,046.9**

In euros	**Note**	**2022**	**2021**
Basic earnings (loss) per share	25	15.15	23.93
Diluted earnings (loss) per share	25	14.93	23.78
Basic earnings (loss) per share from continuing operations	25	1.60	23.11
Diluted earnings (loss) per share from continuing operations	25	1.51	22.97
Basic earnings (loss) per share from discontinued operations	25	13.55	0.81
Diluted earnings (loss) per share from discontinued operations	25	13.42	0.81

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

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the contribution of Constantia Flexibles' Indian operations to the 2022 net loss was reclassified on a separate line in the income statement, "Net income (loss) from discontinued operations and operations held for sale" (see note 18 "Discontinued operations and operations held for sale").

STATEMENT OF COMPREHENSIVE INCOME

	2022			2021		
In millions of euros	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Items to be reclassified to net income						
Currency translation reserves[1]	64.6	-	64.6	198.4	-	198.4
Gains and losses on derivatives qualifying as hedges[2]	18.1	(0.5)	17.6	(3.6)	(4.1)	(7.7)
Reclassification to income of items previously recorded within equity[3]	(2.9)	0.9	(2.0)	(14.9)	4.3	(10.5)
Items not to be reclassified to net income						
Gains and losses on financial assets through other comprehensive income	(422.0)	-	(422.0)	(356.9)	-	(356.9)
Actuarial gains and losses	48.9	(12.0)	37.0	21.2	(4.3)	16.9
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY (A)	**(293.2)**	**(11.5)**	**(304.6)**	**(155.8)**	**(4.1)**	**(159.8)**
Net income for the period (B)			1,022.1			1,376.4
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			**717.4**			**1,216.7**
Attributable to:						
- Wendel shareholders			326.6			784.6
- Non-controlling interests			390.7			432.1

(1) This item includes in particular the contributions of Bureau Veritas for €12.4 million, CPI for €23.4 million and ACAMS for €12.3 million.
(2) This item includes changes in the fair value of Constantia Flexibles' operating derivatives for €1.3 million and a share in the changes in fair value of Tarkett Participation's hedging instruments for €17.7 million.
(3) This item includes the €2.9 million impact of the recycling of operating derivatives at Constantia Flexibles.
(4) This item corresponds to the change in fair value of the investment in IHS (see note 14 "Financial assets and liabilities").

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

STATEMENT OF CHANGES IN EQUITY

In millions of euros	Number of outstanding shares	Share capital	Share premiums	Treasury shares	Retained earnings and other reserves	Cumulative translation adjustments	Equity – Group share	Non-controlling interests	Total equity
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 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)
Share capital increase	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(5)					(57.8)		(57.8)	(72.8)	(130.5)
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**
Income and expenses recognized directly in equity (A)		-	-	-	(384.5)	54.8	(329.7)	25.0	(304.7)
Net income for the period (B)					656.3		656.3	365.7	1,022.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)(1)		**-**	**-**	**-**	**271.9**	**54.8**	**326.6**	**390.7**	**717.4**
Dividends paid(2)					(130.1)		(130.1)	(172.7)	(302.8)
Movements in treasury shares	133,141			(23.2)			(23.2)		(23.2)
Cancellation of treasury shares (3)	(377,323)	(1.5)	(37.3)	38.8			-		-
Share capital increase(4)	37,057	0.1	2.0				2.2		2.2
Share-based payments					36.4		36.4	16.5	52.9
Changes in scope of consolidation					(14.6)	(0.8)	(15.3)	(42.3)	(57.6)
Other(5)					(9.4)		(9.4)	68.0	58.7
EQUITY AS OF DECEMBER 31, 2022	**43,424,362**	**177.7**	**22.3**	**(554.1)**	**3,323.6**	**(180.7)**	**2,788.6**	**1,847.7**	**4,636.2**

(1) See the "Statement of comprehensive income".
(2) The dividend paid by Wendel in 2022 amounted to €3.0 per share, representing a total of €130.1 million. In 2021, Wendel paid a dividend of €2.9 per share, representing a total of €126.6 million.
(3) In 2022, Wendel reduced its capital by canceling treasury shares for a total amount of €38.8 million.
(4) See note 15 "Equity".
(5) Other changes notably include the impact of changes in value of puts held by non-controlling interests.

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

CONSOLIDATED CASH FLOW STATEMENT

In millions of euros	Note	2022	2021
Net income		1,022.1	1,376.4
Share of net income (loss) from equity-method investments		174.4	(919.6)
Net income (loss) from discontinued operations and operations held for sale		(585.1)	(1.0)
Depreciation, amortization, provisions and other non-cash items		532.4	558.7
Investment, financing and tax income		373.2	402.9
Operating cash flow from consolidated companies before tax		**1,516.9**	**1,417.5**
Change in working capital requirement related to operating activities		(23.6)	6.2
NET CASH FROM OPERATING ACTIVITIES, EXCLUDING TAX	**7**	**1,493.3**	**1,423.7**
Acquisitions of property, plant and equipment and intangible assets	26	(269.4)	(249.2)
Disposals of property, plant and equipment and intangible assets	27	128.3	18.7
Acquisitions of equity investments	28	(431.3)	(400.3)
Disposals of equity investments	29	897.5	1.6
Impact of changes in scope of consolidation and of operations held for sale	18 and 30	32.9	(72.6)
Dividends received from equity-method investments and unconsolidated companies		1.2	0.4
Change in other financial assets and liabilities and other items	31	233.9	(45.8)
Change in working capital requirements related to investing activities		24.4	(3.7)
NET CASH FROM (USED IN) INVESTING ACTIVITIES, EXCLUDING TAX	**7**	**617.5**	**(751.0)**
Share capital increase		2.2	2.3
Contribution of non-controlling shareholders		8.7	21.1
Movements in treasury shares		**(73.2)**	**(0.5)**
- Wendel		(23.2)	(24.7)
- Subsidiaries		(49.9)	24.2
Dividends paid by Wendel		(130.1)	(126.6)
Dividends paid to non-controlling shareholders of subsidiaries		(172.8)	(118.1)
New borrowings	32	729.5	1,082.5
Repayment of borrowings	32	(870.7)	(1,547.3)
Repayment of lease liabilities and interest	32	(155.8)	(152.3)
Net finance costs		(139.2)	(156.3)
Other financial income and expense	33	(42.9)	(75.0)
Change in working capital requirements related to financing activities		41.1	(18.8)
NET CASH FROM (USED IN) FINANCING ACTIVITIES, EXCLUDING TAX	**7**	**(803.0)**	**(1,089.0)**
Current tax expense		(310.5)	(262.5)
Change in tax assets and liabilities (excl. deferred taxes)		11.6	(5.3)
NET CASH FLOWS RELATED TO TAXES	**7**	**(299.0)**	**(267.8)**
Effect of currency fluctuations		24.3	15.6
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1,033.0**	**(668.5)**
Cash and cash equivalents at the beginning of the period		2,232.2	2,900.8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**13**	**3,265.3**	**2,232.2**

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

The principal components of the consolidated cash flow statement are detailed in notes 26 *et seq*.

Details of cash and cash equivalent accounts and how they are classified in the consolidated balance sheet are shown in note 13 “Cash and cash equivalents”.

In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, cash flows relating to companies sold continue to be reported in each of the cash flow categories until the reclassification of these companies as “Discontinued operations and operations held for sale”. In 2022, the cash and cash equivalents of Constantia Flexibles' Indian operations at the date of reclassification were recorded within "Impact of changes in scope of consolidation and of operations held for sale".

GENERAL PRINCIPLES

Wendel is a European company with an Executive Board and a Supervisory Board, governed by current and future European and French laws and regulations. The Company is registered in the Paris Trade and Company Register (*Registre du commerce et des sociétés*) under number 572 174 035. At the reporting date, its registered office is located at 89 rue Taitbout, 75009 Paris, France. The registered office will be transferred to 2-4 rue Paul Cézanne, 75008 Paris in the first half of 2023.

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, 2022, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (35.5% net of treasury shares), Stahl (67.9%), Constantia Flexibles (60.8%), Crisis Prevention Institute (CPI) (96.3%) and Association of Certified Anti-Money Laundering Specialists (ACAMS) (98.0%, see note 3 "Changes in scope of consolidation");
- an operating company accounted for under the equity method: Tarkett Participation (25.8%); and
- Wendel and its fully consolidated holding companies.

The investment in IHS is recognized within financial assets because the Group does not exercise significant influence over this company.

The consolidated financial statements of the Wendel Group cover the 12-month period from January 1 to December 31, 2022 and are expressed in millions of euros. They include:

- balance sheet (statement of financial position);
- income statement and statement of comprehensive income;
- statement of changes in 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 investees is managed independently under the responsibility of its own executive management. It is therefore important to analyze the entities' individual performances using aggregate accounting data that are relevant for their respective business activities. Aggregate data for each fully-consolidated subsidiary are presented in note 7 "Segment information", which shows the contribution of each subsidiary to the income statement, balance sheet, and cash flow statement. Aggregate accounting data for equity-method investments are set out in note 11 "Equity-method investments". An analysis of the Group's overall performance by business activity is provided in note 7 "Segment information", which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating entities or between the operating entities and Wendel or its holding companies (see note 6-2.2 "Liquidity risk of operating subsidiaries"). The debt positions of the fully consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in note 6-2.1 "Liquidity risk of Wendel and its holding companies".

These financial statements were adopted by Wendel's Executive Board on March 8, 2023 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 year ended December 31, 2022 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2022, 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 year ended December 31, 2022 have been prepared using the same accounting methods as those used for the year ended December 31, 2021.

The following amendments and interpretations, which entered into force on January 1, 2022, were adopted by the Group. The adoption of these amendments did not have a material impact on the consolidated financial statements:

- Amendment to IFRS 3 relating to the update of references to the Conceptual Framework;
- Amendment to IAS 16 relating to the accounting for proceeds before an asset's intended use;
- Amendment to IAS 37 relating to the costs to be taken into account when recognizing a provision for onerous contracts; and
- Annual improvements – 2018-2020 cycle.

The new standards, amendments or IFRIC interpretations mandatorily applicable for reporting periods beginning on or after January 1, 2023 were not early adopted as of December 31, 2022.

Note 1 - 1. Basis of consolidation

Companies over which Wendel has exclusive control are fully consolidated. Companies over which Wendel exercises significant influence or joint control are accounted for using the equity method. Earnings of acquired subsidiaries are consolidated as from their acquisition date, while those of subsidiaries sold are 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 of Bureau Veritas, Constantia Flexibles, Stahl, CPI and Tarkett for the year ended December 31, 2022;
- the individual financial statements of all other companies for the year ended December 31, 2022.

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 in 2022 are presented in note 3 "Changes in scope of consolidation". The main consolidated subsidiaries are presented in note 38 "List of main consolidated companies as of December 31, 2022".

Note 1 - 3. Business combinations

The revised IFRS 3 "Business Combinations" and IAS 27 "Separate Financial Statements" affect the accounting for acquisitions that result in control and for partial disposals that result in a loss of control:

- ancillary transaction costs are recognized in operating income for the period; contingent consideration is initially recognized at fair value, with subsequent changes in fair value recognized in operating income;
- when control is acquired, non-controlling interests are recognized either based on the holders' proportionate share of the fair value of the assets and liabilities of the acquired entity, or at their fair value. A percentage 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 a loss of control are recognized as transfers between the Group share of equity and non-controlling interests, without any impact on net income;
- non-controlling interests can have a negative balance as a subsidiary's net income or loss is allocated between the Group share of equity and non-controlling interests based on their respective interests; and
- in the event control is acquired of an entity in which the Group already holds an interest, the transaction is accounted for as (i) a disposal of the entire investment previously held with recognition of the consolidated gain on disposal as well as (ii) an acquisition of all the shares with recognition of goodwill on the entire investment. In the event of a partial divestment resulting in a loss of control (but where the Group retains a non-controlling interest), the transaction is also accounted for as both a divestment and an acquisition: disposal of the entire investment and calculation of a consolidated gain on disposal along with 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 purchase shares held by non-controlling shareholders in consolidated subsidiaries (minority puts), a financial liability is recognized in an amount corresponding to the estimated present value of the purchase price.

As of December 31, 2022, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the carrying amount of the corresponding non-controlling interests; and
- secondly, by reducing the Group's share of equity as follows: the difference between the estimated exercise price of the put options granted and the carrying amount of the non-controlling interests is deducted from consolidated retained earnings and other reserves (Group share). This balance is adjusted at the end of each accounting period to reflect changes in the estimated exercise price of the put options 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. Intragroup asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from earnings and the assets continue to be reported at their value on initial recognition, except in the event of losses deemed permanent, for which an impairment charge is recognized in 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 are converted into euros at the closing exchange rate, while income statement items are converted at the average exchange rate for the 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 under “Translation adjustments” in consolidated retained earnings and reserves until the assets and liabilities and all related foreign currency transactions have been sold or unwound. In this case, currency translation differences are either written back to income if the transaction leads to a loss of control, or directly impact equity in the event of a change in non-controlling interests that does not result in a loss of control.

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

	Closing rate		Average rate	
	2022	2021	2022	2021
€/$	1.0666	1.1326	1.0516	1.1829

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 those financial statements. These estimates and assumptions are based on Wendel’s and its subsidiaries’ appreciation of the facts and circumstances existing at the reporting date, as well as on information available on the date the financial statements were adopted. 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. Prevailing uncertainty makes forecasting difficult, and actual amounts could therefore differ from the forecasts.

Estimates and assessments made in order to prepare these financial statements mainly concern goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, valuation of put options granted to non-controlling interests, and the treatment of co-investments.

The Group’s exposure to the impacts of the war in Ukraine and the effects of the sanctions and restrictions imposed on Russia and Belarus is low; the conflict did not have a significant impact on the estimates and valuations as of December 31, 2022. The Group, through its investments and holding companies, has taken this risk into account in the various sensitivity tests and more specifically in the impairment tests (see note 8-1 “Goodwill impairment tests”).

Similarly, through its investments and holding companies, the Group has taken the economic, social and environmental impacts of the current macroeconomic environment into account in the assumptions used in its estimates and valuations. The Group regularly ensures that the impacts of climate change, significant fluctuations in interest rates and wage and raw material inflation are factored into its various sensitivity tests and more specifically, into its impairment tests (see note 8-1 "Goodwill impairment tests").

Note 1 - 8. Bases of measurement

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 at the acquisition date. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value as of the acquisition date. 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 retrospective adjustments to goodwill if they occur within 12 months of the acquisition date. Any subsequent adjustments are recognized directly in the income statement unless they are made to correct an accounting error. Under the revised IFRS 3 "Business combinations", the Group may choose to recognize goodwill on non-controlling interests. 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 earnings compared with the budget or a deterioration in the industry environment in which a company operates. For impairment tests, goodwill is allocated to cash-generating units (CGUs). Each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, CPI and ACAMS) corresponds to a CGU. Goodwill impairment losses are recognized in 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 reporting scope (and not at the level of the Wendel Group), this loss is also reported in Wendel's consolidated financial statements, even if the analysis conducted by Wendel on the investee's goodwill does not show any such loss. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as the losses would evidently have to be recognized if the subsidiary were to sell the impaired CGUs.

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", paragraph 23). Accordingly, the goodwill is not tested separately for impairment, as the value of equity-method investments is tested including goodwill. In the event of an improvement in the value of equity-method investments justifying an impairment writeback, the portion of the impairment pertaining to goodwill is also written back. Impairment losses along with disposal and dilution gains and losses 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 8 "Goodwill" and 11 "Equity-method investments".

Note 1 - 8.2 Intangible assets

1. Bureau Veritas, CPI and ACAMS group brands

The Bureau Veritas and CPI group brands have been valued using the relief-from-royalty approach, which consists in discounting royalties to perpetuity at a theoretical rate based on net sales 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 Bureau Veritas subsidiaries are amortized over a period of 5 to15 years. Only those brands identified at the level of the Wendel Group when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

The ACAMS group brand is amortized over 12 years.

2. Bureau Veritas, Constantia Flexibles, Stahl, CPI and ACAMS group contracts and customer relationships

The value of these contracts and customer relationships represents 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 (5 to 23 years, depending on the contract and subsidiary).

Note 1 - 8.3 Other intangible assets

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.

The costs of initially configuring software hosted by an external service provider, particularly in "Software as a Service" (SaaS) arrangements, must be expensed, except in two cases:

- when the configuration work results in the creation of an identifiable additional code that is separable from the software and controlled by the entity, in which case the entity must assess whether such costs meet the definition of an intangible asset within the meaning of IAS 38 "Intangible Assets"; or
- when the configuration work and the ongoing provision of access to the software fall under the responsibility of a single service provider and are not distinct, in which case the expense should be recognized over the term of the contract within the meaning of IFRS 15 "Revenue from Contracts with Customers".

Note 1 - 8.4 Property, plant and equipment

Property, plant and 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, including borrowing costs that are directly attributable to the acquisition or production of the property, plant and equipment during the reporting period prior to being brought into service.

Property, plant and 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 and equipment is historical cost less residual value, i.e., the estimated amount that the entity would obtain at the end of the asset's useful life, less any estimated costs of disposal.

The useful life is 10 to 50 years for buildings, and 3 to 10 years for industrial facilities as well equipment and tooling.

Note 1 - 8.5 Leases

IFRS 16 "Leases" requires lessees to recognize leases in their balance sheets in the form of an asset (representing the right to use the underlying asset during the lease term) and a corresponding liability (representing the obligation to make fixed lease payments). The standard eliminates the distinction between operating leases and finance leases.

In accordance with the expedient provided for in IFRS 16, the Group applied IFRS 16 to leases identified in accordance with the standards previously in force, IAS 17 and IFRIC 4, without reassessing the classification of leases in progress at January 1, 2019.

The lease liability represents the present value of remaining lease payments. Future lease payments were discounted using the lessee's incremental borrowing rate based on the residual term of their leases.

The Group opted to apply the IFRS 16 exemption for short-term and low-value leases (assets with a unit value of less than €5,000). Payments under these leases therefore continue to be recognized as operating expenses.

In assessing the lease term, the Group has taken the non-cancelable period of each lease plus any option to extend the lease that the Group is reasonably certain to exercise and any option to terminate the lease 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", property, plant and equipment and intangible assets are tested for impairment whenever there is an indication of a loss in value. These tests are performed either when there is an indication of a loss of value, or yearly for assets with indefinite useful lives, i.e., only goodwill and brands for Wendel. Impairment losses are recognized in the income statement under "Impairment of assets". Impairment losses may be reversed, but only to the extent of the carrying amount of the asset had no impairment been recognized.

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 34-5 "Shareholder agreements and co-investment mechanisms").

In accordance with 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. 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

Under IFRS 9, entities may make an irrevocable election to present changes in the fair value of an equity instrument not held for trading through other comprehensive income. Entities may make that election for each new instrument and acquisition, depending on the Group's management objective.

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 cost. At the end of each reporting period, the fair value of listed instruments is determined based on the share price at the reporting date. For unlisted securities, fair value is measured using valuation models based primarily on 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 consolidated retained earnings and other reserves and is not reclassified to 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 subsequently 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 34-5 "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 in a fair value, cash flow or net investment hedge:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to fluctuations in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from an existing or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset fluctuations in foreign exchange rates, interest rates and commodity prices; and
- hedges of net investments in foreign operations 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 functional currency of the hedged investment can be designated as a net 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 inception; and
- 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 in 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 designated as cash flow hedges is recognized directly in equity. The gain or loss from the ineffective portion is recognized in the income statement. Amounts carried in equity are transferred to 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. The gains and losses carried in equity are recognized in the income statement when the foreign operation is sold.

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

Note 1 - 8.8 Fair value measurement

In accordance with the amendment to IFRS 7 "Financial Instruments: Disclosures" (March 2009), the tables in note 14 "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 based on another price); and
- level 3: fair values that are not determined on the basis of observable market data.

In 2022, there were no transfers of financial instrument fair value measurements between levels 1 and 2, or to or from level 3.

Note 1 - 8.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Production cost includes the costs of commodities, direct labor, and any operating expenses 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 to known amounts of cash, subject to an insignificant risk of changes in value and used to meet short-term cash needs. Cash equivalents include euro-denominated, money-market mutual funds (Sicav) and deposit accounts with initial maturities of three months or less. They are measured at their fair value at the reporting 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 in return. 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 reporting date, and the related adjustment is recognized in 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 reporting date taking into account the age of the Company's employees, their seniority, 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 provision corresponds to the difference between the total benefit obligation as calculated above and any assets invested with insurance companies to fund these obligations.

Actuarial gains and losses are recorded in equity as soon as they are incurred.

Note 1 - 8.13 Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognized for temporary 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 against 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 in the balance sheet.

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

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

Deferred taxes are recorded using the liability method. According to this method deferred tax assets and liabilities are recognized according to their estimated future tax impact resulting from discrepancies between the carrying amount of the assets and liabilities in the consolidated financial statements and their respective tax base. Deferred tax assets and liabilities are valued by applying the tax rates 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 net 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 equity. Proceeds from any sales of treasury shares are credited directly to equity: any capital gains and losses on disposal do not therefore impact income for the period.

Note 1 - 8.15 Discontinued operations and operations held for sale

Assets, groups of assets held for sale, and discontinued operations are classified as such if their carrying amount will be recovered mainly through a sale transaction rather than through continuing use, and when their sale is highly probable. Depreciation on these assets ceases when they meet the conditions for classification as held for sale, and impairment is recognized if the asset's residual carrying amount exceeds its likely realizable value, less the costs of disposal.

Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current period, while their earnings are presented on a separate line in the income statement (including for comparative periods). Where applicable, net income or loss from discontinued operations includes any disposal gains or losses or any impairment losses recognized in relation to the businesses.

Note 1 - 8.16 Revenue recognition

The recognition of revenue (net sales) from contracts with customers reflects both the pattern in which performance obligations are satisfied by transferring control of a good or service to the customer, and the amount that the entity expects to receive as consideration for those goods or services.

The majority of the Bureau Veritas group's contracts give rise to a large number of very short-term projects in a single contract. Revenue from these contracts is recognized at the date on which each project is completed. Other contracts cover longer-term projects, especially in the Marine & Offshore and Buildings & Infrastructure businesses. These contracts meet the condition that another entity would not need to re-perform the work already completed, and some such contracts contain an enforceable right to payment, as defined by IFRS 15. For these contracts, the group uses the percentage-of-completion method based on the costs incurred in satisfying the related performance obligations. The percentage of completion is determined for each performance obligation in a contract by reference to the costs incurred up to the end of the reporting period as a percentage of the estimated total costs. The increment of this percentage, applied to the total forecast contract revenue, represents the profit margin recognized in the period.

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 transaction date. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the reporting date. Forex gains and losses resulting from the translation of receivables and payables in currencies other than euros are recognized in the income statement under “Other financial income and expense”.

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

Note 1 - 8.18 Stock subscription and purchase option plans

In accordance with IFRS 2 “Share-based Payment”, the Group recognizes an expense corresponding to the fair value of employee stock subscription and purchase options, free shares, and performance shares at the grant date, with the corresponding offsetting entry under consolidated equity. The expense is recognized over the options’ vesting period.

In 2022, as in previous periods, the fair value of Wendel’s plans was estimated 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 5 “Participation of management teams in the Group's investments” take the form of ownership by managers of various financial instruments such as ordinary shares, index-based or preferred shares or share warrants.

These mechanisms are settled upon divestments or IPOs, or after a predetermined period of time. At this time, any gains relating to the investment are shared on the basis of whether or not Wendel’s annual performance and cumulative profitability objectives have been met.

These mechanisms are measured and accounted for based on the manner in which they will be settled, i.e., either as equity instruments in a divestment or an IPO, or in cash as part of Wendel’s liquidity commitments, after a predetermined period of time.

Until the settlement method has been finalized, the investments are accounted for based on the most likely form of settlement.

When it is estimated that settlement is most likely to take the form of equity instruments, management’s initial investment is accounted for as non-controlling interests in proportion to their share of the total investment. On settlement, the dilution created by the value sharing 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 recorded as an expense against equity in the income statement. The expense is recognized over the options' vesting period.

When it is estimated that settlement is most likely to take the form of cash as part of Wendel's liquidity commitments after a predetermined period of time, management's initial investment is recognized as debt. This debt is subsequently restated at its fair value until payment is made. Any changes in fair value are recognized in the income statement. When the mechanism is unwound, the debt is paid off in cash. These co-investors are not considered non-controlling shareholders for accounting purposes; their investment is consolidated within the Group's net income and consolidated reserves.

The most likely method of settlement is determined at each reporting date, until the mechanisms are actually settled. Should the most likely method change, the impacts of the change are recognized in the income statement on a prospective basis. If, for example, the most likely method of settlement were to be changed to cash, the amount recognized in 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 as of December 31, 2022 – with the exception of the first third of the automatic liquidity relating to Wendel managers' co-investment in Constantia Flexibles – the most likely settlement will take the form of a sale of the relevant investments or an initial public offering (IPO) of those investments. Liquidity commitments in connection with co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in note 34-5 "Shareholder agreements and co-investment mechanisms".

Note 1 - 9. Bases of presentation

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 reporting date; or
- the asset is cash or a cash equivalent carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the reporting date.

When the asset is a pledged cash account or cash equivalent, 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 reporting date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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 operations, assets 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 investments, 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: treatment of CVAE tax on value added

Based on Wendel's analysis, CVAE tax on value added in France meets the definition of an income tax as defined in IAS 12.2. The IFRS Interpretations Committee 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 that this net amount may differ from net income for accounting purposes. Wendel considers that CVAE has the characteristics indicated in this conclusion, as the value added represents the intermediate level of profit systematically used under French tax rules to determine the CVAE amount due.

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. Under this method, it is assumed that the cash received following the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution therefore represents the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group's 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 2022 ACCOUNTS CLOSE

Note 2 - 1. Exposure to the war in Ukraine

Wendel is paying close attention to the evolution of the situation in Ukraine and its consequences, as one of the direct financial impacts could stem from an increase in our companies' cost structures, commodity prices, supply chain and wage inflation, if these impacts are not passed on sufficiently quickly in sales prices, as our companies have been able to do so far.

The industrial companies in our portfolio use a variety of energy sources, including gas and electricity and also use their derivatives as raw materials. The impact on profitability in coming months will depend on availability, passthrough to customers, the ability to realize process efficiencies both at suppliers and within our companies.

The Group's direct exposure to Russia and Ukraine was limited to approximately 2% of its revenue in 2022.

In 2022, the Group's direct exposure to Russia and Ukraine through its companies was as follows:

- for Bureau Veritas: revenue generated in these countries represented less than 1% of total revenue;
- for Constantia Flexibles: revenue generated in these countries represented less than 5% of total revenue; and
- for Stahl: revenue generated in these countries represented around 0.5% of total revenue.

The consequences of the conflict on Tarkett are presented in note 11 "Equity-method investments".

The impacts of the conflict on impairment tests are very limited.

Note 2 - 2. Effects of the Covid-19 pandemic on the financial statements as of December 31, 2022

In 2022, health restrictions in the form of lockdowns were implemented in Asia and especially in China owing to its "zero-Covid policy". These restrictions did not have a significant impact on the Group and did not require a revision of the usual assumptions and estimates, despite the sharp rise in Covid cases in China.

The Group is remaining vigilant as to the development of the crisis and its effects on its portfolio companies and employees.

Note 2 - 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. Wendel is particularly committed to monitoring its carbon footprint and those of its investees, and to setting reduction targets where material. The portfolio companies' exposure to climate risk was reviewed in 2021. In 2022, the companies for which long-term risks were identified had their Climate Resilience and Adaptation Plan approved at the governance level. The short-term effects have been factored into the strategic plans of the Group's operating subsidiaries, which are used as a basis for testing intangible assets with indefinite useful lives for impairment. The long-term effects of these changes are not quantifiable at this stage.

NOTE 3. CHANGES IN SCOPE OF CONSOLIDATION

Note 3 - 1. Changes in scope of consolidation in 2022

The Wendel Group's scope of consolidation is set out in note 38 "List of main consolidated companies as of December 31, 2022".

1. Completion of the sale of Cromology

On January 20, 2022, Wendel completed the sale of Cromology for an enterprise value of €1,262 million. The net proceeds from the sale amounted to €896 million for Wendel; this amount is net of the share of capital held by Cromology's co-investor managers.

The net proceeds from the sale represent approximately 1.6 times Wendel's total investment in the Materis group since 2006.

The capital gain on the sale of Cromology was recognized for €590 million within "Net income (loss) from discontinued operations and operations held for sale". In addition, in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", Cromology's contribution to net income for 2021 presented for the purposes of comparison is reclassified to this line. The net income generated by Cromology over the first 20 days of the year was not recognized in Wendel's 2022 consolidated financial statements because the impact was not deemed material.

For information purposes, the revenue generated by Cromology in 2021 amounted to €692 million and its recurring EBITDA was €112.5 million.

2. Acquisition of ACAMS

On March 11, 2022, Wendel completed the acquisition of ACAMS (Association of Certified Anti-Money Laundering Specialists) from Adtalem Global Education. ACAMS is the world leader in anti-money laundering and financial crime prevention training and certification.

Its annual consolidated revenue and adjusted pro forma EBITDA amounted to $98.4 million and $19.4 million respectively in 2022.

Wendel invested $338 million in equity and holds 98.4% of the company's share capital alongside its management and a minority shareholder. The Wendel Group therefore exercises exclusive control over this company, which has been fully consolidated in its financial statements since the acquisition date.

The amounts presented in the table below are taken from the financial statements of ACAMS as of the takeover date. They are prepared and presented in accordance with the accounting principles applied by Wendel. The carrying amount of the investment at the date of the takeover includes the impact of foreign exchange hedges put in place prior to the acquisition for an amount of €3.6 million. The acquisition costs were recorded in "Other non-recurring operating income and expenses" and amounted to $11.6 million.

Trade names (amortized over 12 years)	$72.5 million
Customer relationships (amortized over 12 years)	$112.5 million
Contractual customer relationships (amortized over 3 years)	$4.5 million
Technologies developed in-house (amortized over 3 years)	$0.5 million
Training content (amortized over 3 years)	$18.0 million
Deferred revenue (12 months)	$(11.0 million)
Deferred taxes related to these revaluations	$(59.0 million)
Residual goodwill	$339.6 million
Net debt	$(147.2 million)
Fixed assets	$9.0 million
Other	$4.1 million
Acquisition price of shares (100% of share capital)	$343.5 million

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

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

Note 3 - 2.1 Changes in scope of consolidation of the Bureau Veritas group

In 2022, the group made the following main acquisitions:

- 100% of Advanced Testing Laboratory, a US company specializing in scientific sourcing services for the North American consumer healthcare, cosmetics and personal care, and medical equipment markets;
- 100% of AMS Fashion, a Spanish company specializing in sustainability, quality and compliance services for the Southern European and African fashion industry markets;
- 100% of Galbraith Laboratories, a U.S. expert in Healthcare analytical testing solutions; and
- 80% of C.A.P Government, Inc. a U.S. company specializing in construction management services in Florida.

The acquisition cost of its activities was €95.6 million and the goodwill generated on the acquisitions was valued at €26.6 million. In 2022, these activities generated annual net sales of approximately €74.1 million and operating income before the amortization of intangible assets from the business combination of approximately €10.4 million.

Note 3 - 2.2 Changes in scope of consolidation of the Constantia Flexibles group

In 2022, the group invested €23.3 million to acquire 100% of FFP Packaging Solutions, a leading UK-based sustainable, flexible packaging converter with sales of €31.0 million in 2022. This acquisition generated €8.8 million in provisional goodwill prior to allocation.

Note 3 - 3. Changes in scope of consolidation in 2021

The principal changes in scope of consolidation during 2021 were as follows:

- investment in Tarkett;
- signature of the agreement to sell Cromology for an enterprise value of €1,262 million; and
- deconsolidation of IHS following its IPO.

NOTE 4. RELATED PARTIES

Related parties for the Wendel Group 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 4 - 1. Members of the Supervisory Board and Executive Board

Compensation awarded by the Wendel Group for 2022 to (i) André François-Poncet, Group CEO up to December 1, 2022 inclusive, (ii) Laurent Mignon, Group CEO as from December 2, 2022, and (iii) David Darmon, member of the Executive Board, amounted to €5 797 thousand.

The IFRS value of the options and performance shares granted to Laurent Mignon and David Darmon in 2022 amounted to €3,340 thousand at the grant date. No grants were made to André François-Poncet for 2022.

Compensation paid to members of the Supervisory Board in 2022 totaled €1,209 thousand, including €1,119 thousand by Wendel SE (i) in consideration of services by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board and (iii) as compensation of the Lead Member of the Supervisory Board; and €90 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 directors' fees.

As of December 31, 2022, the commitments made by the Company to Laurent Mignon, the Group CEO, in the event of his removal from office, were as follows:

- in the event of his removal from office not prompted by poor performance, provided that performance conditions are met, an indemnity equal to his monthly average compensation multiplied by the number of months he served as Group CEO (capped at 18 months). The monthly average compensation is determined as follows: the sum of (i) his fixed average monthly compensation at the time of departure, and (ii) one-twelfth of his variable compensation actually paid in respect of the last fiscal year preceding his departure.

Note that André François-Poncet did not receive any indemnities on the termination of his duties at the end of 2022.

As of December 31, 2022, the commitments made by the Company to Executive Board member David Darmon, in the event of his removal from office, were as follows:

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

In accordance with Wendel's policy of associating management with the Group's investments, the members of the Executive Board participate in the co-investment mechanisms described in note 5 "Participation of management teams in the Group's investments".

Note 4 - 2. Wendel-Participations

Wendel-Participations SE is owned by around 1,200 Wendel family members and legal entities. Wendel-Participations investors together held a 39.59% stake in Wendel SE as of December 31, 2022, representing 51.81% of theoretical voting rights and 52.57% of the exercisable voting rights as of that date.

As of December 31, 2022, there were 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 II Law on the prevention of corruption and for the implementation of CbC 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 5. PARTICIPATION OF MANAGEMENT TEAMS IN THE GROUP'S 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 5 - 1. Participation of Wendel's teams in the Group's 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 generally concurrent with Wendel's 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 and obligations (carried interest). In the latter case, if Wendel achieves a predefined return, the managers are entitled to a greater share of the gain than their shareholding;

iii) a liquidity event is defined, as per the different programs, as a full divestment of a portfolio company, a change in control, a divestment or redemption 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 vested at their original value and, in certain cases, the co-investor has the option or the obligation to sell their vested rights under predefined financial conditions; and

vi) co-investments are made in euros. In the case of foreign currency investments, the euro exchange rate is adjusted to that applicable on the day of the share 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) were 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 was invested under the same terms and conditions as Wendel (*pari passu* co-investment);

ii) the remaining 70% conferred a right, if a liquidity event occurred, to 7% of the capital gain (carried interest), provided that Wendel had obtained a minimum return of 7% per annum and a cumulative return of 40% on its investment; otherwise, the co-investors lost any right to a capital gain, as well as the amount invested, on this fraction of co-investment;

iii) if the company concerned was not sold outright or listed on the stock exchange, the co-investors had 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 was then recognized on one-third of the sums invested by the co-investors; the same applied after 10 years, and then 12 years, if no sale or listing of the company occurred in the meantime;

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

In 2022, the only co-investment still in force in application of these principles was in IHS, through the Luxembourg fund Oranje-Nassau Développement SCA FIAR. A first liquidity deadline occurred in 2021, on the eighth anniversary of the initial investment, on one-third of the co-investment. 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 securities during this transaction, the capital gain was calculated on the basis of the average price of IHS shares over the six-month period following the IPO. On the *pari passu* portion (representing 30% of the total co-investment in IHS), the total amount was €91,370 (less than the co-investors' investment), including €9,537 for David Darmon, member of the Executive Board. This amount was paid in July 2022. On the carried interest portion (70% of the co-investment), the minimum return was not reached and no amounts were paid to the co-investors, including David Darmon, who therefore made a loss. Note that André François-Poncet, Group CEO until December 1, 2022, did not co-invest in IHS.

The 2011-2012 co-investment program is no longer in effect.

2013-2017 program

The co-investment mechanism was amended in 2013 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-year term of the Executive Board at that time. 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 on the basis of an amount calculated by an independent expert is offered to co-investors 8, 10 and 12 years after Wendel's initial investment in the absence of a total sale or IPO;

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, also 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 residual investments 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 co-investment of the Executive Board at that time was fixed at one-third of the total co-investment, comprising 60% for the Group CEO and 40% for the member of the Executive Board at that time.

In accordance with these principles, the Wendel employees concerned 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 there are 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 disposal of these companies between 2018 and 2020.

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.

The only deal-by-deal co-investment still in force at the reporting date is the one made in Constantia Flexibles. In accordance with the principle referred to in point (iii) above, a first liquidity deadline will occur on March 26, 2023, on the eighth anniversary of the initial investment, on one-third of the co-investment on a deal-by-deal basis, and an independent multi-criteria appraisal will be carried out before September 26, 2023. In accordance with the Group's accounting policies, a provision for this commitment has been accrued in the 2022 consolidated financial statements.

2018-2021 program

In the absence of any investment made after April 2017, and on the occasion of the arrival of a new Group CEO 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 introduction 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 a repayment of the contributions and to 2% of the capital gain generated on each of the investments made during the period, provided that the return on Wendel's 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 a repayment of the contributions and 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 and if the minimum return is not reached, the co-investors are treated *pari passu* with Wendel;

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 of 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 share price, 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 meet their commitment to co-invest in the pooled portion can invest the same amount on a deal-by-deal basis, without any 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.

In application of these principles, the members of the Executive Board at the time invested in a personal capacity alongside the Group and other Wendel employees in Crisis Prevention Institute (CPI) in December 2019 and November 2020, representing 4% for André François-Poncet and 6.7% for David Darmon, with 90% invested on a pooled basis and 10% deal by deal.

In December 2022:

Laurent Mignon, new Group CEO as of December 2, 2022, co-invested in CPI at a rate of 8% of the total co-investment, by acquiring shares in the pooled program for €194,828 and shares in the deal-by-deal program for €21,634; and

David Darmon increased his exposure to CPI and raised his co-investment from 6.7% to 8% by acquiring additional shares in the pooled program for €31,660 and shares in the deal-by-deal program for €3,515.

These transactions were carried out at the higher of the initial value and the last net asset value.

The difference between the fair value of the managers' co-investments and its subscription price amounts to €2.2 million. In accordance with Group accounting principles, this amount is recognized in the income statement over the vesting period.

André François-Poncet retained his co-investment shares in CPI after his departure from the Group on December 1, 2022.

2021-2025 program

Upon renewal of the Executive Board's term of office for the period April 2021 to April 2025, a new co-investment program was defined for investments made in new companies during this period (and for any later re-investments made by the Wendel Group in these companies).

This program is governed by the following principles:

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) below) occurs affecting one of the companies initially acquired during the period, the co-investors are (a) entitled to the repayment of their contributions and to the share of the capital gain referred to in iii) or iv) below, provided that the minimum return is achieved, or (b) if that return is not achieved, treated *pari passu* with Wendel;

iii) if a liquidity event (as defined in v) below) 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 (deal-by-deal carried interest), 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 minimum return is decreased by 0.75% per year for the next five years and then remains constant at its last level; 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 minimum 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, a divestment or a redemption 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, as of 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 2021-2025 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 meet their commitment to co-invest in the pooled portion can invest the same amount on a deal-by-deal basis, without any 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 share of the Executive Board's co-investment in this program is 16%, i.e., 8% for each Executive Board member, divided equally between co-investment on a deal-by-deal basis and pooled co-investment.

In application of these principles, the co-investors invested in a personal capacity alongside the Group in Tarkett in 2021. In March 2022, the co-investors invested in a personal capacity alongside the Group in ACAMS for an amount of €1.3 million. In this context, André François-Poncet and David Darmon, respectively Group CEO and member of the Executive Board, co-invested €146,132 each.

In December 2022, Laurent Mignon, the new Group CEO as of December 2, 2022, co-invested at a rate of 8% in Tarkett and ACAMS by acquiring shares for €127,008 in the pooled program, €53,942 in the deal-by-deal program for Tarkett and €243,522 in the deal-by-deal program for ACAMS. These transactions were made at the higher of the initial value and the last net asset value.

The difference between the fair value of the managers' co-investments, including the Executive Board members, 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.

Note 5 - 2. Participation of investees' management in the performance of their companies

Various mechanisms exist in Wendel Group subsidiaries (Bureau Veritas, Constantia Flexibles, Stahl, CPI, IHS, Tarkett and direct investments via Wendel Growth [formerly Wendel lab]) to allow management to participate in the performance of each entity.

The participation of management is based, depending on the case, on stock subscription or purchase option plans and /or performance share plans, or on co-investment systems whereby the managers of these various subsidiaries co-invest significant amounts alongside Wendel. These investments present a risk for the co-investor managers in that they may lose all or part of the significant sums they have invested, depending on the value of the investment on settlement.

These co-investment mechanisms are generally composed of (i) a *pari passu* investment with a return profile identical to that achieved by Wendel, and (ii) a ratchet investment, which offers variable capital gains 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 co-investor managers take the form of various financial instruments held by Wendel and the co-investor managers. These instruments include ordinary shares, index-based or preferred shares and fixed-rate bonds. The ratchet portions may also be structured as bonuses linked to the relevant entity's performance, or to the profitability of the investment made in the entity.

These investments are settled either when a liquidity event occurs (divestment or IPO) or, for certain investments if no such liquidity event takes place, at a specific point in time (depending on the company, between 6 and 12 years after the initial investment by Wendel).

Note 5 - 3. Impact of co-investment mechanisms for Wendel

As of December 31, 2022, the impact of these co-investment mechanisms is to reduce Wendel's shareholdings in the investments concerned by between 0% and 2%. This calculation is based on the value of the investments as calculated in order to determine the Group's Net Asset Value (NAV, as defined in the annual financial report) as of December 31, 2022.

NOTE 6. FINANCIAL RISK MANAGEMENT

Note 6 - 1. Equity market risk

Note 6 - 1.1 Value of investments

Wendel Group assets are mainly investments over which Wendel has control or significant influence. These assets are listed (Bureau Veritas, IHS and Tarkett) or unlisted (Constantia Flexibles, Stahl, CPI and ACAMS).

The value of these investments is based mainly on:

- their economic and financial performance;
- their growth and profitability outlook;
- 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 NAV depends on management's capacity to select, buy, develop and then resell companies able to stand out 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 companies' management, during regular in-depth operational review meetings or meetings of these companies' governance entities. Alongside these meetings, knowledge sharing with the management team makes it possible to develop true industry expertise and therefore 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 Group level through an overall analysis of the breakdown of Wendel's subsidiaries' businesses and investments by industry, in order to ensure sufficient diversification, not only in industry terms but also from the point of view of their competitive positioning and the companies' ability to withstand a deterioration in the economic climate.

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

Moreover, the financial structure and levels of debt of certain operating subsidiaries (CPI, IHS Tarkett, ACAMS) 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 business or an external event which unfavorably impacts the companies' 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 6-2 "Liquidity risk"). Furthermore, banks' access to liquidity and their own prudential ratios can sometimes make refinancing the debt of these companies more difficult. To prevent and manage the risk related to the financial structure of these companies, cash flow and financial covenant forecasts are prepared regularly based on various scenarios in order to establish, where appropriate, targeted solutions to ensure their long-term survival and to create value. Wendel and its subsidiaries are also 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 growth and profitability outlook are affected by difficulties related to their organization, financial structure, forex exposure, industry sector and global economic environment and/or to risks as sudden and significant as a cyber-attack, a geopolitical crisis or the crisis linked with the global pandemic. 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 6 - 1.2 Equity market risk

As of December 31, 2022, equity market risk related chiefly to:

- consolidated and equity-method shares, whose recoverable values used for impairment tests are based on market parameters including, as appropriate, the discount rate used in calculating value in use or the market price used in calculating fair value (see impairment tests in note 8 "Goodwill" and note 11 "Equity-method investments");
- the investment in IHS recorded in non-current financial assets at fair value, i.e., at the market price (see note 14 "Financial assets and liabilities"); changes in this value are recorded in other comprehensive income in accordance with Group accounting principles. At December 31, 2022, the investment was valued at €363 million, after a loss of €422 million recognized in other comprehensive income corresponding to the change in fair value for the period. Excluding the change in value of the US dollar (the company's quoted currency), a +/-5% change in the market price would lead to a positive or negative impact of €18 million in other comprehensive income;
- investments by Wendel Growth (formerly Wendel Lab), whose total value was €157 million as of December 31, 2022. These investments are recognized at fair value, with changes recognized through profit or loss. A 5% increase or decrease in their value would therefore result in a positive or negative impact of approximately €7.8 million in net financial expense (see note 14 "Financial assets and liabilities");
- puts granted to non-controlling interests (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is determined using a contractual formula based on a fixed multiple of operating margin less net debt, or using the fair value of the relevant investment. When the buy-out price is based on fair value, it is most often estimated using the calculation method used for NAV (as described in the Group's annual financial report), i.e., peer multiples are applied 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. As of December 31, 2022, the total of these financial liabilities amounted to €233 million, mainly corresponding to

the minority put granted to the H. Turnauer Foundation (see note 14 "Financial assets and liabilities" and note 34 "Off-balance sheet commitments"). In the event of a +5% increase in the operating margins of the investments in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies would increase by around €22 million. This change would mainly be recognized in consolidated reserves. Other Group investees also granted minority puts (see note 14 "Financial assets and liabilities");

- the Wendel syndicated loan covenants, which are based on ratios of financial debt to asset value, are described in note 6-2.4 "Financing agreements and covenants of Wendel and its holding companies". As of December 31, 2022, this loan was not drawn and Wendel was in compliance with these covenants; and
- the financial leverage of Wendel and its holding companies (i.e., net debt/assets), which represents a key indicator of the cost of bond and bank financing for Wendel. This indicator is also tracked by Moody's and Standard & Poor's rating agencies, which Wendel has contracted 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 while maintaining a solid financial structure.

Note 6 - 2. Liquidity risk

Note 6 - 2.1 Liquidity risk of Wendel and its holding companies

Wendel's cash requirements are related to investments (including the commitments described in note 34 "Off-balance sheet commitments", in particular the minority puts and the commitments of Wendel Growth), debt servicing, operating expenses, 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 associates.

As regards asset turnover, certain agreements, notably shareholder agreements, may temporarily limit Wendel's ability to sell certain of its assets; as of December 31, 2022, the main asset subject to this restriction is the investment in IHS, which is in fact subject to a mandatory holding requirement expiring gradually after the company's IPO (see note 34-5 "Shareholder agreements and co-investment mechanisms"). The shareholders' agreement for the investment in Tarkett also includes a commitment by the Group not to sell the shares during the first years of its investment. An unfavorable environment for the equity market (public or private) or a non-controlling shareholder position without a shareholder agreement permitting 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, dividends paid by investees may be limited by their operating and financial position (see note 6-2.2 "Liquidity risk of operating subsidiaries") and any restrictions set out in their financing documentation (see note 6-2.5 "Financial debt of operating subsidiaries – Documentation and covenants"). Furthermore, a non-controlling shareholder cannot decide to pay dividends without the agreement of the other shareholders.

Cash and short-term financial investment position

As of December 31, 2022, cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €960.5 million and consisted mainly of €671.3 million in euro money market funds, €33.8 million in financial institution funds and €255.4 million in bank accounts and deposits denominated chiefly in euros.

Monitoring cash and short-term financial investments

Every month cash and cash equivalents (including short-term financial investments) and cash flows 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 January 2022, a new €300 million bond maturing in January 2034 was issued with a coupon of 1.375%. Following this transaction, the €500 million bond maturing in 2024 was redeemed early for an amount of €534.4 million, determined in accordance with the prospectus of this bond and including the impact of the interest rate hedge (the difference between the amount redeemed and the nominal amount was recognized in financial expenses). Thus, at the reporting date, the maturities of the bonds were spread between April 2026 and January 2034 for a nominal amount of €1.4 billion and the average maturity was 6.4 years.

Wendel also has an undrawn €750 million syndicated loan maturing in July 2027. Wendel has the option of requesting two one-year maturity extensions from the lenders, who may either accept or refuse its request. Wendel was in compliance with its financial covenants as of December 31, 2022. The margin level on this loan is indexed to Wendel achieving its ESG targets; should these targets not be met, the margin would be increased but there would be no impact on the availability of this facility; however, if the targets were to be met, the margin would be reduced. As the 2021 targets were met, the margin on the loan was reduced slightly in 2022. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.

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

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 turnover or new financing. New financing may be limited by:

- the availability of bank and bond lending sources, which can be restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators;
- the 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 6-2.4 "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 6-1 "Equity market risk"). It also depends on investments and divestments, which increase and decrease leverage, respectively. It should be noted that in this regard, the Group has granted

buyback commitments described in note 34-5 “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 financial leverage (net debt/assets ratio).

Note 6 - 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. The subsidiaries' liquidity risk therefore only affects Wendel when the Group so decides or accepts such risk. 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 restrictions to which Wendel is subject, including returns on investment, Wendel’s own liquidity, additional investments in other subsidiaries and new investments.

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. Similarly, changes in the economic and financial position of investments have an impact on their value; however, this value is taken into account in calculating Wendel’s financial leverage (see note 6-1.2 “Equity market risk”).

Note 6 - 2.3 Wendel’s liquidity outlook

Wendel’s next significant financial deadline is the €300 million bond, due to be redeemed in April 2026. Wendel’s liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and its €750 million fully-undrawn syndicated credit line.

Note 6 - 2.4 Financing agreements and covenants of Wendel and its holding companies

Wendel bonds – 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 syndicated loan – documentation and covenants (undrawn as of December 31, 2022)

The syndicated loan is subject to financial covenants, 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. Accordingly, the net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

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

These covenants are as follows:

- net financial debt of Wendel and the financial holding companies compared to the gross asset value 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 treated as unsecured debt, less their available cash (not pledged or in escrow) to
  - the sum of 75% of the value of 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 covenants are tested half-yearly when there are drawdowns under the syndicated loan. As of December 31, 2022 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 6 - 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, 2022, Bureau Veritas' gross financial debt amounted to €2,637.4 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €1,662.1 million. At the end of 2022, Bureau Veritas also had a confirmed undrawn credit line of €600 million.

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

As of December 31, 2022, all these commitments were met. They can be summarized as follows:

- the first ratio is defined as the ratio of adjusted net financial debt and adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, amortization and provisions), adjusted for any entity acquired over the last 12 months. The ratio should be less than 3.5. As of December 31, 2022, it was 0.97; and
- the second ratio represents consolidated EBITDA (earnings before interest, taxes, depreciation, amortization and provisions), adjusted for any entity acquired over the last 12 months for net financial expenses. This ratio should be greater than 5.5. As of December 31, 2022, it was 18.25.

Constantia Flexibles financial debt

This debt is without recourse to Wendel.

As of December 31, 2022, the nominal amount of Constantia Flexibles gross financial debt was €715.3 million (including accrued interest and excluding issuance costs and financial liabilities related to the application of IFRS 16), and its cash balance €366.2 million (plus €82 million in deposits given as collateral to certain lenders which are classified as financial assets).

At the end of 2022, Constantia Flexibles had a revolving credit facility of €200 million maturing in February 2027, which remains undrawn and available. This facility is subject to the following financial covenant: the ratio of net financial debt to EBITDA over the last 12 months has to be less than 4.00 (this threshold could be temporarily raised to 4.50 in the event of acquisitions). This covenant was met at the end of 2022 with a ratio of 1.2.

As of December 31, 2022, factoring resulting in deconsolidation amounted to €165.5 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 financial debt

This debt is without recourse to Wendel.

As of December 31, 2022, Stahl's gross bank debt was €362.5 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €281.5 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 as of December 31, 2022. This covenant was met, with a ratio of 0.42 at the end of 2022.

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.

Stahl has secured a new $580 million financing with a group of partner banks, extending its maturities to 2028. It will be used to refinance its existing credit lines, to finance ICP's acquisition and finance any future external growth operations.

ACAMS financial debt

This debt is without recourse to Wendel.

As of December 31, 2022, the nominal amount of ACAMS' gross financial debt was $166.7 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $22.5 million. A large portion of this cash is held by foreign subsidiaries, and the transfer of part of this cash to the ACAMS group is subject to certain limitations. The revolving credit facility amounted to $20 million, of which $2.5 million was drawn down at December 31, 2022.

The financial covenant relates to the ratio of net financial debt to recurring EBITDA over the last 12 months (defined in the lending documentation), which must be less than 12 at December 31, 2022 (the maximum limit will be progressively reduced to 9.5 in September 2024). This covenant was met, with a ratio of 5.9 at the end of 2022.

The documentation related to ACAMS debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, dissolutions, asset divestments, granting of 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 financial debt

This debt is without recourse to Wendel.

As of December 31, 2022, the nominal amount of CPI gross financial debt was $302.4 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $5.6 million. An amount of $2 million has been drawn down on the $30 million revolving credit facility.

As of December 31, 2022, the ratio of net financial debt to recurring EBITDA over the last 12 months (as defined in the lending documentation) was 4.86. This is below the maximum leverage of 12 required by the lenders when more than 40% of the revolving facility has been drawn down (not the case at end-December 2022).

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

Note 6 - 3. Interest rate risk

As of December 31, 2022, the exposure of the Wendel Group (Wendel, its holding companies and its fully consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	4.0		1.5
Cash and short-term financial investments	0.0		(3.4)
Impact of derivatives	0.2	0.2	(0.4)
INTEREST RATE EXPOSURE	**4.2**	**0.2**	**(2.2)**
	191%	9%	(101)%

The notional amount of derivative instruments was weighted by the period of 12 months following December 31, 2022 during which they will hedge interest rate risk.

A +100 basis-point increase in the interest rates on which the interest rate exposure of the consolidated Group is indexed would increase financial income before tax by around €20.0 million over the 12 months after December 31, 2022, based on net financial debt as of December 31, 2022, interest rates on that date, and the maturities of existing interest rate hedging derivatives. This positive impact of a rate increase reflects the Group's very significant cash position (exposed to floating rates) and the interest rate hedges implemented within the Group.

Note 6 - 4. Credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk. Receivables for which a risk of non-payment exists are written down. As of the reporting date, owing to the Group’s geographical and sector diversification, there was no significant concentration of credit risk in trade receivables. The war in Ukraine has not had a significant impact at the Group scale on the impairment of customer receivables recognized as of December 31, 2022 (in particular on the level of expected credit losses).

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, 2022, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 6 - 5. Currency risk

Note 6 - 5.1 Wendel

Most of the Group's 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, 2022, the operating subsidiaries with the greatest exposure to the US dollar or whose reporting currency is the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, CPI and ACAMS.

In addition, the IHS share price is denominated in US dollars. As this investment is recognized at fair value under financial assets, a change in the euro/dollar exchange rate would have an impact on the change in this fair value, which is recognized in other comprehensive income (see note 14 “Financial assets and liabilities”).

In February 2023 (after the reporting date), the Group hedged a portion of the currency risk arising on the value of its investments denominated in US dollars. It contracted:

- a two-year $400 million collar protecting it against a decline in the US dollar, which kicks in when the exchange rate exceeds 1.25 and results in it losing any upside if the rise in the US dollar leads to an exchange rate below 0.9151; and
- a three-year $360 million collar protecting it against a decline in the US dollar, which kicks in when the exchange rate exceeds 1.25 and results in it losing any upside if the rise in the US dollar leads to an exchange rate below 0.9471.

These instruments will qualify as hedging instruments of a net investment in a foreign operation under IFRS. They will therefore be recognized in the balance sheet at fair value, with changes in fair value recognized in other comprehensive income for the effective portion and in income for the ineffective portion. The fair value recognized in other comprehensive income will be released to the income statement when the hedged asset is disposed of or if control of the asset is lost.

Note 6 - 5.2 Bureau Veritas

Bureau Veritas operates internationally and is therefore exposed to the risk of fluctuations in several currencies. This risk is incurred both on transactions carried out by group entities in currencies other than their functional currency (currency risk on operations), as well as on assets and liabilities denominated in foreign currencies other than the presentation currency for the consolidated financial statements, i.e., euros (translation risk).

Operational currency risk

For Bureau Veritas businesses present in local markets, income and expenses are mainly expressed in local currencies. For Bureau Veritas businesses relating to international markets, a portion of revenue is denominated in US dollars. The proportion of Bureau Veritas' US dollar-denominated consolidated revenue generated in countries with different functional currencies or currencies linked to the US dollar was 7% in 2022. The impact of a 1% rise or fall in the US dollar against all other currencies would have an impact of 0.07% on Bureau Veritas’ consolidated revenue.

Translation risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas translates any foreign currency income and expenses into euros when preparing its financial statements, using the average exchange rate for the period. As a result, changes in the value of the euro against other currencies affect the amounts reported in the consolidated financial statements, even though the value of the items concerned remains unchanged in their original currencies. In 2022, over 72% of Bureau Veritas' revenue resulted from the consolidation of financial statements of entities with functional currencies other than the euro:

- 19.8% of revenue was generated by entities whose functional currency is the US dollar or a currency linked to it (including the Hong Kong dollar);
- 11.5% of revenue was generated by entities whose functional currency is the Chinese yuan renminbi;
- 4.3% of revenue was generated by entities whose functional currency is the Australian dollar;
- 4.1% of revenue was generated by entities whose functional currency is the Canadian dollar;
- 3.6% of revenue was generated by entities whose functional currency is the Brazilian real.;
- 3.2% of revenue was generated by entities whose functional currency is the pound sterling.

Other currencies taken individually did not account for more than 3% of Bureau Veritas revenue. A 1% rise or fall in the euro against the US dollar and other linked currencies would have had an impact of 0.198% on 2022 consolidated revenue and on 2022 operating profit.

Note 6 - 5.3 Constantia Flexibles

In 2022, 31% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 12% in US dollars. A 5% rise or fall in the US dollar or in currencies linked to it against the euro would have had a positive or negative impact of around 1.6% on Constantia Flexibles' recurring operating income before depreciation, amortization and impairment (excluding goodwill allocation and non-recurring expenses), representing a positive or negative impact of around €3.4 million.

Note 6 - 5.4 Stahl

In 2022, 57% of Stahl's revenue was generated in currencies other than the euro, including 31% in US dollars, 14% in Chinese yuan, 5% in Indian rupees and 4% in Brazilian real. A 5% rise or fall in the US dollar against the euro would have had a positive or negative impact of around 4% on Stahl's 2022 recurring operating income before depreciation, amortization and impairment (excluding goodwill allocation and non-recurring expenses), representing a positive or negative impact of around €8 million.

In addition, Stahl has financial debt of €362.5 million denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a 5% increase or decrease in the US dollar against the euro would result in the recognition of a positive or negative currency impact of around €18 million in financial income and expense. In 2022, the currency effect relating to this debt was a negative €24.1 million, recognized in other financial expenses.

Note 6 - 5.5 CPI

CPI operates chiefly in the United States and its functional currency is the US dollar. In 2022, 20% of CPI's revenue was generated in currencies other than the US dollar, including 8% in Canadian dollars and 7% in pounds sterling. A 5% rise or fall in the value of these currencies against the US dollar would have had a positive or negative impact of around 1% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), representing a positive or negative impact of around €0.6 million. In addition, a 5% rise or fall in the value of the dollar against the euro would have a positive or negative impact of around €2.3 million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated financial statements.

Note 6 - 5.6 ACAMS

ACAMS is a US-based company with international operations. Its functional currency is the US dollar. In 2022, 11% of its revenue was generated in currencies other than the US dollar, including 7% in Chinese yuan and 4% in Canadian dollars. A 5% rise or fall in the value of these currencies against the US dollar would have had a positive or negative impact of around 2.3% on EBITDA for the year (excluding goodwill allocation and non-recurring expenses), representing a positive or negative impact of around €0.5 million. In addition, a 5% rise or fall in the value of the dollar against the euro would have a positive or negative impact of around €6.5 million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated financial statements.

Note 6 - 6. Commodity risk

The Group's investments with the greatest exposure to the risk of changes in commodity prices are Stahl and Constantia Flexibles.

Stahl's commodity purchases represented approximately €428 million in 2022, reflecting a 13% increase in commodity 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 commodities of around €42.8 million on a full-year basis. The increase in ocean freight costs had an impact of €1 million on the group, with a reported 13% decrease in shipping volumes. The volatility of commodity prices and the continued increase in ocean freight costs have led Stahl to raise its sales prices in 2022. Stahl considers that, circumstances permitting, a continued short-term increase in the sales price of its products would offset the overall effect of such commodity price increases.

Constantia Flexibles purchased around €1,366 million of commodities in 2022. A 10% increase in the price of the commodities used by Constantia Flexibles would have led to a theoretical increase in the cost of these commodities of around €136.6 million on a full-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. In 2022, commodity prices increased significantly. The Group believes it has offset these price hikes by increasing its sales prices.

NOTE 7. SEGMENT INFORMATION

Business sectors correspond to Wendel's shareholdings:

- Bureau Veritas – testing, inspection and certification services;
- Constantia Flexibles – flexible packaging;
- Stahl – coating layers and surface treatments for flexible materials;
- Crisis Prevention Institute (CPI) – training services;
- Tarkett – equity-accounted – flooring and sports surfaces; and
- Association of Certified Anti-Money Laundering Specialists (ACAMS).

The analysis of the income statement by business sector is split between net income from operations, non-recurring items and the impact of 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 operations 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:

- Net income from investments is defined as the net income of companies controlled by the Group (fully consolidated: Bureau Veritas, Constantia Flexibles, Stahl, CPI and ACAMS) and Wendel's share in the net income of equity-method investments (Tarkett) before non-recurring items and the impact of goodwill allocations;
- Net income from holding companies includes the operating expenses of Wendel and its holding companies, the cost of net debt put in place to finance Wendel and its holding companies, and the tax expense and income relating to these items. The amounts shown are those recognized at the level of Wendel and all of its consolidated holding companies (excluding acquisition

holding companies and operating subsidiaries).

Non-recurring items

Non-recurring items correspond, for the entire scope of consolidation, to 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;
- non-recurring restructuring costs;
- non-recurring legal disputes, notably those that are not linked to operating activities;
- changes in fair value;
- impairment losses on assets, and in particular goodwill;
- currency impact on financial debt;
- financial restructuring expenses and the income and expenses related to extinguishing debt; and
- any other material item unconnected with the Group's recurring operations.

Goodwill impact

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 and 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 (the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 7 - 1. Income statement by business segment for 2022

In millions of euros	Bureau Veritas	Constantia Flexibles	Stahl	CPI	ACAMS	Equity-method investments Tarkett	Wendel and holding companies	Total Group
Net income from operations								-
Net sales	**5,650.6**	**1,954.5**	**914.9**	**114.2**	**66.2**			**8,700.4**
EBITDA[(1)]	**N/A**	**256.4**	**194.3**	**58.9**	**17.3**			
Adjusted operating income[(1)]	**902.1**	**118.0**	**165.8**	**51.1**	**13.6**			**1,250.8**
Other recurring operating items		2.0	2.0	0.5	0.3			
Operating income (loss)	**902.1**	**120.0**	**167.8**	**51.6**	**13.9**		**(89.6)**	**1,165.9**
Finance costs, net	(68.3)	(13.8)	(17.8)	(25.9)	(11.7)		(26.9)	**(164.5)**
Other financial income and expense	(13.1)	1.8	10.5	(1.1)	(0.1)		(1.1)	**(3.0)**
Tax expense	(259.5)	(13.8)	(42.2)	(5.1)	(3.5)		(1.1)	**(325.2)**
Share in net income (loss) of equity-method investments	0.1	-	-	-	-	0.1	-	**0.2**
Net income (loss) from discontinued operations and operations held for sale	-	(2.8)	-	-	-		-	**(2.8)**
Recurring net income (loss) from operations	**561.3**	**91.4**	**118.3**	**19.6**	**(1.4)**	**0.1**	**(118.7)**	**670.6**
Recurring net income (loss) from operations – Non-controlling interests	371.5	37.5	37.8	0.7	0.0		(0.1)	**447.4**
Recurring net income (loss) from operations – Group share	**189.8**	**53.9**	**80.5**	**18.9**	**(1.4)**	**0.1**	**(118.7)**	**223.2**
Non-recurring income (loss)								-
Operating income (loss)	(102.9)	(49.6)	(26.6)	40.4	(55.4)		121.3 [(3)]	**(72.8)**
Net financial expense	-	(1.7)	(23.7)	(1.5)	2.0		(16.6) [(4)]	**(41.5)**
Tax expense	26.2	10.9	12.7	(9.6)	12.1		-	**52.4**
Share in net income (loss) of equity-method investments	-	-	-	-	-	(12.2)	(162.3) [(5)]	**(174.5)**
Net income (loss) from discontinued operations and operations held for sale	-	(1.6)	(0.3)	-	-		589.9 [(6)]	**588.0**
Non-recurring net income (loss)	**(76.7)**	**(42.0)**	**(37.8)**	**29.3**	**(41.3)**	**(12.2)**	**532.3**	**351.5**
of which:								-
- Non-recurring items	(18.7)	(14.3)	(23.2) [(2)]	(1.4)	(16.8) [(7)]	(9.5)	694.6	**610.6**
- Goodwill impact	(50.4)	(33.4)	(14.6)	(16.7)	(24.5)	(2.7)	-	**(142.2)**
- Asset impairment	(7.6)	5.7	-	47.4 [(8)]	-	-	(162.3)	**(116.8)**
Non-recurring net income (loss) – non-controlling interests	(52.7)	(16.5)	(12.1)	1.1	(0.8)	-	(0.6)	**(81.7)**
Non-recurring net income (loss) – Group share	**(23.9)**	**(25.6)**	**(25.7)**	**28.2**	**(40.4)**	**(12.2)**	**532.9**	**433.2**
Consolidated net income (loss)	**484.6**	**49.4**	**80.5**	**48.8**	**(42.7)**	**(12.2)**	**413.6**	**1,022.1**
Consolidated net income (loss) – non-controlling interests	318.7	21.0	25.7	1.8	(0.9)	0.0	(0.7)	**365.7**
Consolidated net income (loss) – Group share	**165.9**	**28.4**	**54.8**	**47.0**	**(41.8)**	**(12.2)**	**414.3**	**656.3**

(1) Before the impact of goodwill allocations, non-recurring items and management fees.
(2) This item mainly corresponds to the foreign exchange impact during the period on debt denominated in US dollars.
(3) It includes proceeds from the sale of the rue Taitbout building by Wendel SE for €115.5 million.
(4) This item includes the net-of-tax impact of the positive change in the fair value of Wendel Growth (formerly Wendel Lab) financial assets for €17.7 million. It also includes the early redemption premium of the 2024 bond for a negative €34.4 million (see "Financial maturities and debt" in note 6-2.1 "Liquidity risk of Wendel and its holding companies").
(5) This item corresponds to the impairment of Tarkett Participation's investments (see note 11 "Equity-method investments").
(6) This item corresponds to the net gain on the sale of Cromology (see note 3 "Changes in scope of consolidation").
(7) This item includes a negative €11.2 million of buyers' fees related to the acquisition of ACAMS, a negative €10.9 million of fees related to the implementation of the new structure and a €2 million positive change in the fair value of hedging derivatives.
(8) This item corresponds to the reversal of the impairment on CPI's intangible assets recognized during the Covid crisis.

Note 7 - 2. Income statement by business segment for 2021

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	Equity-method investments IHS	 Tarkett	Wendel and 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 (loss)	**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 expense	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 (loss) of equity-method investments	-	-	-	-	-	27.7	3.0	-	**30.7**
Net income (loss) from discontinued operations and operations held for sale	-	-	52.4	-	-			-	**52.4**
Recurring net income (loss) from operations	**509.2**	**50.9**	**52.4**	**113.9**	**7.8 -**	**27.7**	**3.0**	**(111.3)**	**653.7**
Recurring net income (loss) from operations – Non-controlling interests	337.9	20.2	2.7	36.5	0.3	-	-	-	**397.5**
Recurring net income (loss) 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 (loss)									
Operating income (loss)	(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 (loss) of equity-method investments	-	-	-	-	-	(18.8)	(5.9)	913.5 (4)	**888.9**
Net income (loss) from discontinued operations and operations held for sale	-	-	(17.5)	0.6	-			-	**(16.9)**
Non-recurring net income (loss)	**(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**
- Goodwill impact	(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 (loss) – non-controlling interests	(41.7)	(15.8)	(0.9)	(12.7)	(0.5)		-	3.5	**(68.0)**
Non-recurring net income (loss) – Group share	**(21.3)**	**(24.5)**	**(16.6)**	**(26.9)**	**(11.9)**	**(18.8)**	**(5.9)**	**916.4**	**790.6**
Consolidated net income (loss)	**446.2**	**10.6**	**34.9**	**74.4**	**(4.6)**	**8.9**	**(2.9)**	**808.8**	**1,376.4**
Consolidated net income (loss) – non-controlling interests	296.1	4.4	1.8	23.8	(0.2)	-	-	3.5	**329.5**
Consolidated net income (loss) – 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 allocations, non-recurring items and management fees.
(2) This item included the negative €8.8 million impact of liquidity linked to IHS co-investment mechanisms.
(3) This item included the impact of the positive change in fair value and the disposal of Wendel Growth (formerly Wendel Lab) financial assets net of tax for €44.5 million. It also includes the early redemption premium of the 2023 bond for a negative €8 million as well as the change in fair value related to foreign exchange hedges implemented by Wendel for a negative €6 million.
(4) This item included the impact of deconsolidation of IHS.
(5) This item included the negative foreign exchange impact for the period of €32 million.

Note 7 - 3. Balance sheet by operating segment as of December 31, 2022

In millions of euros	Bureau Veritas	Constantia Flexibles	Stahl	CPI	ACAMS	Tarkett	Wendel and holding companies	Total Group
Goodwill, net	2,515.7	492.5	130.5	472.0	318.4	-	-	3,929.1
Intangible assets, net	590.0	392.3	199.7	348.8	179.6	-	0.2	1,710.6
Property, plant and equipment, net	374.8	571.6	126.9	2.4	0.0	-	14.0	1,089.7
Property, plant and equipment under operating leases	381.4	43.0	14.6	3.0	-	-	34.9	476.8
Non-current financial assets	107.3	87.5	0.5	0.2	2.0	-	519.4	716.8
Pledged cash and cash equivalents	-	-	-	-	-	-	0.7	0.7
Equity-method investments	0.9	-	-	-	-	81.3 (1)	-	82.1
Deferred tax assets	122.6	27.9	15.2	-	-	-	-	165.7
Non-current assets	**4,092.5**	**1,614.8**	**487.5**	**826.3**	**500.0**	**81.3**	**569.2**	**8,171.5**
Discontinued operations and operations held for sale	**-**	**81.8**	**1.8**	**-**	**-**	**-**	**-**	**83.6**
Inventories	53.9	318.3	141.2	0.8	-	-	-	514.2
Trade receivables	1,263.4	167.2	163.5	11.6	1.1	-	-	1,606.9
Contract assets	310.3	-	-	-	-	-	-	310.3
Other current assets	235.8	35.3	19.5	3.2	2.6	-	2.8	299.3
Current tax assets	42.2	10.5	7.2	0.1	-	-	0.0	60.0
Other current financial assets	28.3	4.0	0.2	-	-	-	35.0	67.5
Cash and cash equivalents	1,662.1	366.2	281.5	5.3	21.5	-	928.0	3,264.6
Current assets	**3,596.2**	**901.5**	**613.1**	**21.0**	**25.2**	**-**	**965.9**	**6,122.9**
TOTAL ASSETS								**14,378.0**
Equity – Group share								2,788.6
Non-controlling interests								1,847.7
Total equity								**4,636.2**
Provisions	214.6	56.6	18.6	-	-	-	13.9	303.7
Financial debt	2,102.6	703.4	-	274.9	151.0	-	1,390.3	4,621.6
Operating lease liabilities	308.4	37.4	14.4	2.7	-	-	35.9	398.8
Other non-current financial liabilities	99.1	49.6	-	38.8	2.1	-	232.4	422.1
Deferred tax liabilities	139.1	111.4	28.5	60.5	44.3	-	6.9	390.7
Total non-current liabilities	**2,863.2**	**958.5**	**61.5**	**376.8**	**197.4**	**-**	**1,679.5**	**6,137.0**
Liabilities related to discontinued operations and operations held for sale	**-**	**33.6**	**0.2**	**-**	**-**	**-**	**-**	**33.8**
Provisions	-	10.8	0.8	0.5	-	-	-	12.0
Financial debt	535.4	10.1	361.0	3.8	1.5	-	19.8	931.7
Operating lease liabilities	99.4	8.6	2.3	0.9	-	-	0.5	111.6
Other current financial liabilities	118.1	25.2	-	-	-	-	1.8	145.2
Trade payables	557.6	411.4	84.4	2.4	11.4	-	7.4	1,074.4
Contract liabilities	28.3	12.5	-	-	-	-	-	40.8
Other current liabilities	936.6	79.5	54.0	5.0	29.7	-	20.0	1,124.8
Current tax liabilities	103.7	18.0	5.2	1.1	2.1	-	0.3	130.5
Total current liabilities	**2,379.1**	**576.2**	**507.8**	**13.5**	**44.7**	**-**	**49.8**	**3,571.0**
TOTAL EQUITY AND LIABILITIES								**14,378.0**

(1) As of December 31, 2022, this item includes the impairment of Tarkett Participation's shares for negative €162.3 million (see note 11 "Equity-method investments").

Note 7 - 4. Balance sheet by operating segment as of December 31, 2021

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	Tarkett	Wendel and 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 and 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	0.0	-	-	-	215.0	-	215.8
Deferred tax assets	128.5	21.4	-	17.6	0.0	-	-	167.5
Non-current assets	**4,027.6**	**1,707.4**	**0.0**	**506.0**	**739.9**	**215.0**	**940.1**	**8,136.0**
Discontinued operations 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	307.9	-	-	-	-	-	-	307.9
Other current assets	251.9	30.2	-	18.9	1.3	-	3.4	305.7
Current 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**	**0.0**	**550.6**	**19.8**	**-**	**658.1**	**5,213.1**
Total assets								**14,183.1**
Equity – Group share								2,601.4
Non-controlling interests								1,587.5
Total 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**	**-**	**410.9**	**360.1**	**-**	**1,797.9**	**6,699.6**
Liabilities related to discontinued operations and operations 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	24.9	8.8	-	-	-	-	-	33.6
Other current liabilities	941.8	68.1	-	53.4	6.6	-	20.5	1,090.2
Current tax liabilities	101.8	12.6	-	4.5	0.1	-	0.0	119.0
Total current liabilities	**1,896.0**	**480.6**	**0.0**	**344.5**	**14.3**	**-**	**67.7**	**2,803.2**
Total equity and liabilities								**14,183.1**

Note 7 - 5. Cash flow statement by business segment for 2022

In millions of euros	Bureau Veritas	Constantia Flexibles	Stahl	CPI	ACAMS	Wendel and holding companies	Total Group
Net cash from (used in) operating activities, excluding tax	1,074.6	241.5	171.5	56.2	16.9	(67.3)	**1,493.3**
Net cash from (used in) investing activities, excluding tax	(216.9)	(108.9)	(28.2)	(2.2)	16.2	957.5	**617.5**
Net cash from (used in) financing activities, excluding tax	(396.8)	45.1	(54.3)	(49.7)	(12.0)	(335.3)	**(803.0)**
Net cash related to taxes	(241.7)	(16.5)	(33.8)	(6.1)	(1.1)	0.2	**(299.0)**

Note 7 - 6. Cash flow statement by business segment for 2021

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

NOTES TO 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 8. GOODWILL

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

	Dec. 31, 2022		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,659.7	(144.0)	2,515.7
Constantia Flexibles	492.5	-	492.5
ACAMS	318.4	-	318.4
Stahl	130.5	-	130.5
CPI	498.2	(26.2)	472.0
TOTAL	**4,099.3**	**(170.3)**	**3,929.1**

	Dec. 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**

The main changes during the year were as follows:

In millions of euros	2022	2021
Net amount at beginning of period	**3,510.6**	**3,488.6**
Acquisition by the Group entities(1)	35.4	56.9
Acquisition of ACAMS(2)	305.3	
Reclassification under "Discontinued operations and operations held for sale"	-	(177.1)
Impact of changes in currency translation adjustments and other	77.8	142.3
NET AMOUNT AT END OF PERIOD	**3,929.1**	**3,510.6**

(1) This item corresponds to goodwill accounted for by Bureau Veritas and Constantia Flexibles related to acquisitions realized over the period (see note 3 "Changes in scope of consolidation").
(2) See note 3 "Changes in scope of consolidation".

Note 8 - 1. Goodwill impairment tests

In accordance with accounting standards, goodwill for each cash-generating unit (CGU) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the "Accounting principles" section, note 1-8.1 "Goodwill"). The Group's CGUs are its fully consolidated investments as of December 31, 2022: Bureau Veritas, Constantia Flexibles, Stahl, CPI and ACAMS.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the reporting date, and on information available at the date on which the financial statements were adopted with regard to the positions existing as of December 31, 2022. Forecasts are inherently uncertain and actual amounts could therefore be significantly different from the forecasts made under these tests. Accordingly, values in use could also differ from those determined on the basis of the assumptions and estimates used at the end-December 2022 reporting date.

The tests are performed in accordance with IAS 36 "Impairment of Assets". They consist in comparing the carrying amount of subsidiaries and associates with their recoverable amount (i.e., the higher of fair value and value in use).

Investees performed impairment tests on their own CGUs. In accordance with the Group's accounting principles, these losses have been maintained in Wendel's consolidated financial statements. CPI reversed €62.5 million (before deferred tax) of impairment losses that it had recognized against intangible assets in 2020 in connection with the Covid-19 crisis, representing the carrying amount of these assets if they had been amortized at the normal rate (the impairment recognized in 2020 against goodwill cannot be reversed in accordance with applicable accounting principles).

As regards Bureau Veritas, which is listed, the carrying amount at the end of 2022 (€6.5 per share, i.e., €1,043 million for the shares held) remains well below the fair value (closing stock market price: €24.6 per share, i.e., €3,956 million for the shares held). Value in use does not therefore need to be adopted and no impairment is recognized.

For the tests performed by Wendel on unlisted investments, the values in use as determined for the purpose of 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 investees and using the latest information available regarding the underlying markets. For each of the subsidiaries, the value of Wendel's share in the capital is compared to the carrying amount.

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

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

	Stahl	Constantia Flexibles	CPI	ACAMS
Net carrying amount before test (Group share)	360	533	450	277
Impairment	-	-	-	-
Net carrying amount after test (Group share)	360	533	450	277
Length of business plan (years)	5 years	5 years	5 years	5 years
Discount rate				
rate at Dec. 31, 2022	9.0%	7.5%	10.0%	11.0%
rate at Dec. 31, 2021	9.0%	7.5%	9.0%	N/A
change in impairment recognized in the event of a 1.0% increase	-	-	(9)	-
change in impairment recognized in the event of a 1.0% decrease	-	-	-	-
threshold at which value in use falls below the carrying amount	24.9%	13.0%	10.9%	12.4%
Perpetual growth				
rate at Dec. 31, 2022	+2.0%	+2.0%	+3.0%	+3.0%
rate at Dec. 31, 2021	+2.0%	+1.5%	+3.0%	N/A
change in impairment recognized in the event of a 0.5% decrease	-	-	-	-
change in impairment recognized in the event of a 0.5% increase	-	-	-	-
threshold at which value in use falls below the carrying amount	(47.6)%	(6.1)%	+1.8%	+1.3%
Impact on central case value in case of a 1.0% decrease in operating margin	-	-	-	-

CPI:

The business plan is identical to that used by CPI for its own impairment tests. Having caught up with the initial business plan used at the time of the acquisition, this new plan is very similar in terms of revenue and margin objectives. The plan assumes double-digit revenue growth through to 2027.

Stahl:

The business plan used for this test assumes moderate growth, with revenues exceeding €1 billion in 2027. The plan also assumes a return to the group's historical average in 2026.

Constantia Flexibles:

The business plan used for this test takes into account the difficulties associated with the group's operations in Russia. It assumes average annual revenue growth of 4.0% per year through to 2027. The EBITDA margin gradually increases to its historical level as a percentage of sales in 2025 and to the industry standard in 2027.

ACAMS:

The business plan is identical to that used by ACAMS for its own impairment tests. It is similar to the acquisition business plan but is adjusted to take into account the better than expected performance in 2022. It assumes double-digit revenue growth through to 2027.

NOTE 9. 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 and equipment and intangible assets”.

A breakdown by subsidiary is presented in note 7 “Segment information”.

Intangible assets consist of:

In millions of euros	Dec. 31, 2022 Opening	Acquisitions	Disposals	Amortization and impairment (1)	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Software	21.4	3.8	(0.1)	(9.9)	0.1	5.2	-	**20.5**
Concessions, patents and similar rights	89.8	1.0	-	4.3	-	6.2	-	**101.3**
Leasehold rights	0.5	-	-	(0.1)	-	-	-	**0.5**
Customer relationships	961.4	-	-	(105.7)	54.1	125.0	-	**1,034.8**
Brands	305.3	-	-	4.8	-	74.2	-	**384.3**
Intangible assets in progress	18.8	22.3	-	-	-	(19.7)	-	**21.3**
Other intangible assets	139.1	18.7	(0.3)	(44.2)	0.8	33.5	-	**147.7**
TOTAL	**1,536.4**	**45.8**	**(0.4)**	**(150.8)**	**55.0**	**224.4**	**-**	**1,710.6**
of which gross	**3,679.0**							**3,956.5**
of which amortization	**(2,142.6)**							**(2,246.0)**

(1) An impairment reversal of €62.5 million was recognized by CPI (see note 8-1 "Goodwill impairment tests").

In millions of euros	Dec. 31, 2021 Opening	Acquisitions	Disposals	Amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to discontinued operations and 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**
Intangible assets in progress	22.3	20.1	-	-	(0.1)	(21.9)	(1.7)	**18.8**
Other intangible assets	165.0	16.9	(0.1)	(34.3)	-	(1.6)	(6.9)	**139.1**
TOTAL	**1,692.3**	**44.8**	**(0.3)**	**(186.9)**	**118.8**	**36.9**	**(169.2)**	**1,536.4**
of which gross	**3,777.1**							**3,679.0**
of which amortization	**(2,084.9)**							**(2,142.6)**

(1) In 2021, these amounts corresponded to the reclassification of Cromology's intangible assets as discontinued operations and operations held for sale.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

The accounting principles applied to property, plant and equipment are described in notes 1-8.4 "Property, plant and equipment", 1-8.6 "Impairment of property, plant and equipment and intangible assets" and 1-8.5 "Leases".

A breakdown by subsidiary is presented in note 7 "Segment information".

Property, plant and equipment excluding right-of-use assets consist of:

	Dec. 31, 2022							
In millions of euros	**Opening**	Acquisitions	Disposals	Depreciation and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	**Closing**
Land	89.4	-	(0.7)	(0.2)	-	(0.9)	(2.4)	**85.2**
Buildings	259.4	3.9	(3.4)	(17.2)	0.8	16.8	(8.1)	**252.2**
Plant, equipment, and tooling	604.2	87.2	(7.7)	(144.5)	9.1	70.7	(24.9)	**594.1**
Property, plant and equipment in progress	63.6	107.5	-	-	0.1	(88.2)	-	**82.9**
Other property, plant and equipment	75.8	23.7	(0.8)	(29.6)	-	8.8	(2.7)	**75.2**
TOTAL	**1,092.4**	**222.3**	**(12.6)**	**(191.5)**	**10.0**	**7.2**	**(38.1)**	**1,089.7**
of which gross	**2,734.2**							**2,733.7**
of which depreciation	**(1,641.8)**							**(1,644.0)**

	Dec. 31, 2021							
In millions of euros	**Opening**	Acquisitions	Disposals	Depreciation and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	**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 and 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	**(1,781.3)**							**(1,641.8)**

Right-of-use assets arising from the application of IFRS 16 consist of:

In millions of euros	Dec. 31, 2022 Gross amount	Depreciation and impairment	Net amount
Buildings	674.0	(294.9)	379.1
Plant, equipment, and tooling	2.6	(1.5)	1.1
Other property, plant and equipment	208.8	(112.2)	96.7
TOTAL	**885.4**	**(408.6)**	**476.8**

In millions of euros	Dec. 31, 2021 Gross amount	Depreciation and impairment	Net amount
Buildings	560.2	(229.7)	330.5
Plant, equipment, and tooling	2.5	(1.3)	1.2
Other property, plant and equipment	171.5	(75.2)	96.3
TOTAL	**734.1**	**(306.1)**	**428.0**

NOTE 11. EQUITY-METHOD INVESTMENTS

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

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
Bureau Veritas investees	0.9	0.8
Tarkett Participation	81.2	215.0
TOTAL EQUITY-METHOD INVESTMENTS	**82.1**	**215.8**

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

In millions of euros	2022
Amount at beginning of period	**215.8**
Share in net income (loss) for the period	
Tarkett Participation	(12.2)
Other	0.1
Impairment on Tarkett investment	(162.3)
Impact of changes in currency translation adjustments and other	40.7
AMOUNT AT END OF PERIOD	**82.1**

Equity-method investments mainly correspond to Tarkett Participation: €81.2 million at end-2022 compared to €215 million at end-2021. This company is controlled by the Deconinck family and Wendel holds 25.8% of the share capital. Tarkett Participation holds 90.4% of the share capital of the Tarkett group.

Note 11 - 1. Additional information on Tarkett Participation

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	Dec. 31, 2022	Dec. 31, 2021
Carrying amounts at 100%		
Total non-current assets	1,465.3	1,359.3
Total current assets	1,206.0	1,120.9
Goodwill adjustment (Wendel)(1)	442.3	441.0
Total assets	**3,113.5**	**2,921.2**
Non-controlling interests	88.9	80.9
Total non-current liabilities	1,330.9	1,193.6
Total current liabilities	751.7	791.6
Total equity and liabilities	**2,171.5**	**2066.1**
including cash and cash equivalents	**237.0**	**249.0**
including financial debt	**1,259.5**	**1,074.2**

(1) As of 31.12.2022, Tarkett's Goodwill allocation is definitive.

In millions of euros	2022	2021
Net sales	3,358.9	1,530.9
Operating income (loss)	43.3	6.6
Net financial expense	(68.6)	(27.4)
Net income (loss) – Group share	(44.3)	(11.8)
Wendel adjustment	(5.1)	(4.5)

Exposure of the Tarkett group to the war in Ukraine and sanctions against Russia

The war in Ukraine makes it difficult to assess changes in demand on the Russian and Ukrainian markets.

In Russia, the decrease in volumes (down by around 25% compared to 2021) was offset by increases in selling prices and a positive currency effect related to the appreciation of the ruble against the euro. Russia represents around 9% of the Tarkett group's total revenue.

Tarkett has continued doing business in the country in strict compliance with international and local regulations but has frozen all significant new investments.

Ukraine represents just under 0.5% of Tarkett's total revenue. Sales activity in recovered progressively in 2022, but in a very limited way, and the production site, located in the west of the country, is currently able to maintain its activity. In view of the ongoing conflict, an impairment loss of €7.3 million was recognized against inventories and trade receivables.

Commodity risk

Oil-based raw material prices and transportation costs rose sharply during the year. These increases, combined with production disruptions and supply difficulties at several major suppliers, have resulted in €268 million in additional costs compared to 2021. Tarkett increased sales prices by €327 million, enabling it to achieve a positive inflation balance for the year.

Note 11 - 2. Impairment tests on equity-method investments

Tarkett SA's share price fell significantly in 2022, down from €19.50/share at the end of 2021 to €11.50/share at the end of 2022. This decline indicates a loss in value of the investment in Tarkett Participation, which holds 90.4% of the share capital of Tarkett SA. In this context, an impairment loss of €162.3 million was recognized in "Net income (loss) of equity-method investments". This amount corresponds to the difference between the recoverable amount of Tarkett Participation and its carrying amount. The recoverable amount used as of December 31, 2022 is based on Tarkett SA's last share price in 2022; this represents the most objective estimate of the recoverable amount of the company at that date.

In accordance with applicable accounting principles (see note 1-8.1 "Goodwill" to the 2021 consolidated financial statements), this impairment may be reversed in future years if the recoverable amount of this investment exceeds its carrying amount.

NOTE 12. TRADE RECEIVABLES

	Dec. 31, 2022			Dec. 31, 2021
In millions of euros	Gross amount	Impairment	Net amount	Net amount
Bureau Veritas	1,333.0	(69.5)	1,263.4	1,194.6
Constantia Flexibles	170.9	(3.8)	167.2	160.6
ACAMS	1.1	-	1.1	-
Stahl	169.2	(5.7)	163.5	154.4
CPI	11.8	(0.2)	11.6	9.9
TOTAL TRADE RECEIVABLES	**1,686.1**	**(79.1)**	**1,606.9**	**1,519.5**

Regarding the most significant subsidiaries, overdue trade receivables and related receivables not written down can be analyzed as follows:

- Bureau Veritas: a total of €347.1 million as of December 31, 2022 compared to €258.6 million at December 31, 2021, of which respectively €81.7 million and €64.7 million more than three months past due;
- Constantia Flexibles: a total of €12.7 million as of December 31, 2022 compared to €19.1 million as of December 31, 2021, of which respectively €0.7 million and €1.7 million more than three months past due; and
- Stahl: a total of €19.8 million as of December 31, 2022 compared to €14.2 million as of December 31, 2021, of which respectively €0.9 million and €0.4 million more than three months past due.
- CPI: a total of €8.6 million as of December 31, 2022 compared to €9.9 million as of December 31, 2021, of which respectively €2.8 million and €1.0 million more than three months past due.

NOTE 13. CASH AND CASH EQUIVALENTS

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

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents of Wendel and holding companies pledged as collateral, classified as non-current assets	0.7	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	928.0	372.2
Cash and cash equivalents of Wendel and its holding companies(1)	**928.7**	**372.7**
Bureau Veritas	1,662.1	1,420.7
Constantia Flexibles	366.2	204.7
ACAMS	21.5	0.0
Stahl	281.5	227.5
CPI	5.3	6.7
Total cash and cash equivalents of investees	**2,336.6**	**1,859.6**
Total cash and cash equivalents	3,265.3	2,232.2
of which non-current assets	**0.7**	**0.5**
of which current assets	**3,264.6**	**2,231.8**

(1) In addition to this cash, €33.8 million in short-term financial investments was recognized under financial assets as of December 31, 2022 (€281.3 million at end-2021).

NOTE 14. 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 "Fair value measurement".

Note 14 - 1. Financial assets

In millions of euros	FV method	Level	Dec. 31, 2022	Dec. 31, 2021
Pledged cash and cash equivalents of Wendel and holding companies	PL	1	0.7	0.5
Unpledged cash and cash equivalents of Wendel and holding companies	PL	1	928.0	372.2
Wendel short-term financial investments	PL	1	33.8	281.3
Cash and short-term financial investments of Wendel and holding companies			**962.4**	**654.0**
Cash and cash equivalents of subsidiaries	PL	1	2,336.6	1,859.6
Financial assets at fair value through equity – A	E	1	364.2	786.2
Financial assets at fair value through profit or loss – B	PL	3	155.3	145.1
Deposits and guarantees	Amortized cost	N/A	89.5	90.5
Derivatives - F	PL and E	3	13.7	8.7
Other – C			127.8	187.5
TOTAL			**4,049.6**	**3,731.6**
of which non-current financial assets, including pledged cash and cash equivalents			**717.5**	**1,185.3**
of which current financial assets, including cash and cash equivalents			**3,332.1**	**2,546.4**

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

Note 14 - 2. Financial liabilities

In millions of euros	FV method	Level	Dec. 31, 2022	Dec. 31, 2021
Derivatives - F	PL and E	3	9.4	6.5
Minority puts, earn-outs and other financial liabilities of subsidiaries – D	PL and E	3	323.5	395.7
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies – E	PL and E	3	234.3	186.2
TOTAL			567.2	588.5
of which non-current financial liabilities			**422.1**	**364.7**
of which current financial liabilities			**145.2**	**223.8**

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

Note 14 - 3. Breakdown of financial assets and liabilities

A- As of December 31, 2022, this item corresponds mainly to the investment in **IHS**, which is listed for €363 million. In accordance with the Group's accounting principles, the decrease in fair value (market price) recorded over the period is recognized in other comprehensive income for €422 million.

B- As of December 31, 2022, this item includes the fair value of **Wendel Growth (formerly Wendel Lab)** for €155.2 million (based on the latest valuations provided by the fund managers, most of which date from September 30, 2022). The positive change in fair value of €20.6 million is recognized in financial income.

C- This item includes the **cash of Constantia Flexibles pledged with its lenders** for €82 million.

D- **Minority puts, earn-outs and other financial liabilities of subsidiaries:** As of December 31, 2022, this item mainly corresponds to other financial liabilities and minority puts relating to Bureau Veritas, Constantia Flexibles and CPI. The minority put granted by Stahl to BASF expired in the first half of 2022 and was not exercised, the financial liability recognized at the beginning of the year (€142.2 million) was therefore canceled against shareholders' equity.

E- **Minority puts and other financial liabilities of Wendel and its holding companies:** As of December 31, 2022, this amount included:

- the liquidity commitment granted by Wendel to the H. Turnauer Foundation for 50% of its stake in Constantia Flexibles; and
- liabilities related to certain liquidities granted as part of co-investments. See note 5 "Participation of management teams in the Group's investments" and 34-5 "Shareholder agreements and co-investment mechanisms".

F- Derivative instruments correspond in particular to interest rate hedges of investees (see note 6-3 "Interest rate risk").

NOTE 15. EQUITY

Note 15 - 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 12/31/2021	€4	44,747,943	1,116,456	43,631,487
As of 12/31/2022	€4	44,407,677	983,315	43,424,362

The decrease of 340,266 shares comprising the 2022 share capital reflects subscriptions by Group employees to the Company savings plan (37,057 shares) and a capital reduction by canceling 377,323 shares.

The number of treasury shares held under the liquidity agreement was 61,832 as of December 31, 2022 (57,724 treasury shares as of December 31, 2021).

As of December 31, 2022, Wendel held 921,483 of its treasury shares outside the scope of its liquidity agreement (1,058,732 as of December 31, 2021).

In total, treasury shares represented 2.21% of the share capital as of December 31, 2022.

Note 15 - 2. Non-controlling interests

In millions of euros	*% interest of non-controlling interests as of December 31, 2022*	Dec. 31, 2022	Dec. 31, 2021
Bureau Veritas group	64.5%	1,404.1	1,262.9
Constantia Flexibles group	39.2%	257.9	245.2
Cromology group	5.2%	-	18.1
ACAMS group	2.0%	4.6	-
Stahl group	32.1%	169.1	48.3
CPI group	3.7%	4.9	4.1
Other		7.0	8.9
TOTAL		**1,847.7**	**1,587.5**

NOTE 16. 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	Dec. 31, 2022	Dec. 31, 2021
Provisions for contingencies and expenses	98.6	99.1
Employee benefits	217.2	278.6
TOTAL	**315.8**	**377.7**
of which non-current	*303.7*	*372.7*
of which current	*12.0*	*5.1*

Note 16 - 1. Provisions for contingencies and expenses

In millions of euros	Dec. 31, 2022							
	Opening	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications and other	**Closing**
Bureau Veritas								
Disputes and litigation	39.8	8.5	(5.5)	(7.8)	0.9	-	0.0	35.9
Other	40.5	14.1	(9.8)	(8.1)	-	-	0.3	37.0
Stahl	1.6	0.0	0.0	-	-	-	-	1.5
Constantia Flexibles	4.2	7.0	(0.2)	-	-	-	(0.1)	10.8
CPI	0.3	-	0.1	-	-	-	-	0.5
Wendel and holding companies	12.8	2.6	(0.5)	(2.9)	-	(0.3)	1.2	12.9
TOTAL	**99.1**	**32.1**	**(15.9)**	**(18.9)**	**0.9**	**(0.3)**	**1.5**	**98.6**
of which current	*5.1*							*12.0*

In millions of euros	Dec. 31, 2021							
	Opening	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	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	1.1	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
CPI	0.2	-	0.1	-	-	-	-	0.3
Wendel and holding companies	15.2	0.9	(0.4)	(2.9)	-	-	0.1	12.8
TOTAL	**130.5**	**44.5**	**(25.4)**	**(26.0)**	**1.5**	**0.1**	**(25.9)**	**99.1**
of which current	*6.1*							*5.1*

Note 16 - 1.1 Provisions for contingencies and expenses – Bureau Veritas

Legal, administrative, judicial and arbitration procedures and investigations

In the normal course of its business, Bureau Veritas is involved in a large number of legal proceedings notably seeking to establish its professional liability. Although Bureau Veritas pays careful attention to managing risks and the quality of the services it provides, some services may result in financial penalties.

Provisions may be set aside to cover expenses resulting from such proceedings. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The costs Bureau Veritas ultimately incurs may exceed the amounts set aside to such provisions due to a variety of factors such as the uncertain nature of the outcome of disputes.

Dispute concerning 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 relating to the construction of a hotel and business complex in respect of which the parties entered into an agreement in 2003.

At the current stage of proceedings, the outcome of this dispute is uncertain, even though BVG's legal counsel are optimistic. Based on the provisions set aside by Bureau Veritas, and on the information currently available, and after considering the opinion of its legal counsel, Bureau Veritas considers that this claim will not have a material adverse impact on its consolidated financial statements.

Uncertain tax positions

Bureau Veritas SA and some of its subsidiaries are currently being audited or have received proposed tax adjustments that have led to discussions with the competent local authorities. Talks are currently at the litigation or pre-litigation stage.

Given the current status of the pending matters and based on the information available to date, Bureau Veritas believes that the tax contingencies and positions reported in its consolidated financial statements in respect of these risks, audits and adjustments are appropriate.

There are no other legal, administrative, government and arbitration procedures or investigations (including any proceedings of which Bureau Veritas is aware that are pending or with which it is threatened) that could have, or have had over the last six months, a material impact on the financial position or profitability of Bureau Veritas.

Other provisions for contingencies and expenses

These include provisions for restructuring (€10.4 million as of December 31, 2022), provisions for losses on completion (€4.6 million as of December 31, 2022), and other provisions totaling €22.0 million as of December 31, 2022.

Note 16 - 1.2 Tax risk of Stahl's Indian subsidiary

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

Note 16 - 1.3 Provisions for contingencies and expenses – 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 previously belonged to a Group subsidiary whose operations were discontinued in 1967;
- labor disputes for which a provision has been made; and
- two legal proceedings brought by former Wendel executives as a result of the unwinding of a mechanism for involving them more closely with the Group's performance, for which no provision has been made.

Note 16 - 2. Employee benefits

The breakdown by subsidiary is as follows:

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
Bureau Veritas	141.7	185.8
Constantia Flexibles	56.5	67.7
Stahl	17.9	24.1
Wendel and holding companies	1.1	1.0
TOTAL	**217.2**	**278.6**

Changes in provisions for employee benefits break down as follows for 2022:

In millions of euros	Dec. 31, 2022							
	Opening	Service cost	Actuarial gains and losses	Benefits paid	Interest cost	Curtailments and settlements	Currency impacts and other	**Closing**
Benefit obligation								
Defined-benefit plans	264.7	1.8	10.9	(2.8)	0.0	-	(103.0)	171.7
Statutory retirement benefits	116.1	8.4	(19.3)	(7.3)	1.7	-	(9.3)	90.3
Other	52.9	9.1	(3.1)	(7.4)	(2.6)	-	(2.4)	46.5
TOTAL	**433.6**	**19.3**	**(11.4)**	**(17.6)**	**(0.8)**	**-**	**(114.7)**	**308.4**

In millions of euros	Dec. 31, 2022							
	Opening	Return on plan assets	Contributions paid by the employer	Actuarial gains and losses	Amounts used	Changes in scope	Currency impacts and other	**Closing**
Partially-funded plan assets								
Defined-benefit plans	156.1	1.9	1.8	(37.9)	(1.3)	-	(27.7)	93.0
Statutory retirement benefits	-	-	-	-	-	-	-	-
Fair value of plan assets	-	-	-	-	-	-	-	-
TOTAL	**156.1**	**1.9**	**1.8**	**(37.9)**	**(1.3)**	**-**	**(27.7)**	**93.0**

Changes in provisions for employee benefits break down as follows for 2021:

In millions of euros	Dec. 31, 2021							
	Opening	Service cost	Actuarial gains and losses	Benefits paid	Interest cost	Curtailments and settlements	Currency impacts and other	**Closing**
Benefit obligation								
Defined-benefit plans	293.6	6.1	(15.9)	(9.2)	1.6	-	(11.5)	264.6
Statutory retirement benefits	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)	-	(2.4)	52.9
TOTAL	**516.5**	**25.7**	**(23.2)**	**(24.3)**	**1.4**	**-**	**(62.5)**	**433.6**

In millions of euros	Dec. 31, 2021							
	Opening	Return on plan assets	Contributions paid by the employer	Actuarial gains and losses	Amounts used	Changes in scope	Currency impacts and other	**Closing**
Partially-funded plan assets								
Defined-benefit plans	167.0	1.4	2.7	(1.4)	(1.3)	-	(12.4)	156.1
Statutory retirement benefits	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**

Obligations under defined-benefit plans break down as follows:

In millions of euros	**Dec. 31, 2022**	**Dec. 31, 2021**
Unfunded obligations	211.9	272.0
Partially or fully-funded obligations	96.5	161.6
TOTAL	**308.4**	**433.6**

Defined-benefit plan assets break down as follows:

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
Equity instruments	36%	23%
Debt instruments	17%	16%
Cash and other	48%	61%

Expenses recognized in the income statement break down as follows:

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
Current service cost	21.6	21.2
Interest costs	0.3	1.2
Expected return on plan assets	(1.8)	(1.4)
Past service cost	(2.0)	0.1
Actuarial gains and losses	-	1.8
Impact of plan curtailments or settlements	(31.5)	0.5
TOTAL	**(13.5)**	**23.4**

1. Description of benefit obligations and actuarial assumptions applied at Bureau Veritas

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

- pension plans, most of which have been closed for several years, and statutory retirement benefits. 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;
- Other long-term obligations include long-service awards and other employee benefits.

Most long-term benefit obligations relate to France.
The main actuarial assumptions used to calculate these obligations are a discount rate of 3.8% and an average salary increase rate of 3.2%.

2. Description of benefit obligations 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);
- statutory retirement benefits; and
- long-service awards.

The main actuarial assumptions used are discount rates of between 1.3% and 9.75%, salary increase rates of between 2.3% and 5.5%, inflation rates of between 2.0% and 4.0% and a rate of return on assets of between 0.9% and 7.7%.

3. Description of benefit obligations 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;
- statutory retirement benefits; and
- long-service awards.

The main actuarial assumptions were a discount rate of 4.2%, an inflation rate of 2.03%, a salary increase rate of 0.98%, and a return on assets of 4.2%.

4. Wendel benefit obligations

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 retired 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 plus variable excluding 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 transferred the assets needed to service pension benefits to an insurance company, which makes payments to the beneficiaries.

NOTE 17. FINANCIAL DEBT

Principal changes in 2022 are described in note 6-2 “Liquidity risk”.

In millions of euros	Currency	Interest rate – Coupon	Effective interest rate(1)	Maturity	Repayment	Total facilities	Dec. 31, 2022	Dec. 31, 2021
Wendel and holding companies								
2024 bonds	€	2.750%	2.686%	10-2024	at maturity		-	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	300.0
2034 bonds	€	1.375%	1.477%	01-2034	at maturity		300.0	
Syndicated loan	€	Euribor + margin		07-2027	revolving	€750 million		-
Amortized cost of bonds and syndicated loan							(9.7)	(5.0)
Other borrowings and accrued interest							19.8	19.4
Bureau Veritas								
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
2030 bonds	$	3,210%		01-2030	at maturity		187.5	
2032 bonds	€	3,630%		09-2032	at maturity		200.0	
Liquidity credit line						€600 million	-	-
Borrowings and debt from lending institutions – fixed rate							543.4	760.7
Borrowings and debt from lending institutions – floating rate							6.4	13.3
Constantia Flexibles								
Bank borrowings	€						702.7	684.5
Other borrowings and accrued interest							9.3	17.9
Finance lease liabilities							3.2	2.9
Deferred issue costs							(1.6)	(1.1)
Revolving credit facility	€	Euribor + margin		02-2027	revolving	€200 million	-	-
Stahl								
Bank borrowings	$	Libor + margin		09-2023	in instalments		51.4	90.4
Bank borrowings	$	Libor + margin		12-2023	at maturity		310.9	292.8
Bank borrowings	INR	floating rate		2022	in instalments		-	5.5
Revolving credit facility	€					€27 million		
Deferred issue costs							(1.2)	(1.3)
CPI								
Bank borrowings	$	Libor + margin		12-2026	in instalments		281.5	285.3
Revolving credit facility	$	Libor + margin		12-2025	revolving	USD 30 million	1.9	2.6
Deferred issue costs							(4.7)	(4.8)
ACAMS								
Bank borrowings	$	SOFR + margin		03-2027	in instalments		153.9	
Revolving credit facility	$	SOFR + margin		03-2028	revolving	USD 20 million	2.3	
Deferred issue costs							(3.7)	
TOTAL							**5,553.3**	**5,463.1**
of which non-current portion							4,621.6	5,261.8
of which current portion							931.7	201.3

(1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issue fees. For bonds issued in several tranches, the effective interest rate corresponds to the average weighted by the nominal amount issued.

Note 17 - 1. Operating lease liabilities

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

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

In millions of euros	**Dec. 31, 2022**	**Dec. 31, 2021**
Bureau Veritas	407.9	415.1
Constantia Flexibles	46.0	37.1
Stahl	16.7	15.0
CPI	3.5	3.6
Wendel and holding companies[(1)]	36.4	1.0
TOTAL	**510.5**	**471.7**
of which non-current portion	*398.8*	*353.6*
of which current portion	*111.6*	*118.2*

(1) The increase in the lease liabilities of Wendel and of its holding companies is attributable to the leases of the new offices in Paris and New York.

Note 17 - 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 and holding companies				
- nominal	-	(800.0)	(600.0)	(1,400.0)
- interest[(1)]	(23.8)	(90.9)	(36.8)	(151.4)
Investees				
- nominal	(911.8)	(2,107.1)	(1,132.3)	(4,151.3)
- interest[(1)]	(156.6)	(380.8)	(61.8)	(599.2)
TOTAL	**(1,092.2)**	**(3,378.8)**	**(1,830.8)**	**(6,301.9)**

(1) Interest is calculated on the basis of the yield curve as of December 31, 2022. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.

Note 17 - 3. Market value of gross financial debt

The fair value of bond debt is the market price on December 31, 2022.

In millions of euros	**Dec. 31, 2022**	**Dec. 31, 2021**
Wendel and holding companies	1,189.2	1,720.1
Operating subsidiaries	3,943.6	3,932.6
TOTAL	**5,132.8**	**5,652.7**

NOTE 18. DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

The accounting principles applied to discontinued operations and operations held for sale are described in note 1-8.15 “Discontinued operations and operations held for sale”.

Net income (loss) from discontinued operations and operations held for sale:

In millions of euros	2022	2021
Constantia Flexibles	(4.5)	-
Cromology	-	36.7
Stahl	(0.3)	0.6
Wendel and holding companies (1)	589.9	-
TOTAL	**585.1**	**37.7**

(1) Corresponds to the proceeds from the sale of Cromology, including €0.8 million of recycled translation reserves.

Assets and liabilities held for sale recorded in the balance sheet as of December 31, 2022 correspond mainly to the assets and liabilities of Constantia Flexibles’ Indian operations.

NOTES TO THE INCOME STATEMENT

The accounting principles applied to income statement items are described in note 1-9.2 "Presentation of the income statement".

NOTE 19. NET SALES

The accounting principles applied to net sales (revenue) are described in note 1-8.16 "Revenue recognition".

In millions of euros	2022	2021	% change
Bureau Veritas	5,650.6	4,981.1	13.4%
Constantia Flexibles	1,954.5	1,603.4	21.9%
ACAMS	66.2	-	n/a
Stahl	914.9	831.3	10.1%
CPI	114.2	88.2	29.5%
TOTAL	**8,700.4**	**7,503.9**	**15.9%**

Consolidated net sales break down as follows:

In millions of euros	2022	2021
Sales of goods	2,936.8	2,497.1
Sales of services	5,763.6	5,006.8
TOTAL	**8,700.4**	**7,503.9**

NOTE 20. OPERATING INCOME

In millions of euros	2022	2021
Bureau Veritas	799.3	718.8
Constantia Flexibles	70.4	33.4
ACAMS	(41.6)	-
Stahl	141.3	131.5
CPI(1)	92.0	17.7
Wendel and holding companies(2)	31.1	(93.8)
TOTAL	**1,092.5**	**807.6**

(1) This item includes in particular the reversal of impairment on intangible assets (see note 8.1 "Impairment tests on goodwill").
(2) The item includes in particular the capital gain of €115.5 million on the building.

Note 20 - 1. Average number of employees at consolidated companies

In millions of euros	2022	2021
Bureau Veritas	82,589	79,704
Constantia Flexibles	7,284	8,383
ACAMS	313	n/a
Stahl	1,795	1,785
CPI	343	311
Wendel and holding companies	86	83
TOTAL	**92,410**	**90,266**

NOTE 21. FINANCE COSTS, NET

In millions of euros	2022	2021
Income from cash and cash equivalents(1)	**22.4**	**8.2**
Finance costs, gross		
Interest expense	(158.8)	(145.5)
Deferral of debt issue costs and premiums/discounts (calculated according to the effective interest method)	(8.0)	(9.5)
Interest expense on operating leases	(21.1)	(19.0)
Total finance costs, gross	**(187.9)**	**(174.0)**
TOTAL	**(165.5)**	**(165.8)**

(1) This item includes €0.5 million for Wendel and its holding companies, plus €21.9 million of returns on investments of subsidiaries, representing total income of €22.4 million in 2022 (€8.2 million in 2021).

NOTE 22. OTHER FINANCIAL INCOME AND EXPENSE

In millions of euros	2022	2021
Dividends received from unconsolidated companies	1.0	0.3
Gains (losses) on interest rate, currency and equity derivatives	(3.3)	37.3
Forex gains and losses	(13.8)	(12.5)
Impact of discounting	(0.9)	(1.5)
Other(1)	(23.6)	(14.2)
TOTAL	**(40.7)**	**9.4**

(1) In 2022, this item includes the early redemption premium on the 2024 bond for €34.4 million (see note 6-2.1 "Liquidity risk of Wendel and its holding companies"), the change in the fair value of Wendel Growth (formerly Wendel Lab) representing a positive impact of €20.6 million and other financial expenses of Bureau Veritas for a negative €9 million.

NOTE 23. TAXES

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

In millions of euros	2022	2021
Current taxes	(310.5)	(259.1)
Deferred taxes	35.5	27.1
TOTAL	**(275.0)**	**(232.0)**

CVAE tax on value added is recognized as an income tax in accordance with IAS 12 and with the position statement of the CNC (French National Accounting Board) 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 in the balance sheet and break down as follows:

In millions of euros	2022	2021
Origin of deferred taxes		
Post-employment benefits	60.7	71.2
Intangible assets	(470.4)	(362.9)
Recognized tax-loss carryforwards	67.4	52.2
Other items	117.2	60.2
TOTAL	**(224.9)**	**(179.3)**
of which deferred tax assets	**165.7**	**167.5**
of which deferred tax liabilities	**390.7**	**346.8**

Uncapitalized tax losses amounted to €4,963 million for the Group as a whole, of which €4,332 million for Wendel and its holding companies.

In millions of euros	2022	2021
Amount at beginning of period	**(179.3)**	**(190.1)**
Income and expenses recognized in the income statement	35.5	27.1
Income and expenses recognized in other comprehensive income	(4.5)	(3.0)
Income and expenses recognized in reserves	(9.1)	0.5
Reclassification as held for sale	0.0	26.4
Changes in scope of consolidation(1)	(57.5)	(27.9)
Currency translation adjustments and other	(10.0)	(12.2)
AMOUNT AT END OF PERIOD	**(224.9)**	**(179.3)**

(1) This item includes the deferred taxes of ACAMS at the acquisition date (see note 3 "Changes in scope of consolidation").

The difference between the theoretical tax based on the statutory rate of 25.83% 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 and holding companies	Operating subsidiaries	Total
Income (loss) before tax expense, net income (loss) from equity-method subsidiaries, and net income (loss) from discontinued operations and operations held for sale	(10.6)	897.0	886.3
Theoretical tax expense calculated on the basis of a rate of -25.83%	**2.7**	**(231.7)**	**(228.9)**
Impact of:			
Uncapitalized tax losses of Wendel and its holding companies and transactions subject to reduced tax rates at the holding company level	(6.1)		
Uncapitalized tax losses at the operating subsidiary level		(1.1)	
Reduced tax rates and foreign tax rates at the operating subsidiary level		19.7	
Permanent differences		(27.8)	
CVAE tax paid by operating subsidiaries		(6.2)	
Tax on dividends received from consolidated subsidiaries		(15.8)	
Other		(8.8)	
Actual tax expense	**(3.3)**	**(271.7)**	**(275.0)**

NOTE 24. NET INCOME (LOSS) FROM EQUITY-METHOD INVESTMENTS

In millions of euros	2022	2021
IHS net income(1)	-	922.3
Tarkett net income	(12.2)	(2.9)
Impairment on Tarkett investment	(162.3)	-
Other companies	0.1	0.0
TOTAL	**(174.4)**	**919.5**

(1) In 2021, this item included €901 million in income on the deconsolidation of IHS, the reclassification of translation reserves for €11 million, and net income for the period of €10 million.

NOTE 25. 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	2022	2021
Net income (loss) – Group share	656.3	1,046.9
Impact of dilutive instruments on subsidiaries	(3.3)	(2.9)
Diluted net income (loss)	**653.0**	**1,044.0**
Average number of shares, net of treasury shares	43,322,522	43,752,806
Potential dilution due to Wendel stock options(1)	408,354	144,352
Diluted number of shares	**43,730,875**	**43,897,158**
Basic earnings (loss) per share (in euros)	15.15	23.93
Diluted earnings (loss) per share (in euros)	14.93	23.78
Basic earnings (loss) per share from continuing operations (in euros)	1.60	23.11
Diluted earnings (loss) per share from continuing operations (in euros)	1.51	22.97
Basic earnings (loss) per share from discontinued operations (in euros)	13.55	0.81
Diluted earnings (loss) per share from discontinued operations (in euros)	13.42	0.81

(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 therefore represents the net impact.

NOTES ON CHANGES IN CASH POSITION

NOTE 26. ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	2022	2021
By Bureau Veritas	132.0	122.3
By Constantia Flexibles	97.7	92.0
By Cromology	-	11.8
By Stahl	26.4	21.8
By ACAMS	1.8	-
By CPI	2.3	1.0
By Wendel and holding companies	9.2	0.3
TOTAL	**269.4**	**249.2**

NOTE 27. DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Disposals of property, plant and equipment and intangible assets mainly include the sale of the rue Taitbout building by Wendel SE for €118.5 million, and the disposals made by Bureau Veritas for €4.7 million.

NOTE 28. ACQUISITIONS OF EQUITY INVESTMENTS

In millions of euros	2022	2021
By Bureau Veritas	95.6	53.6
By Constantia Flexibles	23.3	122.0
By Wendel and its holding companies(1)	312.4	224.7
TOTAL	**431.3**	**400.3**

(1) In 2022, this item includes the investment in ACAMS for €304.3 million(see note 3 "Changes in scope of consolidation").

NOTE 29. DISPOSALS OF EQUITY INVESTMENTS

In 2022, this item mainly includes the sale of Wendel's interest in Cromology for €895.7 million (see note 3 "Changes in scope of consolidation").

NOTE 30. IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION AND OF OPERATIONS HELD FOR SALE

In 2022, this item corresponds essentially to cash and cash equivalents of ACAMS for €28.7 million.

NOTE 31. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES

In 2022, this amount is mainly due to the sale by Wendel SE of funds managed by financial institutions for €249.6 million.

NOTE 32. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL DEBT

A breakdown of financial debt is presented in note 17 “Financial debt”.

In millions of euros	2022	2021
New borrowings by:		
Bureau Veritas	197.8	48.8
Constantia Flexibles	225.7	733.6
Cromology	-	0.1
CPI	0.4	-
ACAMS	-	-
Wendel and holding companies	300.0	300.0
	729.5	**1,082.5**
Borrowings repaid by (1):		
Bureau Veritas	221.9	626.1
Constantia Flexibles	215.1	592.0
Cromology	-	123.6
Stahl	59.4	36.9
CPI	25.8	20.3
ACAMS	0.8	
Wendel and holding companies	501.5	300.7
	1,024.5	**1,699.5**
TOTAL	**(295.0)**	**(617.1)**

(1) Including repayments of operating lease liabilities following the application of IFRS 16 “Leases.”

NOTE 33. OTHER FINANCIAL INCOME AND EXPENSE

In 2022, other financial income and expense correspond mainly to:

- disbursements of puts held by minority interests; and
- the redemption premium on the 2024 bond redeemed early in the first half of 2022 for €34.4 million (see note 6-2.1 “Liquidity risk of Wendel and its holding companies”).

OTHER NOTES

NOTE 34. OFF-BALANCE SHEET COMMITMENTS

As of December 31, 2022, no commitment was likely to have a significant impact on the Group's financial position other than those mentioned.

Note 34 - 1. Collateral and other security given in connection with financing

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
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 debt owed by the Constantia Flexibles group.	712.0	702.4
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.	362.3	388.6
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 debt owed by the CPI group.	283.4	288.0
Pledge by ACAMS group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of debt owed by the ACAMS group.	156.3	
TOTAL	**1,513.9**	**1,379.0**

Note 34 - 2. Guarantees given and received in connection with asset acquisitions

In connection with the disposals of Cromology, PlaYce and Tsebo, the Group issued the usual representations and guarantees (fundamental guarantees as to the existence, capacity and ownership of securities) up to certain specified amounts. Some of these may still be called as of December 31, 2022. No claims are outstanding in respect of guarantees received.

Note 34 - 3. Off-balance sheet commitments given and received in connection with operating activities

In millions of euros	Dec. 31, 2022	Dec. 31, 2021
Counter-guarantees on contracts and other commitments given		
by Bureau Veritas [(1)]	392.9	393.3
by Stahl	6.1	6.3
Total commitments given	**399.0**	**399.6**

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

Note 34 - 4. Subscription commitments

As of December 31, 2022, in connection with its investments in private equity funds, the Group (Wendel Growth [formerly Wendel Lab]) is committed to investing approximately €163.0 million, of which €107.9 million has already been called.

As of end-2022, as part of its direct investments, Wendel Growth (formerly Wendel Lab) has also committed to investing a total amount of approximately €15 million in Tadaweb. The transaction is expected to close in the first quarter of 2023, subject to compliance with the usual conditions.

Note 34 - 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 (ACAMS, Constantia Flexibles, Crisis Prevention Institute, IHS, Stahl, Tarkett and direct investments via Wendel Growth [formerly Wendel Lab]) or managers (or former managers) of portfolio companies, relating to mechanisms aimed at aligning their interests with their respective companies' performance (ACAMS, Constantia Flexibles, Crisis Prevention Institute, Stahl, Tarkett and direct investments via Wendel Growth [formerly Wendel Lab]).

These agreements contain various clauses, notably covering:

- corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms and conditions for 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 shareholders' agreement relating to Constantia Flexibles also includes, for the benefit of the H. Turnauer Foundation (from the founding family of Constantia Flexibles), an option to request, between 2020 and 2023, that an IPO or share buyback process by refinancing of the group be launched, aimed 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, 2022, 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.

In addition, as part of the IHS IPO on October 14, 2021, the Wendel Group entered into a commitment covering the sale of IHS securities on the market by releasing successive tranches of 20% every six months as from mid-April 2022 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 (ACAMS, Constantia Flexibles, Crisis Prevention Institute, Stahl, Tarkett and direct investments via Wendel Growth [formerly Wendel Lab]) also contain provisions relative to:

- where applicable, 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 and 12th anniversaries of the completion of the co-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 5-2 "Participation of subsidiaries' management in the performance of their companies".

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 (Wendel's holding companies or the subsidiaries themselves, as appropriate) can be required to buy back or guarantee the buyback of the shares held by the 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, either by applying a predetermined method or by an independent expert.

Provisions for liquidity mechanisms also exist for Wendel managers with exposure, in connection with co-investment mechanisms, to ACAMS, Constantia Flexibles, Crisis Prevention Institute, Tarkett and direct investments via Wendel Growth (formerly Wendel Lab) – see note 5 -1 "Participation of management teams in the Group's investments").

As of December 31, 2022, based on the value of the investments included in the NAV or, where appropriate, based on 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-investor managers of subsidiaries and of Wendel benefiting from liquidity rights granted by the fully consolidated companies was €37 million. The portion of the non-*pari passu* investments made by the co-investor managers of subsidiaries and of Wendel benefiting from liquidity rights granted by the fully consolidated companies amounts to €43 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 €23 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 the Group's investments".

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

Note 34 - 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 non-controlling interest in the share capital (representing only 0.5% of the capital as of December 31, 2022) 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 free 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 non-controlling investment in the Constantia Flexibles group, the Wendel Group is entitled to receive an additional amount on the portion transferred in this manner subject to Maxburg meeting minimum profitability thresholds over the term of its investment in Constantia Flexibles in case of divestment. This right is recognized within financial assets, with any changes in value recognized in the income statement.

NOTE 35. STOCK OPTIONS, FREE SHARES AND PERFORMANCE SHARES

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

The total expense related to allocation of stock options or other share-based compensation for 2022 was €88.1 million, compared to €34.8 million in 2021.

In millions of euros	2022	2021
Stock options at Wendel	3.7	3.1
Grant of performance shares at Wendel	11.9	6.3
Other share awards at Wendel (co-investment)	7.0	0.1
Stock options at Bureau Veritas	3.3	2.7
Grant of performance shares at Bureau Veritas	23.9	22.7
Other	38.3	23.1
TOTAL	**88.1**	**58.0**

Pursuant to the authorization granted by the Shareholders' Meeting of June 16, 2022, the following awards were made on August 2, 2022:

- 10-year options giving the right to subscribe to 72,573 shares with a strike price of €84.27. These options have the following features:
  - a service condition: four years from the grant date, and 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 exercisable by each beneficiary if, over a period of four years, at least 90% of the members of the Wendel Coordination Committee have attended a yearly ESG training course.

At the grant date, 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 30%. These options were valued by an independent expert at €13.0 per option. The expense is recognized over the options' vesting period.

- 61,160 performance shares, with the following characteristics:
  - a service condition: four years from the grant date and subject to the achievement of the performance conditions described below, 50% of the performance shares will vest in the event of departure at the end of a period of two years, 75% of the performance shares 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 (TSR),
    - for 50% of the allocation, a performance condition linked to the relative performance of Wendel's annualized TSR 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.

At the grant date, 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 9.4%. The value of these performance shares has been estimated by an independent expert at €63.7 per performance share. The expense is recognized over the options' vesting period.

- 139,382 performance shares, with the following characteristics:
  - a service condition: four years from the grant date;
  - a performance condition assessed over a period of four years:
    - 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,

- 25% of the allocation will vest if the dividend paid in 2025 is greater than or equal to the dividend paid in 2024, and
- 25% of the allocation will vest if the dividend paid in 2026 is greater than or equal to the dividend paid in 2025.

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 9.4%. The value of these performance shares has been estimated by an independent expert at €84.8 per performance share. The expense is recognized over the options' vesting period.

Pursuant to the authorization granted by the Shareholders' Meeting of June 16, 2022, the following awards were made on December 6, 2022:

- 37,085 10-year options giving the right to subscribe to 37,085 shares with a strike price of €87.05. These options have the following features:
  - a service condition: four years from the grant date, and 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 exercisable by each beneficiary if, over a period of four years, at least 90% of the members of the Wendel Coordination Committee have attended a yearly ESG training course.

At the grant date, 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 30.2%. These options were valued by an independent expert at €14.2 per option. The expense is recognized over the options' vesting period.

- 19,095 performance shares, with the following characteristics:
  - a service condition: four years from the grant date and subject to the achievement of the performance conditions described below, 50% of the performance shares will vest in the event of departure at the end of a period of two years, 75% of the performance shares 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 (TSR),
    - for 50% of the allocation, a performance condition linked to the relative performance of Wendel's annualized TSR 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.

At the grant date, 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 9.69%. The value of these performance shares has been estimated by an independent expert at €64.8 per performance share. The expense is recognized over the options' vesting period.

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

Stock options	**Number of options outstanding as of Dec. 31, 2021**	Options granted in 2022	Options canceled in 2022	Options exercised in 2022	**Number of options outstanding as of Dec. 31, 2022**	Exercise price (in euros)	Average exercise price (in euros)	Average residual life	Number of exercisable options
Stock purchase options	**538,043**			(30,350)	**507,693**	from 82.9 to 134.43	116.15	4.4	403,214
Stock subscription options	**395,841**	109,658	(32,494)		**473,005**	from 82.05 to 110.97	88.88	8.3	
Total	**933,884**	**109,658**	**(32,494)**	**(30,350)**	**980,698**				

Performance shares	Shares awarded as at Dec. 31, 2021	Awards during the year	Cancellations	Shares awarded as at Dec. 31, 2021	Grant date	Vesting date
Plan 11-1	76,532		(76,532)	0	07/08/2019	07/08/2022
Plan 11-2	56,248		(4,709)	51,539	07/08/2019	07/10/2023
Plan 12-1	83,243		(850)	82,393	08/05/2020	08/05/2023
Plan 12-2	48,283		(5,418)	42,865	08/05/2020	08/05/2024
Plan 13-1	73,021		(17,041)	55,980	07/30/2021	07/29/2025
Plan 13-2	46,411		(4,877)	41,534	07/30/2021	08/05/2024
Plan 14-1		61,160		61,160	08/02/2022	08/02/2026
Plan 14-2		139,382		139,382	08/02/2022	08/02/2026
Plan 14-1A		19,095		19,095	12/16/2022	08/02/2026
	383,738	**219,637**	**(109,427)**	**493,948**		

NOTE 36. FEES PAID BY THE GROUP TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

	Services performed in 2022 by:		Services performed in 2021 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	674	770	663	689
for its subsidiaries	3,115	2,332	2,805	2,935
Sub-total	**3,789**	**3,102**	**3,468**	**3,624**
Non-audit services				
For Wendel SE	399	70	394	146
for its subsidiaries	291	3,010	477	968
Sub-total	**690**	**3,080**	**871**	**1,114**
Total	**4,479**	**6,182**	**4,339**	**4,738**

Services rendered during the year other than the Statutory Auditors' audit of the financial statements of Wendel SE and the companies over which the latter exercises control (non-audit services) correspond to tax services, certifications, due diligence and agreed procedures as regards Ernst & Young Audit and its network, and to certifications, procedures in the context of the consolidated non-financial performance statement, legal and tax services, and agreed procedures as regards Deloitte.

NOTE 37. SUBSEQUENT EVENTS

Note 37 - 1. Wendel Growth investments

Wendel, through its investment arm Wendel Growth, has carried out the following investments:

- in January 2023: acquisition of a minority interest of Tadaweb through an equity investment of €15 million. Tadaweb delivers open-source intelligence (OSINT) platforms that enable organizations to generate actionable intelligence by making analysts' investigative methods hyper-efficient. The company is headquartered in Luxembourg and employs 120 people;
- in February 2023: acquisition of a minority stake in Brigad with an equity investment of €7 million. Brigad is an online tool connecting self-employed professionals with hospitality and care establishments. The company is headquartered in France and employs 150 people; and
- in March 2023: signature of an investment of up to €15 million in Preligens in the form of convertible bonds and warrants. Preligens develops solutions to automate the analysis of multi-source data and cue users towards unusual events requiring their tradecraft.

Note 37 - 2. Stahl acquires ICP Industrial Solutions Group

Stahl has signed an agreement to acquire 100% of ICP Industrial Solutions Group (ISG), a leader in high-performance packaging coatings, for an enterprise value of around $205 million. This transaction will reinforce Stahl's position as the global leader in the field of specialty coatings for flexible materials.

It is mostly present in North America (close to 70% of sales). Its 2022 sales are estimated at approximately $140 million.

Concurrently, Stahl has secured a new financing of $580 million with a group of relationship banks, extending maturities until 2028. It will be available to finance this acquisition, refinance its existing credit facilities and fund future external growth.

The ISG transaction is expected to close before the end of Q1 2023, subject to customary conditions.

ICP Industrial Solutions Group (ISG) is currently in litigation with a former supplier HeiQ. Specific indemnification arrangements under the acquisition agreement have been entered into with the seller of ISG.

Note 37 - 3. Hedging of currency risk on dollar-denominated assets

In February 2023, the Group hedged a portion of the currency risk arising on the value of its US dollar denominated investments (see note 6-5.1 "Currency risk – Wendel").

NOTE 38. LIST OF MAIN CONSOLIDATED COMPANIES AS OF DECEMBER 31, 2022

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	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	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	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	99.5	Accolade	United States	Investment fund
FC	**35.6**	**Bureau Veritas and its subsidiaries**	**France**	**Certification and verification services**
FC	**60.8**	**Constantia Flexibles and its subsidiaries**	**Austria**	**Flexible packaging**
FC	**67.9**	**Stahl and its subsidiaries**	**Netherlands**	**High-performance coatings and leather-finishing products**
FC	**96.3**	**CPI and its subsidiaries**	**United States**	**Training services**
FC	**98.0**	**ACAMS and its subsidiaries**	**United States**	**Training and certification in anti-money laundering**
E	**25.7**	**Tarkett Participation**	**France**	**Innovative flooring and sports surface solutions**

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

The complete list of consolidated companies and investees in the Group's reporting scope 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, 2022

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, 2022

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, 2022.

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, 2022 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, 2022 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

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 2022 and described in Note 3-1 to the consolidated financial statements, are as follows: - On January 21, 2022, Wendel completed the sale of Cromology for an equity value of €1,262 million. Net disposal proceeds amounted to €896 million for Wendel; this amount is net of the share of capital held by the co-investor managers of Cromology. The capital gain on the sale of Cromology was recognized on the line "Net income from operations discontinued or held for sale" for €590 million.	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 divestment of Cromology, we have assessed the accounting treatment of the transaction and the calculation of the gain on disposal. - Regarding the investment in ACAMS, with the assistance of our valuation specialists, we have: o gained an understanding of the terms of the acquisition agreement and the processes implemented by management to analyze and recognize the acquisition of ACAMS and its opening balance sheet;

- On March 11, 2022, Wendel has acquired ACAMS ("Association of Certified Anti-Money Laundering Specialists") from Adtalem for an equity investment of $ 338 million. This business combination has been recognized in accordance with IFRS 3, which requires that the identifiable assets acquired and liabilities assumed be measured and recognized at fair value at the takeover date. The purchase price allocation led to the recognition of material intangible assets, including customer relationships for $ 117 million, tradenames for $ 73 million and content valued at $ 18 million. The residual goodwill amounts to $ 340 million. The goodwill allocation will be finalized within 12 months of the acquisition, in accordance with the IFRS.

We considered the recognition and presentation of the investment in ACAMS to be a key audit matter given the material amount of the assets acquired and liabilities assumed and the judgment required to identify and measure these assets and liabilities, in particular intangible assets.

Also, we deemed the disposal of Cromology to be a key audit matter as it is a significant operation of the year.

- analyzed the work performed by management to identify and measure the assets and liabilities acquired, in particular intangible assets;
- assessed the appropriateness of the valuation methods used for the main asset categories with regard to commonly used practices;
- analyzed the consistency of the valuation inputs compared with the documentation obtained from the ACAMS management teams, and assessed their relevance with regard to the company's management data or 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.

For both transactions, we also assessed the appropriateness of the disclosures provided in Note 3-1 to the consolidated financial statements.

Measurement of goodwill

Risk identified	Our response
As of December 31, 2022, the Goodwill net book value amounts to € 3 929 million, i.e. 27% of the total balance sheet. Goodwill is broken down by Cash Generating Units (CGUs) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, CPI and ACAMS). 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.	We examined the process implemented by the management of Wendel and that of the operating subsidiaries to carry out impairment tests. 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:

As described in Note 8 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, 2022.

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, requires management to exercise a high degree of judgment and estimation.

- 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 macro-economic conditions (inflationary pressures, increases in interest rates and raw material and energy costs, shortages, exchange rate volatility);

- 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 8 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 5 to the consolidated financial statements, Wendel has set up co-investment mechanisms to allow its managers and managers of subsidiaries (Constantia Flexibles, Stahl, CPI, Tarkett and ACAMS) 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 34-5 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 37 M€ for "pari passu" investments with the same profile of risk and return as Wendel, and amount to 43 M€ for non "pari passu" investments as of December 31, 2022. 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 23 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; - These investments are made by managers, some of whom are related parties.	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 34-5 to the consolidated financial statements and those concerning transactions with related parties set out in Note 4.1 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 34-5

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.

Based on the work we have performed, we conclude that the presentation 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.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements

Moreover, 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 May 16, 2019 for Deloitte & Associés and on November 15, 1988 for ERNST & YOUNG Audit.

As at December 31, 2022, Deloitte & Associés and ERNST & YOUNG Audit were in the fourth year and thirty-fifth 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 16, 2023

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

The English language version of this text is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinion, the original French language version of the document takes precedence over the translation.

WENDEL

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March 2023

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