Half year financial report As of June 30, 2021

Rexel

a world of energy

Société Anonyme (corporation)
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Financial information for the year ended June 30, 2021

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This document is a free translation from French to English of Rexel’s original financial information for the year ended June 30, 2021 and is provided solely for the convenience of English speaking readers. In the event of any ambiguity or discrepancy between this unofficial translation and the original financial information for the year ended June 30, 2021, the French version will prevail.

I. Activity report

(unaudited)

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1. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (herein after referred to as “the Group” or ”Rexel”).

The activity report is presented in euros and all numbers are rounded to the nearest tenth of a million, except where otherwise stated. Totals and sub-totals presented in the activity report are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to rounding.

1.1 FINANCIAL POSITION OF THE GROUP

1.1.1 Group Overview

The Group is a worldwide leader in the professional distribution of low and ultra-low voltage electrical products, based on sales and number of branches. The Group principally operates in three geographic areas: Europe, North America and Asia - Pacific. This geographic segmentation is based on the Group’s financial reporting structure.

In the first half of 2021, the Group recorded consolidated sales of €7,057.8 million, of which €4,122.9 million were generated in Europe (58% of sales), €2,296.2 million in North America (33% of sales) and €638.7 million in Asia - Pacific (9% of sales).

The Group’s activities in Europe (58% of Group sales) are in France (which accounts for 39% of Group sales in this region), the United Kingdom, Germany, Sweden, Switzerland, Belgium, Austria, the Netherlands, Norway, Finland, Spain, Ireland, Italy, Slovenia, Portugal, Russia and Luxembourg.

The Group’s activities in North America (33% of Group sales) are in the United States and Canada. The United States account for 75% of Group sales in this region, and Canada for 25%.

The Group’s activities in Asia - Pacific (9% of Group sales) are in China (which accounts for 43% of Group sales in this region), Australia (42% of Group sales in this region), New Zealand, India and Middle East.

This activity report analyses the Group’s sales, gross profit, distribution and administrative expenses, and operating income before amortization of intangible assets recognized on purchase price allocations and other income and other expenses (EBITA) separately for each of the three geographic segments, as well as for the segment "Other operations".

1.1.2 Significant events

In the first half of 2021, the Group experienced a strong recovery of its business, with an acceleration in the second quarter and overachieved pre-Covid crisis sales and operating performance.

Following a better-than-expected start of the year and capitalizing on robust growth drivers and the growing benefits of its digital transformation, Rexel issued a trading update on June 29, 2021, raising its guidance for the full-year 2021.

In the first half of 2021, Rexel placed its first sustainability-linked notes for a nominal amount of €400 million. The notes mature on June 2028 and bear interest at 2.125% annually. The interest rate shall be increased by 25 basis points per annum from June 15, 2024, if the sustainability performance targets are not achieved. Proceeds of the issuance of the Notes, together with available cash, were used to redeem its 2.125% €500 million senior notes due 2025.

1.1.3 Seasonality

Despite the low impact of seasonality on sales, changes in the Group’s working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group’s EBITA and cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

1.1.4 Impact of changes in copper price

The Group is indirectly exposed to fluctuations in copper price in connection with its distribution of cable products. Cables represent approximately 15% of the Group's sales and copper accounts for approximately 60% of the composition of cables. This exposure is indirect since cable prices also reflect suppliers' commercial policies and the competitive environment of markets in which the Group operates. Changes in copper price have an estimated "recurring" and "non-recurring" effect on the Group's performance, assessed as part of the monthly internal reporting process of the Rexel Group:

- The recurring effect related to the change in copper-based cable prices corresponds to the change in the value of the copper included in the sales price of cables from one period to another. This effect mainly relates to sales.
- The non-recurring effect related to the change in copper-based cable prices corresponds to the effect of copper price variations on the sales price of cables between the time they are purchased and the time they are sold, until such inventory has been rebuilt (direct effect on gross profit). In practice, the non-recurring effect on gross profit is determined by comparing the historical purchase price for copper-based cable and the supplier price effective at the date of the sale of the cables by the Rexel Group. Additionally, the non-recurring effect on EBITA corresponds to the non-recurring effect on gross profit, which may be offset, where appropriate, by the non-recurring portion of changes in distribution and administrative expenses (principally the variable portion of compensation of sales personnel, which accounts for approximately 10% of the change in gross profit).

The impact of these two effects is assessed for as much of the Group's total cable sales as possible over each period, and in any case covering at least a majority of sales. Group procedures require entities that do not have information systems capable of such comprehensive calculation to estimate these effects based on a sample representing at least 70% of sales during the period. The results are then extrapolated to all cables sold during the period for that entity. On the basis of the sales covered, the Rexel Group considers such estimates of the impact of the two effects to be reasonable.

1.1.5 Comparability of the Group's operating results and adjusted EBITA

The Group undertakes acquisitions and disposals that may alter its scope of consolidation from one period to another. Currency exchange rates may also fluctuate significantly. In addition, the number of working days in each period also has an impact on the Group's consolidated sales. Lastly, the Group is exposed to fluctuations in copper price. For these reasons, a comparison of the Group's reported operating results over different periods may not provide a meaningful comparison of its underlying business performance. Therefore, in the analysis of the Group's consolidated results presented below, financial information is also restated to give effect to the following adjustments.

Excluding the effects of acquisitions and disposals

The Group adjusts its results to exclude the effects of acquisitions and disposals. Generally, the Group includes the results of an acquired company in its consolidated financial statements at the date of the acquisition and ceases to include the results of a divested company at the date of its disposal. To neutralize the effects of acquisitions and disposals on the analysis of its operations, the Group compares the results of the current year against the results of the preceding financial year, as if the preceding financial year had the same scope of consolidation for the same periods as the current year.

Acquisition and divestments for the period ended June 30, 2020

The Spanish export business was disposed of on February 19, 2020 and Gexpro Services business (distribution of c.parts products to OEM industries) divestment in the USA was finalized on February 28, 2020. For comparison purpose, the results of operation for the period ended June 30, 2020 have been restated to exclude the Spanish export business and Gexpro Services contributions.

Acquisition and divestments for the period ended June 30, 2021

On February 1, 2021, Rexel acquired Wesco Utility in Canada, a business focusing on utility hydro end-users and utility contractors with annual sales of circa €40 million. Then, this entity was consolidated as from the acquisition date and 2020 comparable figures have been restated to include the contribution of this newly acquired entity.

On March 1, 2021 Rexel completed the disposal of an electrical equipment distributor to DIY customers in France (2020 sales of €32.5 million). 2020 results have been restated to reflect the new structure as if the disposal had occurred in the first half of 2020.

Excluding the effects of exchange rate fluctuations

Fluctuations in currency rates against the euro affect the value of the Group's sales, expenses and other balance sheet items as well as the income statement. By contrast, the Group has relatively low exposure to currency transaction risk, as cross-border transactions are limited. To neutralize the currency translation effect on the comparability of its results, the Group restates its comparative period results at the current year's exchange rates.

Excluding the non-recurring effect related to changes in copper price

To analyze the financial performance on a constant adjusted basis, the estimated non-recurring effect related to changes in copper-based cable prices, as described in paragraph 1.1.4 Impact of changes in copper price above, is excluded from the information presented for both the current and the previous periods. Such information is referred to as "adjusted" throughout this activity report.

Excluding the effects of different numbers of working days in each period on sales

The Group's sales in a given period compared with another period are affected by the number of working days, which changes from one period to another. In the analysis of its consolidated sales, the Group neutralizes this effect by proportionally adjusting the comparative sales number of the comparative period to match with the current period's number of working days. No attempt is made to adjust any line items other than sales for this effect, as it is not considered relevant.

Accordingly, in the following discussion of the Group's consolidated results, some or all of the following information is provided for comparison purposes:

- On a constant and actual number of working days basis, which means excluding the effect of acquisitions and disposals and the effect of fluctuations in exchange rates. Such information is used for comparison of sales.
- On a constant and same-day basis, which means on a constant basis (as described above) and restated for the effect of different numbers of working days in each period. Such information is used only for comparisons related to sales; and
- On a constant basis, adjusted, which means on a constant basis (as described above) and adjusted for the estimated non-recurring effect related to changes in copper-based cable prices. Such information is used for comparisons of gross profit, distribution and administrative expenses, and EBITA. This information is not generated directly by the Group's accounting systems but is an estimate of comparable data in accordance with the principles explained above.

The Group uses the "EBITA" and "Adjusted EBITA" measures to monitor its performance. Neither EBITA nor Adjusted EBITA is an accepted accounting measure under IFRS. The table below reconciles reported operating income before other income and other expenses to Adjusted EBITA on a constant basis.

	PERIOD ENDED JUNE 30	
(in millions of euros)	2021	2020
Operating income before other income and other expenses	**439.3**	**185.7**
Changes in scope of consolidation	—	0.7
Foreign exchange effects	—	(3.8)
Non-recurring effect related to copper	(44.3)	6.9
Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions	3.1	6.6
Adjusted EBITA on a constant basis	**398.2**	**196.2**

1.2 COMPARISON OF FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2021 AND AS OF JUNE 30, 2020

1.2.1 Rexel Group's consolidated financial results

The following table sets out Rexel's consolidated income statement for period ended June 30, 2021 and period ended June 30, 2020, in millions of euros and as a percentage of sales.

In addition, the table below sets out the net effect of acquisitions and disposals and the effect of exchange rate fluctuation on prior year comparative figures. This table also presents comparable data adjusted for copper price fluctuation according to paragraph 1.1.4.

	PERIOD ENDED JUNE 30, 2021		PERIOD ENDED JUNE 30, 2020		Δ %	
	Reported	**Adjusted**	**Reported**	**On a constant basis, adjusted**	**Reported**	**On a constant basis, adjusted**
Sales	**7,057.8**	**7,057.8**	**6,045.6**	**5,911.3**	**16.7 %**	**19.4 %**
Same-day basis						*19.9 %*
Gross profit	1,850.7	1,805.6	1,479.6	1,453.6	25.1 %	24.2 %
as a % of sales	*26.2 %*	*25.6 %*	*24.5 %*	*24.6 %*		
Operating expenses	(1,262.5)	(1,261.6)	(1,145.8)	(1,118.0)	10.2 %	12.8 %
Depreciation	(145.8)	(145.8)	(141.5)	(139.4)	3.1 %	4.6 %
Distribution and administrative expenses before amortization of intangible assets	(1,408.3)	(1,407.4)	(1,287.3)	(1,257.5)	9.4 %	11.9 %
as a % of sales	*(20.0)%*	*(19.9)%*	*(21.3)%*	*(21.3)%*		
EBITA	**442.4**	**398.2**	**192.3**	**196.2**	**130.0 %**	**103.0 %**
as a % of sales	***6.3 %***	***5.6 %***	***3.2 %***	***3.3 %***		
Amortization of intangible assets (1)	(3.1)	—	(6.6)	—	(52.9)%	—
Operating income before other income and expenses	**439.3**	**—**	**185.7**	**—**	**136.6 %**	**—**
Other income and expenses	(4.2)	—	(482.5)	—	(99.1)%	—
Operating income/(loss)	**435.1**	**—**	**(296.8)**	**—**	**n.a.**	**—**
Net financial expenses	(59.8)	—	(63.1)	—	(5.4)%	—
Share of profit / (loss) of associates	(0.1)	(0.1)	—	—	(100.0)%	—
Pre tax income/(loss)	**375.3**	**—**	**(360.0)**	**—**	**n.a.**	
Income taxes	(104.7)	—	(79.9)	—	31.1 %	—
Net income/(loss)	**270.6**	**—**	**(439.8)**	**—**	**n.a.**	**—**
Effective tax rate	*27.9 %*	—	*n.a*	—	—	—

(1) Amortization of the intangible assets recognized as part of the allocation of the purchase price of acquisitions

Sales

In the first half of 2021, Rexel's consolidated sales amounted to €7,057.8 million, as compared to €6,045.6 million in the first half of 2020.

On a reported basis, sales were up 16.7% year-on-year, including a negative foreign exchange currency impact of 1.9% and a negative net effect from divestments of 0.3%:

- The negative impact of currency amounted to €114.2 million, mainly due to the depreciation of the US dollar against the euro.
- The negative net effect from the change in structure amounted to €20.2 million, resulting from the divestment of Gexpro Services and the electrical equipment distributor to DIY customers in France completed, partly compensated by Wesco Canada Utility acquisition.

On a constant and actual number of working days basis, sales increased by 19.4%.

On a constant and same-day basis, sales increased by 19.9%, including a positive impact of 4.6 percentage point due to change in copper-based cable prices.

By market, Rexel posted a robust growth in renovation business in the construction market, which was boosted by the "cocooning effect" and the trend towards working at home. In addition, Rexel also benefited from healthy underlying demand with increased electrical usage and greater complexity of installed solutions as well as an improvement in the industrial market in several countries.

The semester benefited from a favorable pricing environment on cable and non cable products.

In such a favorable environment, Rexel gained market share in key regions, notably thanks to the Group's capacity to ensure business continuity for its customers in the face of a rise in product scarcity in the semester. This “scarcity issue” is an opportunity for Rexel, thanks to its ability to offer customers alternative brands.

By geography, Europe increased by 23.4%, North America increased by 14.8% and Asia - Pacific increased by 17.4%.

Rexel saw accelerating trends in the second quarter of 2021 in all key countries including in North America, as compared to the first quarter of 2021.

The group overachieved pre Covid-19 crisis sales, up 7.6% as compared to the first half of 2019 on a constant and same-day basis.

More specifically, the semester benefited from further growth in digitalization in all 3 geographies, with digital sales now representing 22.6% of Group sales. This came despite a challenging base effect, as digital sales surged during the pandemic.

The table below summarizes the impact on sales evolution of the number of working days, changes in scope and in currency effects:

	Q1	Q2	PERIOD ENDED JUNE 30, 2021
Growth on a constant and same-days basis	8.6 %	32.3 %	19.9 %
Number of working days effect	(2.1)%	1.6 %	(0.5)%
Growth on a constant and actual-day basis	***6.5 %***	***33.9 %***	***19.4 %***
Changes in scope effect	(0.7)%	0.1 %	(0.3)%
Foreign exchange effect	(2.3)%	(1.4)%	(1.9)%
Total scope and currency effect	***(3.0)%***	***(1.3)%***	***(2.2)%***
Growth on a reported basis (1)	**3.3 %**	**32.1 %**	**16.7 %**

(1) Growth on a constant basis and actual number of working days compounded by the scope and currency effects

Gross profit

In the first half of 2021, gross profit amounted to €1,850.7 million, up 25.1%, on a reported basis, as compared to €1,479.6 million in the first half of 2020.

On a constant basis, adjusted gross profit increased by 24.2% and adjusted gross margin increased by 99 basis points to 25.6%, benefiting from a balance of temporary tailwinds and headwinds:

– On the one hand, activity benefited from an exceptionally good revenue growth coupled with favorable pricing, as well as a positive mix from better trends in proximity, a one-off effect reflecting recent price inflation passed on to customers on non-cable products and a favorable supplier rebate scheme (volume related).

– On the other hand, activity was impacted by scarcity of components and products as well as subdued project activity. Profitability was impacted by a temporary lag in passing on price increases to customers in some countries mainly in cable products and by unfavorable customer rebate scheme (volume related).

Distribution & administrative expenses before amortization of intangible assets

In the first half of 2021, distribution and administrative expenses before amortization of intangible assets amounted to €1,408.3 million, up 9.4% on a reported basis, as compared to €1,287.3 million in the first half of 2020.

On a constant basis, adjusted distribution and administrative expenses increased by 11.9%, representing 19.9% of sales in the first half of 2021, down 133 basis points year on year, as compared to 21.3% of sales in the first half of 2020, and down 41 basis points as compared to 20.3% of sales in the first half of 2019. This improvement was the result of a low point in travel and expenses, partially compensated by all-time high bonuses and commissions as well as a high level of bad debt provisions.

EBITA

In the first half of 2021, as a result, EBITA stood at €442.4 million, up 130.0%, on a reported basis, as compared to €192.3 million in the first half of 2020, including a negative foreign exchange currency impact of €3.8 million and a positive net effect from the change in structure of €0.7 million.

On a constant basis, adjusted EBITA increased by 103.0% to €398.2 million and adjusted EBITA margin stood at 5.6% of sales, up 232 basis points year on year.

Other income and expenses

In the first half of 2021, other income and expenses represented a net expense of €4.2 million, consisting mainly of €3.5 million incurred in connection with restructuring plans.

In the first half of 2020, other income and expenses represented a net expense of €482.5 million, consisting mainly of :

- €486.0 million goodwill impairment due to economic environment downturn as a result of covid-19 health crisis, partially offset by
- €6.0 million gains on disposals of Gexpro Services business in the USA and the Spanish export business.

Net Financial expenses

In the first half of 2021, net financial expenses decreased to €59.8 million from €63.1 million in the first half of 2020. In the first half of 2021, net financial expenses included a €5.1 million one-off loss related to the early repayment of the 2.125% €500 million senior notes due 2025 partially refinanced through the issuance of the 2.125% sustainability-linked notes due 2028.

Excluding this impact, net financial expenses were down by €8.4 million in the first half of 2021 as compared to the same period in 2020. This decrease mainly reflects lower average net debt stemming from the repayment of the 2.625% €300 million senior notes that occurred end of 2020.

Gross financial debt effective interest rate remained almost stable at 2.47% in the first half of 2021 (2.43% in the first half of 2020).

Share of profit/(loss) of associates

In the first half of 2021, the share of loss of associates amounted for €0.1 million as a result of 25% equity investment in a French company specializing in electrical design solutions for commercial buildings.

Tax expense

In the first half of 2021 income tax expense increased to €104.7 million from €79.9 million in the first half of 2020. Effective income tax rate was 27.9% in the first half of 2021 versus 36.5% in the first half of 2020 (excluding one-off impact on goodwill impairment and deferred tax asset depreciation).

In the first half of 2020, income tax expense included €38.5 million deferred tax asset write-downs in the UK and Germany due to uncertainty around their recoverability in a covid-19 crisis perspective.

Excluding this non-recurring item, tax expense increased by €63.3 million mainly due to the strong improvement in pre-tax income before non tax-deductible goodwill impairment loss from €126.0 million in the first half of 2020 to €375.3 million in the first half of 2021.

Net income/(loss)

As a result of the above items, net income stood at €270.6 million in the first half of 2021, as compared to a net loss of €439.8 million in the first half of 2020.

1.2.2 Europe (58% of Group sales)

	PERIOD ENDED JUNE 30, 2021		PERIOD ENDED JUNE 30, 2020		Δ %	
	Reported	**Adjusted**	**Reported**	**On a constant basis, adjusted**	**Reported**	**On a constant basis, adjusted**
Sales	**4,122.9**	**4,122.9**	**3,331.3**	**3,336.6**	**23.8 %**	**23.6 %**
Same-day basis						*23.4 %*
Gross profit	1,151.5	1,125.4	886.4	894.8	29.9 %	25.8 %
as a % of sales	*27.9 %*	*27.3 %*	*26.6 %*	*26.8 %*		
Operating expenses	(760.9)	(760.0)	(679.9)	(680.3)	11.9 %	11.7 %
Depreciation	(83.5)	(83.5)	(78.8)	(78.9)	6.1 %	5.9 %
Distribution and administrative expenses before amortization of intangible assets	(844.4)	(843.5)	(758.6)	(759.2)	11.3 %	11.1 %
as a % of sales	*(20.5)%*	*(20.5)%*	*(22.8)%*	*(22.8)%*		
EBITA	**307.1**	**281.8**	**127.8**	**135.6**	**140.2 %**	**107.8 %**
as a % of sales	*7.4 %*	*6.8 %*	*3.8 %*	*4.1 %*		

Sales

In the first half of 2021, sales in Europe amounted to €4,122.9 million, up 23.8% on a reported basis, as compared to €3,331.3 million in the first half of 2020.

Exchange rate variations accounted for an increase of €14.8 million, mainly due to the appreciation of the Swedish krona and Norvegian krone against euro partly offset by the depreciation on the Swiss franc against the euro.

The negative net effect of change in structure of €9.5 million was associated to the divestment of an electrical equipment distributor to DIY customers in France.

On a constant and actual number of working days basis, sales increased by 23.6%, impacted by a favorable calendar impact of 0.2 percentage point.

On a constant and same-day basis, sales increased by 23.4% as compared to the first half of 2020, including the positive impact of 3.6 percentage point due to the higher copper-based cable prices.

Compared to the first half of 2019, sales were up 12.3% on a constant and same-day basis mainly driven by strong volume increase and inflation.

In **France**, sales amounted to €1,608.6 million in the first half of 2021, an increase of 36.3% as compared to the first half of 2020 on a constant and same-day basis, with an acceleration in the second quarter of 2021. All end-markets showed double-digit growth compared to the same period last year, especially proximity business. Rexel outperformed its market thanks to products availability and high level of customer service from digital.

In **Scandinavia** sales amounted to €534.9 million in the first half of 2021, an increase of 5.7% from the first half of 2020 on a constant and same-day basis, with a positive performance in Sweden (up 6.1%) driven by renovation in residential, large commercial key accounts and industrial recovery. In Norway, sales were up +8.1% on a constant and same-day basis mainly fueled by Utility business in anticipation of expected price increases as well as good momentum in C&I segment. Finland sales were up 1.9% on a constant and same-day basis with positive trends notably on C&I small customers as well as on industry.

In **the Netherlands**, sales amounted to €190.1 million in the first half of 2021, an increase by 12.3% from the first half of 2020 on a constant and same-day basis, largely driven by residential and industrial businesses, despite challenging comparable base due to the absence of mandatory lockdown in 2020. In **Belgium**, sales amounted to €252.1 million in the first half of 2021, up 20.9% on a constant and same-day basis, benefiting from cable products and electric vehicle products and offsetting lower sales of photovoltaic products (end of 2020 Flemish governmental subsidies).

In **Germany**, sales stood at €399.2 million in the first half of 2021, a 20.5% increase compared to the first half of 2020 on a constant and same-day basis, reflecting the strong demand in proximity business and acceleration in industry (in particular in the automotive and metal industries).

In the **United-Kingdom**, sales amounted to €361.5 million in the first half of 2021, an increase of 21.7% from the first half of 2020 on a constant and same-day basis, reflecting on-going recovery with acceleration in the second quarter of 2021 after the extended lockdown in place in the first quarter of 2021. Residential and proximity business were well oriented (Denmans up 39.0% in the first half of 2021), while industrial and commercial markets remained below 2019 level. On top of that, sales improvement was also driven by a large contract with the Justice Ministry contributing by +3.5% to the total growth.

In **Switzerland** and **Austria**, sales amounted respectively to €261.9 million and €234.4 million in the first half of 2021. Sales in Switzerland increased by 10.9% from the first half of 2020, on a constant and same-day basis reflecting a recovery in the industrial market despite no base effect from last year. Sales in Austria increased by 34.9% from the first half of 2020, on a constant and same-day basis. Such a recovery after the Covid pandemic is explained by market share gains in the well oriented proximity business.

Gross profit

In the first half of 2021, Europe recorded a gross profit of €1,151.5 million, up 29.9%, on a reported basis, as compared to €886.4 million in the first half of 2020.

On a constant basis, adjusted gross profit increased by 25.8% and adjusted gross margin increased by 48 basis points to 27.3% of sales mainly thanks to a catch-up in supplier rebates and a positive country mix.

Distribution & administrative expenses before amortization of intangible assets

In the first half of 2021, distribution and administrative expenses amounted to €844.4 million, up 11.3%, on a reported basis, as compared to €758.6 million in the first half of 2020.

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 11.1% in the first half of 2021, representing 20.5% of sales, a 229 basis points improvement as compared to the first half of 2020, and were even better than their pre-crisis level (21.4% of sales in the first half of 2019), notably thanks to strong volume recovery offsetting provisioning of higher variable pay in 2021.

EBITA

In the first half of 2021, as a result, on a reported basis, EBITA amounted to €307.1 million, up 140.2% as compared to €127.8 million in 2020.

On a constant basis, adjusted EBITA increased by 107.8% in the first semester 2021 as compared to the first semester 2020 and adjusted EBITA margin increased by 277 basis points to 6.8% of sales.

1.2.3 North America (33% of Group sales)

	PERIOD ENDED JUNE 30, 2021		PERIOD ENDED JUNE 30, 2020		Δ %	
	Reported	Adjusted	Reported	On a constant basis, adjusted	Reported	On a constant basis, adjusted
Sales	**2,296.2**	**2,296.2**	**2,182.8**	**2,027.9**	5.2 %	13.2 %
Same-day basis						*14.8 %*
Gross profit	588.7	569.6	500.0	461.8	17.7 %	23.4 %
as a % of sales	*25.6 %*	*24.8 %*	*22.9 %*	*22.8 %*		
Operating expenses	(391.1)	(391.1)	(389.2)	(358.1)	0.5 %	9.2 %
Depreciation	(39.0)	(39.0)	(41.2)	(38.4)	(5.2)%	1.7 %
Distribution and administrative expenses before amortization of intangible assets	(430.2)	(430.2)	(430.4)	(396.5)	— %	8.5 %
as a % of sales	*(18.7)%*	*(18.7)%*	*(19.7)%*	*(19.6)%*		
EBITA	**158.5**	**139.5**	**69.6**	**65.3**	**127.8 %**	**113.6 %**
as a % of sales	*6.9 %*	*6.1 %*	*3.2 %*	*3.2 %*		

Sales

In the first half of 2021, sales in North America amounted to €2,296.2 million, up 5.2%, on a reported basis, as compared to €2,182.8 million in the first half of 2020.

Exchange rate variations accounted for a decrease of €144.3 million, mainly due to the depreciation of the US dollar against the euro.

The negative net effect of change in structure of €10.7 million was associated to the divestment of Gexpro Services partly compensated by the acquisition of Wesco Canada Utility.

On a constant and same-day basis, sales increased by 14.8% as compared to the first half of 2020, including the positive impact of 7.4 percentage point due to higher copper-based cable prices.

In the first half of 2021, sales almost returned to their pre crisis level (down 1.1% as compared to the first half of 2019), notably helped by robust demand in proximity and favorable price increases while volumes were still lagging.

In **the United States**, sales stood at €1,717.4 million in the first half of 2021, a 13.3% increase from the first half of 2020 on a constant and same-day basis. After a first quarter flat as compared to the first quarter of 2020, the second quarter was sequentially improving with a sales increase of 28.1%, back to 2019 level, helped by a favorable pricing contribution on the vast majority of products, further positive momentum in proximity business and lower sales decline in the project business.

In **Canada**, sales amounted to €578.8 million in the first half of 2021, a 19.6% increase from the first half of 2020 on a constant and same-day basis, mainly driven by positive pricing on cable and non-cable products as well as good momentum of commercial and residential markets, offsetting lower demand in industry especially in the western part of the country.

Gross profit

In the first half of 2021, in North America, gross profit amounted to €588.7 million, up 17.7%, on a reported basis, as compared to €500.0 million in the first half of 2020.

On a constant basis, adjusted gross profit increased by 23.4% and adjusted gross margin increased by 204 basis points to 24.8% of sales mainly driven by higher weight of proximity business compared to projects, pricing initiatives and a one-off effect reflecting recent price inflation on non-cable products.

Distribution & administrative expenses before amortization of intangible assets

In the first half of 2021, distribution and administrative expenses before amortization of intangible assets amounted to €430.2 million, flat on a reported basis, as compared to €430.4 million in the first half of 2020.

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 8.5%, representing 18.7% of sales in the first half of 2021, a 82 basis points improvement as compared to the 19.6% in the first half of 2020, and were even better than their pre-crisis level (19.0% of sales in the first half of 2019) thanks to structural measures largely offsetting full provisioning of higher variable pay in 2021.

EBITA

In the first half of 2021, as a result, EBITA amounted to €158.5 million, up 127.8%, on a reported basis, as compared to €69.6 million in the first half of 2020, including a negative foreign exchange currency impact of €4.4 million.

On a constant basis, adjusted EBITA increased by 113.6% from in the first half of 2020 and adjusted EBITA margin increased by 285 basis points to 6.1% of sales.

1.2.4 Asia - Pacific (9% of Group sales)

	PERIOD ENDED JUNE 30, 2021		PERIOD ENDED JUNE 30, 2020		∆ %	
	Reported	**Adjusted**	**Reported**	**On a constant basis, adjusted**	**Reported**	**On a constant basis, adjusted**
Sales	**638.7**	**638.7**	**531.5**	**546.8**	**20.2 %**	**16.8 %**
Same-day basis						*17.4 %*
Gross profit	110.6	110.6	93.2	97.0	18.7 %	13.9 %
as a % of sales	*17.3 %*	*17.3 %*	*17.5 %*	*17.7 %*		
Operating expenses	(91.3)	(91.3)	(76.0)	(78.9)	20.1 %	15.7 %
Depreciation	(13.8)	(13.8)	(12.7)	(13.4)	8.9 %	3.6 %
Distribution and administrative expenses before amortization of intangible assets	(105.2)	(105.2)	(88.7)	(92.3)	18.5 %	13.9 %
as a % of sales	*(16.5)%*	*(16.5)%*	*(16.7)%*	*(16.9)%*		
EBITA	**5.4**	**5.4**	**4.4**	**4.7**	**22.2 %**	**13.9 %**
as a % of sales	*0.8 %*	*0.8 %*	*0.8 %*	*0.9 %*		

Sales

In the first half of 2021, sales in Asia - Pacific amounted to 638.7 million, up 20.2%, on a reported basis, as compared to €531.5 million in the first half of 2020.

Exchange rate variations accounted for a increase of €15.3 million, mainly due to the appreciation of Australian dollar against the euro.

On a constant and same-day basis, sales increased by 17.4% as compared to the first half of 2020, including the positive impact of 0.7 percentage point due to the higher copper-based cable prices.

Compared to the first half of 2019, sales were up 12.6% on a constant and same-day basis.

In **Australia**, sales amounted to €265.2 million in the first half of 2021, up 7.2% on a constant and same-day basis as compared to the first half of 2020, a robust result in a country where vaccination rates remain low, limiting visibility. It was supported by small & medium contractors, especially in residential market, despite the loss of an industrial contract in mining. Price increases contributed to the positive growth.

In **China**, sales amounted to €271.5 million in the first half of 2021, a 22.8% increase as compared to the first half of 2020, on a constant and same-day basis, illustrating the positive momentum underway, notably driven by government spending in infrastructure and automation, while the impact of a large aerospace contract contributed negatively for 16.0 percentage points.

Gross profit

In the first half of 2021, in Asia-Pacific, gross profit amounted to €110.6 million, up 18.7%, on a reported basis, as compared to €93.2 million in the first half of 2020.

On a constant basis, adjusted gross profit increased by 13.9% and adjusted gross margin decreased by 43 basis-point to 17.3%, mainly impacted by a a negative country mix (strong growth in China) and banner mix in China.

Distribution & administrative expenses before amortization of intangible assets

In the first half of 2021, on a reported basis, distribution and administrative expenses before amortization of intangible assets amounted to €105.2 million, increased by 18.5% as compared to €88.7 million in the first half of 2020.

On a constant basis, adjusted distribution and administrative expenses before amortization of intangible assets increased by 13.9% as compared to 2020, representing 16.5% of sales in the first half of 2021, a 41 basis-point improvement as compared to the first half of 2020, and were in line with their pre-crisis level (16.6% of sales in the first half of 2019) despite a negative impact from bad debt increase in China.

EBITA

In the first half of 2021, as a result, EBITA amounted to €5.4 million, up 22.2%, on a reported basis, as compared to €4.4 million in the first half of 2020.

On a constant basis, adjusted EBITA increased by 13.9% from the first half of 2020 and adjusted EBITA margin decreased by 2 basis points to 0.8% of sales.

1.2.5 Other operations

	PERIOD ENDED JUNE 30, 2021	PERIOD ENDED JUNE 30, 2020	Δ %
	Reported	**Reported**	**Reported**
Sales	—	—	—
Operating expenses	(19.1)	(0.7)	2696.3 %
Depreciation	(9.4)	(8.8)	6.3 %
EBITA	**(28.5)**	**(9.5)**	**(200.3)%**

This segment mostly includes unallocated corporate-hosted expenses. In the first half of 2021, EBITA was negative by €28.5 million compared to €9.5 million in the first half of 2020, due to covid-related base effect, higher hosted corporate projects and impact from long-term incentives.

1.3 OUTLOOK

Leveraging on its continuous efforts, the group targets for 2021, at comparable scope of consolidation and exchange rates, assuming no severe deterioration of the sanitary environment (Delta variant):

- Same-day sales growth of between 12% and 15%
- An adjusted Ebita margin of circa 5.7%
- Free cash flow conversion above 60%

1.4 RISK FACTORS AND UNCERTAINTIES

Group activities are facing certain macroeconomic, business, operational, market and legal risk factors. The main risk factors to which the Group is exposed are described in the section “Risk factors” of the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers on March 11, 2021 under the number D.21-0111.

2. LIQUIDITY AND CAPITAL RESOURCES

2.1 CASH FLOW

The following table sets out Rexel's cash flow statement for the first half of 2021 and the first half of 2020 together with a reconciliation of free cash flow before and after interest and income tax paid.

(in millions of euros)	PERIOD ENDED JUNE 30, 2021	PERIOD ENDED JUNE 30, 2020	Change
Operating cash flow before interest and taxes	556.1	296.2	*260.0*
Financial interest on borrowings paid (1)	(28.5)	(35.3)	*6.8*
Income tax paid	(57.1)	(24.9)	*(32.2)*
Operating cash flow before change in working capital	**470.5**	**235.9**	***234.6***
Change in working capital requirements	(299.1)	17.8	*(316.9)*
Net cash flow from operating activities	**171.4**	**253.7**	***(82.3)***
Net cash flow from investing activities	**(121.0)**	**98.9**	***(219.9)***
o.w. Operating capital expenditures (2)	*(48.8)*	*(53.1)*	*4.2*
Net cash flow from financing activities (3)	**(274.7)**	**(316.1)**	***41.4***
Net cash flow	**(224.3)**	**36.5**	***(260.8)***
Operating cash flow	556.1	296.2	*260.0*
Repayment of lease liabilities	(91.8)	(84.0)	*(7.8)*
Change in working capital requirements	(299.1)	17.8	*(316.9)*
Operating capital expenditures	(48.8)	(53.1)	*4.2*
Free cash flow before interest and taxes	**116.3**	**176.8**	***(60.5)***
Financial interest on borrowings paid	(28.5)	(35.3)	*6.8*
Income tax paid	(57.1)	(24.9)	*(32.2)*
Total Free cash flow after interest and taxes	**30.7**	**116.6**	***(85.9)***

	AS OF JUNE 30	
	2021	**2020**
Working capital requirement as a % of sales [(4)] at:		
Constant basis	12.1 %	11.6 %
of which Trade Working capital	14.4 %	13.8 %
Net inventories (as a number of days)	57.1	62.4
Net receivables (as a number of days)	48.3	49.8
Net Payables (as a number of days)	58.1	66.0

(1) Excluding interest on lease liabilities

(2) Net of disposals

(3) Including lease liabilities repayment

(4) Working capital requirements, end of period, divided by last 12-month sales.

2.1.1 Cash flow from operating activities

Rexel's net cash flow from operating activities decreased to €171.4 million in the first half of 2021 from €253.7 million in the first half of 2020 despite a strong generation of operating cash flow partially offset by the increase in working capital requirement as a result of booming sales in the first half of 2021.

Operating cash flow

Operating cash flow before interest and tax increased from €296.2 million in the first half of 2020 to €556.1 million in the first half of 2021 driven by a strong increase in EBITA from €192.3 million in the first half of 2020 to €442.4 million in the first half of 2021.

Interest and taxes

Net interest paid decreased from €35.3 million in the first half of 2020 to €28.5 million in the first half of 2021 reflecting a reduction of the average indebtedness in the first half of 2021 as compared to the first half of 2020 driven by the early repayment end of 2020 of the 2.625% €300 million senior notes due 2024.

Income tax paid increased by €32.2 million from €24.9 million in the first half of 2020 to €57.1 million in the first half of 2021, mainly reflecting the rise in taxable income between the two periods.

Change in working capital requirements

Change in working capital requirements accounted for an outflow of €299.1 million in the first half of 2021 as compared to a €17.8 million inflow in the first half of 2020. In the first half of 2021, net inventories and net trade receivables contributed respectively for outflows of €250.6 million and €417.9 million to change in working capital requirements (respectively €152.8 million and €117.9 million inflows in the first half of 2020) mainly driven by a strong sales increase whereas net trade payables contributed for a €340.9 million inflow as compared to a €315.0 million outflow as of June 30, 2020.

Working capital requirements as of June 30, 2021

As a percentage of sales over the last 12 months, on a constant basis, working capital requirements amounted for 12.1% of sales as of June 30, 2021, as compared to 11.6% as of June 30, 2020. This 54 basis-points increase mechanically reflects the strong acceleration of sales in the second quarter of 2021. As of June 30, 2021, sales outstanding decreased by 1.5 days compared to June 30, 2020 and inventories in stock decreased by 5.3 days as a result of active management of working capital.

2.1.2 Cash flow from investing activities

Cash flow from investing activities consisting of acquisitions and disposals of fixed assets, as well as financial investments, amounted to a €121.0 million outflow in the first half of 2021, as compared to €98.9 million inflow in the first half of 2020.

	PERIOD ENDED JUNE 30	
(in millions of euros)	**2021**	**2020**
Acquisitions of operating fixed assets	*(45.5)*	*(53.4)*
Proceed from disposal of operating fixed assets	*3.9*	*1.7*
Net change in debts and receivables on fixed assets	*(7.3)*	*(1.3)*
Net cash flow from capital expenditures	**(48.8)**	**(53.1)**
Acquisition of subsidiaries, net of cash acquired	*(56.8)*	*(3.2)*
Proceeds from disposal of subsidiaries, net of cash disposed of	*(11.2)*	*152.7*
Net cash flow from financial investments	**(68.0)**	**149.6**
Net change in long-term investments	**(4.2)**	**2.4**
Net cash flow from investing activities	**(121.0)**	**98.9**

Acquisitions and disposals of operating fixed assets

Acquisitions of operating fixed assets, net of disposals, accounted for an outflow of €48.8 million in the first half of 2021, as compared to €53.1 million in the first half of 2020.

In the first half of 2021, gross capital expenditures stood at €45.5 million (€53.4 million in the first half of 2020). IT and Digital projects represented 61% of the total gross capex in the first half of 2021, flat compared to the first half of 2020. Disposals of fixed assets were €3.9 million (€1.7 million in the first half of 2020) mainly driven by real estate properties disposals.

Acquisitions and disposals of subsidiaries

In the first half of 2021 net cash flow from financial investments accounted for an outflow of €68.0 million, in connection with:

- The acquisition of Wesco Canada Utility for a total consideration of €40.5 million;
- Smaller acquisitions for an overall consideration of €15.3 million :
– 100% controlling interest in Freshmile Services, an electrical vehicle charging station operator offering both services and supervision software throughout Europe;
– a 25% ownership interest in Trace Software International, a company specialized in the development of software solutions and services dedicated to the industrial engineering in Europe and the USA. This investment is accounted for under the equity method.

In the first half of 2020 net cash flow from financial investments accounted for an inflow of €149.6 million in connection with the net proceeds from the disposal of Gexpro Services business in the USA.

2.1.3 Cash flow from financing activities

In the first half of 2021, net cash flow from financing activities represented a net cash outflow of €274.7 million, mainly resulting from the:

- €139.6 million dividends payment
- €91.8 million lease liabilities repayment and;

Partly offset by:

- €58.3 million increase in Commercial paper and credit facilities.

In the first half of 2020, net cash flow from financing activities represented a net cash outflow of €316.1 million, mainly resulting from the:

- €267.0 million decrease in assigned receivables associated with securitization programs;
- €84.0 million lease liabilities repayment.

Partly offset by:

- €39.9 million increase in Commercial paper and credit facilities.

As a reminder, the parent company of the Group did not pay any dividend in 2020.

2.2 SOURCES OF FINANCING

In addition to the cash from operations, the Group's main sources of financing are bond issuances, securitization programs and multilateral credit lines. As of June 30, 2021, Rexel's consolidated net debt amounted to €1,523.0 million, consisting of the following items :

	As of JUNE 30 2021			As of DECEMBER 31 2020		
(in millions of Euros)	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes	—	1,001.3	1,001.3	—	1,105.5	1,105.5
Securitization	0.3	844.2	844.6	0.4	818.0	818.4
Bank loans	34.3	0.5	34.8	8.1	0.3	8.5
Commercial paper	46.5	—	46.5	50.0	—	50.0
Bank overdrafts and other credit facilities	96.6	—	96.6	58.6	—	58.6
Accrued interests	4.2	—	4.2	3.6	—	3.6
Less transaction costs	(12.4)	0.1	(12.2)	(3.7)	(8.6)	(12.3)
Total financial debt and accrued interest	***169.5***	***1,846.2***	***2,015.7***	***117.0***	***1,915.2***	***2,032.2***
Cash and cash equivalents			(487.7)			(685.4)
Accrued interest receivable			(0.5)			(0.8)
Debt hedge derivatives			(4.6)			(11.1)
Net financial debt			**1,523.0**			**1,334.9**

As of June 30, 2021, the Group's liquidity amounted to €1,228.2 million (€1,459.5 million as of December 31, 2020).

In millions of Euros	**June 30, 2021**	**December 31, 2020**
Cash and cash equivalents	487.7	685.4
Bank overdrafts	(96.6)	(58.6)
Commercial paper	(46.5)	(50.0)
Undrawn Senior credit agreement	850.0	850.0
Bilateral facilities	33.7	32.6
Liquidity	**1,228.2**	**1,459.5**

Senior Credit Facility Agreement

Under the Senior Credit Facility Agreement, Rexel must maintain a leverage ratio below 3.50 times as of June 30 and December 31 of each year. The indebtedness ratio, as calculated under the terms of the senior credit agreement, stood at 1.79x as of June 30, 2021 (as compared to 2.59x as of June 30, 2020).

II. Condensed consolidated financial statements as of June 30, 2021

(unaudited[1])

1. The condensed consolidated interim financial statements as of June 30, 2021 have been subjected to a limited review by Rexel's statutory auditors. The statutory auditors' review report on 2021 half year information is presented after the condensed consolidated interim financial statements.

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Consolidated Statement of Profit or Loss (unaudited)

(in millions of euros)	Note	FOR THE PERIOD ENDED JUNE 30 2021	 2020
Sales	5	7,057.8	6,045.6
Cost of goods sold		(5,207.1)	(4,566.1)
Gross profit		**1,850.7**	**1,479.6**
Distribution and administrative expenses	6	(1,411.4)	(1,293.9)
Operating income before other income and expenses		**439.3**	**185.7**
Other income	7	6.3	6.9
Other expenses	7	(10.5)	(489.4)
Operating income		**435.1**	**(296.8)**
Financial income		1.4	2.1
Interest expense on borrowings		(26.0)	(34.3)
Non-recurring redemption costs		(5.1)	—
Other financial expenses		(30.0)	(30.9)
Net financial expenses	8	**(59.8)**	**(63.1)**
Share of profit / (loss) of associates		(0.1)	—
Net income before income tax		**375.3**	**(360.0)**
Income tax	9	(104.7)	(79.9)
Net income		**270.6**	**(439.8)**
Portion attributable:			
to the equity holders of the parent		*270.8*	*(439.7)*
to non-controlling interests		*(0.1)*	*(0.1)*
Earnings per share:			
Basic earnings per share (in euros)	11	*0.89*	*(1.46)*
Fully diluted earnings per share (in euros)	11	*0.89*	*(1.46)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Comprehensive Income (unaudited)

(in millions of euros)	Note	FOR THE PERIOD ENDED JUNE 30 2021	2020
Net income		**270.6**	**(439.8)**
Items to be reclassified to profit or loss in subsequent periods			
Net gain / (loss) on net investment hedges		—	(12.9)
Income tax		—	(1.1)
Sub-total		**—**	**(14.1)**
Foreign currency translation adjustment		74.8	(35.8)
Income tax		(6.2)	1.9
Sub-total		**68.6**	**(33.8)**
Net gain / (loss) on cash flow hedges		5.8	(11.2)
Income tax		(1.6)	3.6
Sub-total		**4.2**	**(7.6)**
Items not to be reclassified to profit or loss in subsequent periods			
Net gain/ (loss) on remeasurements of net defined benefit liability	14	66.9	(46.3)
Income tax		(6.5)	5.0
Sub-total		**60.3**	**(41.3)**
Other comprehensive income / (loss) for the period, net of tax		**133.1**	**(96.8)**
Total comprehensive income / (loss) for the period, net of tax		**403.8**	**(536.6)**

Portion attributable:		
to the equity holders of the parent	*404.0*	*(536.9)*
to non-controlling interests	*(0.3)*	*0.3*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Balance Sheet (unaudited)

(in millions of euros)	Note	AS OF JUNE 30 2021	AS OF DECEMBER 31 2020
ASSETS			
Goodwill		3,268.6	3,192.2
Intangible assets		1,025.8	997.5
Property, plant and equipment		246.2	253.3
Right-of-use assets		922.7	895.5
Long-term investments		41.7	41.3
Deferred tax assets		33.2	29.7
Total non-current assets		**5,538.3**	**5,409.5**
Inventories		1,797.2	1,511.1
Trade accounts receivable		2,356.7	1,899.7
Current tax assets		3.5	4.8
Other accounts receivable		482.1	448.9
Assets held for sale	12	1.1	3.7
Cash and cash equivalents	16	487.7	685.4
Total current assets		**5,128.3**	**4,553.7**
Total assets		**10,666.5**	**9,963.2**
EQUITY			
Share capital		1,527.6	1,522.1
Share premium		1,289.7	1,450.5
Reserves and retained earnings		1,251.6	822.5
Total equity attributable to equity holders of the parent		**4,068.9**	**3,795.1**
Non-controlling interests		(0.7)	(0.4)
Total equity		**4,068.2**	**3,794.8**
LIABILITIES			
Interest bearing debt (non-current part)	16	1,846.2	1,915.2
Lease liabilities (non-current part)	15	860.0	837.0
Net employee defined benefit liabilities		261.0	320.9
Deferred tax liabilities		215.8	184.1
Provisions and other non-current liabilities		35.3	46.7
Total non-current liabilities		**3,218.4**	**3,303.9**
Interest bearing debt (current part)	16	165.3	113.3
Accrued interest	16	4.2	3.6
Lease liabilities (current part)	15	175.3	168.7
Trade accounts payable		2,182.1	1,807.3
Income tax payable		51.6	17.1
Other current liabilities		797.6	741.0
Liabilities directly associated with the assets held for sale	12	3.7	13.6
Total current liabilities		**3,379.9**	**2,864.5**
Total liabilities		**6,598.3**	**6,168.4**
Total equity and liabilities		**10,666.5**	**9,963.2**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows (unaudited)

(in millions of euros)	Note	FOR THE PERIOD ENDED JUNE 30 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income		435.1	(296.8)
Depreciation, amortization and impairment of assets and assets write off	6-7	149.6	634.2
Employee benefits		(7.2)	(14.5)
Change in other provisions		(4.1)	(3.5)
Other non-cash operating items		2.6	(1.2)
Interest on lease liabilities	15	(20.0)	(22.1)
Financial interest paid on borrowings		(28.5)	(35.3)
Income tax paid		(57.1)	(24.9)
Operating cash flows before change in working capital requirements		**470.5**	**235.9**
Change in inventories		(250.6)	152.8
Change in trade receivables		(417.9)	117.9
Change in trade payables		340.9	(315.0)
Change in other working capital items		28.4	62.0
Change in working capital requirements		***(299.1)***	***17.8***
Net cash from operating activities		**171.4**	**253.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of tangible and intangible assets		(52.8)	(54.8)
Proceeds from disposal of tangible and intangible assets		3.9	1.7
Acquisitions of subsidiaries, net of cash acquired		(56.8)	(3.2)
Proceeds from disposal of subsidiaries, net of cash disposed of		(11.2)	152.7
Change in long-term investments		(4.2)	2.4
Net cash from investing activities		**(121.0)**	**98.9**
CASH FLOWS FROM FINANCING ACTIVITIES			
Disposal / (Purchase) of treasury shares		2.9	(1.1)
Acquisition of non-controlling interests		—	(3.9)
Issuance of senior notes net of transaction costs	16	396.1	—
Early repayment of senior notes	16	(505.3)	—
Net change in credit facilities, commercial papers, other financial borrowings	16	58.3	39.9
Net change in securitization	16	4.8	(267.0)
Repayment of lease liabilities	15	(91.8)	(84.0)
Dividends paid	10	(139.6)	—
Net cash from financing activities		**(274.7)**	**(316.1)**
Net (decrease) / increase in cash and cash equivalents		**(224.3)**	**36.5**
Cash and cash equivalents at the beginning of the period		685.4	514.3
Effect of exchange rate changes on cash and cash equivalents		25.8	(19.3)
Cash and cash equivalent reclassified to assets held for sale		0.8	—
Cash and cash equivalents at the end of the period		**487.7**	**531.5**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Changes in Equity (unaudited)

(in millions of euros)	NOTE	Share capital	Share premium	Retained earnings	Foreign currency translation	Cash flow hedge reserve	Remeasurement of net defined benefit liability	**Total attributable to the equity holders of the parent**	Non-controlling interests	**TOTAL EQUITY**
FOR THE PERIOD ENDED JUNE 30, 2020										
Balance at January 1, 2020		**1,520.5**	**1,451.2**	**1,404.4**	**57.1**	**(4.7)**	**(198.6)**	**4,230.1**	**5.2**	**4,235.3**
Net income		—	—	(439.7)	—	—	—	**(439.7)**	(0.1)	(439.8)
Other comprehensive income		—	—	—	(48.3)	(7.6)	(41.3)	**(97.2)**	0.4	(96.8)
Total comprehensive income for the period		**—**	**—**	**(439.7)**	**(48.3)**	**(7.6)**	**(41.3)**	**(536.9)**	**0.3**	**(536.6)**
Allocation of free shares and free shares cancelled		1.6	7.2	(8.8)	—	—	—	**—**	—	—
Share-based payments		—	—	4.9	—	—	—	**4.9**	—	4.9
Acquisition of non controlling interests		—	—	(9.6)	(0.4)	—	—	**(10.0)**	(5.1)	(15.1)
Disposal of subsidiaries		—	—	—	4.0	—	—	**4.0**	—	4.0
Disposal / (Purchase) of treasury shares		—	—	(0.8)	—	—	—	**(0.8)**	—	(0.8)
Balance at June 30, 2020		**1,522.1**	**1,458.4**	**950.4**	**12.4**	**(12.2)**	**(239.9)**	**3,691.3**	**0.4**	**3,691.8**
FOR THE PERIOD ENDED JUNE 30, 2021										
Balance at January 1, 2021		**1,522.1**	**1,450.5**	**1,148.7**	**(79.7)**	**(9.1)**	**(237.5)**	**3,795.2**	**(0.4)**	**3,794.8**
Net income		—	—	270.8	—	—	—	**270.8**	(0.1)	270.6
Other comprehensive income		—	—	—	68.7	4.2	60.3	**133.3**	(0.1)	133.1
Total comprehensive income for the period		**—**	**—**	**270.8**	**68.7**	**4.2**	**60.3**	**404.0**	**(0.3)**	**403.8**
Cash dividends	10	—	(139.6)	—	—	—	—	**(139.6)**	—	(139.6)
Share premium transfer to retained earnings		—	(21.3)	21.3	—	—	—	**—**	—	—
Allocation of free shares and free shares cancelled		5.5	—	(5.5)	—	—	—	**—**	—	—
Share-based payments		—	—	6.9	—	—	—	**6.9**	—	6.9
Disposal / (Purchase) of treasury shares		—	—	2.4	—	—	—	**2.4**	—	2.4
Balance at June 30, 2021		**1,527.6**	**1,289.7**	**1,444.5**	**(11.0)**	**(4.9)**	**(177.2)**	**4,068.9**	**(0.7)**	**4,068.2**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Accompanying Notes (unaudited)

1. General information

Rexel was incorporated on December 16, 2004. Shares of Rexel were admitted to trading on the Eurolist market of Euronext Paris on April 4, 2007. The group consists of Rexel and its subsidiaries (hereafter referred to as “the Group” or “Rexel”).

The Group is mainly involved in the business of the distribution of low and ultra-low voltage electrical products to professional customers. It serves the needs of a large variety of customers and markets in the fields of construction, industry, and services. The product offering covers electrical installation equipment, conduits and cables, lighting, security and communication, climate control, tools, and white and brown goods. The principal markets in which the Group operates are in Europe, North America (the United States and Canada) and Asia-Pacific (mainly in China, Australia and New Zealand).

2. Significant events of the first semester 2021

In the first half of 2021, the Group experienced a strong recovery of its business and overachieved pre Covid-19 crisis sales and operating performance.

€400 million senior sustainability-linked notes issuance

In the first half of 2021, Rexel issued its first sustainability-linked notes for a nominal amount of €400 million. The notes mature on June 2028 and bear interest at 2.125% annually. The interest rate shall be increased by 25 basis points per annum from June 15, 2024, if the sustainability performance targets are not achieved.

Proceeds of the issuance of the Notes, together with available cash, were used to redeem its 2.125% €500 million senior notes due 2025 (see note 16.1.1).

3. Significant accounting policies

3.1 Statement of compliance

The condensed consolidated interim financial statements (hereafter referred to as “the condensed financial statements”) cover the period from January 1 to June 30, 2021. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These condensed financial statements are also compliant with the standards of the IASB in force as of June 30, 2021. In particular, the condensed financial statements have been prepared in accordance with IAS 34, relating to Interim Financial Reporting. In accordance with the aforementioned standard, only a selection of explanatory notes is included in these condensed financial statements. These notes must be read in conjunction with the Group’s consolidated financial statements prepared for the financial year closed on December 31, 2020 and included in the Universal Registration Document filed with the Autorité des Marchés Financiers on March 11, 2021 under number D.21-0111.

IFRS as adopted by the European Union can be consulted on the European Commission’s website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

These condensed financial statements were authorized for issue by the Board of Directors on July 27, 2021.

3.2 Basis of preparation

The condensed financial statements as of June 30, 2021 are presented in euros and all values are rounded to the nearest tenth of a million, unless otherwise stated. Totals and sub-totals presented in the consolidated financial statements are first computed in thousands of euros and then rounded to the nearest tenth of a million. Thus, the numbers may not sum precisely due to this rounding.

The accounting principles and adopted methods are identical to those used as of December 31, 2020 and described in the notes to the consolidated financial statements for the financial year ended December 31, 2020, with the exception of the new standards, amendments and interpretations disclosed in Note 3.2.1.

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed frequently, and thus the effect of changes in accounting estimates is accounted for from the date of the revision.

3.2.1 New and amended accounting standards and interpretations effective from January 1, 2021

Effective as of January 1, 2021, the following new amendments previously endorsed by the European Union and interpretations issued by IASB and IFRS Interpretation Committee (IFRS-IC) are applicable to Rexel.

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures” and IFRS 16 Leases - Phase 2**

The amendments to the standards for this phase 2 provide in particular practical expedients for the modification of financial instruments or leases related to the IBOR reform.

Rexel initiated a transition project Group-wide to review all contracts that could be affected by this reform.

As of June 30, 2021, a limited number of financial instruments matures after the reform’s implementation date. The Group will amend the contracts with its counterparties in the second half of 2021 for the purpose of taking these index changes into account.

- **IFRS-IC Interpretation IAS 38 "Configuration or Customization Costs in a Cloud Computing Arrangement" (March 2021**)

The interpretation clarifies the steps which entities should consider in accounting for such Configuration or Customization costs. The Interpretation Committee observed that, in a SaaS arrangement, the customer often would not recognize an intangible asset because it does not control the software being configured or customized and those configuration or customization activities do not create a resource controlled by the customer that is separate from the software. Rather, the customer recognizes the costs as an expense when it receives the configuration or customization services.

– If the contract to deliver the configuration or customization services to the customer is with the supplier of the application software and the services are not separately identifiable from the customer’s right to receive access to the supplier’s application software, then the customer recognizes the costs as an expense over the term of the contract.

– If the contract to deliver the configuration or customization services to the customer is with a third-party supplier, the customer recognizes the costs as an expense when the third-party supplier configures or customizes the application software.

The Group is currently assessing the potential impacts on configuration or customization costs associated with cloud arrangement.

- **IFRS-IC Interpretation IAS 19 "Attributing Benefit to Periods of Service" (May 2021)**

The Interpretation Committee clarifies the periods of service an entity attributes benefit for defined benefit plans where:

– Employees are entitled to a lump sum benefit payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age; and

– The amount of the retirement benefit to which an employee is entitled depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service.

The interpretation rules that an entity attributes retirement benefit to each year in which an employee renders service from the date when an obligation first arises and not over the entire period of employment.

The Group is currently reviewing the potential impacts resulting from this interpretation.

3.2.2 Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet endorsed by the European Union

- **Amendments to IFRS 16 "Covid-19-Related Rent concessions beyond June 30, 2021 (March 2021)"**

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.

In 2020, Rexel elected to apply this practical expedient that did not materially impact the Group's financial statements. The Group does not expect any material impact due to this additional one-year exemption.

4. Business combinations

On February 1, 2021, the Group finalized the acquisition, for a total consideration of €40.5 million, of the Canadian utility distribution business of Wesco International, focusing on utility hydro end-users and utility contractor with annual sales of €40 million.

As of June 30, 2021, the purchase price allocation was recognized on a provisional basis and should be finalized by year end. As part of the purchase price allocation, the Group recognized:

- customer relationships of €7.8 million with a useful life of 8 years;
- customer contracts of €7.8 million with a useful life of 7 years;
- preliminary goodwill of €18.8 million.

This entity has been consolidated starting on its acquisition date and contributed for €1.4 million to the EBITA for the period ended June 30, 2021.

The table below shows the purchase price allocation to identifiable assets and liabilities for this entity :

Net assets acquired and consideration transferred *(in millions of euros)*	
Customer relationships	7.8
Customer contracts	7.8
Other fixed assets	0.2
Current assets	8.4
Current liabilities	(2.5)
Net asset acquired (except goodwill acquired)	**21.6**
Goodwill acquired	18.8
Consideration transferred	**40.5**
Deferred payment	(0.5)
Net cash paid for acquisition	**40.0**

In the first half of 2021, the Group also completed the following acquisitions for an overall consideration of €15.3 million :

- 100% controlling interest in Freshmile Services, an electrical vehicle charging station operator offering both services and supervision software throughout Europe;
- a 25% ownership interest in Trace Software International, a company specialized in the development of software solutions and services dedicated to the industrial engineering in Europe and the USA. This investment is accounted for under the equity method.

These entities are non-material relative to the Group's total assets, sales and operating income.

5. Segment reporting

In accordance with IFRS 8 "Operating segments", operating segments are based on the Group's financial reporting structure. The information is shown by geographic zone consistently with Group's internal organization.

Based on this structure, the reportable segments are Europe, North America and Asia-Pacific.

The Group's financial reporting is reviewed monthly by the Chief Executive Officer acting as the Chief operating decision maker.

Information by geographic segment for the period ended June 30, 2021 and 2020

	2021					
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
FOR THE PERIOD ENDED JUNE 30						
Warehouse sales	3,930.4	1,557.5	598.1	**6,086.0**	—	**6,086.0**
Direct sales	313.7	754.1	41.3	**1,109.2**	—	**1,109.2**
Rebates, discount and services	(121.2)	(15.4)	(0.7)	**(137.4)**	—	**(137.4)**
Sales to external customers	**4,122.9**	**2,296.2**	**638.7**	**7,057.8**	**—**	**7,057.8**
Of which digital sales	*1,355.4*	*206.3*	*27.2*	***1,588.9***	—	***1,588.9***
EBITA (1)	307.1	158.5	5.4	**471.0**	(28.5)	**442.4**
AS OF JUNE 30						
Working capital	794.7	682.7	180.7	**1,658.1**	(1.8)	**1,656.3**
Goodwill	2,014.2	1,180.1	74.3	**3,268.6**	—	**3,268.6**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.

	2020					
(in millions of euros)	EUROPE	NORTH AMERICA	ASIA-PACIFIC	**TOTAL OPERATING SEGMENTS**	CORPORATE HOLDINGS AND OTHER RECONCILING ITEMS	**TOTAL GROUP**
FOR THE PERIOD ENDED JUNE 30						
Warehouse sales	3,160.4	1,363.0	474.9	**4,998.3**	—	**4,998.3**
Direct sales	271.2	834.1	57.2	**1,162.5**	—	**1,162.5**
Rebates, discount and services	(100.3)	(14.3)	(0.6)	**(115.1)**	—	**(115.1)**
Sales to external customers	**3,331.3**	**2,182.8**	**531.5**	**6,045.6**	**—**	**6,045.6**
Of which digital sales	*1,029.8*	*181.1*	*25.3*	***1,236.3***	—	***1,236.3***
EBITA (1)	127.8	69.6	4.4	**201.8**	(9.5)	**192.3**
Goodwill impairment	(257.1)	(183.4)	(45.5)	**(486.0)**	—	**(486.0)**
AS OF DECEMBER 31						
Working capital	651.3	558.7	122.7	**1,332.8**	(18.3)	**1,314.5**
Goodwill	2,005.3	1,113.4	73.4	**3,192.2**	—	**3,192.2**

(1) EBITA is defined as operating income before amortization of intangible assets recognized upon purchase price allocation and before other income and other expenses.

The reconciliation of EBITA with the Group's consolidated income before income taxes is presented in the following table:

	FOR THE PERIOD ENDED JUNE 30	
(in millions of euros)	2021	2020
EBITA	**442.4**	**192.3**
Amortization of intangible assets recognized upon allocation of the acquisition price of acquired entities	(3.1)	(6.6)
Other income and other expenses	(4.2)	(482.5)
Net financial expenses	(59.8)	(63.1)
Share of profit / (loss) of associates	(0.1)	—
Net income before tax	**375.3**	**(360.0)**

The reconciliation of the total allocated assets and liabilities with the Group's consolidated total assets is presented in the following table:

	AS OF JUNE 30	AS OF DECEMBER 31
(in millions of euros)	2021	2020
Working capital	1,656.3	1,314.5
Goodwill	3,268.6	3,192.2
Total allocated assets & liabilities	**4,924.9**	**4,506.6**
Liabilities included in allocated working capital	2,973.8	2,542.5
Accrued interest receivable	0.5	0.8
Other non-current assets	2,236.4	2,187.6
Deferred tax assets	33.2	29.7
Current tax assets	3.5	4.8
Assets classified as held for sale	1.1	3.7
Derivatives	5.4	2.0
Cash and cash equivalents	487.7	685.4
Group consolidated total assets	**10,666.5**	**9,963.2**

6. Distribution & administrative expenses

	FOR THE PERIOD ENDED JUNE 30			
(in millions of euros)	2021		2020	
Personnel costs (salaries & benefits)	848.2		755.2	(1)
Delivery costs	131.8		114.5	
Other external costs	196.5		191.4	
Depreciation expense	145.8	(2)	141.5	(2)
Building and occupancy costs	57.5		56.5	
Amortization of intangible assets recognized upon the allocation of the acquisition price of acquired entities	3.1		6.6	
Bad debt expense	28.5	(3)	28.2	(3)
Total distribution and administrative expenses	**1,411.4**		**1,293.9**	

(1) of which Covid-19 crisis related government grants received and other temporary measures.

(2) of which right-of-use depreciation of €92.8 million (€88.5 million for the period ended June 30, 2020).

(3) of which (i) provision for expected credit losses and bad debt losses of €22.0 million (€22.4 million for the period ended June 30, 2020 and (ii) customer credit insurance premiums net of recoveries.

The table below sets forth average number of full-time equivalent employees by geographic segment:

	FOR THE PERIOD ENDED JUNE 30	
	2021	**2020**
Europe	14,490	12,845
North America	7,369	7,427
Asia-Pacific	2,424	2,478
Total operating segments	**24,283**	**22,750**
Corporate Holdings	186	158
Group average number of employees	**24,469**	**22,908**

The average number of full-time equivalent employees for the period ended June 30, 2020 included the effect of temporary workforce reduction as part of partial unemployment measures implemented as a response to the Covid-19 crisis.

7. Other income & other expenses

	FOR THE PERIOD ENDED JUNE 30			
(in millions of euros)	**2021**		**2020**	
Gain on disposal of investments in consolidated companies	2.4	(1)	6.0	(2)
Gain on lease terminations	0.9		0.4	
Release of impairment of other assets	—		0.3	
Gains on disposal of fixed assets and other operating income	3.1		0.2	
Total other income	**6.3**		**6.9**	
Restructuring costs	(3.5)		(1.9)	
Impairment of intangible assets with indefinite useful life	—		(486.0)	(3)
Losses on non-current assets disposed of	(2.3)		(0.3)	
Impairment of other assets	(0.7)		(0.3)	
Acquisition related costs	(1.0)		(0.2)	
Other operating expenses	(3.1)		(0.7)	
Total other expenses	**(10.5)**		**(489.4)**	

(1) Consisting in the gain on disposal of the electrical equipment distributor to DIY customers (see note 12).

(2) Including a gain on Gexpro Services disposal and on the Spanish export business divestment respectively for €4.2 million and €1.4 million.

(3) Consisting in goodwill impairment losses mainly allocated to the United Kingdom (€162.4 million), United States of America (€108.2 million), Canada (€75.2 million), Germany (€74.6 million), Australia (€40.5 million), Norway (€17.5 million).

8. Net financial expenses

	FOR THE PERIOD ENDED JUNE 30	
(in millions of euros)	**2021**	**2020**
Interest income on cash and cash equivalents	0.6	0.9
Interest income on receivables and loans	0.8	1.2
Financial income	**1.4**	**2.1**
Interest expense on financial debt (stated at amortized cost)	(22.2)	(33.7)
Interest gain / (expense) on interest rate derivatives	(2.7)	0.8
Change in fair value of interest rate derivatives through profit and loss	(1.2)	(1.4)
Interest expense on borrowings	**(26.0)**	**(34.3)**
Non-recurring redemption gain (loss)	**(5.1)** (1)	—
Foreign exchange gain (loss)	*1.3*	*4.2*
Change in fair value of exchange rate derivatives through profit and loss	*(0.8)*	*(2.3)*
Net foreign exchange gain (loss)	0.4	1.8
Net financial expense on employee benefit obligations	(3.6)	(4.1)
Interest on lease liabilities	(20.0)	(22.1)
Others	(6.9) (2)	(6.6) (2)
Other financial expenses	**(30.0)**	**(30.9)**
Net financial expenses	**(59.8)**	**(63.1)**

(1) Related to the early redemption of the 2.125% €500 million senior notes due 2025, including a €5.3 million loss related to the redemption premium, €3.1 million unamortized transaction costs and a €3.4 million gain associated to fair value hedge adjustments (see note 16.1.1).

(2) Mainly interests on derecognized trade receivables.

9. Income tax

Current and deferred income tax expense for an interim period is calculated based on the estimated tax rate for the financial year to the interim pre-tax income excluding one-off events. Tax effect on one-off events are recognized in the period when the event occurs.

	FOR THE PERIOD ENDED JUNE 30			
(in millions of euros)	**2021**		**2020**	
Income before tax and before share of profit in associates	375.4		(360.0)	
French legal tax rate		*28.41 %*		*32.02 %*
Income tax calculated at the legal tax rate	(106.6)		115.3	
Differences of tax rates between French and foreign jurisdictions	12.4		(16.1)	
Change in the UK legal tax rate	2.6		—	
(Current year losses unrecognized), prior year losses recognized	(4.1)		(38.5) (1)	
Goodwill impairment	—		(133.8)	
(Non-deductible expenses), tax exempt revenues	(4.1)		(3.3)	
Others	(4.8)		(3.4)	
Actual income tax expense	**(104.7)**	**27.9 %**	**(79.9)**	**n.a.**

(1) Including impairment of tax losses carried forward of €33.8 million for the period ended June 30, 2020.

10. Dividends

On April 22, 2021, the Shareholders' meeting decided a cash distribution of €0.46 per share. The effective date of payment was May 3, 2021.

	FOR THE PERIOD ENDED JUNE 30	
	2021	2020
Dividends per share	€0.46	€—
Dividends paid in cash (in millions of euros)	**139.6**	**0.0**

11. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

		FOR THE PERIOD ENDED JUNE 30	
		2021	2020
Net income attributed to ordinary shareholders (in millions of euros)		**270.8**	**(439.7)**
Weighted average number of ordinary shares (in thousands)		303,127	301,932
Non-dilutive potential shares (in thousands)		—	—
Weighted average number of issued common shares adjusted for non-dilutive potential shares (in thousands)		**303,127**	**301,932**
Basic earning per share (in euros)		0.89	(1.46)
Dilutive potential shares (in thousands)	(1)	1,349	1,500
- of which bonus shares (in thousands)		1,349	1,500
Weighted average number of common shares adjusted for dilutive potential shares (in thousands)		**304,476**	**303,432**
Fully diluted earnings per share (in euros)		**0.89**	**(1.46)**

(1) The number of potential dilutive shares does not take into account the free shares whose allocation is subject to future performance or market conditions not yet met at the balance sheet date.

12. Assets held for sale

As of December 31, 2020, the group of assets of the French electrical equipment distributor to DIY customers and Rexel Arabia Electrical Supplies had been reclassified as Assets held for sale on the balance sheet. Net assets were measured at fair value less costs to sell before reclassification.

Electrical equipment distributor to DIY customers in France

The sale transaction was closed down in the first semester of 2021. A €2.4 million gain was recognized in other income.

Rexel Arabia Electrical Supplies

The completion of Rexel Arabia Electrical Supplies is still under progress as of June 30, 2021 and is expected to take place in the second half of 2021. The group of assets to be disposed of is still classified as Assets held for sale on the balance sheet as of June 30, 2021 as the sale transaction remains highly probable.

13. Share based payment

On April 22, 2021, Rexel entered into two free share plans amounting to a maximum of 1,877,025 shares. According to these plans, the beneficiaries will be eligible to receive Rexel shares three years after the grant date (April 23, 2024) with no subsequent restrictions.

The actual delivery of these bonus shares is subject to service, performance and market conditions as described below :

Plan	Performance shares plan	Restricted shares plan	TOTAL
Vesting conditions	Three-year service condition from grant date and performance conditions based on: (i) 2020/2023 average growth of EBITA in value (ii) 2020/2023 average Organic Sales Growth (iii) average free cash flow before interest and tax to EBITDAaL between 2021 to 2023 (iv) Rexel share market performance	Three year service condition from grant date without any performance conditions	
Delivery date	April 23, 2024	April 23, 2024	
Share fair value at grant date April 22, 2021	*15.31*	*15.51*	***15.36***
Maximum number of shares granted on April 22, 2021	**1,409,625**	**467,400**	**1,877,025**

The fair value of Rexel's shares was computed based on a Monte Carlo model which simulates the evolution of Rexel and panel shares quotations at the end of the three-year vesting period. The effect of restrictions attached to the dividend rights until the delivery date of the shares to the beneficiaries was computed in the fair value calculation.

14. Post-employment and long-term benefits

As of June 30, 2021, the major Group's defined benefit plan obligations were re-measured including pension plans in Canada, in Switzerland and in the United Kingdom. The impacts of actuarial changes were estimated based on a sensitivity analysis that considered changes in discount rates and differences between actual and expected plan asset performance.

For the period ended June 30, 2021, remeasurement of pension and post-retirement benefits accounted for a gain of €66.9 million before tax that was recognized in other comprehensive income (versus a loss of €46.3 million for the period ended June 30, 2020). This gain resulted mainly from the changes in discount rates as of June 30, 2021 such as presented below:

Discount rate (in %)	AS OF JUNE 2021	AS OF DECEMBER 2020	AS OF JUNE 2020
The United Kingdom	2.00	1.50	**1.50**
Canada	3.00	2.40	**2.80**
Switzerland	0.25	0.25	**0.25**

15. Lease liabilities

Set out below the movements of lease liabilities during the period:

(in millions of euros)	2021	2020
As of January 1,	**1,005.7**	**1,010.0**
Additions	104.5	80.1
Interest expenses	20.0	22.1
Payments	(111.8)	(106.1)
Currency translation adjustment	17.1	(10.4)
Change in scope	(0.2)	(0.5)
As of June 30,	**1,035.3**	**995.2**

16. Financial liabilities

This note provides information on financial liabilities as of June 30, 2021. Financial liabilities include interest-bearing loans from financial institutions, borrowings and accrued interests less transaction costs.

16.1 Net financial debt

As of June 30, 2021, Rexel's consolidated net debt stood at €1,523.0 million, consisting of the following items:

		AS OF JUNE 30 2021			AS OF DECEMBER 31 2020		
(in millions of euros)		CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Senior notes		—	1,001.3	1,001.3	—	1,105.5	1,105.5
Securitization		0.3	844.2	844.6	0.4	818.0	818.4
Bank loans		34.3	0.5	34.8	8.1	0.3	8.5
Commercial paper		46.5	—	46.5	50.0	—	50.0
Bank overdrafts and other credit facilities		96.6	—	96.6	58.6	—	58.6
Accrued interests	(1)	4.2	—	4.2	3.6	—	3.6
Less transaction costs		(12.4)	0.1	(12.2)	(3.7)	(8.6)	(12.3)
Total financial debt and accrued interest		***169.5***	***1,846.2***	***2,015.7***	***117.0***	***1,915.2***	***2,032.2***
Cash and cash equivalents				(487.7)			(685.4)
Accrued interest receivable				(0.5)			(0.8)
Debt hedge derivatives	(2)			(4.6)			(11.1)
Net financial debt				**1,523.0**			**1,334.9**

(1) Of which accrued interests on Senior notes for €2.0 million as of June 30, 2021 (€1.2 million as of June 30, 2020).

(2) Of which fair value hedge interest rate derivatives and foreign exchange derivatives designated as hedge of financial debt.

16.1.1 Senior notes

As of June 30, 2021, the carrying amount of the existing senior notes is detailed as follows:

(in millions of euros)	AS OF JUNE 30 2021 NOMINAL AMOUNT	FAIR VALUE ADJUSTMENTS & OTHERS	TOTAL	AS OF DECEMBER 31 2020 NOMINAL AMOUNT	FAIR VALUE ADJUSTMENTS	TOTAL
2.125% Senior notes due 2025	—	—	**—**	500.0	4.9 (1)	**504.9**
2.750% Senior notes due 2026	600.0	0.5 (1)	**600.5**	600.0	0.7 (1)	**600.7**
2.125% Senior notes due 2028	400.0	0.9 (2)	**400.9**	—	—	**—**
TOTAL	1,000.0	1.3	**1,001.3**	1,100.0	5.5	**1,105.5**

(1) Adjustment to reflect the interest rate fluctuations on the part of the notes hedged through fair value hedge derivatives (see note 16.2).

(2) Corresponding to €0.9 million issuance premium.

<u>Issuance of €400 million notes due 2028</u>

On April 27, 2021, Rexel issued €300 million of unsecured senior sustainability-linked notes . The notes were issued at 100% of their nominal amount and bear interest at 2.125% annually.

On May 7, 2021, an additional €100 million principal amount of these notes was issued at a price of 100.875% of nominal (i.e. an issuance price of €100.9 million). The additional notes are fully fungible with the previously issued notes and have identical terms and conditions.

The notes mature on June 15, 2028 and are listed on the Luxembourg Stock Exchange.

The notes rank *pari passu* with Rexel's senior credit facility and other senior unsecured notes. Rexel pays interest on the notes semi annually on June 15 and December 15, starting from December 15, 2021.

The notes are linked to the following sustainability performance targets:

– a 23% reduction in greenhouse gas emissions related to the consumption of products sold, per euro of turnover by December 31, 2023 from a 2016 baseline; and

– a 23.7% reduction in greenhouse gas emissions related to energy consumption in its operations by December 31, 2023 from a 2016 baseline.

The interest rate of the Notes shall be increased by 25 basis points to 2.375% per annum from June 15, 2024, if the Group does not achieve one of the above targets.

The notes are redeemable in whole or in part at any time prior to June 15, 2024 at a redemption price equal to 100% of their principal amount, plus a "make-whole" premium and accrued and unpaid interest.

On or after June 15, 2024, the notes are redeemable in whole or in part by paying a redemption price depending on target achievement and set forth below :

REDEMPTION PERIOD BEGINNING ON:	REDEMPTION PRICE (AS A % OF PRINCIPAL AMOUNT) Sustainability performance targets achieved	Sustainability performance targets not achieved
June 15, 2024	101.063%	101.188%
June 15, 2025	100.531%	100.594%
June 15, 2026 and after	100.000%	100.000%

<u>Repayment of €500 million notes due 2025</u>

On May 2021, Rexel early redeemed its 2.125% €500 million senior notes due 2025 for a total amount of €505.3 million, including the applicable premium of €5.3 million.

A loss of €5.1 million has been recognized in the net financial expenses including the early redemption premium, unamortized transaction costs (€3.1 million) and a gain associated to fair value hedge adjustments (€3.4 million).

16.1.2 Securitization programs

Rexel runs several on-going securitization programs which enable it to obtain financing at a lower cost than issuing bonds or incurring bank loans.

The specific characteristics of Rexel Group's securitization programs vary depending on the country. The relevant subsidiaries remain responsible for the collection of receivables once assigned. These receivables are assigned to special-purpose entities operating with no action required by the subsidiaries. The special purpose vehicles obtain the financing required to purchase these receivables, notably through the issuance of short-term debt instruments such as French, US, or Canadian commercial paper, which is rated by rating agencies.

Securitization programs are subject to certain covenants concerning the quality of the trade receivables portfolio including dilution (ratio of credit notes to eligible receivables), delinquency and default criteria (aging ratios measured respectively as overdue and doubtful receivables to eligible receivables). As of June 30, 2021, Rexel had satisfied all of these covenants. All the programs are on-going programs and therefore are not subject to seasonality other than seasonality arising in the ordinary course of business.

Information with respect to Rexel's securitization programs including the off-balance sheet program is provided in the table below:

MAIN PROGRAMS	COMMITMENT AS OF JUNE 30, 2021		AMOUNT OF RECEIVABLES ASSIGNED AS OF JUNE 30, 2021		AMOUNT DRAWN DOWN AS OF JUNE 30, 2021		BALANCE AS OF JUNE 30 2021	BALANCE AS OF DECEMBER 31 2020	MATURITY
	(in millions of currency)						*(in millions of euros)*		
France	EUR	300.0	EUR	403.1	EUR	300.0	300.0	300.0	12/16/2023
Europe (excl. France)	EUR	219.0	EUR	303.9	EUR	197.1	197.1	185.1	8/16/2022
United States - on balance sheet	USD	290.0	USD	448.0	USD	276.5	232.7	225.1	9/20/2022
United States - off balance sheet	USD	225.0	USD	199.4	USD	199.4	167.8	138.2	9/20/2022
Canada	CAD	185.0	CAD	238.2	CAD	168.5	114.5	107.8	9/19/2022
TOTAL							**1,012.1**	**956.3**	
Of which:	–	on balance sheet :					844.6	818.4	
	–	off balance sheet :					167.8	138.2	

These securitization programs pay interest at variable rates including a specific credit spread to each program.

As of June 30, 2021, the total outstanding amount authorized for these securitization programs was €1,078.0 million, of which €1,012.1 million were used.

16.1.3 Factoring arrangements

In addition to its securitization programs, Rexel entered into factoring agreements in France and Belgium. Under these arrangements, Rexel assigns trade receivables to the factor and receives cash payment for a maximum amount of €95 million.

As a result of these arrangements, the Group transfers the credit risk, interest risk and late payment risk to the factor, and remains liable for collecting the receivable on behalf of the factor.

As of June 30, 2021, Rexel derecognized the trade receivables sold to the factor for €72.5 million (€74.2 million as of December 31, 2020). Cash collected on behalf of the factor in relation with the transferred receivables was recognized in financial liabilities for €19.2 million as of June 30, 2021 (€25.8 million as of December 31, 2020).

16.1.4 Commercial paper program

Rexel runs a €300 million commercial paper program, with fixed maturities ranging from one to six months depending on the notes, issued to diversify its investor base and minimize the cost of financing.

As of June 30, 2021, the company had issued €46.5 million of commercial paper (€50.0 million as of December 31, 2020).

16.1.5 Promissory notes

In order to manage its credit risk in China, the Group discounts with no recourse to various financial institutions non-matured promissory notes issued by banks ("Bank Acceptance Drafts") that are received from customers as payment of trade receivables. Rexel transfers risks and benefits associated with discounted Bank Acceptance Drafts.

As of June 30, 2021, Bank Acceptance Drafts were derecognized from the balance sheet for €71.3 million (€74.5 million as of December 31, 2020).

16.2 Change in net financial debt

As of June 30, 2021, and June 30, 2020, the change in net financial debt was as follows:

(in millions of euros)	**2021**	**2020**
As of January 1,	**1,334.9**	**1,945.9**
Issuance of senior notes net of transaction costs	396.1	—
Repayment of senior notes	(505.3)	—
Net change in credit facilities, commercial papers and other financial borrowings	58.3	39.9
Net change in credit facilities	***(51.0)***	***39.9***
Net change in securitization	4.8	(267.0)
Net change in financial liabilities	**(46.2)**	**(227.2)**
Change in cash and cash equivalents	224.3	(36.5)
Effect of exchange rate changes on net financial debt	1.8	4.9
Effect of acquisition	1.1	—
Amortization of transaction costs	1.9	2.1
Non recurring redemption costs/ (gain)	5.1	—
Effect of assets held for sale classification	(0.8)	—
Other changes	1.0	1.0
As of June 30,	**1,523.0**	**1,690.3**

16.3 Liquidity Risk

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due. The Group aims to maintain the level of its cash and cash equivalents and available credit facilities at an amount in excess of its cash outflows on financial liabilities over the next 12 months.

The contractual repayment schedule of financial liabilities is as follows:

	AS OF JUNE 30	AS OF DECEMBER 31
(in millions of euros)	**2021**	**2020**
Due within		
One year	181.9	120.7
Two years	544.5	518.3
Three years	300.1	300.0
Four years	0.1	—
Five years	600.5	504.9
Thereafter	400.9	600.7
Total gross financial debt before transaction costs	**2,028.0**	**2,044.6**
Transaction costs	(12.2)	(12.3)
Gross financial debt	**2,015.7**	**2,032.3**

The €600 million notes issued in March 2019 mature in June 2026 and the €400 million notes issued in May 2021 mature in June 2028.

The Senior Facility Agreement matures in January 2025 and provides a five-year multicurrency revolving credit facility for an aggregate maximum available amount of €850 million which can also be drawn down through swing line loans for an aggregate amount of €137.8 million. As of June 30, 2021, this facility was undrawn.

The US$ 40.0 million (€33.7 million) Credit Facility with Wells Fargo Bank International had been renewed for three years in 2021 and matures in June 2024. As of June 30, 2021, this facility was undrawn.

Securitization programs mature in 2022 and 2023. The financing under these programs directly depends on the amounts and quality of transferred receivables. In the event that the relevant companies do not comply with certain obligations, these securitization programs may have to be repaid early, which could have an adverse effect on the Group's liquidity and financial situation.

In addition, if the special purpose entities to which the receivables have been transferred were unable to issue short-term debt (commercial paper) under conditions that are equal to those available up to now, the Group's liquidity and financial position could be affected.

The lease liabilities amounted to €1,035.3 million as of June 30, 2021 (€1,005.7 million as of December 31, 2020). The contractual repayment schedule of lease liabilities is as follows:

	AS OF JUNE 30	AS OF DECEMBER 31
(in millions of euros)	**2021**	**2020**
Due within		
One year	175.3	168.7
Two years	165.2	152.9
Three years	136.9	133.7
Four years	115.1	115.4
Five years	95.7	99.0
Thereafter	347.1	336.0
Total lease liabilities	**1,035.3**	**1,005.7**

The trade accounts payable amounted to €2,182.1 million as of June 30, 2021 (€1,807.3 million as of December 31, 2020) and are due in less than one year.

The Group's liquidity decreased from €1,459.5 million as of December 2020 to €1,228.2 million as of June 2021. The Group's liquidity is in excess of €871.0 million compared to the financial debt and the lease payments expected to be paid within the next twelve months respectively for €181.9 million and €175.3 million.

(in millions of euros)	AS OF JUNE 30 2021	AS OF DECEMBER 31 2020
Cash and cash equivalents	487.7	685.4
Bank overdrafts	(96.6)	(58.6)
Commercial paper	(46.5)	(50.0)
Undrawn Senior Facility Agreement	850.0	850.0
Bilateral facility	33.7	32.6
Liquidity	**1,228.2**	**1,459.5**

17. Fair value of financial instruments

As of June 30, 2021, the Group held the following classes of financial instruments measured at fair value:

	AS OF JUNE 30 2021		AS OF DECEMBER 31 2020		
(in millions of euros)	Carrying amount	Fair value	Carrying amount	Fair value	IFRS13 Hierarchy
Financial assets					
Hedging derivatives	6.3	6.3	11.1	11.1	Level 2
Financial Liabilities					
Senior notes	1,001.3	1,024.4	1,105.5	602.3	Level 1
Hedging derivatives	8.5	8.5	12.4	12.4	Level 2

IFRS hierarchy:

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable);
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

Valuation techniques:

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies.

Interest rate swaps are measured using present value techniques based on observable interest yield curves. The Group also takes into account the counterparties credit risk for derivative assets or the Group's own credit risk for derivatives liabilities.

18. Seasonality

Despite the low impact of seasonality on sales, changes in the Group's working capital requirements lead to variations in cash flows over the course of the year. As a general rule, the Group's EBITA and cash flows are the strongest in the fourth quarter while relatively lower in the three other quarters.

19. Litigation

For the period ended June 30, 2021, there was no significant change relating to the litigation disclosed in the financial statements as of December 31, 2020 with a material impact on Rexel's financial position or profitability.

20. Events after the reporting period

At the presentation date of the consolidated financial statements there have been no subsequent events after June 30, 2021 that would have a significant impact on Rexel's financial situation.

III. Statutory auditors' report

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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92208 Neuilly-sur-Seine Cedex

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Statutory auditors' report on the interim financial information

Period from January 1st to June 30, 2021

Rexel S.A.

13 Boulevard du Fort de Vaux
CS 60002
75017 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Rexel S.A., for the period from January 1st to June 30, 2021,
- the verification of the information presented in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements of this period have been prepared and reviewed 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 our procedures.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information presented in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, July 28, 2021

The Statutory Auditors

KPMG Audit Department of KPMG S.A.	PricewaterhouseCoopers Audit	
Jean-Marc Discours	Amélie Wattel	Pierre Clavier