



EXACOMPTA CLAIREFONTAINE

**HALF-YEAR
FINANCIAL REPORT**

30 JUNE 2021

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Board of Directors

François Nusse, Chairman and Chief Executive Officer

Dominique Daridan

Louise de l'Estang du Rusquet

Céline Nusse

Charles Nusse

Frédéric Nusse

Guillaume Nusse

Jérôme Nusse

Monique Prissard

Emmanuel Renaudin

Manon Trotet

Caroline Valentin

Statutory Auditors

BATT AUDIT, 54000 Nancy
Pascal François

ADVOLIS, 75002 Paris
Patrick Iweins – Hugues de Noray

To the Shareholders,

1. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

(€000)	H1 2021	H1 2020
Income from continuing activities (Revenue)	332,380	313,515
Operating income/(loss)	9,753	(3,013)
Net income/(loss) before tax	9,885	(4,148)
Net income/(loss) after tax	7,571	(3,530)
Group share	7,332	(3,005)

First half 2021 was marked by soaring raw material prices, particularly pulp prices. We managed to maintain 2020 profit margins thanks to relatively sustained demand for the vast majority of our products and the inventories we had already built up.

1.1 PAPER PRODUCTION

European production of printing and writing papers was up 6.3% versus first half 2020 (CEPI statistics) but down 6.2% versus first half 2019.

Our five paper machines produced 122,000 tonnes of paper reels, similar to previous first half volumes. The proportion of printing papers made from recycled fibres and specialty products increased significantly.

1.2 PROCESSING

According to GfK market research consultants, sales of manufactured papers and filing articles in France rose by over 11% versus first half 2020. Again, however, sales fell short of first half 2019 levels, down 5.5% and 13.4% respectively.

Our own sales in this sector were up nearly 3% and the second half is showing a positive trend so far, both in France and abroad.

1.3 FINANCIAL POSITION - DEBT

At 30 June 2021, gross borrowings stood at €287,532,000 including €41,747,000 of financial liabilities arising from the capitalisation of leases. Consolidated shareholders' equity was €427,414,000.

The Group has negotiated additional lines of credit with its banks totalling €17.5 million. The Group also issued commercial paper amounting to €50 million at 30 June 2021, out of a global programme of €125 million.

With gross cash and cash equivalents of €139,419,000 at 30 June 2021, Group net borrowings amounted to €148,113,000.

Excluding financial liabilities generated by the application of IFRS 16, net debt amounted to €106,366,000, down from 30 June 2019 and 2020.

Leverage, i.e. the adjusted net debt to consolidated EBITDA ratio, could match the 2020 level at 2021 year-end (1.8).

1.4 SHARE AND SHAREHOLDER INFORMATION

The share listed at €95 on 4 January 2021 and €94 on 30 June 2021. The number of shares traded during first half 2021 was 15,714.

The Exacompta Clairefontaine share was transferred from the Euronext regulated market to Euronext Growth on 15 September 2021.

The capital of the parent company is composed of 1,131,480 shares, and did not change during the year. Our principal shareholder, Ets Charles Nusse, held 910,395 shares with double voting rights, representing 80.46% of the capital, at 30 June 2021. Financière de l'Echiquier, a minority shareholder, crossed the 5% ownership threshold in 2005.

The parent company does not have a share buyback programme and there are no employee shareholders.

2. RISK FACTORS

Risk factors related to economic activity and financial risks are of the same kind as those described in Section 2.4 of the 2020 Annual Report. There were no material changes during first half 2021. Provisions for financial risks at 30 June 2021 are presented in Note 2.6 to the consolidated half-year financial statements.

3. OUTLOOK

Amid continuing uncertainty regarding the health situation, Group revenue for the first half improved significantly, up 6% versus first half 2020. Apart from certain specific products destined for the hotel sector and festive season, business was less impacted by the COVID-19 pandemic during first half 2021. The global improvement in the health situation spurred a recovery that enabled the Group to considerably improve both sales and profit margins.

Rising raw material prices will weigh significantly on second half profit margins despite our policy of passing price increases on to customers.

Full-year operating income is expected to be close to the 2020 figure of €14,727,000.

4. GREENHOUSE GAS EMISSIONS

The 2020 declaration of non-financial performance was published prior to the Exacompta Clairefontaine Group shareholders' meeting on 27 May 2021.

The following information supplements and updates the information provided in this declaration.

The final phase 4 (2021-2030 period) quota allocation for 2021-2025 will only be known at the end of the year.

On the basis of the initial quota application, an interim decision by the European Commission gives an allocation of 58,518 tonnes for 2021. Net CO₂ emissions during first half 2021 totalled 38,795 tonnes.

Exacompta Clairefontaine S.A.

Consolidated financial statements for the six months ended 30 June 2021

Half-year consolidated financial statements

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1. Consolidated financial statements

Consolidated financial position

€000	30/06/2021	31/12/2020	Notes
NON-CURRENT ASSETS	356,444	359,394	
Goodwill	42,188	42,188	(2.1.1)
Intangible assets	16,833	15,196	(2.1.1)
Property, plant and equipment	288,822	297,482	(2.1.2)
Financial assets	7,735	3,738	(2.1.3)
Deferred taxes	866	790	(2.4)
CURRENT ASSETS	554,755	534,505	
Inventories	232,219	217,365	(2.2.1)
Trade and other receivables	181,081	111,801	(2.2.2)
Advances	1,574	2,007	
Taxes receivable	462	837	
Cash and cash equivalents	139,419	202,495	(2.2.3)
TOTAL ASSETS	911,199	893,899	

SHAREHOLDERS' EQUITY	427,414	423,164	
Share capital	4,526	4,526	
Consolidated reserves	415,336	406,381	
Net income – Group share	7,332	12,276	
Shareholders' equity – Group share	427,194	423,183	
Minority interests	220	(19)	
NON-CURRENT LIABILITIES	220,457	231,160	
Non-current loans and borrowings	139,160	146,592	(2.6)
Lease liabilities (IFRS 16)	32,530	36,317	(2.6)
Deferred taxes	22,849	22,351	(2.4)
Provisions	25,918	25,900	(2.5)
CURRENT LIABILITIES	263,328	239,575	
Trade payables	74,631	68,296	
Current loans and borrowings	106,625	99,243	(2.6)
Lease liabilities (IFRS 16) – short term	9,217	9,890	(2.6)
Provisions	2,257	3,152	(2.5)
Tax liabilities	228	78	
Other payables	70,370	58,916	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	911,199	893,899	

Consolidated income statement

€000	H1 2021	H1 2020	Notes
Revenue	332,380	313,515	
- Sales of products	326,433	306,150	
- Sales of services	5,947	7,365	
Other operating income	6,278	10,537	
- Reversal of depreciation/amortisation	149	6,141	(2.1.2, 2.1.3)
- Subsidies	1,670	814	
- Other income	4,459	3,582	
Change in inventories of finished products and work-in-progress	13,456	29,667	(2.2.1)
Goods and materials used	(163,934)	(169,348)	
External expenses	(52,714)	(52,253)	
Personnel expenses	(92,967)	(93,609)	
Taxes and duties	(7,151)	(7,899)	
Depreciation/amortisation	(21,779)	(22,725)	(2.1.1, 2.1.2)
Other operating expenses	(3,816)	(10,898)	
Operating income/(loss) – before goodwill impairment	9,753	(3,013)	
Goodwill impairment / badwill gain	-	-	(2.1.1)
Operating income/(loss) – after goodwill impairment	9,753	(3,013)	
Financial income	1,598	1,660	
Financial expenses	(1,466)	(2,795)	
Net financial items	132	(1,135)	(2.10)
Income taxes	(2,314)	618	(2.4, CFS)
CONSOLIDATED NET INCOME/(LOSS)	7,571	(3,530)	
Net income/(loss) – minority share	239	(525)	
Net income/(loss) – Group share	7,332	(3,005)	
Net income/(loss) for the period	7,332	(3,005)	
Number of shares	1,131,480	1,131,480	(2.3)
Earnings per share (basic and diluted)	6.48	(2.66)	

Comprehensive income statement

€000	H1 2021	H1 2020
Net income/(loss)	7,571	(3,530)
Actuarial gains/losses on post-employment benefits	217	4
Tax on items not reclassified to profit or loss	(54)	(1)
Items not reclassified to profit or loss	163	3
Currency translation differences arising from foreign entities' financial statements	(90)	(8)
Tax on items reclassified to profit or loss	-	-
Items reclassified to profit or loss	(90)	(8)
Items of other comprehensive income	-	(117)
Total comprehensive income/(loss)	7,644	(3,652)
Attributable to:		
- the Group	7,404	(3,127)
- minority interests	240	(525)

Statement of changes in consolidated shareholders' equity

€000	Share capital	Additional paid-in capital	Reserves and consolidated	Actuarial gains/losses	Currency translation adjustments	Total – Group share	Total – minority interests	Total shareholders' equity
Shareholders' equity at 31 December 2019	4,526	92,745	320,619	(252)	1,710	419,348	-	419,348
Dividends distributed			(3,395)			(3,395)		(3,395)
Net income/(loss) for the period			11,574			12,276	(702)	11,574
Items of other comprehensive income			(78)	(619)	(849)	(1,546)		(1,546)
Reclassification of actuarial gains/losses			(252)	252		-		-
Put option on Fizzer minority interests			(3,500)			(3,500)		(3,500)
Fizzer acquisition – minority interests			683			-	683	686
Shareholders' equity at 31 December 2020	4,526	92,745	325,651	(619)	861	423,183	(19)	423,164
Dividends distributed			(3,394)			(3,394)		(3,394)
Net income for the period			7,571			7,332	239	7,571
Items of other comprehensive income				163	(90)	73		73
Reclassification of actuarial gains/losses			(619)	619		-		-
Shareholders' equity at 30 June 2021	4,526	92,745	329,209	163	771	427,194	220	427,414

Statement of consolidated cash flows

€000	H1 2021	H1 2020	Notes
Total consolidated net income/(loss)	7,571	(3,530)	
Elimination of non-cash and non-operating expenses and income:			
• Depreciation, amortisation and provisions	20,774	24,068	(2.1.1 to 2.1.3, 2.5) (2.4)
• Change in deferred taxes	392	(933)	
• Post-tax gains on asset sales	401	(212)	
• Currency translation adjustments	(90)	(8)	
• Other	269	(114)	
<i>Cash flow of consolidated companies</i>	<i>29,317</i>	<i>19,271</i>	
• Change in operating working capital	(66,546)	(58,793)	Balance sheet
• Change in income taxes	2,091	(31)	
• Income taxes paid	(1,566)	(6,642)	
(1) Net cash flow from operating activities	(36,704)	(46,195)	
• Purchases of fixed assets	(17,998)	(15,801)	(2.1.1 to 2.1.3)
• Sales of fixed assets	707	704	
• Changes in consolidation – acquisitions	-	(1,083)	
(2) Net cash flow from investing activities	(17,291)	(16,180)	
• Dividends paid	(3,394)	(3,395)	(Change in shareholders' equity)
• New borrowings	18,061	30,381	
• Loans repaid	(25,214)	(3,358)	
• Interest paid	(561)	(628)	
• Interest received	282	211	
• Lease liability payments	(4,964)	(4,383)	
(3) Net cash flow from financing activities	(15,790)	18,828	
(1+2+3) Total cash flow	(69,785)	(43,547)	
Opening cash	93,362	90,355	
Closing cash	23,577	46,808	
Change in cash	(69,785)	(43,547)	

Change in cash and borrowings due in less than one year

€000	30/06/2021	Change	31/12/2020	30/06/2020
Reported cash and cash equivalents	139,419	(63,076)	202,495	97,666
Bank overdrafts	(57,820)	(6,335)	(51,485)	(6,134)
Net cash and cash equivalents	81,599	(69,411)	151,010	91,532
Borrowings due in < 1 yr	(58,022)	(374)	(57,648)	(44,724)
Net cash less borrowings due in < 1 yr	23,577	(69,785)	93,362	46,808

Presentation of the consolidated financial statements

The Exacompta Clairefontaine share was transferred from the Euronext regulated market to Euronext Growth on 15 September 2021. With a view to transparency among investors, the Company has chosen to maintain the application of IFRS.

1- General principles – statement of compliance

The EXACOMPTA CLAIREFONTAINE Group consolidated financial statements are prepared in accordance with IFRS (International Financial Reporting Standards), as adopted within the European Union. The Exacompta Clairefontaine Group summary consolidated half-year financial statements were prepared in accordance with IAS 34 – *Interim financial reporting*. They were approved by the Board of Directors on 16 September 2021.

No changes were made to the accounting rules and methods applied to the 2020 full-year consolidated financial statements.

2- Adoption of new standards

The Group did not opt for the early application of any non-mandatory standard, amendment or interpretation in 2021.

2. Notes to the consolidated half-year financial statements

2.1 Non-current assets

2.1.1 INTANGIBLE ASSETS AND GOODWILL

At 30 June 2021 (€000)	Goodwill	Concessions, licences, trademarks and similar rights	Other	Total intangible assets
Gross value b/fwd	42,188	49,166	10,476	59,642
Purchases		213	2,380	2,593
Sales		(205)		(205)
Changes in consolidation scope				
Currency translation adjustments		(176)	(12)	(188)
Transfers and other changes		777	(63)	714
Gross value c/fwd	42,188	49,775	12,781	62,556
Amortisation and write-downs b/fwd	0	37,685	6,761	44,446
Sales		(205)		(205)
Changes in consolidation scope				
Amortisation		1,466	213	1,679
Write-downs				
Reversals		(23)		(23)
Currency translation adjustments		(172)	(2)	(174)
Transfers and other changes				
Amortisation and write-downs c/fwd	0	38,751	6,972	45,723
Net book value b/fwd	42,188	11,481	3,715	15,196
Net book value c/fwd	42,188	11,024	5,809	16,833

Trademarks

“Concessions, licences, trademarks and similar rights” includes trademarks totalling €5,367,000. No impairment was recorded in the first half 2021 financial statements.

Goodwill

Goodwill mainly pertains to Digital department businesses (€30.2 million) and the Eurowrap group acquired in 2019 (€11.2 million).

The segment information shows the breakdown of goodwill by business and geographic segment.

Given the improved performance by all departments and the leeway resulting from impairment tests carried out at 31 December 2020, the Group considers that there is no evidence of impairment liable to have a material impact on cash flow forecasts. As such, impairment tests on the CGUs were not deemed necessary for the first half 2021 closing procedure.

2.1.2 Property, plant and equipment

No changes in useful life leading to a material change in the accounting estimates were identified during the year.

IFRS 16 – Leases

As it is not possible to determine the interest rates implicit in the leases, the Group uses its incremental borrowing rate to measure the lease liability. It is established by reference to the interest rates of loans, whether taken out or not, that have similar maturities and payment profiles. In particular, it is established based on 7-10 year maturities applicable to real estate leases, which represent almost 90% of Group leases in terms of right-of-use asset value.

The review of the decision of the IFRS Interpretations Committee of 26 November 2019 did not have a significant impact. In particular, it provided for consistency between terms of leases and non-removable leasehold improvements.

Low-value asset leases were excluded.

Lease categories at 30/06/2021

€000	Real estate	Industrial equipment	Other	Total
Right-of-use assets	55,250	2,635	4,060	61,945
Depreciation	17,220	1,066	2,054	23,340
Net amount	38,030	1,569	2,006	41,605

Lease liabilities are carried under liabilities on the balance sheet and are presented in Note 2.6.

In the first half 2021 income statement, the depreciation charge on right-of-use assets amounts to €5,222,000 and lease interest payments amount to €137,000.

Leases are aggregated in the tables of changes in property, plant and equipment.

At 30 June 2021 (€000) Incl. IFRS 16 right-of-use assets	Land and buildings	Plant and equipment	Other PP&E	Advances and PP&E in progress	Total
Gross value b/fwd	307,840	553,745	58,455	9,036	929,076
Purchases	752	2,456	1,634	7,633	12,475
Sales	(1,721)	(2,567)	(730)		(5,018)
Changes in consolidation scope					
Currency translation adjustments	(574)	76	3		(495)
Transfers and other changes	(540)	4,336	1,169	(5,733)	(768)
Gross value c/fwd	305,757	558,046	60,531	10,936	935,270
Depreciation and write-downs b/fwd	178,549	408,563	44,482	0	631,594
Sales	(1,273)	(2,439)	(717)		(4,429)
Changes in consolidation scope					
Depreciation	7,294	10,669	2,137		20,100
Write-downs					
Reversals	(111)	(9)	(6)		(126)
Currency translation adjustments	(670)	28	5		(637)
Transfers and other changes	(597)	1,399	(856)		(54)
Depreciation and write-downs c/fwd	183,192	418,211	45,045	0	646,448
Net book value b/fwd	129,291	145,182	13,973	9,036	297,482
Net book value c/fwd	122,565	139,835	15,486	10,936	288,822

2.1.3 Financial assets

At 30 June 2021 (€000)	Unconsolidated equity interests	Loans	Other receivables	Total
Gross value b/fwd	17,366	939	2,577	20,882
Purchases		3	4,533	4,536
Sales		(12)	(507)	(519)
Changes in consolidation scope				
Currency translation adjustments	(259)		1	(258)
Transfers and other changes				
Gross value c/fwd	17,107	930	6,604	24,641
Write-downs b/fwd	17,111	33	0	17,144
Purchases/sales				
Changes in consolidation scope				
Write-downs	21			21
Reversals				
Currency translation adjustments	(259)			(259)
Transfers and other changes				
Write-downs c/fwd	16,873	33	0	16,906
Net book value b/fwd	255	906	2,577	3,738
Net book value c/fwd	234	897	6,604	7,735

Unconsolidated equity interests and other long-term investments are stated at cost if there is no reliable fair value.

Intercompany receivables, loans and other financial assets are valued at amortised cost. The book value is equal to the fair value.

Other receivables mainly comprise other long-term investments totalling €4.5 million and deposits and guarantees totalling €1,715,000.

2.1.4 Table of maturities of other financial assets

At 30 June 2021 (€000)	< 1 year	1-5 years	> 5 years	Total
Loans	81	171	678	930
Other financial assets	4,556	1	2,047	6,604
Financial assets and receivables	4,637	172	2,725	7,534

2.2 Current assets

2.2.1 Inventories by type

At 30 June 2021 (€000)	Raw materials	Work-in-progress	Semi-finished and finished goods	Total
Gross value b/fwd	92,383	20,562	122,749	235,694
Change	1,563	2,465	10,489	14,517
Changes in consolidation scope				
Gross value c/fwd	93,946	23,027	133,238	250,211
Write-downs b/fwd	10,968	1,259	6,102	18,329
Additions	8,796	619	2,624	12,039
Reversals	(8,411)	(919)	(3,038)	12,368
Changes in consolidation scope				
Currency translation adjustments and other	(3)	(1)	(4)	(8)
Write-downs c/fwd	11,350	958	5,684	17,992
Net book value b/fwd	81,415	19,303	116,647	217,365
Net book value c/fwd	82,596	22,069	127,554	232,219

2.2.2 Write-down of other current assets

€000	Write-downs b/fwd	Additions	Reversals	Changes in consolidation scope and other differences	Write-downs c/fwd
Trade receivables	1,875	616	(562)	(1)	1,928
Other receivables	241				241
Total	2,116	616	(562)	(1)	2,169

Statement of maturities of trade and other receivables

€000	< 1 year	1-5 years	> 5 years	Total
Trade and similar receivables	163,621	982		164,603
Taxes and social security contributions receivable	12,692			12,692
Other receivables	1,611			1,611
	177,924	982		178,906
Impairment				(2,169)
Financial assets				176,737
Prepaid expenses				4,344
Reported trade and other receivables				181,081

2.2.3 Cash and cash equivalents

€000	30/06/2021	31/12/2020	Change
Cash at bank	113,175	176,481	(63,306)
Cash equivalents	26,244	26,014	230
Total	139,419	202,495	(63,076)

Financial assets held for trading (marketable securities) are assets valued at fair value through profit or loss. The book value of €26,244,000 equals the market value at 30 June 2021. The book value is equal to the fair value.

2.3 Shareholders' equity

The parent company's share capital consists of 1,131,480 shares with a par value of 4 euros each, totalling €4,525,920, and did not change during the period. A double voting right is granted to each fully paid-up share which has been registered for at least two years in the name of the same shareholder. ETABLISSEMENTS CHARLES NUSSE holds 80.46% of the share capital.

2.4 Deferred taxes

The principal sources of deferred taxes are trademarks, regulated provisions, public subsidies, internal profits on inventories and provisions.

Change in deferred taxes

€000	31/12/2020	30/06/2021	Change
Deferred tax assets	790	866	76
Deferred tax liabilities	22,351	22,849	498
Net deferred tax	21,561	21,983	422

Breakdown of tax charge

€000	H1 2021	H1 2020
Current tax	(1,922)	(315)
Deferred taxes	(392)	933
Tax income/(charge)	(2,314)	618

2.5 Provisions

€000	Provisions b/fwd	Additions	Reversals	Provisions not used	Other changes	Provisions c/fwd
Post-employment benefits	25,900	1,392	(956)	(148)	(270)	25,918
Non-current provisions	25,900	1,392	(956)	(148)	(270)	25,542
Provisions for contingent liabilities	3,073	530	(1,191)	(233)	(1)	2,178
Other provisions for charges	79					79
Current provisions	3,152	530	(1,191)	(233)	(1)	2,257

Post-employment benefits are provisions for pensions and similar obligations. The other changes correspond to actuarial adjustments recorded under comprehensive income.

The main change in provisions for contingent liabilities is a €874,000 reversal of provisions for restructuring not related to COVID-19.

Post-employment benefits consist mainly of provisions for retirement indemnities.

They are calculated at each closing date according to the following main parameters:

- probability of retirement, staff turnover and mortality;
- projected salary increases;
- discounting the resulting liability at 0.37%.

The amounts paid to insurance organisations are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000	H1 2021	H1 2020
Liability b/fwd	25,900	25,350
Cost of services rendered	945	1,152
Financial expense	85	192
Changes for the period	(795)	(1,148)
→ o/w new recruits	102	19
→ o/w departures during the period	(897)	(1,167)
Liability excluding actuarial gains and losses	26,135	25,546
Actuarial gains and losses under comprehensive income	(217)	(4)
Liability c/fwd	25,918	25,542

The recorded liability includes €19,421,000 of obligations under the plan applicable to French companies and €6,497,000 under plans applicable to foreign companies.

2.6 Loans, borrowings and lease liabilities

Statement of liquidity risk

€000	< 1 year	1-5 years	> 5 years	Total
Loans from financial institutions	46,711	87,253	23,407	157,371
Lease liabilities	9,217	24,970	7,560	41,747
Other borrowings	64	3,500		3,564
Bank loans and overdrafts	57,820			57,820
Subtotal	113,812	115,723	30,967	260,502
Shareholder loan accounts (credit balance)	2,000		25,000	27,000
Accrued interest	30			30
Total	115,842			287,532

Medium and long-term financing excluding IFRS 16 lease liabilities consists of loans negotiated at fixed rates.

The liability related to the Fizzer minority interests put option was valued at the estimated option exercise price and recognised under “Other borrowings” in an amount of €3,500,000.

The fair value of borrowings is equal to the book value.

Change in borrowings

€000	31/12/2020	Cash flow	Non-cash items		30/06/2021
			New leases	Foreign exchange losses	
Bank loans and overdrafts	51,485	6,335	-	-	57,820
Loans from financial institutions	163,744	(6,321)	-	(52)	157,371
Lease liabilities	46,207	(5,637)	1,158	19	41,747
Total bank borrowings	261,436	(5,623)	1,158	(33)	256,938
Shareholder loans	27,001	(1)	-	-	27,000
Other payables	3,563	1	-	-	3,564
Total other borrowings	30,564	(2,610)	-	-	30,564
Accrued interest	42	(12)			30
Total borrowings	292,042	(16,582)	1,158	(33)	287,532

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a maximum term of 365 days.

At the interim balance sheet date, €50 million of commercial paper had been issued out of a maximum authorised outstanding amount of €125 million.

Lines of credit

Lines of credit are in place with several banks for a total amount of €135 million, with maturities not exceeding five years. Lines of credit are indexed to Euribor and the average commitment fee charged is 0.22%. Drawdowns are charged on the basis of the amount and the maturity date of each line of credit.

The term of drawdowns ranges from ten days to twelve months. No amounts were drawn as at 30 June 2021.

Related covenants are not relevant to the half-year financial statements, as the associated ratios are calculated on the basis of the annual financial statements.

Financial instruments

The Group may use options contracts to hedge forecast transactions, in particular for purchases of raw materials in US dollars which constitute its main exposure to currency risk. The Group implemented no currency hedging arrangements during first half 2021. Other transactions performed to hedge exchange rate risks are non-material.

2.8 Fair value of financial instruments

Accounting classes and fair value

The table below shows the fair value of financial assets and liabilities as well as their book value as recorded in the statement of financial position.

€000	Note	Assets at acquisition cost	Measured at FVTPL	Loans and receivables	Total book value	Fair value
Unconsolidated equity interests	2.1.3	234			234	234
Loans	2.1.3			897	897	811
Other receivables	2.1.3			6,604	6,604	6,604
Cash and cash equivalents	Assets		139,419		139,419	139,419
Trade and intercompany receivables	2.2.2			162,675	162,675	162,675
Total assets		234	139,419	170,176	309,829	309,743

€000	Note	Fair value of derivatives	Other financial liabilities	Total book value	Fair value
Loans from financial institutions	2.6		157,371	157,371	157,371
Lease liabilities	2.6		41,747	41,747	41,747
Other borrowings	2.6		3,564	3,564	3,564
Bank loans and overdrafts	2.6		57,820	57,820	57,820
Shareholder loan accounts (credit balance)	2.6		27,000	27,000	27,000
Amounts payable on fixed assets	2.10		3,971	3,971	3,971
Trade payables	Liabilities		74,631	74,631	74,631
Total liabilities		–	366,104	366,104	366,104

Ranking of fair values

The table below shows the breakdown of financial instruments recognised at fair value based on their valuation method. The levels are defined as follows:

- Level 1: fair value measured using (unadjusted) prices quoted on active markets for identical assets and liabilities.
- Level 2: fair value measured using observable data, other than the quoted prices included in level 1, for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3: fair value measured using data not based on observable market data.

€000	Note	Level 1	Level 2	Level 3
<u>Assets</u>				
Cash and cash equivalents	Assets	139,419	–	–
<u>Liabilities</u>	–	–	–	–

2.9 Financial income and expenses

€000	H1 2021	H1 2020
Income from other receivables and marketable securities	283	211
Other financial income	90	231
Reversal of provisions and write-downs	-	84
Foreign exchange losses	1,225	1,134
Total financial income	1,598	1,660
Increase in provisions and write-downs	21	85
Interest and financial expenses	699	689
Foreign exchange losses	716	2,021
Other financial expenses	30	-
Total financial expenses	1,466	2,795

2.10 Other current liabilities

€000	30/06/2021	31/12/2020
Advances and down payments received	2,444	1,732
Taxes and social security contributions payable	43,989	35,695
Fixed asset payables	3,971	3,413
Other liabilities	18,908	17,038
Deferred income	1,058	1,038
Total	70,370	58,916

2.11 Related parties

Group companies benefit from the leadership provided by Ets Charles Nusse and pay a fee equal to 0.6% of the added value for the previous year.

Manufacturing, logistics and office facilities are leased to certain Group companies on arm's length terms. These leases have been adjusted following the application of IFRS 16.

Transactions carried out by the Group with Etablissements Charles Nusse.

€000	30/06/2021 (6 months)	30/06/2020 (6 months)
<u>Balance sheet</u>		
Current account balances:		
Financial liabilities	25,000	25,000
Financial liabilities (short-term)	2,000	2,000
<u>Income statement</u>		
Financial expenses	68	75
Fees	754	721
Leases excluding expenses	3,888	3,487

3. Segment information

As in the financial statements, segment information is presented for the prevailing consolidation scope at each balance sheet date.

In the processing division, Papeteries du Coutal and Fizzer were included in the Group consolidated financial statements from 1 January 2020.

Correspondence with the consolidated balance sheet:

- "Other assets allocated" includes inventories and advances;
- "Unallocated assets" consists of tax receivable and deferred tax assets.

➤ Segment information by business – 30/06/2021 (6 months)

€000	Paper	Processing	Inter-segment transactions	Total
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Segment income statement

Revenue	142,707	255,602	(65,929)	332,380
Depreciation/amortisation (net of reversals)	6,058	15,572		21,630
Write-downs and provisions	627	(1,508)		(881)
Operating income/(loss) (excl. goodwill impairment)	10,252	(339)	(160)	9,753
Goodwill impairment				

Segment assets

Net PP&E and intangible assets	116,310	189,345		305,655
<i>o/w capex</i>	5,366	8,544		13,910
Goodwill		42,188		42,188
Trade receivables	51,783	143,753	(32,861)	162,675
Other receivables	3,635	14,841	(70)	18,406
<i>Balance sheet total</i>	55,418	158,594	(32,931)	181,081
Other assets allocated	75,041	162,079	(3,327)	233,793
<i>Unallocated assets</i>				1,328
Total assets	246,769	552,206	(36,258)	764,045

Segment liabilities

Current provisions	1,367	890		2,257
Trade payables	26,613	80,895	(32,877)	74,631
Other payables	20,462	49,964	(56)	70,370
<i>Unallocated liabilities</i>				228
Total liabilities	48,442	131,749	(32,933)	147,486

➤ Segment information by geographic area – 30/06/2021 (6 months)

€000	France	Europe	Outside Europe	Total
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Revenue	181,892	136,482	14,006	332,380
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Net PP&E and intangible assets	252,551	47,885	5,219	305,655
<i>o/w capex</i>	11,699	2,122	89	13,910
Goodwill	31,022	11,166		42,188
Trade receivables	132,940	27,388	2,347	162,675
Other receivables	13,149	2,486	2,771	18,406
<i>Balance sheet total</i>	146,089	29,874	5,118	181,081
Other assets allocated	195,180	31,279	7,334	233,793
<i>Unallocated assets</i>				1,328
Total assets	624,842	120,204	17,671	764,045

➤ Segment information by business – 30/06/2020 (6 months)

€000	Paper	Processing	Inter-segment transactions	Total
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Segment income statement

Revenue	130,464	248,473	(65,422)	313,515
Depreciation/amortisation (net of reversals)	6,177	10,407		16,584
Write-downs and provisions	(132)	319		187
Operating income/(loss) (excl. goodwill impairment)	9,896	(12,484)	(425)	(3,013)
Goodwill impairment				

Segment assets

Net PP&E and intangible assets	113,693	185,966		299,659
<i>o/w capex</i>	5,378	8,907		14,285
Goodwill		42,181		42,181
Trade receivables	42,130	132,098	(30,958)	143,270
Other receivables	2,774	16,564	(76)	19,262
<i>Balance sheet total</i>	44,904	148,662	(31,034)	162,532
Other assets allocated	75,304	171,976	(3,562)	243,718
<i>Unallocated assets</i>				4,355
Total assets	233,901	548,785	(34,596)	752,445

Segment liabilities

Current provisions	834	3,616		4,450
Trade payables	25,595	77,719	(30,977)	72,337
Other payables	18,198	51,680	(59)	69,819
<i>Unallocated liabilities</i>				40
Total liabilities	44,627	133,015	(31,036)	146,646

➤ Segment information by geographic area – 30/06/2020 (6 months)

€000	France	Europe	Outside Europe	Total
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Revenue	167,944	131,950	13,621	313,515
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Net PP&E and intangible assets	244,749	49,075	5,835	299,659
<i>o/w capex</i>	12,171	2,014	100	14,285
Goodwill	31,015	11,166		42,181
Trade receivables	115,122	26,212	1,936	143,270
Other receivables	12,932	4,018	2,312	19,262
<i>Balance sheet total</i>	128,054	30,230	4,248	162,532
Other assets allocated	206,316	30,322	7,080	243,718
<i>Unallocated assets</i>				4,355
Total assets	610,134	120,793	17,163	752,445

4. Consolidated entities

All companies are fully consolidated and wholly owned except for Fizzer, in which the Group holds a 60% equity stake.

Name	Address
EXACOMPTA CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE
A.B.L.	132 Quai de Jemmapes - 75010 PARIS
A.F.A.	132 Quai de Jemmapes - 75010 PARIS
CARTOREL	384 Rue des Chênes Verts - 79410 ECHIRE
CFR Ile Napoléon	RD 52 - 68490 OTTMARSHEIM
PAPETERIES DE CLAIREFONTAINE	19 Rue de l'Abbaye - 88480 ETIVAL CLAIREFONTAINE
CLAIREFONTAINE RHODIA	RD 52 - 68490 OTTMARSHEIM
CLAIRCELL	ZI – Rue de Chartres - 28160 BROU
COGIR	10 Rue Beauregard - 37110 CHATEAU-RENAULT
REGISTRES LE DAUPHIN	27 Rue George Sand - 38500 VOIRON
MADLY	6 Rue Henri Becquerel - 69740 GENAS
EVERBAL	2 Route d'Avaux - 02190 EVERGNICOURT
EXACOMPTA	138-140 Quai de Jemmapes - 75010 PARIS
FACIMPRIM	15 Rue des Ecluses Saint Martin - 75010 PARIS
LALO	138 Quai de Jemmapes - 75010 PARIS
LAVIGNE	139-175 Rue Jean Jacques Rousseau - 92130 ISSY-LES-MOULINEAUX
PAPETERIE DE MANDEURE	14 Rue de la Papeterie - 25350 MANDEURE
MANUCLASS	ZI d'Etriché - 49500 SEGRE-EN-ANJOU-BLEU
CLAIRCELL INGENIERIE	ZI – Rue de Chartres - 28160 BROU
EDITIONS QUO VADIS	14 Rue du Nouveau Bêle - 44470 CARQUEFOU
RAYNARD	6 Rue de la Peltière – 35130 LA GUERCHE DE BRETAGNE
RAINEX	Lieudit Saint-Mathieu – ZI - 78550 HOUDAN
ROLFAX	ZI Route de Montdidier - 60120 BRETEUIL
PAPETERIES SILL	Rue du Moulin - 62570 WIZERNES
PHOTOWEB	1 Rue des Platanes - 38120 SAINT-EGREVE
INVADERS CORP	144 Quai de Jemmapes -75010 PARIS
PAPETERIES DU COUTAL	ZI du Coutal - 24120 TERRASSON-LAVILLEDIEU
FIZZER	15 Rue Edouard Herriot - 14160 DIVES-SUR-MER
BRAUSE PRODUKTION (Germany)	51149 KÖLN
EXACLAI R GmbH (Germany)	51149 KÖLN
RODECO (Germany)	51149 KÖLN
MAKANE BOUSKOURA (Morocco)	Parc industriel de Bouskoura, lot n°4 - 20180 BOUSKOURA
CLAIR MAROC (Morocco)	Parc industriel de Bouskoura, lot n°4 - 20180 BOUSKOURA

PUBLIDAY MULTIDIA (Morocco)	Parc industriel de Bouskoura, lot n°4 - 20180 BOUSKOURA
ERNST STADELMANN (Austria)	Bahnhofstrasse 8 - 4070 EFERDING
EXACLAIR (Spain)	08110 MONTCADA I REIXAC
EXACLAIR (Belgium)	Boulevard Paepsem, 18D - 1070 ANDERLECHT
EXACLAIR Inc. (USA)	143 West 29th Street - NEW YORK
EXACLAIR Ltd (UK)	Oldmedow Road - KING'S LYNN, Norfolk PE30 4LW
QUO VADIS International Ltd (Canada)	1055 Rue Begin - Ville Saint Laurent - QUEBEC H4R 1V8
EXACLAIR Italia Srl (Italy)	Via Soperga 36 - 20127 MILANO
QUO VADIS Japon Co Ltd (Japan)	Sangenjaya Combox 4F 1-32-3 Kamjuma Setagaya-Ku, TOKYO
QUO VADIS Editions Inc (USA)	120 Elmview Avenue - HAMBURG, NY 14075-3770
SCHUT PAPIER (Netherlands)	Kabeljauw 2, 6866 HEELSUM
BIELLA SCHWEIZ (Switzerland)	Erlenstrasse 44, 2555 BRÜGG
FALKEN (Germany)	Am Bahnhof 5, 03185 PEITZ
DELMET PROD (Romania)	Industriei 3, 070000 BUFTEA
AE4 2012 HOLDING (Sweden)	Hamilton Advokatbyrå, Box 715, 101 33 STOCKHOLM
EUROWRAP A/S (Denmark)	Odinsvej 30, 4100 RINGSTED – (DK)
EURO WRAP Ltd (UK)	Unit 2 Pikelaw Place, West Pimbo Industrial State, SKELMERSDALE WN8 9PP

Exacompta Clairefontaine S.A.

Certification of the half-year financial report

I hereby certify that, to the best of my knowledge, the summary consolidated financial statements for the half year ended have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and earnings of the company and all the companies included in the consolidation. I also certify that this Half-year Activity Report presents a true and fair view of the main events occurring during the first six months of the year, their impact on the financial statements and the main related party transactions and that it includes a description of the main risks and uncertainties affecting the remaining six months of the year.

Jean Marie Nusse
Executive Vice President

Exacompta Clairefontaine S.A.

Statutory auditors' report
on the half-year financial report

ADVOLIS BATT AUDIT

Statutory Auditor
Member of the Paris Institute of Statutory Auditors
38 Avenue de l'Opéra
75002 PARIS

BATT AUDIT

Statutory Auditor
Member of the Nancy Institute of Statutory Auditors
58 Boulevard d'Austrasie
54000 NANCY

Statutory auditors' report on the half-year
financial report

Period from 1 January 2021 to 30 June 2021

EXACOMPTA CLAIREFONTAINE

A French limited company (*société anonyme*)

88480 ETIVAL CLAIREFONTAINE

**STATUTORY AUDITORS' REPORT
ON THE FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)
88480 ETIVAL CLAIREFONTAINE

To the Shareholders,

In accordance with our engagement by your Shareholders' General Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the attached summary consolidated financial statements of **EXACOMPTA CLAIREFONTAINE** for the period from 1 January to 30 June 2021; and
- verified the information contained in the half-year activity report.

The global health crisis related to the COVID-19 pandemic has created specific conditions for the preparation and limited review of the summary consolidated half-year financial statements. This crisis and the extraordinary measures taken in the context of the health emergency has numerous consequences for companies, particularly with regard to their activity and financing, and has generated significant uncertainty regarding their future prospects. A number of these measures, such as restrictions on travel and remote work, have also had an impact on companies' internal organisation and on the arrangements for carrying out our work.

The summary consolidated half-year financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility, based on our limited review, to express an opinion on those statements.

Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review mainly involves the conducting of interviews with the senior executives responsible for accounting and financial matters and the implementation of analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, a limited review provides only a moderate degree of assurance, less than that provided by an audit, that the financial statements, taken as a whole, are free from material misstatements.

On the basis of our limited review, we did not identify any material misstatements that cause us to question the compliance of the summary consolidated half-year financial statements with IFRS standard IAS 34 - Interim financial reporting, as adopted by the European Union.

Specific verifications

We have also verified the information provided in the half-year activity report commenting on the summary consolidated half-year financial statements on which we performed our limited review.

We have no comments to make about the accuracy of said activity report or its consistency with the summary consolidated half-year financial statements.

Executed in Paris and Nancy, 17 September 2021

The Statutory Auditors,

ADVOLIS

BATT AUDIT

Patrick Iweins Hugues de Noray

Pascal François