WENDEL

2020

Consolidated Financial Statements

as of December 31

MORE THAN 310 YEARS OF HISTORY

Contents

BALANCE SHEET – STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS

In millions of euros	Note	12/31/2020	12/31/2019
Goodwill, net	7 and 8	3,488.6	4,112.0
Intangible assets, net	7 and 9	1,692.3	1,769.0
Property, plant & equipment, net	7 and 10	1,109.0	1,291.3
Property, plant and equipment under operating leases	7 and 10	530.5	536.9
Non-current financial assets	7 and 14	320.8	480.4
Pledged cash and cash equivalents	7 and 13	0.4	16.6
Equity-method investments	7 and 11	225.2	294.0
Deferred tax assets	7	206.6	217.2
Non-current assets		**7,573.4**	**8,717.5**
Assets and operations held for sale		**8.3**	**55.3**
Inventories	7	416.4	465.6
Trade receivables	7 and 12	1,375.3	1,697.4
Contract assets (net)	7	232.1	226.0
Other current assets	7	327.5	354.5
Current income tax assets	7	61.0	68.0
Other current financial assets	7 and 14	311.9	367.0
Cash and cash equivalents	7 and 13	2,900.3	2,624.7
Current assets		**5,624.6**	**5,803.3**
Total assets		**13,206.3**	**14,576.0**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the investment in the Tsebo group has been reclassified as "Assets and liabilities of discontinued operations or held for sale" at January 1, 2020 before exiting the scope at the end of December 2020. See Notes 3 "Changes in scope of consolidation" and 18 "Discontinued operations and operations held for sale".

Balance sheet – Statement of consolidated financial position

LIABILITIES

In millions of euros	Note	12/31/2020	12/31/2019
Share capital		178.9	178.7
Share premiums		55.3	53.3
Retained earnings & other reserves		2,033.6	1,791.5
Net income for the period – Group share		-264.1	399.7
Shareholders' equity – Group share		**2,003.7**	**2,423.1**
Non-controlling interests		1,283.8	1,392.5
Total shareholders' equity	**12**	**3,287.5**	**3,815.6**
Provisions	7 and 16	453.4	456.1
Financial debt	7 and 17	5,312.9	5,896.7
Operating lease liabilities	7 and 17	448.4	458.2
Other non-current financial liabilities	7 and 14	283.9	454.9
Deferred tax liabilities	7	396.7	416.8
Total non-current liabilities		**6,895.3**	**7,682.6**
Liabilities held for sale		**-**	**15.4**
Provisions	7 and 15	6.1	5.1
Financial debt	7 and 17	646.8	627.4
Operating lease liabilities	7 and 17	134.4	132.8
Other current financial liabilities	7 and 14	179.5	112.5
Trade payables	7	862.0	937.0
Other current liabilities	7	1,053.0	1,091.9
Current income tax assets	7	141.6	155.6
Total current liabilities		**3,023.6**	**3,062.3**
Total equity and liabilities		**13,206.3**	**14,576.0**

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the investment in the Tsebo group has been reclassified as "Assets and liabilities of discontinued operations or held for sale" at January 1, 2020 before exiting the scope at the end of December 2020. See Notes 3 "Changes in scope of consolidation" and 18 "Discontinued operations and operations held for sale".

CONSOLIDATED INCOME STATEMENT

	Note	2020	2019
Net sales	7 and 19	7,459.2	8,110.5
Other income from operations		6.2	16.4
Operating expenses		-6,940.3	-7,358.8
Gains/losses on divestments		-29.6	-3.4
Asset impairment		-170.5	-29.7
Other income and expense		-24.6	-9.3
Operating income	**7 and 20**	**300.3**	**725.7**
Income from cash and cash equivalents		9.1	4.6
Finance costs, gross		-250.1	-249.5
Finance costs, net	**7 and 21**	**-241.0**	**-244.9**
Other financial income and expenses	7 and 22	1.0	-23.1
Tax expense	7 and 23	-126.7	-249.1
Net income (loss) from equity-method investments	7 and 24	-63.5	-78.2
Net income before income from discontinued operations and operations held for sale		**-129.8**	**130.3**
Net income from discontinued operations and operations held for sale	18	-101.2	495.3
Net income		**-231.0**	**625.6**
Net income – non-controlling interests		33.1	225.8
Net income – Group share		**-264.1**	**399.7**

	2020	2019
Basic earnings per share	-6.03	8.98
Diluted earnings per share	-6.07	8.95
Basic earnings per share from continuing operations	-5.07	-6.14
Diluted earnings per share from continuing operations	-5.10	-6.13
Basic earnings per share from discontinued operations	-0.96	15.12
Diluted earnings per share from discontinued operations	-0.96	15.08

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

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the contribution of Tsebo to 2019 net income has been reclassified to a single line in the income statement: "Net income from discontinued operations and operations held for sale. In 2020, Tsebo's contribution and the impact on income related to its disposal were recognized in the net income from discontinued operations or operations held for sale. See Notes 3 "Changes in scope of consolidation" and 18 "Discontinued operations and operations held for sale".

STATEMENT OF COMPREHENSIVE INCOME

In millions of euros	2020 Gross Amounts	2020 Tax effect	2020 Amounts	2019 Gross Amounts	2019 Tax effect	2019 Amounts
Items recyclable in net income						
Currency translation reserves [1]	-282.8	-	-282.8	74.6	-	74.6
Gains and losses on derivatives qualifying as hedges [2]	67.9	0.6	68.5	-8.0	-1.1	-9.1
Transfer to income statement of income previously recorded as equity [3]	-10.4	-	-10.4	-	-	-
Items non-recyclable in net income						
Gains and losses on financial assets through other comprehensive income	-	-	-	56.4	-	56.4
Actuarial gains and losses	-11.5	2.4	-9.1	-16.6	4.4	-12.1
Income and expenses recognized directly in shareholders' equity (A)	**-236.8**	**3.0**	**-233.8**	**106.4**	**3.3**	**109.7**
Net income for the period (B)			-231.0			625.6
Total income and expenses recognized for the period (A)+(B)			**-464.8**			**735.1**
Attributable to:						
- Wendel shareholders			-339.9			473.0
- non-controlling interests			-124.9			262.1

(1) This item includes the contribution of Bureau Veritas for €197.8 million.

(2) This item includes €66.5 million related to the change in the fair value of cross currency swaps implemented at Wendel SE (see Note 6 - 5.1 "Managing currency risk – Wendel").

(3) This item includes -€17.0 million as a result of recycling cross currency swaps set up at Wendel SE (see Note 6- 5.1 "Managing currency risk – Wendel") and +€6.6 million in recycling of operational derivatives at Constantia Flexibles.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In millions of euros	Number of outstanding shares	Share capital	Share premiums	Treasury shares	Retained earnings & other	Cumulative translation adjustment	Group share	Non-controlling interests	**Total shareholders' equity**
Shareholders' equity as of December 31, 2018	**45,267,567**	**185.1**	**50.9**	**-355.8**	**2,512.3**	**-232.2**	**2,160.4**	**1,146.1**	**3,306.4**
Effects of the application of new IFRS 16 and IFRIC 23 standards and interpretations					-31.3		-31.3	-54.2	-85.5
Adjusted shareholders' equity as of January 1, 2019	**45,267,567**	**185.1**	**50.9**	**-355.8**	**2,481.0**	**-232.2**	**2,129.0**	**1,091.9**	**3,221.0**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	38.5	34.8	73.3	36.4	109.7
Net income for the period (B)					399.7		399.7	225.8	625.6
Total income and expenses recognized for the period (A)+(B) [1]		**-**	**-**	**-**	**438.2**	**34.8**	**473.0**	**262.1**	**735.1**
Dividends paid [2]					-123.7		-123.7	-175.0	-298.7
Movements in treasury shares	-1,541,214	-6.6		-190.3			-196.8		-196.8
Capital increase							-		
Exercise of stock options	20,950	0.1	-0.1						-
Company savings plan	26,055	0.1	2.4				2.5		2.5
Share-based payments					109.4		109.4	15.2	124.6
Changes in scope of consolidation					-14.0	-0.7	-14.6	230.6	216.0
Other					44.3		44.3	-32.4	11.9
Shareholders' equity as of December 31, 2019	**43,773,358**	**178.7**	**53.3**	**-546.0**	**2,935.3**	**-198.1**	**2,423.1**	**1,392.5**	**3,815.6**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	50.4	-126.3	-75.9	-157.9	-233.8
Net income for the period (B)					-264.1		-264.1	33.1	-231.0
Total income and expenses recognized for the period (A)+(B) [1]		**-**	**-**	**-**	**-213.6**	**-126.3**	**-339.9**	**-124.8**	**-464.8**
Dividends paid [2]					-122.6		-122.6	-18.4	-141.0
Movements in treasury shares	8,285			1.0			1.0		1.0
Capital increase							-		
exercise of stock options									-
exercise of the company savings plan [3]	36,811	0.2	2.0				2.2		2.2
Share-based payments					21.1		21.1	15.3	36.4
Changes in scope of consolidation					-1.3	0	-1.3	-2.1	-3.4
Other [4]					19.9		19.9	21.4	41.3
							-		
Shareholders' equity as of December 31, 2020	**43,818,454**	**178.9**	**55.2**	**-545.1**	**2,638.8**	**-324.4**	**2,003.7**	**1,283.8**	**3,287.5**

(1) See "Statement of comprehensive income".
(2) The dividend paid by Wendel in 2020 was €2.80 per share, for a total of €122.6 million. In 2019, Wendel paid a dividend of €2.80 per share, for a total of €123.7 million.
(3) See Note 15: "Equity".
(4) Other variations notably include the impact of changes in value of minority puts.

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

CONSOLIDATED CASH FLOW STATEMENT

	Note	2020	2019
Net income		-231.0	625.6
Share of net income/loss from equity-method investments		63.4	78.2
Net income from discontinued operations and operations held for sale		103.4	-604.1
Depreciation, amortization, provisions and other non-cash items		849.3	738.4
Elimination of investment, financing and tax results		394.5	535.3
Cash flow from consolidated companies before tax		**1,179.6**	**1,373.3**
Change in working capital requirement related to operating activities		219.0	51.2
Net cash flows from operating activities, excluding tax	**7**	**1,398.6**	**1,424.5**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	26	-219.3	-276.3
Disposal of property, plant & equipment and intangible assets	27	14.6	10.4
Acquisition of equity investments	28	-1.8	-601.7
Disposal of equity investments	29	191.0	1,289.1
Impact of changes in scope of consolidation and of operations held for sale	18 and 30	-26.8	28.6
Dividends received from equity-method investments and unconsolidated companies		0.2	7.5
Changes in other financial assets and liabilities and other	31	32.7	-31.6
Change in working capital requirements related to investment activities		-10.9	-19.7
Net cash flows from investing activities, excluding tax	**7**	**-20.2**	**406.3**
Capital increase		2.2	2.5
Contribution of non-controlling shareholders		2.1	14.5
Treasury share buybacks		**6.4**	**-183.7**
- Wendel		1.0	-197.2
- Subsidiaries		5.5	13.4
Dividends paid by Wendel		-122.6	-123.7
Dividends paid to non-controlling shareholders of subsidiaries		-18.4	-98.1
New borrowings	32	1,045.9	1,220.8
Repayment of borrowings	32	-1,402.5	-2,210.6
Repayment of lease liabilities and interest	32	-158.8	-148.7
Net finance costs		-212.8	-276.4
Other financial income/expense	33	-19.7	-235.6
Change in working capital related to financing activities		-0.9	7.3
Net cash flows from financing activities, excluding tax	**7**	**-879.1**	**-2,031.6**
Current tax expense		-200.0	-252.3
Change in tax assets and liabilities (excl. deferred taxes)		-2.2	-20.3
Net cash flows related to taxes	**7**	**-202.2**	**-272.7**
Effect of currency fluctuations		-37.5	-
Reclassified cash and cash equivalents		-	-0.7
Net change in cash and cash equivalents		**259.5**	**-474.2**
Cash and cash equivalents at beginning of period		2,641.3	3,098.9
Cash and cash equivalents at the end of the period	**13**	**2,900.8**	**2,624.7**

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

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

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

In accordance with IFRS 5, at the date of classification of companies as “Operations held for sale or discontinued operations”, the cash of these companies is reclassified to the line “Impact of changes in scope of consolidation and operations held for sale”. Accordingly, Tsebo’s cash position was reclassified under “Impact of changes in the scope of consolidation and operations held for sale” at January 1, 2020 (see Note 18 “Discontinued operations and operations held for sale”).

GENERAL PRINCIPLES

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

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

As of December 31, 2020, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (35.8% net of treasury shares), Cromology (95.4%), Stahl (67.8%), Constantia Flexibles (60.8%) and CPI (96%);
- an operating company accounted by the equity method: IHS (21.4%);
- Wendel and its fully consolidated holding companies.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2020 and are expressed in millions of euros. They include:

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

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies. However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities. Aggregate data for each fully-consolidated subsidiary are presented in Note 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 subsidiaries or from the operating subsidiaries to Wendel or its holding companies (see Note 6-2.2 "Liquidity risk of operating subsidiaries"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in Note 6-2.1 "Managing the liquidity risk of Wendel and its holding companies."

These financial statements were finalized by Wendel's Executive Board on March 10, 2021 and will be submitted for shareholders' approval at the Shareholders' Meeting.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

Wendel's consolidated financial statements for the fiscal year ended December 31, 2020 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods *as* adopted by the European Union on December 31, 2020, 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, 2020 were prepared using the same accounting methods as those used for the year ended December 31, 2019.

The use of the new standards, amendments and interpretations that entered into force on January 1, 2020 had no significant impact on the Group's financial statements.

The new standards, amendments or mandatory IFRIC interpretations for periods starting from January 1, 2021 have not been early applied as of December 31, 2020.

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

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

Note 1 - 1. Methods of consolidation

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

Note 1 - 2. Financial statements used as the basis for consolidation

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

- the consolidated financial statements for the year ended December 31, 2020 of Bureau Veritas, Constantia Flexibles, Cromology, IHS, Stahl, and CPI;
- Tsebo's financial statements up to June 30, 2020, the date of the last available report; and
- for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2020.

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

Significant changes in the Group's scope of consolidation for fiscal year 2020 are presented in Note 3 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2020 are presented in Note 38 "List of principal consolidated companies".

Note 1 - 3. Business combinations

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

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

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

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

As of December 31, 2020, 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;
- secondly, by reducing the Group share of shareholders' equity as follows: the difference between the estimated value of the purchase commitment and the carrying amount of non-controlling interests is deducted from the Group share of retained earnings and other reserves. This balance is adjusted at the end of each accounting period to reflect changes in the estimated exercise price of the purchase commitments and the carrying amount of the non-controlling interests.

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

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

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

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

Wendel presents its financial statements in euros.

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

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

	Closing rate		Average rate	
	2020	2019	2020	2019
EUR/USD	1.2271	1.1234	1.1396	1.1194

Note 1 - 7. Use of estimates

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

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

Note 1 - 8. Measurement rules

Note 1 - 8.1 Goodwill

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

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

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

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

Impairment tests on goodwill and equity-method investments are described in Notes 8 "Goodwill" and 11 "Equity-method investments".

Note 1 - 8.2 Intangible assets

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

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on 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 the Bureau Veritas Group's subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel Group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

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

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

Note 1 - 8.4 Property, plant & equipment

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

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

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

Note 1 - 8.5 Leases

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

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

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

The Group opted for the exemption offered by IFRS 16 for short-term and low-value leases (assets with a unit value of less than €5,000). Rents on these leases are therefore still recognized as operating expenses. For the first-time application in 2019, the Group also chose not to recognize leases with a remaining term of less than 12 months, in accordance with IFRS 16.

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

Note 1 - 8.6 Depreciation and amortization of fixed assets

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

Note 1 - 8.7 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives, and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives, operating liabilities, and certain liquidity commitments on the Group's shares held by certain co-shareholders (see Note 34-5 "Shareholder agreements and co-investment mechanisms").

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

1. Financial assets at fair value through profit or loss

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

2. Financial assets at fair value through other comprehensive income

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

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

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

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

3. Financial assets measured at amortized cost

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

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

4. Financial liabilities

With the exception of derivative instruments and financial liabilities relating to liquidity commitments on the Group's shares held by certain co-shareholders (see Note 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 of fair value, future cash flow or net investment value:
- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of net investments in operations in a foreign market help offset fluctuations in value due to translation into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged

investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

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

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

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

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

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

During fiscal year 2020, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Note 1 - 8.9 Inventories

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

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

Cash is comprised of cash at banks.

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

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

Note 1 - 8.11 Provisions

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

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

Note 1 - 8.12 Provisions for employee benefits

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

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

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

Note 1 - 8.13 Deferred taxes

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

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

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

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

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

Note 1 - 8.14 Treasury shares

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

Note 1 - 8.15 Non-current assets held for sale and discontinued operations

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

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

Note 1 - 8.16 Revenue recognition

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

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

Note 1 - 8.17 Translation of foreign currency transactions

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

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

Note 1 - 8.18 Stock subscription and stock purchase option plans

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

In 2020, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

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

The co-investment mechanisms described in Note 5 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

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

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

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

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

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

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

Wendel believes that for the main co-investments in place in the Group at December 31, 2020, the most likely outcome will be a sale of the investments concerned or an initial public offering of these investments, with the exception of the first third of the liquidity of the co-investment of Wendel's current and former managers in IHS, which matures in 2021 (see Note 5 "Participation of managers in Group investments") . Liquidity commitments under minority puts and 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. Presentation rules

Note 1 - 9.1 Presentation of the balance sheet

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

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

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

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

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

Note 1 - 9.2 Presentation of the income statement

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

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

Note 1 - 9.3 Income taxes: treatment of the CVAE tax

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

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

Note 1 - 9.4 Earnings per share

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

Diluted earnings per share are calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to that method, it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

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

NOTE 2. EFFECTS OF THE COVID-19 PANDEMIC ON THE FINANCIAL STATEMENTS AT DECEMBER 31, 2020

Faced with the public health crisis which the world has been dealing with for almost a year now, Wendel and its operating subsidiaries have implemented action plans to protect the health and safety of their employees, their families and their service providers, to ensure all essential operations continue without interruption, to limit the financial impact and to preserve financial liquidity.

Voluntary measures have been adopted to protect employees by introducing remote working for all employees of Wendel SE and its offices outside of France, along with measures for the monitoring of outstanding amounts due in order to provide financial support to suppliers.

The operating subsidiaries have also implemented monitoring policies throughout the world, including the proactive adjustment of their cost structures.

In 2020, the COVID-19 health crisis had a significant impact on the activities of the Wendel Group's subsidiaries. It has in fact been necessary to adapt working practices, including temporary site closures and the use of partial unemployment measures. These actions take the form both of a reduction in the level of business across most production sectors and of additional costs to combat and react to the pandemic (safety costs, crisis teams to ensure continuity of businesses and projects, etc.).

The additional costs generated by the pandemic have mainly been recorded in the income statement in operating expenses. Operating result also includes any government aid received, (excluding tax credits) which are recorded in the accounts in accordance with the principles of IAS 20 "Accounting for government grants and disclosure of government assistance", as well as any insurance payouts received.

Moreover, for Wendel's operating subsidiaries, the effects of the pandemic, in particular the lack of efficiency generated, are spread across the income statement as a whole and have not been isolated as there is no reliable way in which to do this.

The significant drop in global activity related to the COVID-19 crisis was taken into account in the impairment tests carried out at the end of the 2020 fiscal year (See Note 8.1 "Goodwill impairment tests").

The operational difficulties encountered by operating subsidiaries have also had a noticeable impact on the liquidity situation of certain operating subsidiaries. The liquidity situation with regard to Wendel and its operating subsidiaries is set out in Note 6.2. "Managing liquidity risk."

Due to the consequences of this crisis, the operating subsidiaries have even had cause to reconsider their forecast losses on customer receivables. In a large number of cases, this exercise has required the use of judgment calls given the current climate of uncertainty. However, this revision of losses on receivables has not led to any material impact on the operating subsidiaries' financial statements.

As of the date of the finalization of the financial statements, the COVID-19 crisis has not had any other known material impact on the financial statements.

NOTE 3. CHANGES IN SCOPE OF CONSOLIDATION

Note 3 - 1. Changes in scope of consolidation in 2020

The scope of consolidation of Wendel Group is set out in Note 38 "List of principal consolidated companies as of December 31, 2020."

Sale of Wendel's residual investment in Allied Universal

Wendel sold 79% of its investment in Allied Universal on December 13, 2019. In this context, Wendel lost its significant influence over this group and its residual investment was re-categorized as a financial asset recorded at fair value in the accounts (the variations in which are recorded under other items within the consolidated statement of comprehensive income). This fair value was based on the sale price. In accordance with IFRS accounting standards, this transaction led in 2019 to the recording of a €644.2 million accounting capital gain which covered the entire investment, including the residual part not yet sold.

On April 29, 2020, Wendel sold its residual stake in Allied Universal for an amount of $203.2 million, in line with the implicit valuation of the December 2019 transaction. This valuation having been accepted as the fair value of the residual stake as at the end of 2019, the divestment completed in April 2020 had no significant impact on the income and the other items of Wendel's comprehensive income statement, except on cash flow.

Exit from Tsebo

Following the crisis caused by COVID-19 in South Africa, the Wendel Group transferred all of its stake in Tsebo to a South African consortium of investors and to the management to ensure the strengthening of this group's balance sheet. The only consideration for this transfer was a right to 10% of any capital gain realized by the new shareholders, which would exceed an internal rate of return (IRR) of 18%. This right is considered, for accounting purposes, as a financial asset at fair value and this value is considered as zero.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the investment in the Tsebo group has been reclassified as "Net income from discontinued operations or operations held for sale" as of January 1, 2020. In addition, Tsebo's net assets in Wendel's consolidated financial statements have been reduced to zero via the recording of a €80.2 million impairment in the accounts (of which €25.4 million of Group share) prior to the exit from the scope. In accordance with accounting rules, the accumulated translation adjustments were recycled through income for an amount of -€14.8 million upon the loss of control.

In addition, a provision for risk had been recorded at the end of 2019 for the guarantee relating to the financing of the investor B-BBEE of Tsebo for an amount of €26 million. The net amount paid by the Wendel group finally amounted to €19 million and the excess provision was recognized in income in the income statement for €7 million.

Definitive allocation of the acquisition price to the Crisis Prevention Institute (CPI)

On December 23, 2019 Wendel completed the acquisition of Crisis Prevention Institute ("CPI") for an enterprise value of $910 million. In the context of this transaction, Wendel invested approximately $572 million of its own equity. The Group therefore holds 96% of the company's share capital, alongside CPI management and other minority shareholders. Since this date, the Wendel group has therefore been exercising exclusive control over this company and has proceeded with its full consolidation.

As of December 31, 2019, all of the first goodwill had been recognized in goodwill.

The acquisition price of CPI was allocated in 2020 as follows:

Brands:	$137.8 million, non-amortizable
Customer relationships:	$207.2 million, amortized over 10 years
Training content:	$124.1 million, amortized over 20 years
Deferred taxes related to these revaluations:	-$104.8 million
Residual goodwill:	$531.4 million
Net indebtedness:	-$332.6 million
Fixed assets:	$11.2 million
Other:	$16.7 million
Acquisition price of the shares (100% of share capital):	$591.0 million

In view of the consequences of the health crisis on CPI's business in 2020 (post-acquisition), the goodwill and intangible assets of CPI were subject to impairments as described in Note 8 "Goodwill".

Changes in scope of consolidation of subsidiaries and associates

There was no significant change in the scope of consolidation of controlled subsidiaries.

Note 3 - 2. Changes in scope of consolidation in 2019

The principal changes in scope during 2019 were as follows:

- The sale of the stake in PlaYce for net income of €32.2 million;
- The sale of the stake in Saint-Gobain for €468 million;
- The Bureau Veritas dividend received in shares of this company for the equivalent of €87.5 million;
- The investment of €125 million in Cromology;
- The sale of the 79% stake in Allied Universal for $738 million;
- The acquisition of Crisis Prevention Institute ("CPI") for $572 million; and
- The contribution of $14.5 million to Tsebo.

NOTE 4. RELATED PARTIES

The Wendel group's related parties are:
- IHS, which is equity-accounted;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Note 4 - 1. Members of the Supervisory Board and Executive Board

The amount of compensation awarded by the Wendel Group, in respect of the 2020 fiscal year, to André François-Poncet, Chairman of the Executive Board and to David Darmon, member of the Executive Board amounted to €3,846.7 thousand.

In 2020, the members of the Supervisory Board and the Executive Board waived 25% of their fixed compensation for three months; these amounts were allocated to the Wendel donation fund and donated to three associations (Les Restaurants du Coeur in France, and Bowery Mission and Empty Bowls in the United States).

The value of the options and performance shares granted to them during the 2020 fiscal year amounted to €2,883 thousand at the date of their grant.

Compensation paid to members of the Supervisory Board over FY 2020 was €1,202 thousand, including €1,107 thousand by Wendel SE (i) in consideration of service by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board and (iii) as compensation of the lead independent member of the Supervisory Board, and €95 thousand paid to certain members of the Supervisory Board by Wendel-Participations SE for serving on its Board of Directors. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

At December 31, 2020, the commitments made by the Company to André François-Poncet, in the event of his departure, were as follows (subject to the fulfillment of performance conditions):
- in the event of his removal from office not on grounds of failure, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination, up to a maximum of 24 months' fixed compensation; and

- in the event of his resignation or removal from office following the loss of control by Wendel-Participations SE of Wendel voting rights, 36 months' fixed compensation as existing at the time of departure.

At December 31, 2020, the commitments made by the Company to David Darmon, member of the Executive Board, in the event of his departure were as follows (subject to the fulfillment of performance conditions):

- in the event his position is terminated (not on grounds of failure), a payment equal to the gross fixed monthly compensation times the number of months of service on the Executive Board, in no case to exceed 18 months of fixed compensation;
- in the event his employment contract is terminated, the payments due by law and agreement under said employment contract, with the provision that the total payments made to Darmon for his service as a corporate officer and under his employment contract may not exceed 18 months of fixed and variable compensation.

In accordance with Wendel's policy of associating managers with the Group's investments, the members of the Executive Board take part in the co-investment mechanisms described in Note 5.1 "Participation of managers in Group investments".

Note 4 - 2. Wendel-Participations

Wendel-Participations SE is owned by around 1,200 Wendel family individuals and legal entities. Wendel-Participations investors together held a 39.31% stake in Wendel SE as of December 31, 2020, representing 51.72% of theoretical voting rights and 52.42% of the exercisable voting rights as of that date.

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

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

NOTE 5. PARTICIPATION OF MANAGERS IN GROUP INVESTMENTS

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

Note 5 - 1. Participation of Wendel's managers in Group investments

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

i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel and the managers; the co-investments correspond to the disbursements made by each manager and are concurrent with the Wendel investments;

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

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

iv) in the absence of a liquidity event before the end of the co-investment program (eight 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 of buying back its rights not yet definitively acquired at their original value and, in certain cases, the co-investor has the option to sell their rights definitively acquired under predefined financial conditions;

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

2011-12 program

Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to potential subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of Note 5-1 and by the following specific rules:

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

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

iii) in the absence of a total disposal or IPO of the company concerned, the co-investors have a liquidity by third party on the basis of an independent appraisal at the end of a period of 8 years from the completion of the initial investment by the Wendel group: the potential capital gain is then generated on one-third of the sums invested by the co-investors; the same applies after 10 years, then 12 years, if no total sale or IPO has taken place in the meantime;

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

In accordance with these principles, Wendel's managers have made personal investments alongside the Group in IHS. These co-investments were made through a Luxembourg venture capital company, Oranje-Nassau Développement SCA SICAR, which was set up in 2011 and transformed at the end of 2019 into a reserved alternative investment fund (FIAR).

In accordance with point iii) above, the first automatic liquidity maturity date for IHS is March 31, 2021, corresponding to the eighth anniversary of the initial investment. A financial liability is recognized for this initial liquidity in accordance with the Group's accounting principles.

2013-2017 program

The co-investment mechanism was amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were set for the four years of the Executive Board's term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 (and to any subsequent reinvestments made by the Wendel group in the companies concerned) are therefore governed by the principles set out at the beginning of Note 5-1 and by the following specific rules:

i) 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% *per annum* (carried interest deal by deal); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; a three-stage payment determined by an expert is offered to co-investors 8, 10 and 12 years after Wendel's initial investment in the absence of a total sale or IPO (see 2011-12 program, point iii);

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

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

iv) as the co-investors freely agreed to participate in the 2013-2017 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari* passu); failing *which*, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

v) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu*), without obligation.

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

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

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo. These co-investments were made through two Luxembourg venture capital companies, which were incorporated in 2013 and turned into Reserved Alternative Investment Funds (RAIF) at the end of 2019. The first fund, Expansion 17 SCA FIAR, is the structure used for co-investments on a deal-by-deal basis and is divided into as many sub-funds as investments. The second fund, Global Performance 17 SCA FIAR, is used for pooled co-investments, which are grouped into a single sub-fund for all investments for the period 2013-2017.

The co-investments in Saham, Nippon Oil Pump and CSP Technologies were unwound in 2018 following the disposals of these three companies. During the 2020 fiscal year, a residual amount of €3.2 million due in respect of the co-investment in CSP Technologies was paid to the co-investors, including €0.2 million to Mr. David Darmon, member of the Executive Board.

The co-investment in Allied Universal was unwound in two stages, corresponding to the disposal made by the Wendel group of Allied Universal in December 2019 (for 79% of the stake) and then in April 2020 (for the remaining 21%). These transactions enabled Wendel's net investment in Allied Universal to be valued at approximately $918 million, or approximately 2.5 times the total amount of capital invested in dollars. A price adjustment, unfavorable to the transferors, was paid in December 2020, for an amount of $0.9 million (Wendel share). In accordance with the rules of the 2013-2017 program, these disposals constituted two liquidity events in proportion to the investment sold.

- Regarding the pooled portion of the co-investment in Allied Universal:
  - for the part in *pari passu* form, the co-investors received in November 2020 the repayment of their contributions in proportion to their equity interest; and
  - for the carried interest portion, the result of this sale will be taken into account to calculate, at the end of the program and for all investments over the period, the overall return and, where applicable, the capital gain accruing to the co-investors;
- As regards the portion in deal by deal form of the co-investment in Allied Universal, the partial disposal having made it possible to achieve the expected minimum return, the co-investors have received a part of their share of the capital gain, i.e. €13.2 million, of which €1.8 million for Mr. David Darmon (paid in July 2020).

In December 2020, the Wendel Group sold Tsebo at a loss. In this context, the co-investors lost their investment under the deal by deal portion, Mr. David Darmon, member of the Executive Board, lost €26 thousand.

2018-2021 program

In the absence of any investment made after April 2017, and on the occasion of the arrival of a new Chairman of the Executive Board on January 1, 2018, a new co-investment program was defined for investments made in new companies between 2018 and April 2021 (and for any subsequent reinvestments made by the Wendel Group in the companies concerned). The program is governed by the principles set out in the preamble to Note 5-1 and by the following special rules:

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

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

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

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

v) as the co-investors freely agreed to participate in the 2018-2021 co-investment program in a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned could lose all of his/her rights to the pooled capital gain for the non-invested portion and 20% of his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

vi) co-investors who have met their commitment to co-invest in the pooled portion may invest their share on a deal-by-deal basis, without obligation;

vii) the rights of co-investors are gradually acquired (vesting) over a minimum period of five years, in five tranches of 20% per year, i.e. 20% on each anniversary date of the investment; it being specified that this duration (a) is calculated from the first investment of the period for rights in pooled carried form and (b) is extended by one year if the co-investor leaves Wendel for a competitor.

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

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in the Crisis Prevention Institute (CPI) in December 2019 (see 2019 URD, pg. 345).

In total in 2020 for all co-investment programs, the co-investors received a total amount of approximately €34.7 million, broken down as follows:

- €16.4 million on co-investments unwound under the deal by deal portion (see above "2013-2017 program"); and
- €18.3 million corresponding to the purchase price of co-investments not yet unwound from co-investors who have left the group.

Note 5 - 2. Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Wendel Group subsidiaries to allow senior managers to participate in the performance of each entity.

For listed subsidiaries (Bureau Veritas), these mechanisms comprise subscription and purchase type stock option plans, and performance share plans.

Moreover, for unlisted consolidated subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl), the policy of giving managers a stake in the Company's performance is based on a co-investment system whereby managers co-invest significant amounts alongside Wendel. These investments present a risk for the co-investors/managers in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

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

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

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

In addition, IHS has also set up stock option plans that may have a dilutive effect on Wendel's shareholding in this company.

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

As of December 31, 2020, the impact of these co-investment mechanisms would reduce Wendel's shareholdings in the investments concerned from 0% to 0.5%. This calculation is based on the value of the stakes calculated for the Group's Net Asset Value as of December 31, 2020.

NOTE 6. MANAGING FINANCIAL RISKS

Note 6 - 1. "Equity" market risk management

Note 6 - 1.1 Value of investments

The Wendel group's assets are mainly investments in which Wendel has control or significant influence. These assets are listed (Bureau Veritas) or unlisted (Constantia Flexibles, CPI, Cromology, IHS and Stahl).

The value of these investments is based mainly on:

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

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

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

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

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

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

Moreover, the financial structure and levels of debt of certain unlisted subsidiaries and associates (IHS and CPI) increase the risk to the value of these subsidiaries and associates. While leverage makes high Internal Rates of Return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity or of an external event which is unfavorable for markets, by restricting the access of the companies in question to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see Note 6-2 "Managing liquidity risk"). Moreover, the 2009 financial crisis has shown that banks' own difficulties (e.g. access to liquidity, prudential ratios) could make refinancing the debt of these companies more difficult. To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. An in-depth analysis of these sensitivities was carried out at the start of the COVID-19 crisis across the Group and these analyzes remain closely monitored. Moreover, Wendel and its subsidiaries are in close contact with the lenders of these companies, in order to more effectively manage the restrictions on these financing agreements.

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

Note 6 - 1.2 Equity market risk

As of December 31, 2020, equity market risk related chiefly to:

- consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see impairment tests in Note 8 "Goodwill");
- investments by Wendel Lab, whose total value was €68.2 million at December 31, 2020. They are recognized at fair value, with changes recognized through profit or loss; a +/-5% variation in their value would therefore result in an impact of approximately +/-€3.5 million in net financial expense;
- minority buy-out commitments (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, determined by a contractual formula based on a fixed multiple of operating margin less net debt. As of December 31, 2020, the total of these financial liabilities was €278 million, including the minority put granted by Stahl on BASF's interest in that company (see Note 14 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for net asset value (as described in the Group's annual financial report), i.e. the application of peer multiples to the operating margin of the relevant investments in order to estimate the enterprise value, allowing the value of equity to be calculated once debt has been deducted. In the event of a 5% increase in the operating margins of the stakes in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by around €19.3 million. This fluctuation would be recognized mostly as other items on the comprehensive income statement; other Group investments 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 the value of assets, are described in Note 6-2.4 "Financing agreements and covenants of Wendel and its holding companies". At December 31, 2020, this facility was not drawn and Wendel was in compliance with these covenants; and
- the degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond and bank financing, which Wendel may seek to access. This indicator is also tracked by the Moody's and Standard & Poor's rating agencies, which Wendel has retained to rate its financial structure and bonds. Since the end of 2018, this ratio has been at a low level, enabling the Group to consider making new investments and dealing with the uncertainties related to the crisis caused by COVID-19 while maintaining a solid financial structure.

Note 6 - 2. Managing liquidity risk

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

Wendel's cash requirements are related to investments (including minority puts), debt servicing, overheads, treasury share buybacks and dividends paid. These needs are covered by cash and short-term financial investments, asset turnover, bank and bond financing, and dividends received from subsidiaries and associates.

Position and monitoring of cash and short-term financial investments

As of December 31, 2020, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,078.9 million and consisted mainly of €576.7 million in euro money market funds, €279.9 million in financial institution funds and €222.3 million in bank accounts and deposits denominated chiefly in euros.

Monitoring cash and short-term financial investments

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

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

Position and monitoring of debt maturities and refinancing

At December 31, 2020, gross debt (excluding operating subsidiaries) consisted of bonds for a total amount of €1,600 million. Bond maturities are spread between April 2023 and February 2027 and the average maturity is 4.5 years.
Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of December 31, 2020. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.
Moreover, in the context of currency risk management (see Note 6-5.1 "Managing currency risk"), €800 million in bond debt has been converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).
At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned Wendel a rating of Baa2 "stable" outlook with a short-term rating of P-2.

Managing debt

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

- the availability of bank and bond lending sources, which has been restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators;

- the level of financial leverage of Wendel and its holding companies (i.e. net debt/assets ratio), which is a key credit risk indicator tracked by Wendel's lenders and by the financial rating agencies, which rate Wendel's financial structure. Similarly, the syndicated loan is subject to financial covenants that are mainly based on the market value of Wendel's assets and on the amount of net debt (see paragraph on "Wendel's syndicated loan – documentation and covenants" in Note. 6-2.4: "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 6-1.2 "Equity market risk"); and
- a potential financial rating downgrade for Wendel from the financial rating agencies.

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

Impact of liquidity risk of subsidiaries on Wendel

The financial debts of the operating subsidiaries are without recourse to Wendel. Thus, the liquidity risk of these subsidiaries only affects Wendel when Wendel decides or accepts it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if it decided to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries and new investments.
In the context of the economic crisis triggered by COVID-19, Wendel and its operating subsidiaries have examined their liquidity position and any constraints connected to their financial covenants. As of the date of the finalization of the 2020 financial statements, Wendel does not expect to re-invest any significant amounts in its subsidiaries to provide them with financial support.
Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Bureau Veritas has therefore not paid a dividend in 2020, given the crisis caused by COVID-19. 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 2023. 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

Bonds issued by Wendel – documentation

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

Wendel's syndicated loan – documentation and covenants (undrawn as of December 31, 2020)

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

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

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

These covenants are as follows:

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

  must not exceed one.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2020 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, 2020, Bureau Veritas' gross financial debt amounted to €2,926.7 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €1,594.5 million.

On April 30, 2020, the Group signed an additional liquidity credit line of €500 million, with a 1-year maturity and a 6-month extension option at Bureau Veritas' decision. This new facility therefore strengthens its liquidity position, coming in addition to the €600 million syndicated loan facility maturing in May 2025. These lines were not drawn down as of December 31, 2020.

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

In June 2020, Bureau Veritas obtained an exemption from its banking partners and US Private Placement investors to relax these banking ratios for the next three test dates.

As of December 31, 2020, all of these commitments were met. These commitments can be summarized as follows:

- the first ratio is defined as the ratio between the adjusted net financial debt and the adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) for the last twelve months of any acquired entity, and must be less than 6.25 at December 31, 2020, 5.5 at June 30, 2021, and then 3.5 from December 31, 2021. As of December 31, 2020, this ratio was 1.80.
- the second ratio represents the consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) adjusted for the last 12 months of any acquired entity over net financial expenses of the Bureau Veritas group and it must be greater than 2.0 at December 31, 2020, 3.0 at June 30, 2021, and then 5.5 from December 31, 2021. As of December 31, 2020, this ratio was 8.16.

Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As December 31, 2020, the nominal amount of Constantia Flexibles' gross financial debt was €553.1 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €164.5 million (plus deposits pledged as collateral in the amount of €57.2 million). Gross financial debt includes a loan guaranteed by the Austrian State of €47 million due in March 2022. Constantia Flexibles also has a €125 million revolving credit facility which is undrawn and available.

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of December 31, 2020, with a reading of 1.8.

The financial strength of Constantia Flexibles was not significantly affected by the effects of the epidemic crisis.

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.

As of December 31, 2020, deconsolidating factoring amount to €126.4 million

Cromology's financial debt

This debt is without recourse to Wendel.

At the end of 2020, Cromology's bank debt was €195.2 million (including accrued interest and excluding spreads, shareholder loans and financial liabilities related to the application of IFRS 16). Its cash balance was €168.0 million. Cromology also has an undrawn and available revolving credit facility of €59 million.

Cromology's financial covenants have been suspended until the first quarter of 2022. Then, the sole covenant ratio to be tested, the net debt-to-EBITDA ratio (banking definition), must remain below 7.0. According to the definition of the banking contract, this ratio stood at 0.5 at December 31, 2020.

Despite the significant impact of the lockdown measures taken by the governments of the countries in which Cromology operates, the financial structure was strengthened in 2020.

As of December 31, 2020, deconsolidating factoring amount to €73 million

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

Stahl's financial debt

This debt is without recourse to Wendel.

No additional financing was raised during the period, however in August 2020 the terms of the existing facility agreement were modified and the maturities extended. The Group and its lenders have agreed to a temporary additional margin in the financial covenants to mitigate any potential impact of COVID-19, the rescheduling of mandatory repayments over the extended term and an increase in the margin grid of 50bps. This renegotiation was treated as a cancellation of debt and the recognition of a new loan in the consolidated financial statements.

As of December 31, 2020, Stahl's gross bank debt was €392.4 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €163.7 million. The revolving credit facility of €27 million is undrawn and available.

The ratio of consolidated net debt to LTM EBITDA (gross operating income over the past 12 months) must be less than or equal to 4.5. at December 31, 2020 This covenant was met at the end of June 2020, with a ratio of 1.72.

Despite the negative effects of COVID-19 on Stahl's business, the financial structure of this investment was strengthened in 2020.

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

CPI's financial debt

This debt is without recourse to Wendel.

As December 31, 2020, the nominal amount of CPI's gross financial debt was $346.2 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $13.1 million. In the context of the global pandemic, CPI drew on its revolving line of credit to the tune of $23.0 million out of a total of $30.0 million.

In addition, CPI obtained from its lenders the suspension of the financial leverage covenant until the end of the second quarter of 2021. The next test will be carried out on June 30, 2021. In exchange for the suspension of this covenant, a liquidity covenant applies; it imposes a minimum liquidity of $7.5 million (cash and undrawn revolving credit line). This last covenant was respected as at December 31, 2020.

The financial leverage defined by the banking contract (ratio between net debt and EBITDA) amounted to 11.5 at the end of 2020. It should be less than 11.0 at June 30, 2021.

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

Note 6 - 3. Managing interest rate risk

As of December 31, 2020, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Rate Fixed	Rate cape	Rate variable
Gross debt	4.5		1.4
Cash and short-term financial investments	-0.3		-2.9
Impact of derivatives	0.2	0.5	-0.7
Interest-rate exposure	**4.4**	**0.5**	**-2.1**
	159%	*17%*	*-76%*

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2020 during which they will hedge interest rate risk.

A +100 basis point change in the interest rates on which the interest rate exposure of the consolidated Group is indexed would have an impact of around €+19.7 million on net finance income before tax over the 12 months after December 31, 2020, based on net financial debt as of December 31, 2020, interest rates on that date, and the maturities of existing interest rate hedging derivatives. This positive impact on a rate increase is the effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

Note 6 - 4. Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sector diversification, there was no significant concentration of credit risk in trade receivables. The COVID-19 crisis has had no significant impact on a Group scale on the impairment of customer receivables recognized at December 31, 2020 (in particular on the level of the anticipated losses of credit).

The cash and financial investments of Wendel SE and its holding companies are placed essentially with top-ranking financial institutions. Given the total amount of cash and short-term financial investments held as of December 31, 2020, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 6 - 5. Managing currency risk

Note 6 - 5.1 Wendel

Certain Group investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments most exposed to the dollar or whose presentation currency is the dollar are Bureau Veritas, Constantia Flexibles, Stahl, CPI and IHS. Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in Eurodollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the Eurodollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. Thus, 80% (effective portion of the hedge) of the changes in fair value linked to the change in the Eurodollar exchange rate are recognized in equity (the impact was €66.5 million in 2020). A +5% increase in the value of the US dollar against the euro would have a negative impact of -€36 million mainly in equity in respect of cross-currency swaps. The impact of the interest rate differential between the euro and the dollar on the fair value of these instruments is recognized in financial income, as are the coupons of these foreign exchange hedges.

Beginning of Mars 2021, this hedge instrument has been unwind and the Group received €39.5 million.

Note 6 - 5.2 Bureau Veritas

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

Currency risk from operations

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

The share of US dollar-denominated consolidated revenue in 2020 in countries with a functional currency other than the US dollar or currencies correlated to the US dollar was 7%.

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

Conversion risk

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

In 2020, over 69% of the Group's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 17.2% of revenue come from entities whose functional currency is the US dollar or a correlated currency (including the Hong Kong dollar);
- 11.8% of revenue comes from entities where the functional currency is the Chinese yuan renminbi;
- 4.2% of revenue comes from entities where the functional currency is the Australian dollar;
- 3.8% of revenue comes from entities where the functional currency is the Canadian dollar;
- 3.8% of revenue come from entities where the functional currency is the pound sterling;
- 2.6% of revenue comes from entities where the functional currency is the Brazilian real.

No other currency taken individually represents more than 4% of revenue. Accordingly, a 1% fluctuation of the euro against the US dollar and the currencies correlated to it would have had an impact of 0.172% on 2020 revenue of Bureau Veritas. The impact on operating income for 2020 would be 0.156%.

Note 6 - 5.3 Constantia Flexibles

In 2020, 34% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 11% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-0.8% on Constantia Flexibles' 2020 operating incomes before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), i.e. an impact in the order of +/-€1.3 million.

Note 6 - 5.4 Stahl

In 2020, 55% of Stahl's revenue is in currencies other than the euro, including 32% in US dollars, 14% in Chinese yuan, 4% in Indian rupees and 3% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's 2020 operating income before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or+/-€8 million.

In addition, Stahl has financial debt of €392.4 million, the majority of which is denominated in US dollars ($472 million, or €384.6 million) and carried by a company with the euro as its functional currency. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about +/-€18 million in net finance income/expenses.

Note 6 - 5.5 CPI

CPI operates chiefly in the United States and its financial statements are presented in US dollars. In 2020, 20% of CPI's revenue was generated in currencies other than the US dollar, including 8% in Canadian dollars, 7% in sterling, 1% in euros, and 3% in Australian dollars. A +/-5% change in the value of these currencies against the US dollar would have had an impact of around +/-2% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), i.e. an impact of +/-€0.4 million. In addition, a change of this kind in the value of the dollar against the euro would have an impact in the order of +/-€1.1 million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated accounts.

Note 6 - 6. Commodity risk management

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

In 2020, at Cromology, purchases of raw materials and packaging were subject to reinforced management. After several years of steep rises, raw materials prices have entered a stable period especially for TiO2. Cromology is constantly working to optimize its purchases by listing new suppliers and raw materials. One of the key skills of Cromology's Research and Development lies in the continuous reformulation of the product portfolio to adapt to the evolution of raw materials while optimizing and improving the added value of the group's paints.

Stahl purchased around €299 million of commodities in 2020. A 10% increase in the price of the commodities used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €30 million on a full-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles purchased around €779 million of commodities in 2020. A 10% increase in the price of the raw materials used by Constantia Flexibles would have led to a theoretical increase in the cost of these raw materials of around €78 million on a full-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 7. SEGMENT INFORMATION

The business sectors correspond to the shareholdings:

- Bureau Veritas – certification and verification;
- Constantia Flexibles – flexible packaging;
- Cromology – paint manufacturing and distribution;
- Stahl – high-performance coatings and leather-finishing products;
- Tsebo - business services, sold at the end of 2020;
- Crisis Prevention Institute (CPI) – Training services; and
- IHS - equity method - mobile telecommunications infrastructures in Africa, Middle East and Latin America.

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

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

Net income from operations

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

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

Non-recurring income

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

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

Impact of goodwill allocation

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

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts; and

- and the related deferred taxes.

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

Note 7 - 1. Income statement by business sector for 2020

in millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	Equity associates IHS	Wendel & Holding companies	TOTAL Group
Net income from operations									-
Net sales	**4,601.0**	**1,505.3**	**627.6**	**669.4**	**-**	**56.0**			**7,459.2**
EBITDA (1)	**N/A**	**183.3**	**96.9**	**152.3**	**-**	**22.9**			
Adjusted operating income (1)	**615.0**	**79.4**	**44.8**	**124.4**	**-1.4**	**15.8**			**878.0**
Other recurring operating items		2.0	1.3	1.5	0.7	0.4			
Operating income	**615.0**	**81.4**	**46.0**	**125.9**	**-0.7**	**16.2**		**-63.7**	**820.2**
Finance costs, net	-105.6	-16.9	-18.3	-18.2	-	-25.7		-33.5	**-218.2**
Other financial income and expenses	-32.2	-3.6	-0.3	-1.5	-0.7	-0.5		-15.9	**-54.7**
Tax expense	-174.7	-11.4	-11.6	-27.9	-	7.4		-1.1	**-219.3**
Share in net income of equity-method investments	0.1	0.0	-0.2	-	-	-	-5.3	-	**-5.4**
Net income from discontinued operations and operations held for sale	-	-	-	-	-6.2	-		-	**-6.2**
Recurring net income from operations	**302.8**	**49.5**	**15.6**	**78.3**	**-7.6**	**-2.6** -	**-5.3**	**-114.2**	**316.4**
Recurring net income from operations – non-controlling interests	200.7	18.3	0.7	25.1	-5.5	-0.1	-0.0	-0.1	**239.2**
Recurring net income from operations – Group share	**102.1**	**31.2**	**14.9**	**53.2**	**-2.1**	**-2.5**	**-5.3**	**-114.2**	**77.3**
Non-recurring income									-
Operating income	-207.7	-126.0	-8.1	-23.6	-	-135.1		-18.6 **(2)**	**-519.2**
Net financial expense	-	-2.6	-	26.7 **(4)**	-	-		8.6 **(3)**	**32.7**
Tax expense	43.9	23.7	0.5	-0.5	-	24.6		-	**92.3**
Share in net income of equity-method investments	-	-0.1	-	-	-	-	-58.0 **(5)**	-	**-58.1**
Net income from discontinued operations and operations held for sale	-	-	-	1.0	-95.1 **(6)**	-		-1.0	**-95.1**
Non-recurring net income	**-163.8**	**-105.0**	**-7.6**	**3.6**	**-95.1**	**-110.5**	**-58.0**	**-11.1**	**-547.4**
of which:									
- Non-recurring items	-33.2	-21.6	-7.2	19.1	-	-1.7	-52.8	-11.1	**-108.5**
- Impact of goodwill allocation	-104.0	-29.6	-0.3	-15.5	-	-21.4		-	**-171.0**
- Asset impairment	-26.6	-53.9	-	-	-95.1	-87.3	-5.2	-	**-268.0**
Non-recurring net income – non-controlling interests	-106.6	-40.6	-0.4	1.2	-55.2	-4.3	-0.2	-0.0	**-206.1**
Non-recurring net income – Group share	**-57.2**	**-64.5**	**-7.2**	**2.5**	**-39.9**	**-106.1**	**-57.9**	**-11.1**	**-341.4**
Consolidated net income	**138.9**	**-55.5**	**8.0**	**81.9**	**-102.7**	**-113.0**	**-63.3**	**-125.3**	**-231.0**
Consolidated net income – non-controlling interests	94.1	-22.3	0.4	26.3	-60.7	-4.4	-0.2	-0.1	**33.1**
Consolidated net income – Group share	**44.8**	**-33.2**	**7.7**	**55.6**	**-42.0**	**-108.6**	**-63.1**	**-125.2**	**-264.1**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This item includes the net income from the unwinding of the guarantee relating to the financing of an investor of Tsebo (see Note 3 "Changes in scope of consolidation") and the impact of to the co-investment mechanisms for -€20 million.
(3) This item includes the foreign exchange impact for the period for +€3.2 million and the change in the fair value of Wendel Lab's financial assets for +€3.1 million.
(4) This item includes the foreign exchange impact for the period of +€31.9 million.
(5) This item includes the exchange rate impact for the period of -€71.4 million and the fair value of derivatives for +€20.4 million.
(6) See Note 3 "Changes in scope of consolidation" on Tsebo.

Note 7 - 2. Income statement by business sector for 2019

							Equity associates		Wendel &	
in millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo		IHS	Allied Universal	Holding companies	TOTAL Group
Net income from operations										
Net sales	**5,099.7**	**1,534.3**	**667.8**	**808.7**						**8,110.5**
EBITDA (1)	**N/A**	**186.1**	**73.0**	**183.0**						
Adjusted operating income (1)	**831.5**	**82.9**	**24.1**	**155.6**	**-**					**1,094.0**
Other recurring operating items		2.0	0.9	1.5	0.9					
Operating income	**831.5**	**84.9**	**25.0**	**157.1**	**0.9**				**-71.1**	**1,028.3**
Finance costs, net	-102.7	-18.7	-25.0	-26.7					-67.9	**-240.9**
Other financial income and expenses	-15.9	-0.7	-0.5	-0.4					4.8 (2)	**-12.8**
Tax expense	-235.8	-21.3	-18.9	-34.9					-1.5	**-312.3**
Share in net income of equity-method investments	0.6	-2.4	0.2	-			-60.9	58.5	-	**-4.0**
Net income from discontinued operations and operations held for sale	-	2.4	-	-0.9	-10.1			-	-	**-8.6**
Recurring net income from operations	**477.7**	**44.2**	**-19.2**	**94.3**	**-9.2**	**-**	**-60.9**	**58.5**	**-135.7**	**449.7**
Recurring net income from operations – non-controlling interests	315.0	16.1	-0.8	30.6	-4.7		-0.3	0.0	8.4	**364.2**
Recurring net income from operations – Group share	**162.7**	**28.2**	**-18.4**	**63.7**	**-4.5**		**-60.6**	**58.5**	**-144.1**	**85.4**
Non-recurring income										
Operating income	-110.2	-78.4	-28.2	-44.1	-				-40.8 (3)	**-301.6**
Net financial expense	-	12.0	-47.3	-10.0	-				29.1 (4)	**-16.2**
Tax expense	25.1	18.6	4.8	13.6	-				-	**62.2**
Share in net income of equity-method investments	-	2.4	-	-	-		-18.1	-98.5	-	**-114.2**
Net income from discontinued operations and operations held for sale	-	-	-	-	-105.4				651.1 (5)	**545.7**
Non-recurring net income	**-85.1**	**-45.4**	**-70.6**	**-40.5**	**-105.4**	**-**	**-18.1**	**-98.5**	**639.3**	**175.9**
of which:										
- Non-recurring items	-25.4	-3.5	-57.6	-21.0	-105.4		-13.9	-69.5	639.3	**342.9**
- Impact of goodwill allocation	-59.6	-29.8	-0.4	-19.3				-29.0	-	**-138.2**
- Asset impairment	-	-12.0	-12.6	-0.1			-4.1		-	**-28.9**
Non-recurring net income – non-controlling interests	-54.5	-19.8	-5.8	-13.1	-38.2		-0.1	-0.5	-6.4	**-138.4**
Non-recurring net income – Group share	**-30.6**	**-25.6**	**-64.8**	**-27.3**	**-67.2**		**-18.0**	**-98.0**	**645.7**	**314.3**
Consolidated net income	**392.6**	**-1.2**	**-89.8**	**53.8**	**-114.6**		**-79.0**	**-40.0**	**503.7**	**625.6**
Consolidated net income – non-controlling interests	260.5	-3.8	-6.6	17.4	-42.9		-0.4	-0.4	2.1	**225.8**
Consolidated net income – Group share	**132.2**	**2.6**	**-83.2**	**36.4**	**-71.7**		**-78.6**	**-39.5**	**501.6**	**399.7**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) Including +€4.1 million corresponding to dividends received from Saint-Gobain.
(3) This item notably included the effect of the recognition of the provision for the guarantee relating to the financing of Tsebo's investor of -€27 million (see Note 16.1 on provisions).
(4) This item notably included the change in fair value of the *cross*-currency swap for -€21.4 million, the intra-group interest received from Cromology Group for +€47.3 million, the cost of the early redemption of bonds for -€20 million, and the positive result of +€21.2 million related to the unwinding of the co-investment mechanism of the former managers of Matéris.
(5) This item notably included the proceeds from the disposal of Allied Universal for €644.2 million and PlaYce for €7.3 million.

Note 7 - 3. Balance sheet by operating segment as of December 31, 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	IHS	Wendel & Holding companies	Total Group
Goodwill, net	2,314.9	458.8	177.0	127.7	410.3	-	-	3,488.6
Intangible assets, net	624.8	383.0	169.7	229.0	284.8	-	0.9	1,692.3
Property, plant & equipment, net	348.8	564.4	59.5	124.0	2.7	-	9.6	1,109.0
Property, plant and equipment under operating leases	375.7	28.6	106.7	14.3	3.6	-	1.6	530.5
Non-current financial assets	104.8	69.7	8.6	3.3	0.2	-	134.2	320.8
Pledged cash and cash equivalents	-	-	-	-	-	-	0.4	0.4
Equity-method investments	0.9	0.2	0.1	-	-	224.1	-	225.2
Deferred tax assets	136.7	22.4	29.1	18.5	0.0	-	-	206.6
Non-current assets	**3,906.5**	**1,527.2**	**550.7**	**516.8**	**701.5**	**224.1**	**146.7**	**7,573.4**
Assets and operations held for sale	**-**	**-**	**-**	**8.3**	**-**	**-**	**-**	**8.3**
Inventories	41.8	211.3	68.9	93.9	0.6	-	-	416.4
Trade receivables	1,055.2	123.3	48.7	142.6	5.4	-	0.2	1,375.3
Contract assets (net)	232.1	-	-	-	-	-	-	232.1
Other current assets	235.7	29.9	43.0	13.1	1.3	-	4.6	327.5
Current income tax assets	46.1	8.7	-	1.9	2.4	-	1.9	61.0
Other current financial assets	23.7	7.4	-	0.1	-	-	280.7	311.9
Cash and cash equivalents	1,594.5	164.5	168.0	163.7	10.7	-	798.9	2,900.3
Current assets	**3,229.1**	**545.1**	**328.5**	**415.3**	**20.3**	**-**	**1,086.3**	**5,624.6**
Total assets								**13,206.3**
Shareholders' equity – Group share								2,003.7
Non-controlling interests								1,283.8
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**1,882.3**	**3,287.5**
Provisions	290.2	70.9	46.1	29.8	-	-	16.5	453.4
Financial debt	2,376.2	539.0	187.1	357.8	256.1	-	1,596.7	5,312.9
Operating lease liabilities	320.4	25.0	84.5	13.8	3.0	-	1.6	448.4
Other non-current financial liabilities	91.4	10.8	-	-	18.8	-	162.9	283.9
Deferred tax liabilities	135.4	114.4	53.3	37.4	56.0	-	0.1	396.7
Total non-current liabilities	**3,213.6**	**760.1**	**371.0**	**438.9**	**333.9**	**-**	**1,777.8**	**6,895.3**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	-	3.4	2.4	0.1	0.2	-	-	6.1
Financial debt	550.5	13.3	3.2	32.2	20.6	-	27.1	646.8
Operating lease liabilities	99.3	6.1	25.8	2.3	0.9	-	-	134.4
Other current financial liabilities	57.6	2.0	-	105.2	-	-	14.7	179.5
Trade payables	453.2	230.8	97.6	72.5	1.4	-	6.5	862.0
Other current liabilities	831.3	78.3	85.3	36.4	2.4	-	19.4	1,053.0
Current income tax assets	125.8	8.2	-	7.6	-	-	0.0	141.6
Total current liabilities	**2,117.7**	**342.0**	**214.4**	**256.3**	**25.5**	**-**	**67.8**	**3,023.6**
Total equity and liabilities								**13,206.3**

Note 7 - 4. Balance sheet by operating segment as of December 31, 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	IHS	Allied	Wendel & Holding companies	**Total Group**
Goodwill, net	2 447.1	472.7	168.9	130.2	95.7	797.5	-	-	-	4 112.0
Intangible assets, net	808.6	457.6	179.9	250.2	70.6	2.0	-	-	-	1 769.0
Property, plant & equipment, net	444.9	614.9	65.3	136.3	13.6	3.5	-	-	12.8	1 291.3
Property, plant and equipment under operating leases	369.0	32.6	102.6	15.9	5.8	4.5	-	-	6.4	536.9
Non-current financial assets	117.4	67.0	7.7	2.7	1.9	0.2	-	180.9	102.8	480.4
Pledged cash and cash equivalents	-	-	-	-	-	-	-	-	16.6	16.6
Equity-method investments	0.9	0.3	1.5	-	2.0	-	289.4	-	-	294.0
Deferred tax assets	132.1	21.1	35.3	21.0	3.8	3.4	-	-	0.4	217.2
Non-current assets	**4 319.9**	**1 666.2**	**561.3**	**556.4**	**193.4**	**811.0**	**289.4**	**180.9**	**138.9**	**8 717.5**
Assets and operations held for sale	**-**	**-**	**-**	**7.3**	**48.0**	**-**	**-**	**-**	**-**	**55.3**
Inventories	56.0	227.4	74.3	100.6	6.2	1.0	-	-	-	465.6
Trade receivables	1 255.4	146.7	88.7	147.6	51.0	7.7	-	-	0.3	1 697.4
Contract assets (net)	226.0	-	-	-	-	-	-	-	-	226.0
Other current assets	208.6	27.1	50.1	18.6	20.1	4.7	-	18.0	7.4	354.5
Current income tax assets	47.0	15.8	-	4.3	0.7	-	-	-	0.2	68.0
Other current financial assets	27.8	1.1	-	0.2	-	-	-	-	337.9	367.0
Cash and cash equivalents	1 477.8	101.8	87.3	142.1	26.5	3.1	-	0.1	785.9	2 624.7
Current assets	**3 298.6**	**520.0**	**300.5**	**413.4**	**104.5**	**16.5**	**-**	**18.1**	**1 131.7**	**5 803.3**
Total assets										**14 576.0**
Shareholders' equity – Group share									-	2 423.1
Non-controlling interests									-	1 392.5
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3 815.6**
Provisions	265.0	70.7	49.4	29.3	-	-	-	-	41.8	456.1
Financial debt	2 918.5	497.5	187.4	416.4	-0.0	280.8	-	-	1 596.0	5 896.7
Operating lease liabilities	326.0	27.1	79.0	16.2	-	3.5	-	-	6.5	458.2
Other non-current financial liabilities	115.7	14.4	-	115.7	2.2	18.8	-	-	188.0	454.9
Deferred tax liabilities	173.9	140.0	54.2	26.8	21.8	-	-	-	0.1	416.8
Total non-current liabilities	**3 799.1**	**749.7**	**369.9**	**604.4**	**24.0**	**303.2**	**-**	**-**	**1 832.3**	**7 682.6**
Liabilities held for sale	**-**	**-**	**-**	**-**	**15.4**	**-**	**-**	**-**	**-**	**15.4**
Provisions	-	1.2	3.3	0.1	-	-	-	-	0.4	5.1
Financial debt	369.0	25.3	4.1	66.0	124.4	10.9	-	-	27.8	627.4
Operating lease liabilities	92.6	6.5	24.5	1.4	6.8	0.9	-	-	-	132.8
Other current financial liabilities	84.1	9.1	-	3.8	2.3	-	-	-	13.3	112.5
Trade payables	441.3	263.5	91.2	78.8	48.2	1.2	-	0.1	12.8	937.0
Other current liabilities	854.5	63.8	84.8	41.9	18.5	3.3	-	-	25.1	1 091.9
Current income tax assets	137.4	14.4	-	3.4	0.0	-	-	-	0.5	155.6
Total current liabilities	**1 978.8**	**383.7**	**208.0**	**195.3**	**200.2**	**16.3**	**-**	**0.1**	**79.9**	**3 062.3**
Total equity and liabilities										**14 576.0**

Note 7 - 5. Cash flow statement by business segment for 2020

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

Note 7 - 6. Cash flow statement by business segment for 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	*Wendel & Holding companies*	Total Group
Net cash flows from operating activities, excluding tax	1,012.1	202.7	95.0	162.9	13.0	-61.2	1,424.5
Net cash flows from investing activities, excluding tax	-194.1	46.8	-10.0	-29.7	-6.7	599.9	406.3
Net cash flows from financing activities, excluding tax	-193.4	-134.4	-63.8	-90.4	5.5	-1,555.0	-2,031.6
Net cash flows related to taxes	-192.4	-30.4	-19.2	-27.8	-2.9	-	-272.7

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".

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

	12/31/2019		
In millions of euros	**Gross amount**	**Impairment**	**Net amount**
Bureau Veritas	2,589.6	-142.5	2,447.1
Constantia Flexibles	472.7	-	472.7
Cromology	404.0	-235.1	168.9
Stahl	130.2	-	130.2
Tsebo	185.6	-89.9	95.7
CPI	797.5	-	797.5
Total	**4,579.6**	**-467.6**	**4,112.0**

The principal changes during the year were as follows:

In millions of euros	**2020**	**2019**
Net amount at beginning of period	4,112.0	3,339.8
Changes in scope of consolidation	1.4	814.7
Reclassification under "Operations held for sale" (1)	-97.6	-27.7
Impact of changes in currency translation adjustments and other	-187.7	60.9
Goodwill allocation of CPI (2)	-306.3	-
Impairment for the period	-33.2	-75.8
Net amount at end of period	**3,488.6**	**4,112.0**

(1) See Note 3 "Changes in scope of consolidation" for Tsebo.
(2) At December 31, 2019, the difference between the purchase price and the Net Asset Value of CPI was recorded as goodwill. During the first half of 2020 this estimation has been reviewed as part of the goodwill allocation. See Note 3 "Changes in scope of consolidation".

Note 8 - 1. Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the Accounting principles section, Note 1-8.1 "Goodwill"). The Group's CGUs are fully consolidated investments at December 31, 2020: Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date on which the financial statements were finalized on the positions existing at December 31, 2020. Forecasts are inherently uncertain and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2020 closing date.

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

Note 8 - 1.1 Goodwill impairment tests at Bureau Veritas (listed company)

The carrying amount of the Bureau Veritas shares at year-end 2020 (€5.1 per share, or €824 million for the shares held) was significantly below their fair value (closing share price: €21.8 per share, or €3,500 million for the shares held). The use of value in use to perform the test is therefore not necessary and no impairment was recorded by Wendel on this investment.

During the year in 2020, Bureau Veritas identified an impairment indicator for certain intangible assets resulting from acquisitions. The values in use for the test assumed a scenario of a gradual return to a pre-COVID-19 level of activity in 2023. A change in value correction was recorded by Bureau Veritas on a limited number of its intangible assets obtained through acquisitions, for a total of €72.6 million. Depreciation and amortization schedules have been revised accordingly. In accordance with the Group's accounting principles, the recognition of this loss has been maintained in Wendel's consolidated financial statements.

Note 8 - 1.2 Goodwill impairment tests of unlisted subsidiaries: Constantia Flexibles, Cromology, Stahl and CPI

Equity interests performed impairment tests on their own CGUs. The main losses resulting from these tests concern:

- Constantia Flexibles, which recorded an impairment loss of €50 million on the assets of its Indian division (€40 million net of deferred taxes), in addition to the €10 million recorded on its Afripack division in June 2020; the amount of these losses recognized on the goodwill of Constantia Flexibles amounts to €8.6 million; and
- CPI, which recognized an impairment loss of $120 million, including $28 million on its goodwill and $92 million (net of deferred taxes) on its intangible assets. This impairment is based on a business plan developed from a strategic analysis prepared by the management of CPI in the second half of 2020. It takes into account a recovery in activity from the end of 2021 with a higher level of sales and EBITDA than in 2019 from 2022. The discount rate used is 9% and the long-term growth rate is 3% after the 5^{th} year of the business plan. In the event of an increase in the discount rate to 10% or a reduction in the growth rate to 2%, an additional impairment would have been recognized for respectively $106 million or $95 million. Similarly, if the resumption of activity were postponed for one year, the impairment would have been higher, by $89 million.

In accordance with the Group's accounting principles, these losses have been maintained in Wendel's consolidated financial statements.

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

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

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

In millions of euros	**CPI**	**Stahl**	**Cromology**	**Constantia Flexibles**
Net Book value before test (Group Share)	360	166	279	593
Impairment	-	-	-	-
Net Book value after test (Group Share)	360	166	279	593
Business Plan length (years)	5 years	5 years	5 years	5 years
Discount rate				
as of Dec 31, 2020	9.00%	9.00%	8.00%	7.50%
as of Dec 31, 2019	n.a.	9.00%	8.00%	8.00%
impact on central case value in case of a 0.5% increase	- 49	-	-	-
impact on central case value in case of a 0.5% decrease	-	-	-	-
threshold at which value becomes inferior to the Net Book Value	9.00%	22.38%	8.93%	8.20%
Perpetual growth				
as of Dec 31, 2020	+ 3.00%	+ 2.00%	+ 1.50%	+ 2.00%
as of Dec 31, 2019	n.a.	+ 2.00%	+ 1.50%	+ 2.00%
impact on central case value in case of a 0.5% increase	-	-	-	-
impact on central case value in case of a 0.5% decrease	- 41	-	-	-
threshold at which value becomes inferior to the Net Book Value	+ 3.00%	- 26.07%	+ 0.75%	+ 1.07%
impact on central case value in case of a 1.0% decrease in operational ma	- 11	-	- 6	- 4

CPI:

The business plan is identical to that used by CPI for its own impairment tests, see description above.

Stahl:

The business plan used for this test assumes a gradual recovery of activity and a return to the level of 2019 EBITDA in 2023.

Cromology:

The business plan used for this test assumes an average annual growth rate of +2.6% between 2020 and 2025 and a gradual increase in the EBITDA margin of 1% over the period.

Constantia Flexibles:

The business plan used for this test assumes that Constantia Flexibles grows at the same rate as its market over the duration of the plan. The EBITDA margin gradually increases to its historical level as a percentage of revenue in 2025 and capital expenditure is gradually reduced to a normative level in 2025.

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 & equipment and intangible assets”.

See Note 8-1 “Goodwill impairment tests” for the detail of impairments on intangible assets.

The details by subsidiary are presented in Note 7 “Segment information”.

Intangible assets excluding rights of use consist of:

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

(1) In 2020, this amount corresponds to the reclassification of Tsebo’s intangible assets as non-current assets held for sale.

	12/31/2019							
In millions of euros	Opening	Acquisitions	Divestments	Depreciation, amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Software	25.3	5.8	-0.8	-11.4	1.1	12.6	-	**32.5**
Concessions, patents and similar rights	13.0	2.1	-0.1	-5.1	-	2.9	-	**12.9**
Leasehold rights	-	-	-	-	0.7	-	-	**0.7**
Customer relationships	1,244.5	-	-	-168.7	33.0	21.5	-7.6	**1,122.7**
Brands	415.7	-	-0.3	-18.0	-	1.7	-4.3	**394.7**
Property, plant and equipment in progress	34.3	26.6	-0.1	-	-	-30.0	-	**30.8**
Other property, plant & equipment	171.1	25.5	-2.5	-37.8	1.5	17.1	-0.3	**174.7**
Total	**1,903.9**	**60.0**	**-3.8**	**-241.0**	**36.2**	**25.9**	**-12.2**	**1,769.0**
of which gross	**3,508.0**							**3,620.0**
of which depreciation and amortization	**-1,604.1**							**-1,851.0**

NOTE 10. PROPERTY, PLANT & EQUIPMENT

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

The details by subsidiary are presented in Note 7 “Segment information”.

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

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

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

In millions of euros	12/31/2019 Opening	Acquisitions (1)	Divestments	Depreciation, amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Land	113.0	1.6	-0.2	-0.1	0.1	-9.8	-2.2	**102.2**
Buildings	274.2	9.3	-2.0	-19.4	1.1	30.6	-4.7	**289.1**
Plant, equipment, and tooling	737.9	88.3	-5.3	-177.4	3.7	67.9	-1.3	**713.8**
Property, plant and equipment in progress	75.1	87.8	-0.4	-	0.3	-99.2	-	**63.5**
Other property, plant & equipment	129.9	31.3	-3.4	-42.9	3.5	4.7	-0.3	**122.8**
Total	**1,330.0**	**218.3**	**-11.3**	**-239.9**	**8.6**	**-5.8**	**-8.6**	**1,291.3**
of which gross	**2,872.3**							**3,019.8**
of which depreciation and amortization	**-1,542.3**							**-1,728.5**

(1) In 2019, the acquisitions concern mainly Bureau Veritas for €92.8 million and Constantia Flexibles for €94.3 million.

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

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

In millions of euros	12/31/2019 Gross amount	Amortization and provision	Net amount
Land	4.5	-	4.5
Buildings	559.5	-110.8	448.7
Plant, equipment, and tooling	3.2	-1.1	2.1
Other property, plant & equipment	111.1	-29.4	81.6
Total	**678.3**	**-141.4**	**536.9**

NOTE 11. EQUITY-METHOD INVESTMENTS

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

In millions of euros	12/31/2020	12/31/2019
IHS	224.1	289.4
Investments of Constantia Flexibles	0.2	0.3
Investments of Bureau Veritas	0.9	0.9
Investments of Tsebo	-	2.0
Investments of Cromology	0.1	1.5
TOTAL EQUITY-METHOD INVESTMENTS	**225.2**	**294.0**

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

In millions of euros	2020
Amount at beginning of the period	**294.0**
Share in net income for the period	
IHS	-63.2
Other	-0.3
Dividends for the period	-0.1
Impact of changes in currency translation adjustments	-3.5
Consequences of changes in scope of consolidation	-1.1
Other	-0.5
Amount at end of period	**225.2**

Note 11 - 1. Additional information on IHS

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

In millions of euros	12/31/2020	12/31/2019
Carrying values at 100%		
Total non-current assets	2,818.3	2,617.9
Total current assets	806.2	1,089.3
Goodwill *adjustment* (Wendel)	60.5	66.7
Total assets	**3,685.1**	**3,774.0**
Non-controlling interests	11.6	-
Total non-current liabilities	2,069.8	1,929.8
Total current liabilities	559.2	504.2
Total liabilities and shareholders' equity	**2,640.5**	**2,434.0**
including cash and cash equivalents	*477.1*	*800.1*
including financial debt	*2,052.0*	*1,830.0*

In millions of euros	2020	2019
Net sales	1,231.2	1,099.7
Operating income	289.0	-140.3
Financial result, excluding foreign exchange	-91.7	-180.8
Currency impact on financial liabilities	-333.7	-43.0
Net income – Group share	-284.8	-378.3

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

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

NOTE 12. CUSTOMERS

	12/31/2020			12/31/2019
In millions of euros	Gross amount	Impairment	Net amount	Net amount
Bureau Veritas	1,132.8	-77.7	1,055.2	1,255.4
Constantia Flexibles	127.3	-4.1	123.3	146.7
Cromology	55.8	-7.1	48.7	88.7
Stahl	150.1	-7.5	142.6	147.6
Tsebo	-	-	-	51.0
CPI	5.5	-0.1	5.4	7.7
Holding companies & others	0.3	-0.2	0.2	0.3
TOTAL ACCOUNTS RECEIVABLE	**1,472.0**	**-96.7**	**1,375.3**	**1,697.4**

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 pledged and unpledged".

	12/31/2020	12/31/2019
in million euros	Net amount	Net amount
Cash and cash equivalents accounts of Wendel and holding companies pledged as collateral classified as non-current assets	0.4	16.6
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as currents assets	799.0	786.1
Cash and cash equivalents of Wendel and its holding companies (1)	**799.4**	**802.7**
Bureau Veritas	1,594.5	1,477.8
Constantia Flexibles	164.5	101.8
Cromology	168.0	86.5
Stahl	163.7	142.1
Tsebo	0.0	26.5
CPI	10.7	3.1
Other holding companies	-	0.8
Total cash and cash equivalents from investments	**2,101.4**	**1,838.6**
TOTAL CASH AND CASH EQUIVALENTS	**2,900.8**	**2,641.3**
of which non-current assets	**0.4**	**16.6**
of which current assets	**2,900.3**	**2,624.7**

(1) To this cash was added €279.9 million of short-term financial investments at December 31, 2020 and €356.6 million at December 31, 2019 (see Note 6-2.1 "Liquidity risk of Wendel and its holding companies"), recorded in other current financial assets.

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 "Methods of measuring the fair value of financial instruments".

Note 14 - 1. Financial assets

In millions of euros	Accounting method changes in "fair value"	Level	12/31/2020	12/31/2019
Pledged cash and cash equivalents of Wendel and holding companies	Income statement (1)	1	0.4	16.6
Unpledged cash and cash equivalents of Wendel and holding companies	Income statement (1)	1	799.0	785.9
Wendel's short-term financial investments	Income statement (1)	1	279.1	356.6
Cash and short-term financial investments of Wendel and holding companies			**1,078.5**	**1,159.1**
Cash and cash equivalents of subsidiaries	Income statement (1)	1 and 3	2,101.4	1,838.8
Financial assets at fair value through equity - A	Equity (2)	1	2.2	183.1
Financial assets at fair value through profit and loss - B	Income statement (1)	3	70.3	90.2
Loans	Amortized cost	N/A	0.0	0.9
Deposits and guarantees	Amortized cost	N/A	97.6	111.6
Derivatives - C	Income statement (1) and Equity (2)	see C	79.4	22.2
Other - D			104.0	82.9
Total			**3,533.4**	**3,488.7**
of which non-current financial assets, including pledged cash and cash equivalents			**321.2**	**497.1**
of which current financial assets, including cash and cash equivalents			**3,212.2**	**2,991.7**

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

Note 14 - 2. Financial liabilities

In millions of euros	Accounting method changes in fair value	Level	12/31/2020	12/31/2019
Derivatives - C	Income statement (1) equity (2)	see C	8.0	12.3
Minority puts, earn-outs and other financial liabilities of subsidiaries - E	Income statement (1) equity (2)	3	277.8	353.8
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - F	Income statement (1) equity (2)	3	177.6	201.3
Total			**463.4**	**567.4**
of which non-current financial liabilities			**283.9**	**454.9**
of which current financial liabilities			**179.5**	**112.5**

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

Note 14 - 3. Details of financial assets and liabilities

A – At December 31, 2019, this item mainly included the stake in Allied Universal for an amount of €180.9 million. All of these shares were sold during the 2020 fiscal year (see Note 3-1: "Changes in the scope of consolidation in 2020").

B – At December 31, 2020, this item included the fair value of the Wendel Lab for €68.2 million.

C – Derivatives:

In millions of euros	Level	12/31/2020 Assets	12/31/2020 Liabilities	12/31/2019 Assets	12/31/2019 Liabilities
Interest rate swaps - not qualifying for hedge accounting [1]	2	0.6	-	2.1	5.9
Cross-currency swaps - hedging of cash flows [1]	2	64.9	3.1	15.6	3.6
Commodities - cash flow hedges [1]	2	7.3	1.5	-	-
Other derivatives – not qualifying for hedge accounting	2	6.7	3.4	4.5	2.9
Total		**79.4**	**8.0**	**22.2**	**12.4**
of which non-current portion		***65.4***	***6.5***	***18.0***	***6.4***
of which current portion		***14.0***	***1.5***	***4.2***	***5.9***

D – This item includes the cash of Constantia Flexibles pledged with its lenders for €55.5 million.

E – Minority puts, earn-outs and other financial liabilities of subsidiaries: at December 31, 2020, this amount corresponds in particular to Bureau Veritas for €149 million and to Stahl for €105.2 million (including the minority put granted to BASF – see Note 34-5 "Shareholder agreements and co-investment mechanisms"), Constantia Flexibles for €12 million and CPI for €9.3 million. It is largely comprised of minority put options, deposits and securities received.

F – Minority puts, earn-outs and other financial liabilities of Wendel and holding companies: at December 31, 2020, this amount mainly reflected minority puts granted to the Turnauer Foundation on 50% of its investment in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See Note 34-5 "Shareholder agreements and co-investment mechanisms".

G – Interest rate swaps and currency hedging: the value of the swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics [1]	Qualified as	Start [1]	Maturity [1]	12/31/2020	12/31/2019
In millions of euros	Sign convention: (+) assets, (-) liabilities					
Hedging of debt carried by Wendel						
USD 885M / EUR 800M	Pay 2.23% in US dollars against 0.24% in euros [2]	Hedge	03/2016	11/2022	64.9	15.6
	Other					
Hedging of subsidiaries' debt						
EUR 80M	0.15% cap on Euribor		pre-closing	2022-23	-	0.1
USD 200M	2% cap on Libor		pre-closing	06/2022	-	-
EUR 180M	Pay 0.75% against Euribor	Hedge	pre-closing	04/2022	-3.1	-4.6
EUR 200M	2.00% cap against Euribor		pre-closing	04/2022	0.6	2.2
ZAR 1,850M	Pay 7.72% on Jibar		pre-closing	03/2021	-	-1.4
	Other				-	-3.5

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.
(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see Note 6-5 "Managing currency risk".

NOTE 15. EQUITY

Note 15 - 1. Total number of shares and treasury shares

The accounting principles applied to treasury shares are described in Notes 1-8.14 "Treasury shares".

	Par value	Total number of shares	Treasury shares	Number of outstanding shares
as of 12/31/2019	4 EUR	44 682 308	908 950	43 773 358
as of 12/31/2020	4 EUR	44 719 119	900 665	43 818 454

The increase of 36,811 shares comprising the share capital is explained by subscriptions by Group employees to the company savings plan for a total amount of €2.2 million.

As of December 31, 2020, 59,974 shares were held for the purposes of the liquidity contract.

As of December 31, 2020, Wendel held 845,691 of its shares in treasury outside of the context of the liquidity contract (835,150 as of December 31, 2019).

In total, treasury shares represented 2.01% of share capital as at December 31, 2020.

Note 15 - 2. Non-controlling interests

In millions of euros	*% interest of non-controlling interests as of December 31, 2020*	12/31/2020	12/31/2019
Bureau Veritas Group	*64.2%*	980.2	1,005.7
Constantia Flexibles Group	*39.2%*	241.1	257.8
Cromology Group	*4.6%*	14.4	11.6
Stahl Group	*32.2%*	39.1	34.4
Tsebo Group	0.0%	-	70.4
CPI Group	4.0%	4.1	4.6
Other		5.0	8.1
Total		**1,283.8**	**1,392.5**

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	12/31/2020	12/31/2019
Provisions for risks and contingencies	130.5	136.2
Employee benefits	329.0	325.0
Total	**459.5**	**461.2**
of which non-current	**453.4**	**456.1**
of which current	**6.1**	**5.1**

Note 16 - 1. Provisions for risks and contingencies

In millions of euros	12/31/2019	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications and other	12/31/2020
Bureau Veritas								
Disputes and litigation	36.3	12.5	-3.2	-4.8	-0.6	-	-0.4	39.8
Other	35.9	27.5	-5.1	-3.4	-	-	-2.1	52.7
Cromology	20.4	5.6	-5.6	-2.3	-	-	-	18.1
Stahl	1.2	-	-0.2	-	-	-	-	1.0
Constantia Flexibles	1.3	2.2	-0.1	-	-	-	-	3.4
Wendel and holding companies	41.0	2.0	-27.1	-0.7	-	-	0.3	15.4
Total	**136.2**	**49.8**	**-41.3**	**-11.2**	**-0.6**	**-0.0**	**-2.3**	**130.5**
of which current	*5.1*							*6.1*

In millions of euros	12/31/2018	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications and other	12/31/2019
Bureau Veritas								
Disputes and litigation	44.3	3.5	-6.0	-6.0	0.2	0.2	0.2	36.3
Other	60.8	13.7	-16.1	-4.6	-	7.3	-25.4	35.9
Cromology	19.1	12.9	-7.4	-4.8	-	-	0.6	20.4
Stahl	1.4	-	-0.2	-	-	-	-	1.2
Constantia Flexibles	61.1	2.5	-57.8	-5.0	0.5	-	-	1.3
Wendel and holding companies	13.7	34.4	-7.1	-	-	-	-	41.0
Total	**200.3**	**67.1**	**-94.5**	**-20.4**	**0.6**	**7.5**	**-24.5**	**136.2**
of which current	*64.3*							*5.1*

Note 16 - 1.1 Provisions for risks and contingencies of Bureau Veritas

Proceedings, administrative, judicial and arbitration investigations

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

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

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

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

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

Uncertain tax positions

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

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

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

Other provisions for risks and contingencies

They amounted to €52.7 million and included provisions for restructuring (€12.6 million at December 31, 2020), provisions for losses on completion (€4.0 million at December 31, 2020), as well as other provisions for a total amount of €36.1 million at December 31, 2020.

Note 16 - 1.2 Provisions for risks and contingencies of Wendel and its holding companies

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

- environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- labor disputes for which a provision has been made; and
- the legal actions brought by Wendel managers as a result of the unwinding of a mechanism for participating in the Group's performance were concluded either by the withdrawal or rejection of their claims or a stay pending decisions in other individual cases. No provision has been set aside.

Note 16 - 2. Employee benefits

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2020	12/31/2019
Bureau Veritas	197.7	192.8
Constantia Flexibles	70.8	70.7
Cromology	30.4	32.3
Stahl	28.9	28.2
Wendel Consolidated	1.3	1.2
Total	**329.0**	**325.0**

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

In millions of euros	12/31/2019	Cost of services rendered	Actuarial gains and losses	Services paid	Financial expenses	Curtailments and settlements	Currency fluctuations and other	12/31/2020
Commitments								
Defined-benefit plans	280.9	5.8	14.9	-10.7	4.3	0.1	-1.6	293.6
Retirement bonuses	172.0	10.4	-2.3	-13.2	1.5	1.9	-2.5	167.8
Other	55.2	3.6	0.8	-4.8	1.2	0.4	-1.4	55.1
Total	**508.1**	**19.7**	**13.4**	**-28.7**	**7.0**	**2.4**	**-5.5**	**516.5**

In millions of euros	12/31/2019	Yields of assets	Contributions paid by employer	Actuarial gains and losses	Amounts used	Changes in scope	Currency fluctuations and other	12/31/2020
Partially-funded plan assets								
Defined-benefit plans	163.2	1.6	6.8	0.7	-3.9	-	-1.3	167.0
Retirement bonuses	11.4	-	-	0.8	-0.6	-	-	11.6
Fair value of plan assets	8.5	0.1	-	0.3	-0.5	-	0.4	8.8
Total	**183.1**	**1.7**	**6.8**	**1.7**	**-5.0**	**-**	**-0.9**	**187.5**

The change in provisions for employee benefits break down as follows for 2019:

In millions of euros	12/31/2018	Cost of services rendered	Actuarial gains and losses	Services paid	Financial expenses	Curtailments and settlements	Currency fluctuations and other	12/31/2019
Commitments								
Defined-benefit plans	254.4	6.1	19.5	-10.0	4.2	-0.8	7.4	280.9
Retirement bonuses	162.9	10.4	6.8	-12.9	2.5	1.5	0.9	172.0
Other	52.2	4.0	1.2	-6.1	3.6	0.6	-0.1	55.2
Total	**469.5**	**20.4**	**27.5**	**-29.0**	**10.3**	**1.2**	**8.1**	**508.1**

In millions of euros	12/31/2018	Yields of assets	Contributions paid by employer	Actuarial gains and losses	Amounts used	Changes in scope	Currency fluctuations and other	12/31/2019
Partially-funded plan assets								
Defined-benefit plans	141.9	2.4	3.9	11.1	-4.1	-	8.1	163.2
Retirement bonuses	11.4	-0.1	-0.1	-0.1	0.6	-	-0.2	11.4
Fair value of plan assets	8.8	-0.1	-	-0.3	0.2	-	-	8.5
Total	**162.1**	**2.2**	**3.8**	**10.7**	**-3.4**	**-**	**7.8**	**183.1**

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12/31/2020	12/31/2019
Unfunded liabilities	362.7	359.3
Partially or fully-funded liabilities	153.8	148.8
Total	**516.5**	**508.1**

Defined-benefit plan assets break down as follows:

In millions of euros	12/31/2020	12/31/2019
Equity instruments	19%	20%
Debt instruments	17%	18%
Cash and other	64%	62%

Expenses recognized on the income statement break down as follows:

In millions of euros	12/31/2020	12/31/2019
Service costs during the year	17.2	18.7
Interest costs	6.3	8.8
Expected return on plan assets	-1.6	-2.3
Past service costs	0.1	0.1
Actuarial gains and losses	5.1	10.2
Impact of plan curtailments or settlements	-19.0	-20.4
Total	**8.2**	**15.0**

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

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

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

France is the main contributor to the Pension Plans and other Long-Term Employee Benefits item.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate of 0.5%, average salary increase rate of 2%.

2. Commitment characteristics and actuarial assumptions applied at Constantia Flexibles

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

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

The main actuarial assumptions used are discount rates between 0.7% and 12.5%, salary increase rates, included between 1% and 10.5%, inflation rates between 1.5% and 9.0% and a rate of return on assets of between 1.1% and 1.4%.

3. Commitment characteristics and actuarial assumptions applied at Cromology

Retirement benefits are calculated mainly on the basis of employees' seniority when they retire. These plans essentially concern France (and to a lesser extent Portugal, Italy, and Switzerland). Actuarial assumptions are determined for each country.
The main assumptions used for the Europe region are: a discount rate between 0.1% and 0.3%, an inflation rate between 0.70% and 1.75%, and a rate of salary increase between 1.20% and 3.0%.

4. Commitment characteristics and actuarial assumptions applied at Stahl

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

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

The main actuarial assumptions were as follows: discount rate of 1.1%, inflation rate of 1.6%, salary increase rate of 0.7%, and return on assets of 1.1%.

5. Wendel's commitments

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

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

At December 31, 2020, 36 retirees and 6 employees of the Company benefited from the plan.

NOTE 17. FINANCIAL DEBT

Principal changes in 2020 are described in Note 6-2 “Managing liquidity risk”.

In millions of euros	Currency	Coupon rate	Effective interest rate (1)	Maturity	Repayment	Total lines	12/31/2020	12/31/2019
Wendel & holding companies								
2023 bonds	EUR	1.000%	1.103%	04-2023	at maturity		300.0	300.0
2024 bonds	EUR	2.750%	2.686%	10-2024	at maturity		500.0	500.0
2026 bonds	EUR	1.375%	1.452%	04-2026	at maturity		300.0	300.0
2027 bonds	EUR	2.500%	2.576%	02-2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor+margin		10-2022	revolving	EUR 750M	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							(3.3)	(4.0)
Other borrowings and accrued interest							27.1	27.8
Bureau Veritas								
2021 bonds	EUR	3.125%		01/2021	at maturity		500.0	500.0
2023 bonds	EUR	1.250%		09/2023	at maturity		500.0	500.0
2025 bonds	EUR	1.875%		01/2025	at maturity		500.0	500.0
2026 bonds	EUR	2.000%		09/2026	at maturity		200.0	200.0
2027 bonds	EUR	1.125%		01/2027	at maturity		500.0	500.0
Liquidity credit line						EUR 1,100M	-	-
Borrowings and debt from lending institutions – fixed rate							713.5	963.9
Borrowings and debt from lending institutions – floating rate							13.1	123.7
Constantia Flexibles								
Bank borrowings	EUR	Euribor+margin		04/2022	at maturity		126.0	126.0
Bank borrowings	EUR	Euribor+margin		03, 04 and 10/2022	at maturity		308.0	308.0
Bank borrowings	EUR	floating rate		03/2022	at maturity		47.0	-
Revolving credit facility	EUR	Euribor+margin		10/2022	at maturity	EUR 125M	-	-
Bank borrowings (EUR, RUB, INR, CNY)							59.4	62.0
Other borrowings and accrued interest							8.9	22.8
Finance lease liabilities							3.8	5.1
Deferred issuance costs							(0.8)	(1.1)
Cromology								
Bank borrowings	EUR	Euribor+margin		08/2021	at maturity		186.4	186.4
Other borrowings and accrued interest							8.9	10.6
Finance lease liabilities							0.4	0.7
Revolving credit facility	EUR	Euribor+margin		03/2024	at maturity	EUR 59M	-	-
Deferred issuance costs							(5.4)	(6.2)
Stahl								
Bank borrowings	USD	Libor+margin		12/2021	amortizable		114.4	179.1
Bank borrowings	USD	Libor+margin		06/2022	amortizable		270.2	298.4
Revolving credit facility	EUR					EUR 27M	-	-
Bank borrowings (USD, CNY, INR)		floating rate		2021 to 2022	amortizable		7.8	11.3
Deferred issuance costs							(2.4)	(6.3)
Tsebo								
Bank borrowings							-	124.3
CPI								
Bank borrowings	USD	Libor+margin		10/2026	amortizable		263.5	286.4
Revloving	USD	Libor+margin		11/2020	at maturity	USD30M	18.7	8.9
Deferred issuance costs							(5.5)	(3.6)
Total							**5,959.7**	**6,524.1**
of which non-current portion							**5,312.9**	**5,896.7**
of which current portion							**646.8**	**627.4**

(1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.

Note 17 - 1. Operating lease liabilities

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

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

In millions of euros	12/31/2020	12/31/2019
Bureau Veritas	419.7	418.6
Constantia Flexibles	31.1	33.6
Stahl	16.2	17.6
Cromology	110.4	103.5
Tsebo	-	6.8
CPI	3.8	4.5
Wendel and holding companies	1.6	6.5
Total	**582.8**	**591.0**
of which non-current portion	*448.4*	*458.2*
of which current portion	*134.4*	*132.8*

Note 17 - 2. Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel and holding companies				
- nominal	-	-720.9	-800.0	-1,520.9
- interest (1)	-48.6	-129.4	-25.0	-203.0
Operating subsidiaries				
- nominal	-618.7	-2,164.1	-1,563.0	-4,345.8
- interest (1)	-108.7	-313.4	-94.1	-516.3
Total	**-776.0**	**-3,327.9**	**-2,482.1**	**-6,585.9**

(1) Interest is calculated on the basis of the yield curve prevailing on December 31, 2020 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, 2020.

In millions of euros	12/31/2020	12/31/2019
Wendel and holding companies	1,764.0	1,765.8
Operating subsidiaries	4,394.1	4,968.4
Total	**6,158.1**	**6,734.2**

NOTE 18. DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE

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

Net income from discontinued operations and operations held for sale:

In millions of euros	2020	2019
Divestment result		
PlaYce	-	7.4
Stahl	1.0	-0.9
Constantia Flexibles	-	2.4
Tsebo (1)	-101.3	-114.6
Allied Universal Lux	-0.9	600.9
Total	**-101.2**	**495.3**

(1) This amount includes the net income of the period (after cancellation of amortizations of assets according to IFRS 5 "Non-current assets held for sale and discontinued operations"), the recycling of translation reserves as well as the full depreciation of the carrying value of Tsebo (see Note 3 "Changes in scope of consolidation"). It includes -€40.6 million for Group share and -€60.7 million for the minority share.

NOTES TO THE INCOME STATEMENT

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

NOTE 19. REVENUE

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

In millions of euros	2020	2019	% Change
Bureau Veritas	4,601.0	5,099.7	-9.8%
Constantia Flexibles	1,505.3	1,534.3	-1.9%
Cromology	627.6	667.8	-6.0%
Stahl	669.4	808.7	-17.2%
CPI	56.0	0.0	N/A
Total	**7,459.2**	**8,110.5**	**-8.0%**

Consolidated net sales break down as follows:

In millions of euros	2020	2019
Sales of goods	2,794.4	3,002.8
Sales of services	4,664.8	5,107.7
Total	**7,459.2**	**8,110.5**

NOTE 20. OPERATING INCOME

In millions of euros	2020	2019
Bureau Veritas	407.4	721.3
Constantia Flexibles	-44.6	6.5
Cromology	37.9	-3.1
Stahl	102.3	113.0
Tsebo	-0.0	0.0
CPI	-118.9	-7.9
Wendel and holding companies	-83.4	-104.1
Total	**300.3**	**725.7**

Note 20 - 1. R&D costs recognized as expenses

In millions of euros	12/31/2020	12/31/2019
CPI	0.3	-
Constantia Flexibles	8.1	7.8
Cromology	4.5	2.5
Stahl	-1.1	5.8

Note 20 - 2. Average number of employees at consolidated companies

	12/31/2020	12/31/2020
Bureau Veritas	74,930	78,395
Constantia Flexibles	7,878	7,915
Cromology	3,317	3,508
Stahl	1,799	1,899
CPI	325	323
Wendel & Holding companies	95	91
Total	**88,344**	**92,131**

NOTE 21. FINANCE COSTS, NET

In millions of euros	2020	2,019
Income from cash and cash equivalents (1)	**9.1**	**4.6**
Finance costs, gross		
Interest expense	-219.4	-218.5
Interest expense on loans from non-controlling shareholders	-	-3.6
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method) (2)	-30.7	-27.4
Total finance costs, gross	**-250.1**	**-249.5**
Total	**-241.0**	**-244.9**

(1) This item includes a negative amount of €1.4 million for Wendel and its holding companies, to which is added €10.5 million from returns on investments of subsidiaries, representing a total income of €9.1 million in 2020 (€4.6 million in 2019).

(2) In 2020, this item includes -€20.2 million in financial expense recorded on operating lease liabilities recognized under IFRS 16 "Leases" and items calculated with no impact on cash (-€19.1 million in 2019).

NOTE 22. OTHER FINANCIAL INCOME AND EXPENSE

In millions of euros	2020	2019
Dividends received from unconsolidated companies	0.3	4.7
Income on interest-rate, currency and equity derivatives	-0.3	-16.6
Interest on other financial assets	-	0.2
Net currency exchange gains/losses	9.7	-18.7
Impact of discounting	0.6	-7.3
Cost of 2020 and 2021 bonds buy-out	-	-16.8
Other	-9.1	31.4
Total	**1.0**	**-23.1**

NOTE 23. TAX

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

In millions of euros	2020	2019
Current income tax assets	-199.9	-264.8
Deferred taxes	73.2	15.7
Total	**-126.7**	**-249.1**

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

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

In millions of euros	12/31/2020	12/31/2019
Origin of deferred taxes		
Post-employment benefits	74.5	75.4
Intangible assets	-391.1	-418.3
Recognized tax-loss carryforwards	66.3	71.3
Other items	60.3	72.0
	-190.1	**-199.6**
of which deferred tax assets	**206.6**	**217.2**
of which deferred tax liabilities	**-396.7**	**-416.8**

Uncapitalized tax losses amounted to €5,335 million for the Group as a whole, of which €4,854 million for Wendel and its holding companies.

In millions of euros	2020	2019
Amount at beginning of the period	**-199.6**	**-301.9**
Income and expenses recognized in the income statement (1)	73.2	15.7
Income and expenses recognized in other comprehensive income	-0.8	-1.0
Income and expenses recognized in reserves	0.2	42.6
Reclassification under "Operations held for sale" (2)	18.3	16.5
Allocation of CPI goodwill (3)	-93.8	-
Changes in scope of consolidation	-0.6	25.6
Currency translation adjustments and other	13.0	2.9
Amount at end of period	**-190.1**	**-199.6**

(1) The deferred tax expense for 2019 was restated for the Tsebo expense, which was reclassified under operations held for sale.
(2) This item includes the reclassification of Tsebo's deferred tax assets and liabilities as operations held for sale.
(3) This item includes deferred taxes arising from the allocation of goodwill on CPI (see Note 3: "Change in scope of consolidation").

The difference between the theoretical tax based on the standard rate of 28.9 % 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 before tax expense, net income from equity-method subsidiaries, and net income from discontinued operations and operations held for sale	-123.3	183.7	60.4
Theoretical amount of tax expense calculated on the basis of a rate of -28,9%	**35.6**	**-53.1**	**-17.5**
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and *transactions subject* to reduced tax rates at the holding company *level*	-36.4		
Uncapitalized tax losses at the operating subsidiary level		-16.7	
Reduced tax rates and foreign tax rates at the operating subsidiary level		2.6	
Permanent differences		-36.4	
CVAE tax paid by operating subsidiaries		-12.8	
Tax on dividends received from consolidated subsidiaries		-12.9	
Other		3.3	
ACTUAL TAX EXPENSE	**-0.7**	**-126.0**	**-126.7**

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

In millions of euros	2020	2019
IHS	-63.2	-79.0
Other companies	-0.3	0.8
Total	**-63.5**	**-78.2**

NOTE 25. EARNINGS PER SHARE

The accounting principles applied to earnings per share are described in Note 1-9.3 "Earnings per share".

In euros and millions of euros	2020	2019
Net income - Group share	-264.1	399.7
Impact of dilutive instruments on subsidiaries	-1.5	-0.4
Diluted net income	**-265.6**	**399.4**
Average number of shares, net of treasury shares	43,768,173	44,505,309
Potential dilution due to Wendel stock options (1)	-	135,361
Diluted number of shares	**43,768,173**	**44,640,670**
Basic earnings per share (in euros)	-6.03	8.98
Diluted earnings per share (in euros)	-6.07	8.95
Basic earnings per share from continuing operations (in euros)	-5.07	-6.14
Diluted earnings per share from continuing operations (in euros)	-5.10	-6.13
Basic earnings per share from discontinued operations (in euros)	-0.96	15.12
Diluted earnings per share from discontinued operations (in euros)	-0.96	15.08

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

NOTES ON CHANGES IN CASH POSITION

NOTE 26. ACQUISITION OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

In millions of euros	2020	2019
By Bureau Veritas	100.4	127.9
By Constantia Flexibles	86.3	105.5
By Cromology	12.7	11.2
By Stahl	18.0	26.8
By Tsebo	-	3.8
By CPI	0.9	-
By Wendel and holding companies	1.0	1.0
Total	**219.3**	**276.3**

NOTE 27. DISPOSAL OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Disposal of property, plant & equipment and intangible assets includes mainly Bureau Veritas and Stahl disposals amounting to €10.1 million and €1.0 million respectively.

NOTE 28. ACQUISITION OF EQUITY INVESTMENTS

In millions of euros	2020	2019
By Bureau Veritas	1.7	56.5
By Constantia Flexibles	-	5.8
By Tsebo	-	7.3
By Stahl	0.1	-
By Wendel and holding companies (1)	-	532.1
Total	**1.8**	**601.7**

(1) In 2019, this item included the acquisition of CPI for €532.1 million.

NOTE 29. DISPOSAL OF EQUITY INVESTMENTS

In millions of euros	2020	2019
By Bureau Veritas	4.5	6.0
By Constantia Flexibles	-	148.7
By Cromology	0.3	-
Allied (1)	186.2	634.8
PlaYce	-	32.2
Saint-Gobain	-	467.4
Total	**191.0**	**1,289.1**

(2) See Note 3 "Changes in scope of consolidation".

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

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

NOTE 31. CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES

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

In 2019, the amount was mainly explained by the change in Bureau Veritas' financial assets and liabilities.

NOTE 32. NET CHANGE IN BORROWINGS AND OTHER FINANCIAL LIABILITIES

Details of financial debt are shown in Note 17 "Financial debt".

In millions of euros	2020	2019
New borrowings by:		
Wendel & holding companies	-	300.0
Bureau Veritas	786.6	720.0
Constantia Flexibles	178.4	2.9
Cromology	59.9	186.7
Tsebo	-	11.2
CPI	21.1	
	1,045.9	**1,220.8**
Borrowings repaid by:		
Wendel & holding companies	1.8	1,219.0
Stahl	61.5	66.3
Bureau Veritas	1,242.6	717.5
Constantia Flexibles	153.7	19.1
Cromology	88.8	323.7
CPI	12.9	-
Tsebo	-	13.6
	1,561.3	**2,359.2**
Total	**-515.4**	**-1,138.4**

Loan repayments include repayments of lease liabilities.

NOTE 33. OTHER FINANCIAL INCOME/EXPENSE

The other financial flows for FY 2020 mainly correspond to the disbursements of puts held by non-controlling interests.

OTHER NOTES

NOTE 34. OFF-BALANCE-SHEET COMMITMENTS

As of December 31, 2020, 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	12/31/2020	12/31/2019
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	549.4	523.9
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Cromology Group.	196.0	197.8
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.	392.4	488.8
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Tsebo Group.	-	126.7
Pledge by CPI Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the CPI Group.	282.2	295.3
Total	**1,420.0**	**1,632.4**

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

Guarantees given as part of asset sales

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

Guarantees received in connection with asset acquisitions

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

Note 34 - 3. Off-balance sheet commitments given and received related to operating activities

In millions of euros	12/31/2020	12/31/2019
Market counter-guarantees and other commitments given		
by Bureau Veritas (1)	391.6	434.9
by Constantia	2.4	2.0
by Cromology	17.1	13.7
by Tsebo	-	4.0
by Stahl	3.2	4.3
Total commitments given	**414.3**	**458.9**

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

Note 34 - 4. Subscription commitments

As of December 31, 2020, the Group (Wendel Lab) had undertaken to invest approximately €55.7 million in certain private equity funds.

Note 34 - 5. Shareholder agreements and co-investment mechanisms

As of December 31, 2020, the Wendel group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, and Stahl) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl).

These agreements contain various clauses related to:

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

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

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. In the absence of liquidity at the end of this process, the Wendel group granted the H. Turnauer Foundation a put option at market value on half of its initial investment, payable in two tranches in cash or in Wendel shares, at the Wendel group's discretion. As of December 31, 2020, this right had not been exercised by the H. Turnauer Foundation. This commitment was recognized in financial liabilities in accordance with accounting principles applicable *to* minority puts; and
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel group in an amount determined on the basis of a predefined

margin multiple. This commitment has been recognized in financial liabilities in accordance with accounting principles applicable to minority puts.

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

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

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in Note 5-2 “Participation of subsidiaries’ managers in the performance of their companies”.

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

Liquidity mechanisms are also provided for in respect of Wendel’s managers holding exposure to Allied Universal, Constantia Flexibles, Crisis Prevention Institute and IHS under the co-investment mechanisms (see Note 5 “Participation of management teams in the Group’s investments” to these condensed interim financial statements).

As of December 31, 2020, based on the value of the investments included in the Net Asset Value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the *pari passu* investments made under the same risk and return conditions as Wendel by all the co-investing managers of investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies is €30 million. The value of the portion of non-*pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €145 million. These amounts do not include any unpaid amounts owing to the co-investors on the investments sold.

In accordance with Group accounting principles, a portion of these amounts is recognized as a liability of €31 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”.

With regard to non-controlling interests granted to joint shareholders, an overall amount of €255.8 million is recognized in financial liabilities for put granted by Wendel and its holdings to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

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

Note 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 minority interest in the share capital (representing only 0.9% of the capital at December 31, 2020) 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 re-investment. It is equivalent to the allocation of one to two bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel group's decision to divest.

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

As part of the transfer of the Tsebo group to its senior creditors, Wendel obtained the right to benefit from a residual economic exposure in the event of a reversal of the group through a price supplement instrument. This instrument, which will be triggered in the event of an exit from the Tsebo group by the lenders, will give Wendel the right to 10% of the value of the Tsebo group above the minimum profitability thresholds achieved by the lenders on their debt converted into equity and on any subsequent capital contributions that might arise. This right is recognized within financial assets whose change in value is recognized on the income statement.

NOTE 35. STOCK OPTIONS, BONUS SHARES AND PERFORMANCE SHARES

The accounting principles applied to stock options, bonus shares and performance shares are described in Note 1-9.18 "Stock subscription and stock purchase option plans".

The total expense related to allocation of stock options or other share-based compensation for FY 2020 was €30.9 million compared to €24.6 million in 2019.

In millions of euros	2020	2019
Stock options at Wendel	2.2	1.1
Grant of bonus shares at Wendel	6.3	2.1
Stock options at Bureau Veritas	2.3	2.1
Grant of bonus shares at Bureau Veritas	20.1	19.3
Total	**30.9**	**24.6**

Pursuant to the authorization given by shareholders at their July 2, 2020 General Meeting, options giving the right to subscribe to 270,342 shares were allocated on August 5, 2020 with a strike price of €82.05 and a 10-year life. These options have the following features:

- a presence condition: the options will be exercisable by each beneficiary subject to a presence condition of 2 years; and
- a performance condition: the options are exercisable by each beneficiary if the following condition of performance are met over 3 years:
    - the ordinary annual dividend starting from 2021 must be greater than or equal to the dividend paid the previous year; it being specified that the stability or growth of the ordinary dividend from one year to the next will be verified for each of the years by the General Meeting approving the distribution of the corresponding dividend.

In 2020, these options were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2%, expected central volatility of 32%. These options were valued by an independent expert at €18.3 per stock option. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their July 2, 2020 General Meeting, the following performance shares plan was also granted on August 5, 2020:

- a service condition: the final vesting of the performance shares is subject to a 2-year service condition; and
- a performance condition: the final vesting of performance shares is subject to the satisfaction of the following three conditions:
  - for 1/3 of the initial allocation, a performance condition assessed in absolute terms linked to Wendel's Total Shareholder Return over 3 years,
  - for 1/3 of the initial allocation, a performance condition assessed in relative terms linked to the Total Shareholder Return from the Wendel share over 3 years compared with the Total Shareholder Return of the SBF 120 index, and
  - for 1/3 of the initial allocation, a performance condition assessed in relative terms linked to the Total Shareholder Return from the Wendel share over 3 years compared with the Total Shareholder Return of *a* panel of 13 comparable listed investment companies.

These performance shares were valued using a Monte Carlo model, with the following main calculation assumptions: expected rate of return of 2.1%, expected return on equity markets of 9.04%. The value of these performance shares has been estimated at €49.2 per performance share by an independent expert. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their July 2, 2020 General Meeting, a performance shares plan with the following features was also granted on August 5, 2020:

- a service condition: the final vesting of the performance shares is subject to a 4-year service condition; and
- a performance condition: the final vesting of performance shares is subject to the satisfaction of the following conditions over 4 years:
  - the ordinary annual dividend starting from 2021 must be greater than or equal to the dividend paid the previous year; it being specified that the stability or growth of the ordinary dividend from one year to the next will be verified for each of the years by the General Meeting approving the distribution of the corresponding dividend.

These performance shares were valued using a Monte Carlo model, with the following main calculation assumptions: expected rate of return of 2.1%, expected return on equity markets of 9.04%. The value of these performance shares has been estimated at €75.7 per performance share by an independent expert. The expense has been spread over the options' vesting period.

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

Stock options	Number of options outstanding as of 12/31/2019	Options granted in 2020	Options canceled in 2020	Options exercised in 2020	Number of options outstanding as of 12/31/2020	Exercise price (in euros)	Average exercise price (in euros)	Average residual life	Number of exercisable options
Stock purchase options	540,375	-	-4,250	-30,043	506,082	from 44,32 to 134,43	87.45	4.08	181,642
Stock subscription options	112,979	270,342	-8,500	-	374,821	from 119,72 to 82,05	92.55	9.05	-
Total	**653,354**	**270,342**	**-12,750**	**-30,043**	**880,903**				

Performance shares	Shares awarded as at 12/31/2019	Awards during the fiscal years	Definitive awards	Cancellations	Shares awarded as at 12/31/2020	Grant date	Vesting date
Plan 10-1	109 913			-3600	106 313	07/06/2018	07/06/2021
Plan 11-1	80 996			-3610	77 386	07/08/2019	07/08/2022
Plan 11-2	62 480			-1340	61 140	07/08/2019	07/10/2023
Plan 12-1		84 341			84 341	08/06/2020	08/05/2023
Plan 12-2		55 036		-83	54 953	08/05/2020	08/05/2024
	253 389	**139 377**	**-**	**-8 633**	**384 133**		

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

In thousands of euros	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	741	680
for its subsidiaries	2,833	2,957
Sub-total	**3,574**	**3,637**
Services other than certification of financial statements		
for Wendel SE	324	170
for its subsidiaries	254	820
Sub-total	**578**	**990**
TOTAL	**4,152**	**4,627**

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

NOTE 37. SUBSEQUENT EVENTS

None.

NOTE 38. LIST OF PRINCIPAL CONSOLIDATED COMPANIES AS OF DECEMBER 31, 2020

Method of consolidation	% interest net of treasury shares	Company name	Country	Business segment
FC	**100**	**Wendel**	**France**	**Management of shareholdings**
FC	100	Coba	France	Management of shareholdings
FC	100	Eufor	France	Management of shareholdings
FC	100	Sofiservice	France	Management of shareholdings
FC	100	Waldggen	France	Management of shareholdings
FC	99.6	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100	Constantia Coinvestco GP	Luxembourg	Services
FC	99.7	Expansion 17	Luxembourg	Management of shareholdings
FC	100	Wendel Lab	Luxembourg	Management of shareholdings
FC	99.7	Global Performance 17	Luxembourg	Management of shareholdings
FC	100	Ireggen	Luxembourg	Management of shareholdings
FC	100	Karggen	Luxembourg	Management of shareholdings
FC	100	Materis Investors	Luxembourg	Management of shareholdings
FC	100	Mecatherm GuarantCo	Luxembourg	Management of shareholdings
FC	99.6	Oranje-Nassau Développement SA SICAR	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau Développement NOP	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau GP	Luxembourg	Services
FC	100	Oranje-Nassau Parcours	Luxembourg	Management of shareholdings
FC	100	Trief Corporation	Luxembourg	Management of shareholdings
FC	100	Winvest Conseil	Luxembourg	Services
FC	100	Winvest International SA SICAR	Luxembourg	Management of shareholdings
FC	100	Win Securitization 2	Luxembourg	Management of shareholdings
FC	100	NOP Europe	Belgium	Management of shareholdings
FC	100	Wendel North America	United States	Services
FC	100	Wendel London	United Kingdom	Services
FC	100	Wendel Africa	Morocco	Services
FC	100	Wendel Singapore	Singapore	Services
FC	**60.8**	**Constantia Flexibles and its subsidiaries**	**Austria**	**Flexible packaging**
FC	**35.8**	**Bureau Veritas and its subsidiaries**	**France**	**Certification and verification**
FC	**95.4**	**Cromology and its subsidiaries**	**France**	**Paint manufacturing and distribution**
FC	**67.8**	**Stahl and its subsidiaries**	**Netherlands**	**High-performance coatings and leather-finishing products**
E	**21.4**	**IHS Holding and its subsidiaries**	**Mauritius**	**Mobile telephone infrastructure**
FC	**96.0**	**CPI and its subsidiaries**	**United States**	**Crisis prevention training**

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

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

Wendel

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the 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 French law, such as information about the appointment of the statutory auditors or verification of 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

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2020

To the annual general 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, 2020.

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, 2020 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 independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

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

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

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, 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

As part of its investment activity, Wendel regularly acquires and sells subsidiaries and portfolio companies.
The main transactions undertaken by Wendel in 2020 are as follows:

- On December 13th, 2019, Wendel sold 79% of its investment in Allied Universal. Wendel lost its significant influence over Allied Universal and its residual investment was classified as a financial asset recorded at fair value as of December 31, 2019. On April 29th, 2020, Wendel disposed of its remaining stake for a net cash proceed of $203.2 million.

- In December 2020, Wendel transferred all of its stake in Tsebo's capital to a South African consortium of investors and management, in return for a right to 10% of future capital gain, over and above 18% internal rate of return.
- Ultimately, Wendel finalized over the year the purchase price accounting of Crisis Prevention Institute (CPI) that was acquired in December 2019 for an enterprise value of $ 910 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 $ 207 million, trademarks for $ 138 million and content valued at $ 124 million. The residual goodwill amounts to $ 531 million.

  These valuations were carried out using methods generally used for these types of assets. These methods are complex and based on numerous assumptions that require judgment, such as forecast data or market comparisons.

These transactions are described in Notes 3-1 and 18 to the consolidated financial statements.
We deemed the accounting treatment of divestments to be a key audit matter as they are significant and complex events in 2020.
Also, we considered the recognition and presentation of the CPI acquisition 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.

Our response

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 the residual stake in Allied Universal, we have:

- examined the compliance of accounting impacts on the consolidated financial statements in accordance with IFRS9.
- controlled that the residual divestment completed in April 2020 didn’t have any material impact on the income and the other comprehensive income statement of Wendel,
- examined the impacts on the consolidated cash flow statement.

Regarding the disposal of Tsebo, we have:

- examined the calculation of the Tsebo exit impact, taking into account the impairment recorded during the year;
- analyzed the legal documentation relating to the transfer transaction, the relevance of the related consolidation entries and the fair value measurement of the earn-out clause;

Regarding the finalization of the purchase price allocation of CPI, with the assistance of our valuation specialists, we have:

- analyzed the work performed by management to identify and measure the assets and liabilities acquired;
- assessed the appropriateness of the valuation methods used for the main asset categories with regard to commonly used practices;

  analyzed the consistency of the valuation inputs compared with the documentation obtained from the CPI management teams, and assessed their relevance with regard to the company's management data or external sources;

  assessing the reasonableness of the amortization periods used for the intangible assets identified in light of the estimated useful lives of those assets.

We have assessed the appropriateness of the information given in Note 3 to the consolidated financial statements

Measurement of goodwill

Risk identified

As of December 31, 2020, the Goodwill net book value amounts to € 3 489 million, i.e. 26% of the total balance sheet. Goodwill is broken down by Cash Generating Units (CGUs) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, Cromology and CPI).

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

As described in Note 8 to the consolidated financial statements, as a result of the impairment tests performed by the management of Wendel and/or its subsidiaries, an impairment of goodwill was recognized for Constantia for € 9 million and for CPI for € 23 million for the year ended December 31, 2020.

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

Our response

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:
  - Assessing the compliance of the methodology applied by Wendel and its subsidiaries with applicable accounting standards;
  - Examining the projected cash flows in relation to the economic and financial environment in which the CGUs or groups of CGUs operate, taking into account the global crisis environment related to the COVID-19 pandemic;
  - Assessing the quality of the process used to determine the projections by analyzing the reasons for any differences between past forecasts and actual outcomes;
  - Assessing the consistency of the long-term growth rates used with available market analyses and the operating margin rate used in terminal year with the margin rates of actual and forecasted flows;
  - Assessing the different components of the discount rates used;
  - Verifying the sensitivity of the calculation of the recoverable amount of the CGUs or groups of CGUs to changes in the main assumptions used (long-term growth rate, margin rate used in the terminal year and discount rate).
- For the other CGUs or groups of CGUs, our work consisted in holding discussions with the management of Wendel and/or the operating subsidiary to assess the reasonableness of the cash flows and key assumptions used (long-term growth rate, operating margin used in terminal year and discount rates);

We also assessed the appropriateness of the disclosures provided in Notes 1-8.1 and 8 to the consolidated financial statements, in particular those related to the sensitivity analysis carried out by Wendel's management.

Contribution of equity-method investments to the Group's consolidated net income

Risk identified

As of December 31, 2020, equity-method investments amounted to €225 million in the consolidated balance sheet and their contribution to consolidated net income is a loss of € 63 million as detailed in Notes 11 and 24 to the consolidated financial statements.

Net income from equity-method investments mainly comprised Wendel's investment in the company IHS. As Wendel's management considers that the Company exercises significant influence on IHS, this company is recognized using the equity method, as indicated in the note 38 to the consolidated financial statements.

The contribution of equity-method investments represents a significant share of Wendel's consolidated net income. We deemed their contribution to Group net income to be a key audit matter, because, given the lack of majority control over these companies, the availability and the degree of detail of financial information required by Wendel to prepare its consolidated financial statements are more limited than for controlled subsidiaries, thereby increasing the complexity of analyzing their contributions.

Our response

We held discussions with Wendel's Finance Department to gain an understanding of the procedures implemented by the Company to verify the quality of the IHS financial information used to prepare Wendel's consolidated financial statements (the "Financial Information").

We transmitted detailed instructions to the auditors of IHS and obtained an audit opinion on the Financial Information as well as a summary of the significant issues identified as part of their work. We held discussions with the auditors of this equity investment concerning the risk assessment, the significant audit risks, the extent of diligences, the nature of the procedures implemented and their findings. Where appropriate, we examined some items in their working files, in particular concerning the accounting treatment of transactions requiring judgment or estimates.

In addition, we assessed the appropriateness of the disclosures provided in Notes 11 and 24 to the consolidated financial statements.

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

Risk identified

As described in Note 5 to the consolidated financial statements, Wendel has set up co-investment mechanisms to allow its managers and managers of unlisted subsidiaries (Constantia Flexibles, Cromology, Stahl, IHS and CPI) 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 € 30 million for "pari passu" investments with the same profile of risk and return as Wendel, and amount to € 145 million for non "pari passu" investments as of December 31, 2020. A part of these amounts is recognized as financial liabilities for € 31 million.

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 (depending on the settlement method considered the most likely as of December 31, 2020) requires a high degree of judgment from management;
- These investments are made by managers, some of whom are related parties.

Our response

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 looking at 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 pertaining to the Group presented 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 Group management report [in the information pertaining to the Group presented in the management report], it being specified that, in accordance with the provisions of Article L.823-10 of the 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.

Other Legal and Regulatory Verifications or Information

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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation 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).

Appointment of the Statutory Auditors

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

As at 31 December 2020, Deloitte & Associés and ERNST & YOUNG Audit were in the second year and thirty-third 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 risks 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 taken 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 a report to the Audit Committee 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, if any, significant deficiencies 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2021

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

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

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March 2021